

Institutional Barriers to Marine Highways

Waterways in Supply Chains

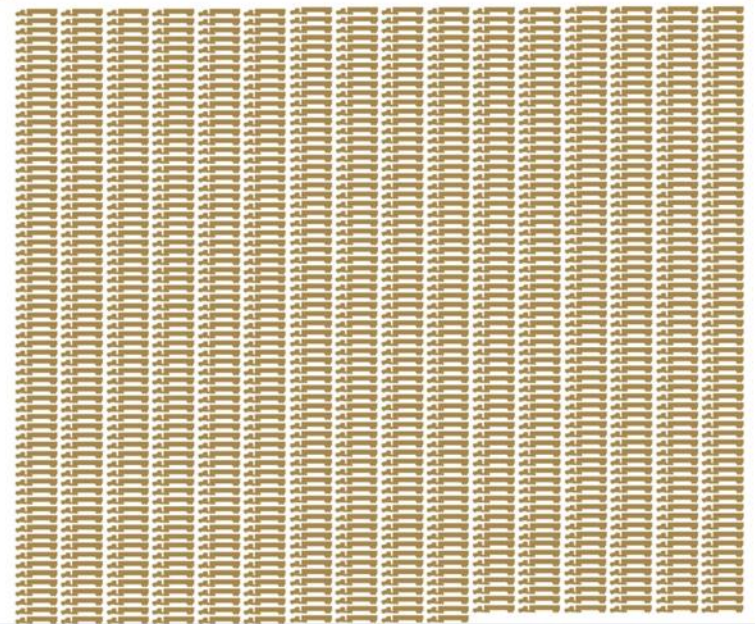


Dry Cargo Capacity

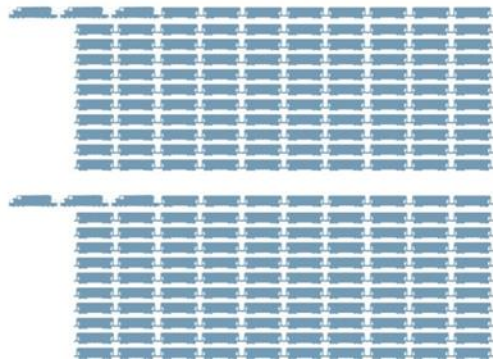
One 15-Barge Tow



1,050 Large Semi Tractor-Trailers

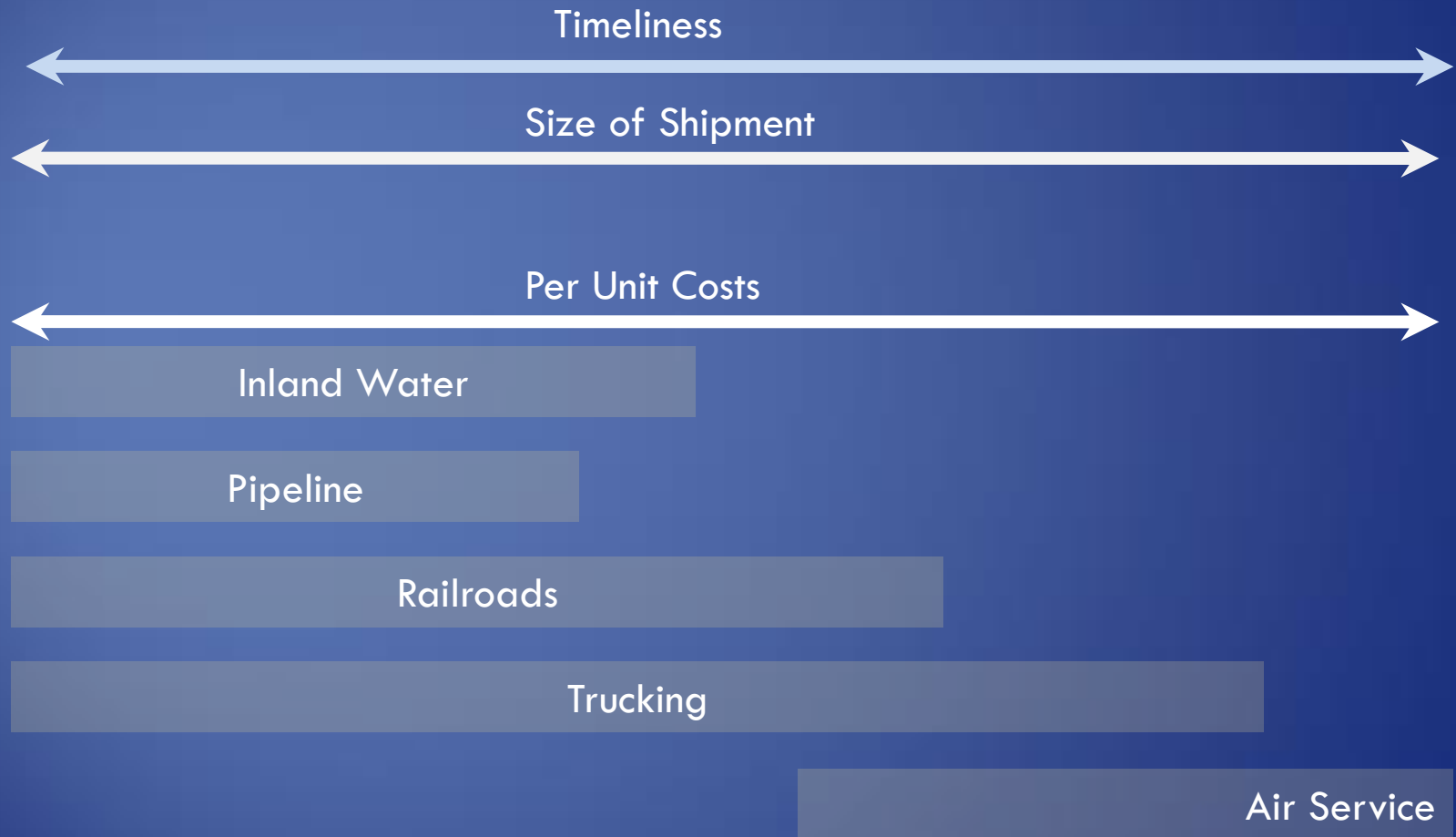


216 Rail Cars + 6 Locomotives



