Waterways

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With slowdowns and shutdowns…

'Doing the math' on river shipping

Flooding on America's most important waterway has reporters "doing the math" and telling readers and listeners how important the Mississippi River is to the nation's economy. For example, an *Associated Press* story that was carried in several publications, including *Forbes* magazine, talked about a $5 billion industry that moves 20 percent of the country's coal and significant quantities of its agricultural exports.

As UMWA members and this publication have pointed out many times, reporters also talked about the environmental and economic advantages of barge movement, which can carry the equivalent of 60 18-wheel semi-trucks in a single barge.

Having a big impact

AP also says that river cargoes include coal, grain, gravel, ore, auto parts, scrap metal and "other vital products.

Another indication of the impact of river shipment slowdowns or shutdowns was registered on commodity markets, where cash premiums for corn shipped in May to New Orleans terminals were 55 to 58 cents a bushel above July corn futures prices. The soybean basis was also affected and, according to the U.S. Department of Agriculture (USDA), varied between 60 and 70 cents a bushel last week.

Shortages on the Upper

When it wanted to get a perspective on what high water on the Mississippi meant to the area, the online publication *MinnPost.com* contacted Lee Nelson at Upper River Services, St. Paul.

(Above) Empty barges such as this one being fleeted on the Minnesota River are in great demand this season.

Nelson told reporter Brad Allen that his operation has been scrambling to meet demand because of the delayed shipping season in this area. He says it's a problem that has been exacerbated by river closures further south and that finding empty barges has been a challenge.

No quick improvement

Nelson also says the situation isn't going to improve soon.

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From the Executive Director . . .

Balance of payments, still the touchstone

It's well known that the subject *du jour* within the D.C. beltway is about finding some magical way to control our run-away national debt. By a loose definition, that's the cumulative unpaid balance of the national credit card left to us by our parents and the even higher one we're leaving to future generations.

Currently, the national debt is $14.23 trillion, which is a sliver less than the statutory limit of $14.294 trillion, meaning, according to U.S. Treasury, we'll have trouble paying debts sometime between May 16 and August 2. Also according to Treasury, unpaid debts will include obligations such as Social Security, Medicare, tax refunds and even interest on the debt itself. As an aside, according to a recent article in the Wall Street Journal, Section Four of the 14th Amendment of the U.S. Constitution forbids default on outstanding federal debt, but we'll leave that scholarly discussion for others to pursue.

You owe $46,000

To put this issue on a more personal level, each man, woman and child in our country owes just over $46,000 to U.S. securities holders scattered around the globe.

Think about that some Saturday morning when you blissfully get into your new Honda setting out to purchase the latest in home-entertainment or an *i*Pod and feeling that all is well with the world. And all is well – well sort of – provided you don't think of where your dollars end up.

Consider: In the 1980s it was impossible for Washington to talk of any program without measuring it against the titan of all yardsticks: Balance of Payment. A decade and a half ago, farm programs and transportation funding (two relevant examples) were argued on the basis of how those industries contributed to that benchmark.

Billions in the red

Using data from the U.S. Census Bureau/Foreign Trade website, our balance of payment for 2009 was a negative $504 billion (latest data set available) and has been south of zero since 1980.

Of that amount, we owe China about $227 billion for just about everything we find in big-box stores, but *only* $62 billion to OPEC nations. There's another $142 billion split between Mexico, Japan, Germany and Canada, in that order, rounding out the top six countries that have their collective hands in our knickers.

Hits grain exports

More to home, the Administration does not seem to consider the positive effect U.S. grain exports, for example, have on our balance of payment accounts. Accordingly, President Obama's FY 2012 budget significantly cut funding for Civil Works, even as the Assistant Secretary of the Army raised the possibility of recouping inland O&M expenditures by resurrecting President Clinton's failed $1 per gallon waterway fuel tax.

We don't want to come across as being too hard on the folks in D.C., but slacking off on waterway infrastructure is self-defeating when considering that the export value of grain, alone, is in the area of $98 billion. That's a greater export value than the two runner-up commodity groups of airplanes and motor vehicles, but somehow that goes overlooked.

