

America's Marine Highway Update

North Atlantic Ports Association - Short Sea Shipping Committee

PREPARED BY KRISTIN DECAS, COMMITTEE CHAIR

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This edition of the **America's Marine Highway Update** newsletter is brought to you by the North Atlantic Ports Association Short Sea Shipping Committee and is meant to give you the latest published news and information from around the port industry.



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SECTION 1 - CURRENT EVENTS

Section Highlights:

- AAPA Economic Development Seminar, July 11-13, 2011, Portland, Oregon
- New England Import/Export Summit, October 2011, New Bedford, Massachusetts
- Secretary LaHood Announces \$527 Million in Funding for New Round of Popular TIGER Grant Program, June 30, 2011
- Transportation Committee Leaders Roll Out Reauthorization Proposal, July 7, 2011
- House Panel to Hold Legislative Hearing and Markup of Bill to Ensure Maintenance of U.S. Harbors, July 7, 2011
- Subcommittee Holds Hearing on Using Marine Highways to Create U.S. Jobs, Expand Exports, June 14, 2011
- Marine Corridor Looks for Partnership Developer, Port of Stockton, California, June 2011
- American Feeder Lines to Sail First Ship Friday, July 8, 2011

Maritime Economic Development Seminar to Focus on Partnerships, Infrastructure, Trade Opportunities - AAPA Program Targets Port Authority, Logistics, Land Development & Export Professionals

July 11-13, 2011, Portland, Oregon, American Associations of Port Authorities

The American Association of Port Authorities' (AAPA) Maritime Economic Development Seminar, to be held July 11-13, in Portland, Ore., will focus on cultivating operational and financing partnerships, infrastructure, and trade opportunities for seaports. The seminar-hosted by the Port of Portland-will target port authority, real estate, supply chain and international trade professionals interested in exploring compelling new economic development opportunities, practices and planning tools that are being implemented by Western Hemisphere seaports, municipalities, states and federal governments. Conference speakers will address methods to connect with potential new customers and investment partners; developing client-focused infrastructure; and effectively managing property, equipment and infrastructure assets. "Investments in port infrastructure, port industrial properties and port-related intermodal connections-both land and waterside-help nations to prosper and provide an opportunity to enhance a country's economic and employment recovery," said AAPA President/CEO Kurt Nagle. "This seminar will bring together experts in a variety of economic development disciplines to inspire, inform and educate participants about bolstering business." Among the array of economic development professionals will be The Honorable Bob Hebert, a Texas county judge and president of The National Council for Public-Private Partnerships, who will address the topic of *Attracting Private Sector Investment Partners*; and Scott Goddin, director of the U.S. Export Assistance Center in Portland, whose presentation will address *Unleashing America's Untapped Trade Potential*. Other seminar topics include:

- The Future of Shipping and How to Prepare Your Port
- Making Your Infrastructure Priorities Heard in the Frugal 112th Congress
- Lessons Learned in Port Real Estate Purchasing, Development and Leasing
- Using FTZs to Attract/Retain Business and Tenants
- Identifying Private Sector Business Partners
- Enhancing Your Port's Bond Rating
- Realizing the Benefits of a Maritime Industrial Zoning Overlay District (MIZOD)
- The Port's Role in Trade Promotion and Economic Development
- Interactive Workshop on Strategic Asset Management

More information about AAPA's Maritime Economic Development Seminar is available at <http://www.aapa-ports.org/2011MED> or by calling AAPA's Ed O'Connell at 703- 684-5700.

Confirmed speakers (in alphabetical order):