Source: Texas Transportation Institute Center for Ports and Waterways

Modal, Commodity Relationship



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

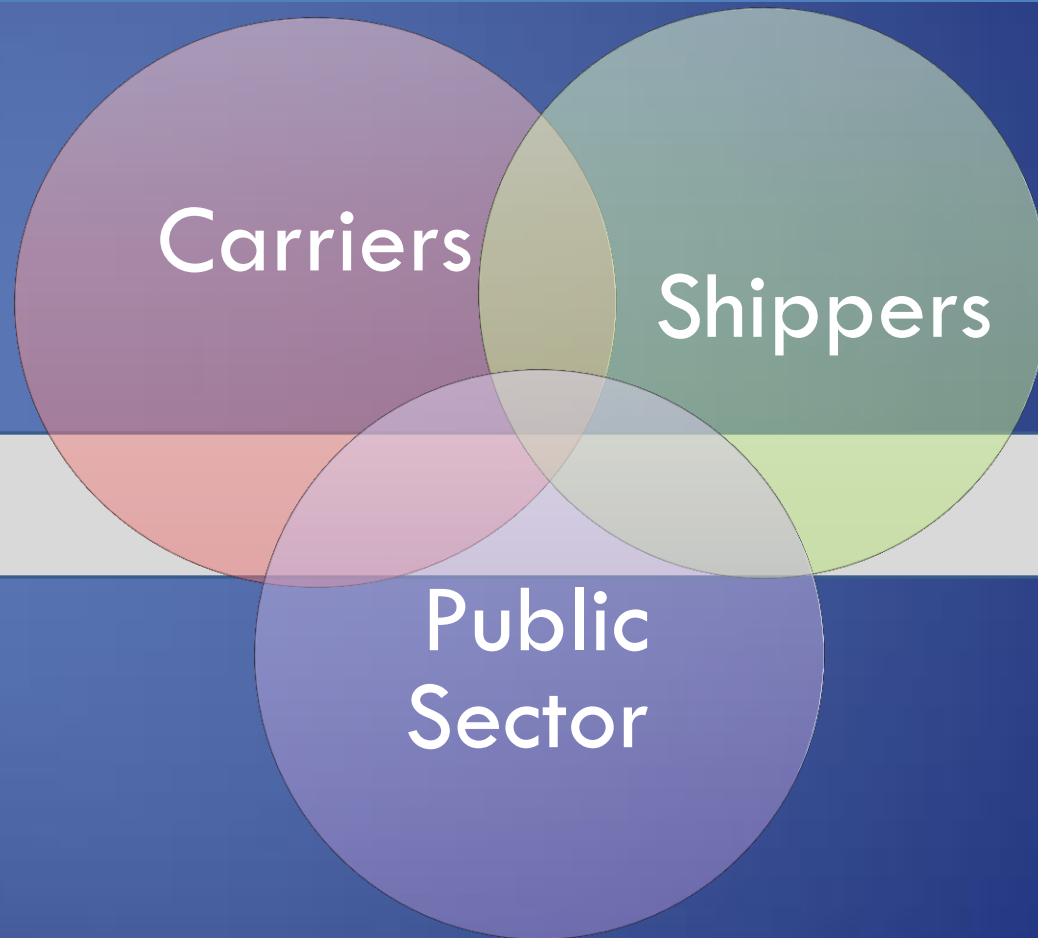
Economic Evaluations

- 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?



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