

## **BIO**

### **Rick Gabrielson**

Rick Gabrielson is currently the Senior Manager for Import Transportation for Target Corporation. His responsibilities include the management and movement of all imported product for Target Stores, AMC Sourcing and Target Direct.

He is responsible for the negotiation and management of all overseas consolidation operations, all ocean carrier contracts and relationships, port operations, deconsolidation operations with 3<sup>rd</sup> party providers and the logistics operations at Targets Import Warehouse network.

He has held a number of positions with Target that include Regional Transportation Operations, Domestic Inbound Transportation Operations and responsibility for Targets Transportation Field Operations.

Rick is a founding member of the Waterfront Coalition and currently serves as President. He also serves on the Board of Directors for the GMATS program for the U.S. Merchant Marine Academy at Kings Point and is the Vice Chairman of the Marine Transportation System Advisory Council (MTSNAC)

Rick has B.A. in Organizational Management from Concordia University.

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Testimony by Rick Gabrielson Sr. Manager Import Transportation, Target Corporation

Good Afternoon, on behalf of Target Corporation, thank you for inviting me here today to discuss our countries transportation system, gathering the insights from shippers like Target and our recommended solutions to ensure that our nation's freight corridors remain fluid. As background, Target Corporation is the nation's second largest containerized importer in the United States.

The world economy is posed for continued growth. Economic activity will continue to shift to Asia. Manufacturing is becoming more broad-based. Outsourcing trends will remain in low cost and high productivity countries such as China and India.

Container growth for 2007 is once again projected at 10% and between 8% and 10% for each year through 2010. Container imports are expected to double by 2020. Rail freight tonnage is expected to increase by 50% by 2020. Intermodal growth in the U.S. has almost doubled in the past 15 years and that trend is likely to continue. The railroads spent \$8 Billion on infrastructure in 2006 and it was not enough to keep pace with the industries needs. Air cargo is expected to increase by 5% every year through 2016. From 1970 to 2003 vehicle travel on highways rose by 161% but road mileage only increased by 6%. Half of the nations 257 locks on inland waterways are functionally obsolete. Of the 590,750 bridges 27% are structurally deficient or obsolete. Most ports have not been dredged to handle the 10,000 TEU containerships now in production. The result is that congestion costs \$63 billion in wasted time and fuel.

It is estimated that given the strong growth in global trade, demand will exceed available capacity at present conditions by 2010 unless we begin to take some immediate action.

The Marine Transportation System has great value for our nation. Its economic benefit is significant. The revenue impact alone is greater than one trillion annually and it creates over 13 million jobs. Our nation's economy is at risk unless we begin to take action.

**We must improve the productivity, efficiency and throughput of all of America's blue water ports.**

- The operating methodology, use of technology and changes to US terminal labor practices must take place. Productivity at terminals which is measured in TEU's per acre is substantially lower in the U.S. than it is in Europe or Asia. Average TEU's per acre in the U.S. are slightly more than 4,000 per acre where in Europe they average 6,300 and Asia 16,500 at the top ports.
- Making harbor trucking a profitable business. The harbor trucking industry is vital to the movement of containers from terminals to nearby distribution facilities and deconsolidation facilities where containers are unloaded. Independent owner operators make up this industry. This is a position that many new immigrants embrace as their first job in this country. Many of them drive older trucks that are high in diesel emissions and given their compensation levels can not afford to purchase newer trucks that emit lower diesel particulates. This is becoming a growing concern in regional markets like Southern California. I would urge this commission to push or promote Federal tax incentives that will allow small fleet operators and owner operators the ability to trade up to cleaner burning diesel or alternative fuel vehicles to address the emissions issues in markets like California. Without addressing this need, my fear is that no infrastructure projects will take place until the environmental issues are addressed.

**We must quickly invest in intermodal rail to increase the velocity of equipment moving container cargo and to address choke points at East/West interchanges.**

- Encourage private-sector investment in intermodal rail capacity through tax incentives. While the railroads have invested heavily in infrastructure, it is simply not enough to meet demand. Tax incentives for investment specifically in intermodal rail infrastructure would speed needed investment by the nation's freight railroads.

- Improving East-West interchanges. The exchange points where Western Railroads hand off cargo to Eastern Railroads are congested and located in some of the most urban areas of the country. Building bypass projects like the Create project in Chicago would greatly improve goods movement. This project should receive adequate Federal funding to move this project forward.

We must expend public resources on freight projects wisely, where they will have the biggest return and only after consulting with shippers to understand business trends affecting the value of future capacity enhancements. We need a National Freight policy on goods movement that would increase funding specifically for freight projects.

We must also embrace the concepts of public private partnerships in funding infrastructure projects. Candidly we have more needed projects than we have funds for at both the Federal and State level. We have used up the excess capacity in our nations infrastructure and we must now rebuild it if we want to keep our nations economy strong. To help secure private investment we need to embrace concepts like offering Federal tax incentives or bonds to promote private investment. I would urge this commission to support and promote legislation that would create this opportunity to drive private investment.

Thank you for allowing me to spend some time with you today. I would be happy to address any questions that you might have.