- Jean Banker, Manager, Finance and Administrative Services, Maritime Division, Port of Oakland
- Susan Bladholm, Vice President, Marketing, Greenlight Greater Portland
- Jeromy S. Cannon, Esq., Associate, Mayer Brown LLP
- Kristin Decas, Port Director, Port of New Bedford (MA)
- Sebastian Degens, Marine Planning and Development Manager, Port of Portland (OR)
- Jim Dwyer, Deputy Director, Planning, Maryland Port Administration
- Rick Finn, Federal Affairs Manager, Port of Portland
- Elvis Ganda, CEO, ICTSI Oregon, Inc.
- Scott Goddin, Director, U.S. Export Assistance Center-Portland, U.S. Department of Commerce
- Traci M. Goodwin, Esq., Senior Port Counsel, Port of Seattle
- Emma Griffith, Director, Global Infrastructure & Project Finance, Fitch Ratings
- The Hon. Robert E. Hebert, President & Chairman-Elect, National Council for Public-Private Partnerships
- Pierce Homer, Transportation Director, Moffatt & Nichol (*formerly Virginia Sec. of Transportation*)
- Robert Jennings, Executive Vice President, Gigabit Squared, LLC
- Keith Leavitt, General Manager, Business Development & Properties, Port of Portland (OR)
- Seth Lehman, Senior Director, Global Infrastructure & Project Finance, Fitch Ratings
- John C. Martin, Ph.D., President, Martin Associates
- Dirk Mathiasen, Senior Policy Advisor, Government & Community Relations, Port of San Diego
- J. F. (Barry) McCormack, P.E., Project Engineer, Port Metro Vancouver (Canada)
- Kathryn McDermott, Deputy Executive Director, Port of Los Angeles (CA)
- Jeffrey McKee, Coastal Navigation Program Manager, U.S. Army Corps of Engineers
- Kevin McKelvie, Principal, KM Strategic Advisors
- Jim MacLellan, Director of Trade Development, Port of Los Angeles
- Kristin Meira, Government Relations Director, Pacific Northwest Waterways Association
- John Mohr, Executive Director, Port of Everett (WA)
- David R. Ostheimer, Esq., Partner, Lamb and Lerch
- Lawrence L. Paulson, Executive Director, Port of Vancouver USA
- Franc J. Pigna, Managing Director, Aegir Port Property Advisers LLC
- Jonathan Red, Partner, Global Logistics Development Partners
- Nathaniel "Sam" Ruda, Director of Marine & Industrial Development, Port of Portland (OR)
- Joseph Seliga, Esq., Partner, Mayer Brown LLP
- Jeff L. Strader, CPA, Chief Financial Officer, North Carolina State Ports Authority
- Erik Stromberg, Port Management Consultant, Wilmington, NC
- Gail Wasil, Assistant Director of Real Estate, Port of Long Beach
- Adam Wasserman, Partner, Global Logistics Development Partners

Secretary LaHood Announces \$527 Million in Funding for New Round of Popular TIGER Grant Program

USDOT, Thursday, June 30, 2011, Contact: Justin Nisly, Tel: (202) 366-4570

Competitively Chosen Projects Will Create Jobs, Lay Foundation for Growth.

U.S. Transportation Secretary Ray LaHood today announced that \$527 million will be available for a third round of the highly successful TIGER (Transportation Investment Generating Economic Recovery) competitive grant program, which funds innovative transportation projects that will create jobs and have a significant impact on the nation, a region or a metropolitan area. “Through the TIGER program, we can build transportation projects that are critical to America’s economic success and help complete those that might not move forward without this infusion of funding,” said Secretary LaHood. “This competition empowers local communities to create jobs and build the transportation networks they need in order to win the future.” In the FY11 budget President Obama signed in April, \$527 million was directed to the Department of Transportation for critical investments in the nation’s transportation infrastructure. States, cities, local governments, and other partnerships and groups will have until this fall to prepare their applications for the popular TIGER program, which has funded high-impact projects including roads, bridges, freight rail, transit buses and streetcars, ports, and bicycle and pedestrian paths. The previous two rounds of the TIGER grant program provided \$2.1 billion to 126 transportation projects in all 50 states and the District of Columbia. Demand for the program has been overwhelming, and during the previous two rounds, the Department of Transportation received more than 2,500 applications requesting more than \$79 billion for transportation projects across the country. Projects will be selected based on their ability to contribute to the long-term economic competitiveness of the nation, improve the condition of existing transportation facilities and systems, improve energy efficiency and reducing greenhouse gas emissions, improve the safety of U.S. transportation facilities and improve the quality of living and working environments of communities through increased transportation choices and connections. The Department will also focus on projects that are expected to quickly create and preserve jobs and spur rapid increases in economic activity. For more information, please visit <http://www.dot.gov/tiger/>.