Except for manufactured goods which account for more than seven times the value of exported ag products, but which return a net of a minus $443 billion, agricultural commodities is the most valuable of any export classification, returning a positive value of $26 billion. In other words, one unit of export grain and agricultural products returns more money to the U.S. than seven units of exported manufactured goods. Similar positive returns are produced by export scrap metal and soybeans, $25 billion and $16 billion respectively. It's disheartening no one has picked up on that either.

Navigation a plus

Bottom line? Fifteen years ago, the last time we visited this issue, the national debt ceiling and our balance of payments were both about 1/3 of what they are today. Then, as now, we urged policymakers to include inland river navigation's favorable impact on our balance of payments when considering investments in transportation infrastructure. If a federal agency is already considering this issue, we look forward to

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seeing their numbers in some future report.

Editor's note: The balance of payments for 2010 is reported at a negative $633 billion, however as individual country/product categories were unavailable, we used the last completed data set: 2009.

Other river related items:

● MNDOT's Dick Lambert has posted the 2011 *Minnesota's River Terminals* catalog on the Mn/DOT website available at: http://www.dot.state.mn.us/ofrw/waterways.html.

● At a recent conference of the Inland River's Ports and Terminals Association, U of Tennessee Economist Larry Bray talked about the many beneficiaries of the country's inland navigation system who pay nothing for its maintenance. He says his studies show that beneficiaries include hydropower plants, water suppliers, recreational boaters, sewage systems, waterfront property owners, farmers who irrigate from the rivers and the country's military. To highlight the importance of the waterways to some of those users, Bray pointed out that if something happened to a lock and dam utilities and other users would have much to lose, including loss of drinking water. Prof. Bray said, "The only thing to do is to keep preaching a consistent message about what you through waterways system decay."

● The St. Paul District of the Army Corps of Engineers recently announced that it has canceled this year's drawdown in Pool 6 because of uncertainties with channel conditions and funding.

● Free Flow Power Corporation says it will apply for federal licenses for hydropower projects at Mississippi River sites including Lock and Dams 4, 6, 7 and 9. The company has been holding informational meetings at several locations along the river.

'Math' from 1

"Two months of abnormally high water 'moves the bottom around. We'll wind up with shoaling yet to be discovered, where the bottom is close to the top."

Nelson also says Upper River's ability to catch up depends on global demand and grain supplies. USDA has already reported that the first four months of 2001 have seen record demand for farm exports and that grain barge unloadings in New Orleans last week were down 13 percent from the previous week.

Longer term, UMWA members have joined other industry members in their concern about the inability of the current American waterway infrastructure to meet the increased export demand that will be created when the expansion of the Panama Canal is finished in the near future. Reports say that beginning in 2014, some of the largest ships in the world, much larger than the current Panamax vessels, will be able to pass through the widened canal. Traffic is expected to at least double when the wider, deeper canal is operating.

US not ready

However, when he visited Washington D.C., recently Panama Canal Administrator Alberto Zubieta said that he's concerned that the U.S. isn't ready.

Zubieta says needed infrastructure upgrades include dock length, port depth and improved rail and road links at many ports.

He says U.S. ports are "creaking" after years of underinvestment.

Dave Sanford of the American Association of Port Authorities says in a statement from that group that U.S. infrastructure is definitely not ready. He says the list of ports that can handle the bigger ships is very short and doesn't include New Orleans, where dredging funds to maintain even a standard depth are in doubt.

The concerns were underscored by Ed Ulch, an Iowa soybean farmer and chairman of the Soybean Transportation Council (STC), who says, "U.S. farmers are beginning to realize that, to remain economical viable, it is necessary to not only increase supply and increase demand, we also need to improve the transportation system that connects the two.

The STC is preparing a white paper due out late in the summer, that will make more detailed predictions about the impact of a newly widened Panama Canal on American agriculture.