Institutional Barriers to Marine Highways
Waterways in Supply Chains
Dry Cargo Capacity

One 15-Barge Tow

216 Rail Cars + 6 Locomotives

1,050 Large Semi Tractor-Trailers

Source: Texas Transportation Institute Center for Ports and Waterways
Modal, Commodity Relationship

- Timeliness
- Size of Shipment
- Per Unit Costs

- Inland Water
- Pipeline
- Railroads
- Trucking
- Air Service
The Shipper

- Demands low-cost, reliable service
- Mode and geographically neutrality
- Wants “just in time” services – does not want or care about your “problems” (carrier or infrastructure)
- Firms outsourcing the “Headaches” of logistics
- No one believes congestion will go away
- Often ignore primarily “freight” infrastructure beyond immediate facility
Can Marine Highways be a part of a Freight Strategy?

- Balance with international/coastal flows
- Balance domestic flows
- Economic Development opportunities
- Recognize multimodal corridor tradeoffs exist
- Work with states/cities for truck congestion
- Multiagency planning, data, analysis
Who benefits from Maritime Highways?

- Carriers
- Ports
- Governments and other local industries
- Shippers
- Economic Development Agencies

- Who does not benefit?
So...

Are we actually talking about Marine Highways in an accessible manner?
System Reliability is an issue...

NETS (IWR-USACE)

- Greenup 2003 Closure (52 days) - $42 Million
- Hannibal Locks 2005 Closure (5 days) - $5 Million
- Lock 27 Closures
  - (August 2007) - $3.9 Million
  - (Oct 2005-Feb 2006) - $2.7 Million
- McAlpine (August 2004) - $6.3 million

Pinnacles (2013) - $billions?
Comparisons are an issue

Internationally
- Europe
- China
- Latin America
- Mekong

Project Development
- European SSS
- Container on Barge
- Vessels
- Scale
- Development time
Economic Evaluations

• Tied to Corps Infrastructure
  • No externalities in Corps planning
  • Corps guidance limited in what can be considered for user benefits

• Tied to other infrastructure needs
  • Tied to DOT analysis
  • More flexibility concerning alternatives
  • Funding eligibilities remain uncertain
  • Could include state tax incentives
Why Have Marine Highway Starts Been So Uneven?

- Promotion
- Public Sector Funding
- Private Sector Operations
- Market realities
- Commitment
Where is the Sweet Spot?

Carriers

Shippers

Public Sector
Three Questions...

1. Can Waterways work?
   - Has worked, does work, and may continue to do so

2. Can we avoid significant obstacles?
   - Get businesses to see water as a viable alternative
   - Provide the proper service
   - Support\fund startups
   - Govt. Programs

3. Can we outline first steps?
   - Get firms to the river before picking winners/losers
   - Understand supply chains
   - Continue to educate public and private sector
   - Manage expectations