The New England Import/Export Summit

June 30, 2011, North American Port Infrastructure, LLC

In October 2011, City of New Bedford, Massachusetts and the Port of New Bedford Harbor Development Commission will host the New England Import/Export Summit, which will be held at Waypoint Conference Center, New Bedford. The City the Port have combine forces to sponsor the Summit to explore and facilitate connections between New England and New Bedford local/regional businesses and existing and potential national and international trading partners in order to expand our import/export activity. The Summit will bring to the table key Import/Export industry players including buyers and seller, shippers logistics chain operators, and port authorities, municipalities, states and the federal government representatives from both sides of the trade to explore compelling new trade development opportunities. In concert with the National Export Initiative (NEI), launched by President Obama Administration's in February of last year, through this Summit we look to establish links and connections to trading partners that work to improve advocacy and trade promotion efforts on behalf of our regional industries, introduce the world to our products and with our import and export partners pursue opportunities. The Summit will explore how local and regional New England companies as well as our trading partners will benefit from expanding

their use of the regional transportation logistical network and the Port of New Bedford to access import and export markets here and abroad. As part of a broad effort to increase local and regional businesses' import/export activity, increasing exposure to trading opportunities will reinforce our efforts to increase trade, opening as many markets as possible to our products. All organizing parties look forward to a successful event as well as increased imports/exports and jobs in the region.

For additional details contact: Edward Anthes-Washburn, Director of Operations
Port of New Bedford – Harbor Development Commission
Tel. 508.961.3000, Cell 508.801.5685
Email: Edward.Anthes-Washburn@newbedford-ma.gov

Transportation Committee Leaders Roll Out Reauthorization Proposal

July 7, 2011, Transportation and Infrastructure Committee

Washington, DC – Transportation Committee leaders today rolled out a new six-year transportation reauthorization proposal that streamlines and reforms federal programs, expedites the project approval process, maximizes leveraging of limited resources, provides flexibility for states, and ensures long-term funding stability for job-creating transportation programs.

Committee Chairman John L. Mica (R-FL) and Committee leaders presented a framework for a six-year reauthorization of federal highway, transit and highway safety programs. The multi-modal initiative also incorporates significant policy reforms for rail and maritime transportation.

"Given U.S. House rules and budget constraints, this proposal maximizes the value of our available infrastructure funding through better leveraging, streamlining the project approval process, attracting private sector investment, and cutting the federal bureaucracy," Mica said. "Most importantly, this six-year proposal provides the stability states need to plan major transportation improvements and create long-term jobs.

"While some continue to advocate the same old tax-and-spend approach, I prefer a new direction," Mica continued. "More short-term extensions or a two-year bill are recipes for bankrupting the Highway Trust Fund. These options will cut the legs from under our states and hamper their ability to move forward with many needed, large-scale projects.

"This long-term plan is the only fiscally responsible proposal and will ensure the continued solvency of the Highway Trust Fund," Mica said.

Mica and Rep. Duncan today also invited Democrat Committee leaders who are asking for higher spending levels to appear with them before the Ways and Means Committee to discuss revenue issues.

"This is an important first step in implementing a six-year highway plan that will dramatically improve the efficiency and safety of the Nation's transportation system and stimulate the economy by creating thousands of long-term jobs," said Highways and Transit Subcommittee Chairman John J. Duncan, Jr. (R-TN). "The plan we are laying out today takes away the red tape and streamlines a process that has become entangled with bureaucracy. I am looking forward to advancing a bill through the full Congress.

"This proposal for a new direction in the transportation reauthorization bill is an important step in the right direction for our nation," said Railroads, Pipelines and Hazardous Materials Subcommittee Chairman Bill Shuster (R-PA). "This is a bold vision for a reauthorization that focuses on multiple modes, including rail and hazardous materials transportation as well as our highway system. We can do this with America's rail system at the same time we improve our highways."

"I applaud the Committee for recognizing the critical role the maritime industry plays in our nation's economy, global commerce and job creation. It is therefore appropriate to include a maritime title in this multi-year legislation for the first time," said Coast Guard & Maritime Transportation Subcommittee Chairman Frank LoBiondo (R-NJ). "It is our shared goal to improve coordination between agencies and streamline the bureaucratic process to increase efficiency of our marine transportation system."

