

Waterways

December 2015



A publication of the Upper Mississippi Waterway Association

PO Box 7006

St., Paul, MN 55107

e-mail: umwa@umwa.net

<http://www.umwa.net>

Inside this issue:

Highway bill a good omen? ¹

Exec. Director's Report ²

Items of interest ³

Highway bill a good omen for river work?

It's too early to tell if having the Speaker of the U.S. House come from Wisconsin will make any difference in the on-going struggle to adequately fund the country's inland waterway system, but the just-passed Highway Bill seems like a good omen.

With about \$4 billion in funds for both Minnesota and Wisconsin over the next five years, the bill received bipartisan support and moved to the White House relatively quickly by Washington standards.

Congestion documented

Passage may in part have been spurred by a couple of recent traffic studies which talked about road

congestion and its cost to the U.S. economy.

On page 19 of the Texas Transportation Institute "[2015 Urban Mobility Scorecard](#)," Minneapolis-St. Paul ranked 47th nationally for traffic con-

gestion. (UMWA members would note that the study was done *before* the Upper St. Anthony Falls Locks and Dams were closed this year and hundreds of additional trucks were added to the intra-city traffic.)

"The problems that travelers and shippers face include extra travel time, extra cost from wasted fuel and lost productivity and increasing unreliability where bad weather, roadwork, a malfunctioning traffic signal, Congestion costs are increasing," the *Scorecard* says.

Study authors say, "congestion wastes a massive amount of time, fuel and money and congestion is also a type of tax."

Didn't make top 50

The Twin Cities didn't make the top 50 worst traffic bottlenecks in the American Highway Users Alliance study that was just released. Titled "[Unclogging America's Arteries 2015](#)," that study says, "Severe congestion continues to stymie passenger and freight movement on many of America's critical urban Interstates and freeways. This 2015 update to Unclogging

America's Arteries identifies the 50 worst highway bottlenecks in the U.S. and demonstrates that the cost of doing nothing is too significant to ignore."

The Alliance says the, "Present value of time savings over 20 years if we fix the nation's worst 30 bottlenecks" would be \$39 billion.

Could be much worse

But as [this publication pointed out three years ago](#) when the Upper Mississippi was imperiled by drought and low water levels, a disruption of river transportation would have a major impact on other surface transportation, and make things much worse.

The 2012 *Waterways* story quoted the [SouthEast Farm Press](#) which quantified the immediate impact of a river shutdown. At that time the threat was low water, but the possibility of a closure because of a lock and dam failure remains a very real danger.

"With barge travel moving the majority of America's commodities (one barge can

(Continued on page 4)



Above: Heavy traffic is not confined to rush hours as this early afternoon shot shows.

From the Executive Director...

Jones Act vs. Sea Strangulation

China's growing commercial and military sea power are carefully planned to support one another, giving China the ability to control – or even halt – shipments of critical military and civilian goods; So states a posting by Greg Trauthwein of marinelink.com on a September 2015 study exploring the importance of a strong U.S. merchant marine and the Jones Act.

The study's report, authored by Dr. Patrick Bratton, a political scientist and expert on 'coercive diplomacy' and Captain Carl Schuster a retired U.S. Navy veteran, both of Hawai'i Pacific University assert that the United States has never been so dependent on imports and exports delivered by ship as it is today, and never has the U.S. had fewer ships of its own to carry goods.

In "*Sea Strangulation: How the U. S. Has Become Vulnerable to Chinese Maritime Coercion*", the authors report that the U.S. Merchant Marine has less than 100 vessels in international trade, whereas China, by contrast, has nearly doubled its commercial fleet since 2010, with more than 3,900 ships now flying the Chinese flag. With expanding military as well as commercial power, Bratton and Schuster argue "...that an increasingly hostile China can use its growing domination of global shipping to enforce its strategic and military objectives, including the control and potential cut-off of military and civilian goods" ...while the U.S has adopted an abandon-ship policy towards its crucial merchant maritime industry.

China's Merchant Marine

According to the report, China has expanded its merchant marine fleet more than tenfold over the last two decades. In 1984 China ranked ninth in the number of vessels engaged in oceanic trade (600 vessels) with a total of 16 million deadweight tons of capacity. By 2002, it had become the world's largest shipbuilding nation, surpassing Japan and South Korea. By

2010, it was third with over 2,030 commercial ships involved in global trade, transporting an estimated 54 million deadweight tons.

The number of Chinese seafarers, the report continues, has increased in a similar fashion, about doubling to 500,000 in 2001. In contrast, there are approximately 12,000 U.S. seafarers qualified for ocean-going employment.

China, says the report, now has the potential to carry out "Sea Strangulation", cutting off the supply of critical military and civilian goods. This could severely damage the U.S. economy, threaten our allies, hold our military hostage and deny critical supplies to Americans in locations as Hawaii without firing a single shot.

More than international trade

The authors point out that while international trade is important, internal maritime trade is critical for a bi-coastal country like the U.S. In 2011, U.S. trade carried by water amounted to about 2.1 billion tons, with a little more than one-third of that being domestic trade valued at \$70 billion.

This imbalance of sea power between China, an emerging world power, and the U.S., which is decreasing the inventory of its own flagged vessels, has put our nation and its allies at great risk. As such, state the authors, China does not need to blockade foreign ports to cut off the flow of goods as it will soon have the ability to control U.S. foreign trade by controlling the price of goods entering or leaving U.S. ports through manipulating currency markets.

