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BEFORE THE
SURFACE TRANSPORTATION BOARD

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TESTIMONY OF STEVEN RUBIN
President and CEO
TRAC Intermodal

and

CHAIRMAN
THE INTERMODAL ASSOCIATION OF NORTH AMERICA, INC.

Submitted June 10, 2011

My name is Steven Rubin and I am President and CEO of TRAC Intermodal and the Chairman of the Board of Directors of the Intermodal Association of North America, Inc. (IANA). I have been authorized by IANA's Board to offer this testimony expressing our members' concerns regarding the potential negative impact that regulatory changes would have on the continued financial integrity of the railroads and the growth of the intermodal industry.

IANA is North America's only trade association representing the combined interests of intermodal freight transportation companies and their suppliers. IANA's more than 900 members include railroads, steamship lines, motor carriers, and 3PLs. These members are responsible for the transportation of over ninety percent of the Nation's intermodal traffic throughout North America and overseas. The global supply chain relies heavily upon the services of the rails which are a very important link with the steamship lines and the motor carriers in moving intermodal freight.

Recognizing that regulation was a contributory factor to the serious economic problems encountered by the railroads, commencing in 1974 Congress enacted a series of legislative measures intended to revitalize the failing rail industry. These enactments included the Regional Rail Reorganization Act of 1973, which provided interim funding to the then bankrupt rails; the Railroad Revitalization and Regulatory Reform Act of 1976, which initiated the deregulation of the rail industry; the Staggers Rail Act of 1980, limiting the authority of the former Interstate Commerce Commission to regulate rail rates; and the Interstate Commerce Commission Termination Act of 1995, that transferred jurisdiction over the railroads to the Surface Transportation Board

and terminated the filing of rail rates. With regards to rail transportation policy, Congress directed that, to the maximum extent possible, competition and the demand for services should be used to establish reasonable rail rates; and that the need for federal regulatory control over rail transportation should be minimized. (49 U.S.C. Section 10101(a)) In the absence of the former regulatory restraints on the rail industry, its financial viability has been restored, and is reflected in the rails vastly improved productivity and its annual investment of billions of dollars a year in capital expenditures to expand and maintain its tracks, bridges, tunnels, facilities, and equipment.

Rail transportation is a key component in servicing the domestic and international markets. This is particularly true in the transportation of export and import shipments which enables United States industry to be a participant in the global economy. The President's National Export Initiative, with a goal of doubling exports by 2015, cites a reliance on continued improvement of rail intermodal market share and intermodal connections.

Since the 1970s there has been tremendous growth in intermodal transportation, both domestically and internationally. Since 1980, the industry has achieved an average year over year growth rate of 4.9%. More recently, intermodal volumes grew fifteen (15) percent from 2009 to 2010 and increased nine (9) percent, in the first quarter of 2011, representing the fifth straight quarter of growth. IANA believes that the high-quality and responsive services and competitive pricing provided by the rails have been critical factors in fostering that growth.

Intermodal customers require high-quality service and supporting infrastructure. IANA also believes that should the railroads once again be straddled with burdensome regulatory restraints, which Congress plainly has recognized impairs the financial health of the rail industry, the profitability which enabled the rails to make vast investments in support of their networks will be at serious risk. Similarly, the rail industry's ability to meet intermodal needs and to provide a truck-competitive transportation alternative is a major benefit of the current regulatory regime.

Commencing in 1980, under the provisions of the then newly-created Section 10502 of 49 U.S.C., the ICC instituted a series of proceedings in Ex Parte No. 230, Improvement of TOFC/COFC Regulation, in which the exemption of intermodal transportation provided by rail, rail-owned trucks, and pickup and delivery motor carriers was considered and approved. Importantly, in Ex Parte No. 230 (Sub-No. 5), the ICC correctly concluded, that regulatory restraints impeded the development of intermodal service, and that the exemption from regulation would likely stimulate improvements without threatening any harm to individual shippers. As indicated, the growth of the intermodal industry and traffic since that exemption was granted has established the verity of those conclusions. IANA is greatly concerned that reinstituting regulation of the rails for the benefit of specific shipper groups could undermine the efficient and productive rail system which underpins the success of the intermodal transportation network.

IANA also believes that in the absence of rail regulation the intermodal transportation industry has been able to develop and respond to growing customers' needs for capacity and competitive service alternatives, with a

product that is environmentally sound and sustainable. As Congress recognized in the Staggers Rail Act, the elimination of needless regulatory restrictions has enabled the railroads to better meet the demands of the domestic and global markets.

During my twenty (20) years in the transportation industry, I have had first-hand experience in witnessing the evolution of intermodal freight services brought about, in large part, by the removal of the former regulatory restraints that hampered the railroads. It is IANA's view that compliance with the directives provided by Congress, in its various legislative enactments regarding the rail industry, has resulted in the implementation of the pivotal objectives set forth as the Rail Transportation Policy in Section 10101 of 49 U.S.C. Competitive prices and responsive services exist for rail shippers. Competition does exist between the rails and other modes as to both rates and services. Sound economic conditions have been fostered for the railroads under the current regulatory regime and the Board should not take actions that could adversely impact rail productivity and service, nor the industry's ability to invest in infrastructure and capacity that are required to meet the projected needs of both the domestic and international markets.

I wish to thank the Surface Transportation Board for permitting IANA the opportunity to present this testimony.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'S. Rubin', written in a cursive style.

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