

Statement on Marine Transportation

Role and Scope of the Marine Transportation System (MTS)

The marine transportation system plays a critical role in the global supply chain. Currently, waterborne cargo and associated activities contribute more than \$742 billion annually to the U.S. Gross Domestic Product (GDP), sustaining more than 13 million jobs.¹

- The U.S. port industry includes some \$3.95 trillion in international trade for an all-encompassing range of goods and services, with nearly 1.4 billion tons, valued at \$1.4 trillion, in waterborne imports and exports alone.²
- Every year, roughly 624 million tons of waterborne cargo transit the inland waterways, a volume equal to about 14 percent of all intercity freight and valued at nearly \$70 billion³. The Inland Waterway System is the primary artery for more than half of the nation's grain and oilseed exports, for about 20 percent of the coal for utility plants, and for about 22 percent of domestic petroleum movements.⁴
- Cargo movement on the Great Lakes and St. Lawrence Seaway can approach 250 million tons a year, or nearly one ton for each resident of the United States.⁵

The total value of waterborne freight is estimated to increase by 43 percent domestically and 67 percent internationally between 2010 and 2020.⁶ The MTS is an integral, energy-efficient, and environmentally sustainable part of a national, multi-modal freight network, which, as a whole, must accommodate

¹ "What is the Marine Transportation System?" 13 May 2009. Committee on Marine Transportation System. <<http://www.cmts.gov/whatismts.htm>>. 19 September 2009.

² "U.S. Public Port Facts." July 2008. American Association of Port Authorities. <<http://www.aapa-ports.org/files/PDFs/facts.pdf>>. 19 September 2009.

³ "WATERWAYS: Working for America." 2008. National Waterways Foundation. September 19, 2009. <www.waterwayscouncil.org/study/Work4America.pdf>.

⁴ Grier, David. "The Declining Reliability of the U.S. Inland Waterway System." Presentation. November 16-17, 2004. 7th Marine Transportation System Research & Technology Coordination Conference. 19 September 2009. <<http://trb.org/Conferences/MTS/4A%20GrierPaper.pdf>>.

⁵ "Great Lakes Squeeze Will Hurt Region's Economy." Press Release. 5 February 2008. The Great Lakes Maritime Task Force. 19 September 2009. <http://www.glmf.org/press_020508_region_economy.html>.

⁶ "Marine Transportation System." Maritime Administration, U.S. Department of Transportation. 19 September 2009.

<http://www.marad.dot.gov/ports_landing_page/marine_transportation_system/MTS.htm>.

these increasing freight volumes to ensure the efficiency and competitiveness of the U.S. economy.

Policy Objectives

The primary interest of the U.S. Chamber of Commerce is to ensure that the nation's marine transportation system supports domestic economic development and U.S. global competitiveness by supporting and enhancing interstate commerce and international trade.

The objectives of any federal policies that apply to the MTS should be to:

- Drive economic growth;
- Meet future demand for safe, reliable, and efficient domestic and international freight movements;
- Integrate the marine transportation system with the broader freight transportation network;
- Improve access to inland and coastal waterways and ports;
- Optimize utilization of harbors, ports, inland and coastal waterways, the Great Lakes, and the St. Lawrence Seaway for domestic and international freight movement; and
- Harmonize policies for freight movements with Canada and Mexico and support ongoing cooperation on national security, customs, and border issues.

Policy Recommendations

Improve Federal Coordination

As a nation, there is no coordinated strategy to manage the assets of the MTS. The nation's ports make improvements and investments independent of one another. States and communities create laws and implement regulations independently that can hamper interstate or international commerce. There are 18 different federal agencies and numerous congressional committees that have jurisdiction over the MTS.

- Within and between Congress and the executive branches there must be improved coordination in order to achieve systemic and cohesive priorities, policies, and programs.
- To ensure the safe, reliable, and efficient movement of interstate and international freight, the federal government should:
 - Assist state and local governments and the private sector as they anticipate and build for changing ships and technologies, economic growth, and trends in global trade;
 - Modify authorized depths and widths for harbor and channels as needed to accommodate vessels that call at U.S. ports and move on the waterways; and
 - Develop and implement regulations related to the shipping industry and the MTS that are consistent with the International Maritime Organization regulations and preempt state and local regulations where necessary.

Establish Priorities for Maintenance, Modernization, and Expansion

A multi-year, long-term strategy for MTS operations, maintenance, modernization, and expansion efforts requires a coordinated approach across all levels of government in consultation with the full range of stakeholders.

