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January/February 2009

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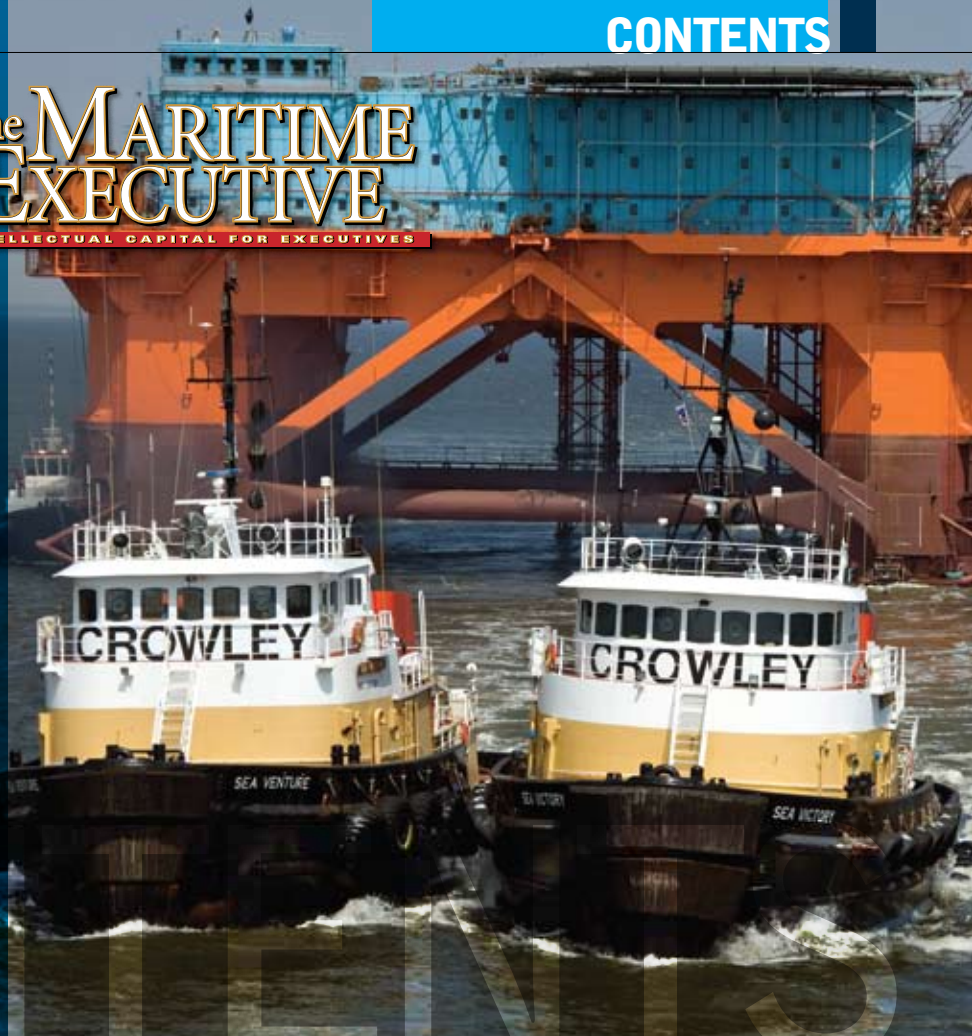
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Inland Waterways Investment Is Critical to Economic Recovery and Future Growth

By Cornel Martin, President and CEO, Waterways Council, Inc.

The New Year brings much uncertainty about the economy, the future of certain industries and businesses, the housing market, and a new Administration's plans. But one thing that is certain is the value of our inland waterways transportation system for providing a less costly, fuel-efficient and environmentally friendly way to move our nation's "building block" commodities, both domestically and for export.

Our inland waterways system transports about 20 percent of our nation's coal to generate electricity in utility plants and around 22 percent of our domestic petroleum products. This system is the primary artery for more than half our grain and oilseed exports. All told, more than 625 million tons of freight commodities valued at more than \$70 billion move on America's inland navigation system annually.

And with worldwide trade expected to double over the next decade and with our highways and railways facing serious capacity issues, our inland rivers may be even more critical tomorrow than they are today for transporting products efficiently.

