WATERWAYS INFRASTRUCTURE FUNDING

For decades the U.S. transportation infrastructure system has provided U.S. agricultural producers and agribusinesses with a strong comparative advantage, fostering the ability to efficiently and competitively serve domestic and global markets. However, that infrastructure – particularly the inland waterways system – now risks becoming a potential detriment rather than a comparative advantage.

A modern and efficient inland waterways transportation system is vitally important to U.S. agriculture for several major reasons:

- First, it is by far the lowest-cost and most environmentally sustainable way to transport U.S. grains, oilseeds, grain products and other agricultural commodities to export markets and world consumers. Inland waterways transportation costs are two to three times less than other modes, translating into an annual savings of $7 billion for American businesses. According to the U.S. Department of Commerce, in calendar year 2012, 81 percent of U.S. agricultural exports (138.8 million metric tons) were waterborne; in addition, from 2007 to 2011, an average of 81 percent or 39 million metric tons of U.S. agricultural imports were waterborne.

- Second, U.S. farmers depend heavily upon particularly the Mississippi River System to obtain needed crop inputs, such as fertilizer and other farm supplies, for planting agricultural commodities.

- Third, the inland waterways system adds much-needed transportation capacity and fosters a more competitive U.S. transportation system by disciplining rates of other modes. And it relieves ever-greater traffic congestion on the U.S. highway system.

The Mississippi River and its tributaries comprise more than 12,000 miles of navigable waterways, making it a natural “river highway.” Typically, approximately 60 percent of U.S. grain and oilseed exports – including more than 2.5 billion bushels of corn and soybeans – transit the Upper Mississippi-Illinois River system each year. These exports and other navigation activity support more than a half-million jobs, including 90,000 high-paying manufacturing jobs. Meanwhile, Pacific Northwest ports are the second largest outlet for U.S. grain and oilseed exports. Bulk grain and oilseed exports are projected to increase by almost 60 percent – to 30 million metric tons – in the next few years as that region sharply expands its export capacity. While traditionally known for its wheat shipments, Pacific Northwest ports also are a significant exporter of corn and soybeans given increased production of those commodities in the Northern Plains and Upper Midwest.
But the U.S. inland waterways system is in a precarious state because of the failure to modernize and maintain it. Most of the inland waterways locks and dams were built in the 1930s with a projected 50-year life span, and now are in desperate need of modernization and expansion. In fact, of the nation’s 241 locks, 57 percent are 50 years or older, while 26 percent exceed 70 years of age. A 2013 report card issued by the American Society of Civil Engineers gave the inland waterways system a D- grade. It is precisely this type of report that NGFA urges Congress to look for opportunities to increase the funding mechanism for financing the projects to modernize and update the nation’s locks and dams.

While the NGFA is appreciative of Congress passing the Water Resources Reform and Development Act (H.R. 3080), it is important for Congress to also address the need to increase funding for the Inland Waterways Trust Fund. Neither the House nor the Senate included an industry-supported increase in the user fee that barge and towing companies pay into the Inland Waterways Trust Fund.

This user fee – currently 20-cents-per-gallon of fuel used while operating on the inland system — should be increased. The U.S. Army Corp of Engineers can address projects in a more timely manner. The funds deposited into the trust fund are matched by General Treasury Funds and are dedicated to new construction and major rehabilitation of the inland system. This user fee increase is supported by those who pay it – just 300 commercial operators – while the entire nation benefits, from hydropower, municipal water supply, recreational boating and fishing, flood control, national security, and waterfront property development. Without the increase in the user fee, some of the locks and dams in need of major upgrades will not be addressed for decades to come. This is too long to wait and risk a possible failure in our waterways infrastructure system that could prove costly to the U.S. economy.

**Our Request:**

- Please support increasing the diesel fuel users’ fee – and actively look for opportunities to include the users’ fee increase in legislation in 2014.

Jared Hill, Director of Legislative Affairs
1250 Eye Street, N.W., Suite 1003
Washington, DC 20005-3922

(202) 289-0873 Twitter @ngfa