"While the U.S. economy is fueled by maritime commerce and millions of Americans depend on jobs created by imports, exports, and the commercial shipping industry, government red tape has stifled the flow of commerce and our ability to effectively build and maintain our maritime infrastructure,' said Water Resources and Environment Subcommittee Chairman Bob Gibbs (R-OH). "Today's proposal cuts through the bureaucratic red tape, streamlines project delivery, eliminates double taxation on shippers, enhances our ports and waterways, and strengthens our economic foundation to help us to compete globally. These reforms are critical as we work to grow our economy and create jobs."

"As a freshman I came to Washington to help create jobs, spend responsibly and empower states; this bill would accomplish those goals," said Highways and Transit Subcommittee Vice-Chair Richard Hanna (R-NY). "One of the most important aspects of this proposal is that it provides predictability for states and public transit agencies to plan for multi-year projects. The Stimulus forced states to focus on short-term projects like pavement resurfacing and guard rail replacements. The long-term certainty provided by a long-term bill empowers states to take on major projects including bridge replacements, highway interchange improvements and investment in our nation's transit systems. These types of projects will provide jobs for years to come and have the potential to have a real impact on the unemployment rate in the construction industry."

The proposal authorizes approximately \$230 billion over six years from the Highway Trust Fund for highway, transit, and highway safety programs. These funding levels match current revenue being deposited into the Highway Trust Fund and comply with House rules that do not permit authorization of more funds than those collected.

Congress will not support a gas tax increase, and this proposal does not raise taxes. Without an increase in revenue, other current options, such as a two-year bill, the Administrations' proposal, or extending expired law at the current funding levels, all lead to the Highway Trust Fund going broke by 2013.

The fiscally responsible Committee proposal better leverages our limited resources, reduces the federal bureaucracy, and expedites projects to ensure greater value per dollar.

Highlights of the proposal include:

Streamlining & Reform

- Streamlines the project delivery process by cutting bureaucratic red-tape, delegating more decision making authority to states, allowing federal agencies to review transportation projects concurrently, and setting hard deadlines for federal agencies to approve projects.
- Reforms the surface transportation programs by consolidating or eliminating approximately 70 programs that are duplicative or do not serve a federal purpose.
- No longer requires states to spend highway funding on non-highway activities, but permits them to fund those activities if they so choose.
- Provides states the flexibility to fund their highest project priorities, but holds them accountable for those decisions through performance measures.

Better Leveraging

- Provides additional funding for the TIFIA loan program to meet demand for low interest loans for transportation projects.
- Allows states to toll new lanes on the Interstate System, while ensuring that existing Interstate lanes remain toll-free.
- Encourages states to create and capitalize State Infrastructure Banks to provide loans for transportation projects at the state level.

Highways

- Distributes nearly all federal highway funding to state DOTs through formula programs designed to preserve existing highways, build new highway capacity, and address congestion, freight mobility, and highway safety.
- Focuses the federal highway program on the Interstate Highway System and the National Highway System – the highways that facilitate interstate travel and interstate commerce.

Transit

- Removes current barriers that prevent the private sector from offering public transportation services.
- Provides more of a focus on transit programs that benefit suburban and rural areas and will improve transit options for the elderly and disabled.

Highway and Motor Carrier Safety

- Prioritizes safety funding by holding highway and motor carrier safety programs harmless from any spending cuts in the bill.
- Ensures that federal regulators keep unsafe trucks and buses off the road while allowing companies that operate in a safe and responsible manner to continue to do so.

Rail Transportation

- Improves access to the underperforming Railroad Rehabilitation and Improvement Financing (RRIF) program.
- Expedites project review process and streamlines project delivery.

Maritime Transportation

- Ensures that Harbor Maintenance Trust Fund revenues are invested as intended in maintaining the nation's harbors, not tied up in a federal budgetary shell game.
- Expedites Corps of Engineers permit processing to reduce project backlog.
- Encourages short-sea shipping by eliminating double taxation on vessels transporting freight between domestic ports.

Hazardous Materials Transportation

- Achieves greater safety through regulatory certainty and uniformity.
- Reduces regulatory burdens that do not enhance safety.

House Panel to Hold Legislative Hearing and Markup of Bill to Ensure Maintenance of U.S. Harbors

July 7, 2011, Transportation and Infrastructure Committee

Washington, DC – The Water Resources and Environment Subcommittee, chaired by U.S. Rep. Bob Gibbs (R-OH), will conduct a legislative hearing and subsequent markup on Friday to examine H.R. 104, the Realize America's Maritime Promise (RAMP) Act.