The Jones Act

Paraphrased, the Jones Act states that it is necessary for national defense and for growth of its foreign and domestic commerce that the U.S. has a merchant marine of the best equipped and most suitable types of vessels, sufficient to carry the greater portion of its commerce; and to serve as a military auxiliary in time of war

"...an increasingly hostile China can use its growing domination of global shipping to enforce its strategic and military objectives...."

or national emergency.

The Jones Act (Merchant Marine Act of 1920) requires that all goods traded between U.S. ports be transported by U.S.-owned, U.S.-built, U.S.-flagged, and at least 75 percent U.S.-crewed ships.

(For national security reasons, U.S. airlines are also subject to the ownership and control by U.S. citizens.)

Navy needs vessels

The authors continue: If the U.S. Navy, which has shrunk to its lowest fleet-strength since 1917, loses the support of commercial American ships and crews sailing Jones Act/MSP (Marine Security Program)-vessels, it would need to depend on foreign carriers for delivery of necessary, and often sensitive, cargoes. In this scenario, could China—or for that

matter, Iran, North Korea or Russia—create “no-go” zones for ships of other nations? Would foreign ship owners and crews take the risk of standing up to these powers? Without ships sailing under the American flag, would Guam, Hawaii or even Alaska be vulnerable if China applied coercive pressure? At the very time that we need more merchant shipping vessels to counter this threat, do we run the risk of having none, ask Bratton and Schuster?

Criticism of Jones Act

According to a January 2015 posting in the dailysignal.com, Senator John McCain filed an amendment to the Keystone XL Pipeline Act that would have repealed part of a 95-year-old policy that does not allow foreign seagoing ships to engage in trade between U.S. ports.

While it did not go to a vote, it would have allowed foreign-built vessels to compete with Jones Act-eligible vessels. According to detractors such as competition would, among other things, create jobs at U.S. ports and promote a stronger economy, as higher-cost Jones Act vessels make shipping between U.S. ports as much as four times the rate of shipping to a foreign port. [Therefore] Congress should repeal the Jones Act.

In reaction to charges that the Jones Act is a protectionist vehicle that drives up costs for consumers, Bratton and Schuster argue that in times of international crisis, the U.S. cannot depend on outsourcing its Merchant Marine to the lowest bidder as foreign vessels might not be

(Continued on page 4)

“...Without ships sailing under the American flag, would Guam, Hawaii or even Alaska be vulnerable...”

Other items of interest:

- There have been [doubts about a Nicaraguan Canal](#) to compete with the Panama Canal, ever since the proposed project was announced. Now the Chinese company that wants to build the Nicaraguan project says it has delayed construction indefinitely. Also unclear is whether or not the [Panama Canal expansion](#) will open on schedule next April, as scheduled. The main contractor, Grupo Unidos por el Canal, says new, reinforced sills on the new locks will be done next month, but there may still be problems with cracks and leaks in the chambers.
- WXOW TV Weatherman Matt Schaefer recently reminded readers of his blog column of [the importance of the Mississippi to LaCrosse, Wis., and the region](#). “To top it all off, with less trains on the tracks and trucks on the roads, risk of incident is much lower since freight trains and trucks share the same space as people; much fewer people use the river as transportation. That makes river shipping safer than the alternatives,” Schaefer says.
- [CHS Field in downtown St. Paul](#) has been named one of seven top award recipients in the Sensible Land Use Coalition’s “Great Places Awards.” UMWA member CHS acquired naming rights to the field, which is built on a formerly vacant area that had been zoned for industrial-use. It features a large grassy area and several other environmentally-friendly features.

(Continued from page 3)

willing to go where the U.S. needs and directs them to go. Thus, in such cases, foreign powers such as China and others could have the ability to apply Sea Strangulation to overseas U.S. forces and territories.

“The best and perhaps the only way we can counter the threat to Sea Strangulation is to strengthen and expand the United States’ merchant Marine,” write Bratton and Schuster. “In contrast, an over-dependence on flags of convenience carriers and ships belonging to China or other nations that may test us could lead to hardships

for those who live and serve under the flag of the United States”.

The report “*Sea Strangulation*” can be found online at www.umwa.net, under the Links tab.

Disclaimer: Thoughts and opinions expressed in this column are those of its author and not necessarily those of the Upper Mississippi Waterway Association of its members.

(Continued from page 1)

carry 1,750 tons compared to a rail bulk car’s 110 tons and a tractor trailer’s 25 tons), and the Mississippi River being the main thoroughfare, the U.S. economy could be in

drastic trouble if water levels aren’t maintained,” the *Farm Press* story said. “In December and January alone, it’s estimated the economy could take a \$7 billion hit. Included in this projection is the loss of up to 20,000 jobs and \$130 million in lost wages.”

As UMWA members continue to point out, the waterway industry has gone more than halfway to making the needed upgrades and new construction by supporting the [9-cent-a-gallon barge fuel tax increase](#) that went into effect in April. That money goes into the Inland Waterways Trust Fund and for projects to move ahead, lawmakers must keep the government’s agreement to match project investments.

**Upper Mississippi Waterway Assoc.
PO Box 7006
St. Paul, MN 55107**

Address label here