There are other considerations as well. A new study by the National Waterways Foundation underscores the "green" value of this transport mode. Inland waterways relieve congestion on our already over-crowded highways and railways. One jumbo barge has the same capacity as 70 trucks or 16 rail cars. A typical 15-barge tow on our nation's rivers is equal to 1,050 trucks – in other words, just one barge movement equals 1,050 truck movements!

To sustain these many benefits and stimulate economic recovery for our nation, investment in our inland navigation system of locks and dams is critical. Many of our locks and dams are more than 50 years beyond their economic design

life and are deteriorating rapidly, impacting efficiency, safety, and our world competitiveness. We must modernize our lock-and-dam system so that our farmers, coal miners, oil producers and stone/aggregate suppliers can transport their products cost-effectively and efficiently, allowing them to remain competitive in world markets.

It took only two to three years to build some of the first modern locks and dams on our nation's rivers in the 1920s and 1930s, but today it takes increasingly longer periods of time to bring new locks online. We must find ways to improve the current waterways project delivery system and ensure that navigation projects supported by expenditures in the Inland Waterway Trust Fund are built in a timely and cost-effective manner.

The need for improvement in the process is evident when comparing current projects with lock-and-dam modernization projects authorized a little more than 20 years ago under the Water Resources Development Act (WRDA) of 1986. Construction for all seven of the WRDA '86 lock-and-dam modernization projects proceeded at a pace that saw the new or modernized locks become operational fairly quickly, anywhere from four to eight years, with the average for all seven projects equaling 6.3 years.

Since then, the estimated time to complete lock-and-dam modernization projects has ballooned well beyond reasonable time and costs; only one post-WRDA '86 project thus far has seen its modernized lock become operational (Marmet, near Charleston, West Virginia).

An example of this disappointing project delivery system is the Lower Mon project on the Monongahela River near Pittsburgh, under construction for 13 years with the Corps of Engineers' current estimates for completion being another 13 years at best – around 2022 – with cost overruns pushing original estimated costs from \$550 million to new estimates exceeding \$1.3 billion. This is a problem not only for commercial users of the system, who need efficient and reliable ways to move the nation's commodities, but also for every taxpaying citizen who cares about how government should perform on its behalf.

Our nation must fix this problem and work harder to modernize our lock-and-dam system if we want to remain

COUNCILING

world leaders. For example, **China** has announced plans to spend a half-trillion dollars over the next three years to stimulate its economy.

Last November Waterways Council, Inc. (WCI) submitted testimony to Congress urging the inclusion of \$1.5-\$2.0 billion for the nation's critical lock-and-dam infrastructure system under the second economic stimulus package focused on infrastructure investment, job creation, and economic recovery. WCI specifically urged Congress to fund a total of 16 congressionally-supported, lock-and-dam modernization projects with approximately \$1-\$1.5 billion that could productively and quickly (perhaps within 90 days of enactment) expedite job-creating construction work associated with the projects. It also requested an additional \$500 million to be appropriated in the stimulus bill for productive, high-priority, employment-enhancing operation and maintenance (O&M) work on the inland waterway system. At press time it was unclear when the full economic stimulus package would be presented or what priority would be given to our nation's inland waterways infrastructure, but we will continue to urge our leaders in Congress and the new Administration to recognize the importance of our nation's inland navigation system and address its critical needs.

America's inland navigation system offers our country an opportunity to compete in the world market, but if we

don't make necessary investments now, our future as a world leader is in jeopardy.

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Cornel Martin is Waterways Council's new President and CEO. Prior to being named to this position he was Chairman and CEO of Direct Workforce, Inc., a contract labor company serving the shipbuilding, ship repair, and oil and gas industries based in Houma, Louisiana. Previously, Martin served as President and CEO of the

Canadian American Transportation System. He also served as Vice President - Corporate Affairs of American Classic Voyages Company, parent of the Delta Queen Steamboat Company (and other cruise line subsidiaries). In the early 1990s, Mr. Martin worked as Vice President - Southern Region, for the American Waterways Operators. During the 1980s he was a member of the senior professional staff of the House of Representatives' Coast Guard and Navigation Subcommittee and Legislative Assistant for Maritime Affairs for Congressman W.J. "Billy" Tauzin of Louisiana. He can be reached at cmartin@vesselalliance.com.



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