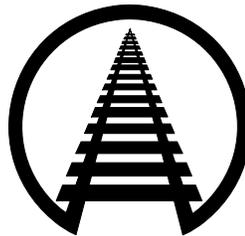


**STATEMENT OF**

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ASSOCIATION OF AMERICAN RAILROADS**



**BEFORE THE**

**U.S. HOUSE OF REPRESENTATIVES  
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE  
SUBCOMMITTEE ON RAILROADS, PIPELINES, AND  
HAZARDOUS MATERIALS**

**HEARING ON HIGH-SPEED RAIL IN THE UNITED STATES:  
OPPORTUNITIES AND CHALLENGES**

**OCTOBER 14, 2009**

**Association of American Railroads  
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## **Introduction**

On behalf of the members of the Association of American Railroads (AAR), thank you for the opportunity to testify on the opportunities and challenges inherent in expanding high-speed passenger rail in America. AAR members account for approximately 75 percent of U.S. freight rail mileage, 92 percent of freight rail employees, and 95 percent of freight rail revenue. Amtrak and several commuter passenger railroads are also members of the AAR. The AAR is presenting this testimony on behalf of its freight railroad members only.

It's important to note at the outset that our nation's privately-owned freight railroads want passenger railroads to succeed, and freight railroads are already successful partners with passenger railroads all across the country. Amtrak owns approximately 730 route-miles, primarily in the Northeast Corridor bounded by Boston and Washington. Nearly all of the remaining 97 percent of Amtrak's 22,000-mile system consists of tracks owned and maintained by freight railroads. Freight carriers also furnish other essential services to Amtrak, including train dispatching, emergency repairs, station maintenance, and, in some cases, police protection and communications capabilities. In addition, hundreds of millions of commuter trips each year occur on commuter rail systems that operate at least partially over tracks or right-of-way owned by freight railroads.

## **Partnering with Freight Railroads to Implement the Vision of Expanded High-Speed Rail**

AAR and its member railroads applaud those who recognize the importance of rail to America's future. As the Federal Railroad Administration's recently released *Vision for High-speed Rail in America* points out, both freight and passenger railroads confer enormous public benefits to our nation, including reduced traffic congestion, reduced fuel use, lower greenhouse gas emissions, and less pollution. More freight and passenger railroading means more

transportation options, more interconnected communities, greater transportation efficiency, and the potential for enhanced economic development and redevelopment. Railroads are the smart, sensible way to help solve America's 21<sup>st</sup>-century transportation challenges.

We share that belief with other members of OneRail, a new coalition to advance railroading nationwide. OneRail brings passenger and freight rail stakeholders — as well as environmental interests — together for the first time. In addition to the AAR, members include the American Public Transportation Association, Amtrak, the American Short Line & Regional Railroad Association, Building America's Future<sup>1</sup>, the National Association of Railroad Passengers, the Natural Resources Defense Council, the Railway Supply Institute, States for Passenger Rail Coalition, the Surface Transportation Policy Partnership, and the United Transportation Union.

In addition to supporting policies and programs that expand public and private investment in freight rail mobility, OneRail's objectives include expanding and strengthening America's passenger rail network by encouraging the development of commuter and intercity passenger train options for all Americans, and supporting state efforts to seek an ongoing, dedicated funding source for intercity passenger rail expansion, including designing federal-state partnership and cost sharing agreements similar to those that built America's federal-aid highways and transit systems.

All of us involved in this effort know that reshaping the nation's passenger transportation system with expanded rail choices will bring significant challenges. One of the most important of these challenges is finding the most effective way for freight and passenger railroads to

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<sup>1</sup> An infrastructure initiative organized by Pennsylvania Governor Edward Rendell, California Governor Arnold Schwarzenegger, and New York City Mayor Michael Bloomberg.

partner in a way that provides the passenger rail service that America wants and needs, but without operationally or financially burdening our nation's freight rail system.

Today, whenever Americans grow something, eat something, mine something, make something, turn on a light, or get dressed, freight railroads were probably involved somewhere along the line. The combination of safety, efficiency, capacity and affordability of our freight railroads is unmatched by any other freight rail system in the world and provides a huge competitive advantage for America's consumers and producers in the global economy.

Thus, for high-speed passenger rail expansion to proceed, all parties — policymakers, railroads, and others — must understand that America's economic health and global competitiveness would suffer greatly if the integration of freight service with expanding passenger service is not planned and implemented to ensure the ongoing success of both services. We're gratified that policymakers recognize this point. As the *FRA Vision* notes, expansion of high-speed rail must be accomplished in a way that avoids diversion "from the core operating and maintenance responsibilities" of the freight railroads.

As noted above, through their ownership of the vast majority of the rights-of-way over which expanded intercity passenger rail will take place, freight railroads provide the literal foundation for passenger rail. That's why great care must be taken to ensure that there is enough capacity for current and future freight and passenger rail service, and that partnerships between host freight railroads and high-speed rail operators protect the business needs and address the responsibilities of both parties.

Ideally, freight railroads and intercity passenger railroads would operate in completely separate worlds. Separate corridors would enable faster, safer, and more reliable passenger service, while eliminating or greatly reducing the operational, capacity, engineering, legal, and

other impediments that can hinder the ability of freight railroads to successfully accommodate passenger trains on non-separated corridors.