- The U.S. Army Corps of Engineers (Army Corps) and the U.S. Department of Transportation (DOT), in partnership with related agencies and stakeholder groups, should engage in a comprehensive review of MTS needs to determine construction, major rehabilitation, replacement, and operations and maintenance project priorities.
 - The review should be based on objective, analytical, and performance-based methodologies. Economic benefit consistent with environmental sustainability should be a primary driver of priorities.
 - The review should complement the efforts of the Inland Waterway Users Board and the Army Corps to develop a consensus-based, 20-year capital investment strategy and the Committee on Marine Transportation System to coordinate federal policies among the various agencies with jurisdiction.
- The findings of the review should inform federal programmatic and investment decisions by Congress and the executive branch.

Increase Investment in the Marine Transportation System

Deteriorating marine transportation infrastructure, in part due to underinvestment in the system, has contributed to its limited use. Increased investment by federal, state, and local governments and the private sector will lead to an optimized and more reliable mode of transportation to move goods.

Trust Funds

- Any revenues derived from the users of the MTS should be fully and solely utilized for their intended purposes and held separately from general funds in the federal budget.
- There are currently two trust funds that provide resources for the MTS:
 - Annual revenue deposited into the Harbor Maintenance Trust Fund (HMTF) should be made available to the Army Corps for critical harbor and channel maintenance and dredging each budget and appropriations cycle.
 - For the Inland Waterway Trust Fund, Congress should work with stakeholder groups to establish a long-term revenue source that provides adequate and predictable annual funding for construction and major rehabilitation of critical inland waterway infrastructure.

Army Corps of Engineers Funding

The Army Corps of Engineers needs adequate and reliable funding for operations and maintenance, construction and major rehabilitation projects, and investigations within the Civil Works Program.

- Congress and the executive branch should establish an annual funding threshold and build it into the budget for the Army Corps of Engineers' Civil Works Program to assure that critical projects are funded adequately and completed in a timely manner.
 - The president's budget for the Army Corps Civil Works Program should be developed with consideration to its programmatic capabilities.

- Congress and the executive branch should ensure that needs are met. Environmental management and other responsibilities should not dilute the navigation and flood protection priorities of the Army Corps.
 - Congress should ensure that navigation needs are met given the Army Corps' expanded role in environmental management by creating a sufficient funding level within the 302(b) allocation to the Army Corps.

Port and Inland Waterway Infrastructure Investment

Increased investments in port infrastructure are needed to boost connectivity to other modes and improve the flow of imports and exports. Federal investments should not supplant state, local, and private sector resources, but be leveraged to draw additional resources.

- The federal government should:
 - Continue to provide incentives to attract private investment in coastal and inland ports' landside infrastructure.
 - Make more use of federal credit models such as state revolving funds (SRFs), state infrastructure banks (SIBs), the Transportation Infrastructure Finance and Innovation Act program (TIFIA), and private activity bonds (PABs).
 - Provide incentives for state and local governments to secure the non-federal cost share of harbor and channel maintenance and dredging.
 - Support the use of short sea shipping where feasible.
 - Support pilot projects that provide private investment for inland waterways where feasible.

Creating the Conditions for Successful Army Corps Project Delivery

Lack of adequate, reliable funding has been one of several reasons that the Army Corps' project delivery performance has deteriorated as the list of projects continues to grow and costs increase. Other reasons include inaccurate project cost estimates, significant changes in the scope of the project(s), and inefficient contracting approaches.

- The Army Corps should streamline the feasibility study process through a workable project peer review and refined mitigation requirements.

- Feasibility studies, including National Environment Policy Act (NEPA) compliance, should be completed within 24 months of initiation.
- Peer review should be concurrent with the Army Corps' analysis and happen prior to the issuance of a Chief's Report.
- Sustainable environmental approaches should be used to minimize mitigation needs.
- Mitigation banking should be allowed to meet offset requirements.
- Federal agencies should promote streamlining the Army Corps project delivery requirements including permitting.
- The Army Corps should continue to be allowed to accept and expend funds from non-federal public entities to expedite the permitting process.
- The Army Corps should improve the reliability of project cost estimates that are used in congressional authorization and appropriations processes and that form the basis of cost-sharing agreements.
- The Army Corps should incorporate to the greatest extent possible, state-of-the-art planning, design, construction, and project management techniques, particularly those best practices that exist in the private sector.
- The Army Corps should continue to build project management capabilities among its personnel.
- Congress should allow the Army Corps to reprogram federal funds and enter into continuing contracts for critical projects consistent with congressional and administrative prerogatives. Reprogramming should be based on funding availability from throughout the Civil Works Program so as to assure most efficient funding for high priority projects.
 - Such reprogramming must be based on the premise that funding appropriated for individual projects will be returned to those projects when the funds can efficiently be used.
 - If initial funding is not provided for a project within the first five years of its authorization, the authorization for that project should expire automatically unless specific congressional action is undertaken to continue the project's authorization.