



Trump transport pick builds infrastructure hopes

By Grace Lavigne

Dec. 1, 2016

NEW YORK — President-elect [Donald Trump](#)'s selection of [Elaine Chao](#) for Transportation Secretary has stirred optimism in the steel and logistics industries about the administration's ability to deliver on its promise to increase infrastructure spending.

Chao, 63—who has formerly served as Labor Secretary, Deputy Transportation Secretary, Chairman of the Federal Maritime Commission and Deputy Maritime Administrator, among other public and private roles—has been dubbed an industry advocate by steel groups.

"Secretary Chao is an experienced, dedicated and committed public servant who no doubt will serve the administration well on one of the most key pillars of the incoming president's agenda—making key investments in our national transportation infrastructure," [American Iron and Steel Institute](#) (AISI) president and chief executive officer [Thomas Gibson](#) told AMM via e-mail. "Secretary Chao understands the manufacturing sector and I am confident she will be a good partner for our industry as we work toward long-term and sustainable solutions to our nation's infrastructure needs."

"[Elaine Chao](#) has extensive agency leadership experience and is a solid choice to lead a large agency that is important to 21st century steelmakers," Steel Manufacturers Association president Philip K. Bell wrote in an e-mail to AMM. "She could play a critical role in working with Congress to advance President-elect Trump's infrastructure investment bill. By increasing investment levels and utilizing domestically melted and poured steel products, the Trump Administration can stimulate the U.S. steel industry and improve the nation's future competitiveness."

Chao's extensive experience and political clout—including her marriage to Senate Majority Leader Mitch McConnell—bode well for Trump's vow to spur \$1 trillion in infrastructure investment over 10 years via public-private partnerships and tax incentives ([amm.com](#), Nov. 9), according to Robert J. Potter, [UHY LLP](#) partner and UHY Advisors MI Inc. managing director. Potter specializes in tax and financial strategies for clients in the construction, manufacturing and distribution and transportation markets, among other sectors.

The administration probably has two main options to raise the \$1 trillion: repatriate American money, and raise the federal gas tax, Potter said.

"Trump has mentioned that the government could allow a one-time holiday for American-based companies with foreign funds to be taxed at a low rate once in order to bring those funds home," he explained. "It's unlikely to bring 100 percent of the money back, but there's a great opportunity there."

Chao also could work with Congress to increase the federal gas tax, Potter added. “The federal gas tax is an easy target if the government is looking for revenue to help infrastructure,” he said.

Steel groups such as the AISI have voiced support for higher gas taxes and other user fees to fund U.S. transportation projects although they said there was little support for such an approach on either side of the aisle (amm.com, Oct. 6).

If the incoming administration successfully sets aside the \$1 trillion, the funds will represent a significant chunk of the \$1.7 trillion needed to bring the nation’s infrastructure back to “good” condition, according to Jacque Morrow, vice president of national account solutions at PLS Logistics Services Inc. The FAST Act—a \$305-billion, five-year transportation funding bill (amm.com, Dec. 4)—also will help meet that \$1.7-trillion shortfall, he said, referencing data from the [American Society of Civil Engineers](#).

“There is overwhelming momentum from the population for government officials and the industry to actually follow through on this plan,” Morrow said. “We could see a tremendous increase in shipments volume from our clients selling into the construction market, whether it’s steel, cement or any other industrial product.”

Morrow also noted that the trucking industry is hopeful that Chao could have a positive impact on regulations, such as the permanent nixing of the 34-hour restart rule, which was delayed last year (amm.com, Dec. 18).

Transportation groups were also upbeat on Chao’s appointment and her potential impact on infrastructure spending.

“Secretary Chao understands the issues we face as we try to keep America’s freight moving safely and efficiently,” [American Trucking Associations](#) president and chief executive officer [Chris Spear](#) said in a statement. “President-elect Trump could not have picked a more qualified, experienced and dedicated individual to serve in this important role.

“The nation’s rail industry welcomes the President-elect’s selection and looks forward to working with Ms. Chao on the many critical surface transportation issues key to U.S. economic growth and prosperity,” Association of American Railroads president and chief executive officer [Edward R. Hamberger](#) said in a published remark. “We know, based on her prior tenure at the Department of Transportation, that she has a full appreciation of the vital role freight and passenger rail play in America.”