However, freight railroads recognize that because of the expense involved and other reasons, it will be challenging in many instances for passenger rail operators to acquire their own completely separate rights-of-way. As a result, higher-speed passenger rail will, in many cases, have to share tracks, or at least rights-of-way, with freight railroads where such dual use can be accommodated. Indeed, the *FRA Vision* contemplates that other than express high-speed rail (speeds of at least 150 mph), intercity passenger rail operations will involve at least some shared track.

Clearly, each potential high-speed rail corridor is unique and governed by its own circumstances. Potential variables include traffic volume, types of traffic carried, geography, number of grade crossings, length of hauls, and many more. As such, agreements that grant access to privately-owned freight rail networks must be negotiated on a voluntary, case-by-case basis and must address site-specific safety, operational, compensation and legal issues. In that vein, a number of general principles should apply.

First, safety must be the top priority. Railroads are an extremely safe way to move both people and freight — and everyone involved in railroading wants to keep it that way.

That's why safety considerations must be paramount when determining whether freight and passenger trains can share the same track or corridor. If specific conditions allow it, such shared usage may be possible with passenger trains traveling up to 90 miles per hour. At higher speeds, passenger trains should be expected to operate on separate tracks from freight railroads. That's the safest option, and it's how it's done in much of the world. Safety also requires that higher-speed passenger rail corridors be "sealed" — *i.e.*, no highway-rail grade crossings.

Second, capacity concerns must be properly addressed. Over the coming decades, population and economic growth will mean sharply higher demand for freight transportation. Advancing high-speed rail at the expense of freight rail's ability to handle these growing freight volumes would be counterproductive. After all, if passenger rail impedes freight rail and forces freight that otherwise would move by rail onto the highway, the primary reasons for having passenger rail in the first place — enhanced mobility, reduced congestion, environmental benefits, etc. — would be compromised.

Thus, new infrastructure design and construction related to expanded passenger rail must fully protect freight railroads' ability to serve their existing customers (both freight and passenger) and accommodate future new freight customers on and adjacent to their lines.

Third, freight railroads should receive full compensation for the use of their assets. To the extent that high-speed passenger rail operations use freight railroad assets and property, they must provide the host railroad with a reasonable return on its investment.<sup>2</sup> An important related consideration is the fact that operating high-speed passenger rail trains at speeds greater than existing freight or passenger operations will require significantly higher maintenance costs and enhanced track infrastructure. Passenger railroads should be prepared to fully compensate the host railroad for these additional and ongoing costs. Otherwise, freight railroads would be in the inequitable position of having to subsidize passenger operations.

It should be remembered that no comprehensive passenger rail system in the world operates today without significant government assistance. Once policymakers in the Administration, Congress, and the various states agree on the nature and scope of passenger

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<sup>2</sup> This should include recouping the very significant costs associated with participating and providing information and studies necessary to develop any high-speed rail project proposal.

railroading in this country, they must be willing to commit public funds on a long-term basis commensurate with that determination.

Fourth, freight railroads must be adequately protected from liability that would not have resulted but for the added presence of passenger rail service. It is almost inevitable that some accidents will occur on railroads, despite railroads' best efforts to prevent them. An accident involving passenger trains — which are generally far lighter than freight trains, often travel at much higher speeds, and, most importantly, have passengers on board — is far more likely to involve significant casualties than an accident involving only freight trains. Passenger operations also bring more people onto railroad property, resulting in a corresponding increase in risk. These potentially ruinous risks make freight railroads extremely reluctant to allow passenger trains on their tracks without adequate protection from liability.

### **The International Experience with High-Speed Rail**

The vision for high-speed rail is a worthy one and there are many outstanding systems around the world that have high ridership and provide remarkable passenger service. However, many of the systems cited to exemplify future high-speed rail system in the United States are run on their own dedicated track at speeds of 170 mph and higher.

Additionally, many of these systems receive ongoing government subsidies for years to reach a point of operating “in the black” — while some continue to operate “in the red” with an ongoing need for direct government subsidies to cover operations, maintenance, additional capacity, and legacy costs.

In April 2008, Amtrak's Office of Inspector General reported that most European countries spend a much higher level of funding for passenger rail operations than the United

States.<sup>3</sup> These examples are relevant to this debate, because these passenger trains often run at speeds which approach or exceed some of the high-speed thresholds contemplated here.

Specifically, the Amtrak report referenced a study by European-based BSL Management Consultants that showed that over 10 years Germany, France, Spain, Denmark, Austria and the United Kingdom spent some \$42 billion annually to operate and maintain passenger railroads. The largest operations and maintenance costs belonged to Germany, which needed approximately \$12 billion in annual subsidies for capital investments. That number rises to almost \$24 billion annually when the costs of staff, pension, and debt service numbers are included.

No two countries' rail systems are identical. However, we can and should look elsewhere to see what we can learn. The record clearly suggests that success has a price. High-speed rail requires sustained high levels of taxpayer subsidies to remain viable in the countries where it has been operational for long periods of time.

## **Conclusion**

To reiterate, freight railroads want passenger railroads to succeed, they work cooperatively with passenger railroads to help make this happen, and they support government efforts to grow passenger rail in ways that complement freight rail growth.

At the same time, America's economic health and global competitiveness depends critically on having a healthy freight rail system. Expanding passenger rail on corridors owned by freight railroads will require a partnership between freight and passenger railroads that finds the right balance and protects the business needs and responsibilities of both parties. Freight railroads are committed to working with government officials, passenger rail stakeholders, and others to ensure a winning result for all parties involved.

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<sup>3</sup> "Public Funding Levels of European Passenger Railroads," Evaluation Report E-08-02, Amtrak Office of Inspector General, April 22, 2008.