The RAMP Act, introduced by U.S. Rep. Charles Boustany (R-LA), requires that revenue coming into the Harbor Maintenance Trust Fund (HMTF) each year, including interest on the

balance, is all invested in U.S. harbor construction and maintenance. Currently only two of the nation's 10 largest ports are at their authorized widths or depths.

"We must maintain our nation's ports in order to not only compete, but lead a global economy," said Gibbs. "The Harbor Maintenance Trust Fund has long been used to cover expenditures totally unrelated to harbor maintenance, but this bill puts a stop to that. I applaud Rep. Boustany for putting together a bipartisan piece of legislation that ensures the money that goes into the HMTF is used specifically for these critical projects and improving our nation's infrastructure."

If enacted, H.R. 104 could significantly change maritime shipping in the United States and worldwide. Restoring harbors and channels to their authorized dimensions will make them safer, accommodate larger vessels, and increase growth in the import and export industries. The legislation has gained wide bipartisan support in Congress and has more than 100 bipartisan cosponsors.

WHAT: Legislative Hearing and Markup of the Subcommittee on Water Resources and Environment:

"Realize America's Maritime Promise (RAMP) Act" (H.R. 104)

WHEN: 10:00 a.m., Friday, July 8, 2011

WHERE: 2167 Rayburn House Office Building
Washington, DC 20515

A live webcast of this hearing will be available at <http://transportation.house.gov>

WITNESSES:

- The Honorable Charles Boustany (R-LA)
- Mr. Gary LaGrange, President and CEO, Port of New Orleans
- Mr. Jim Weakley, President, Lake Carriers Association
- Ms. Bonnie Brady, Executive Director, Long Island Commercial Fishing Association

AFL to Sail First Ship Friday

Joseph Bonney | Jul 7, 2011 7:06PM GMT

The Journal of Commerce Online - News Story

700 TEU vessel to depart Halifax, heads to Portland, Boston

Startup carrier American Feeder Lines' first ship will depart Halifax, Nova Scotia, on Friday to begin a service its backers hope will develop into a network of routes covering the Atlantic and Gulf coasts.

"We'll begin with a weekly service from Halifax to Portland, Maine, to Boston and back to Halifax," said Rudy Mack, the former Hapag-Lloyd Americas CEO who is the new line's chief executive.

Mack said the first sailing of the AFL New England, a chartered vessel with capacity of 700 20-foot-equivalent units, had been scheduled for mid-June but was pushed back until this week. He said the ship's cargo will consist primarily of feeder cargo from international ships but also will carry some cargo between Canadian and U.S. points.

AFL continues to seek financing for construction of 10 planned ships that would have nominal capacities of 1,300 TEUs.

Meanwhile, the company is considering adding a second ship next April or May to provide a second weekly sailing, Mack said.

A New Marine Highway Gets Traffic In The Northeast

By Keith Barry - July 6, 2011

There's a new highway opening later this week. It promises to relieve traffic congestion and move freight, but it's not on land.

On Friday, a "marine highway" will officially open to ships carrying smaller amounts of freight among the ports of Boston, Halifax, NS (shown above) and Portland, ME.

We first told you about marine highways last year, when the Department of Transportation's Maritime Administration showed interest in the shipping method with grants that funded marine highway proposals. They're already popular in Europe, plied by ships carrying offloaded freight from larger ports to smaller ones.

According to trade publication *Canadian Sailings*, American Feeder Lines is inaugurating service on the route known as the with a chartered German-built cargo ship, but has signed letters of intent to build ten new vessels in US shipyards. Like many ships sailing the marine highways that already exist in Europe, where the service is known as short-sea shipping, some of the spec-built ships will feature on-board cranes to load and unload cargo at smaller ports.

The new route, called the New England-Halifax Shuttle, follows the marine highway known as M-95 that somewhat traces the path of the famous interstate up the coast. It does so with a



lot fewer emissions, though.

According to American Feeder Lines, transporting freight via marine highway can cut carbon emissions per ton mile by 27 percent versus double-stacked railcars, and by 77 percent versus tractor-trailer trucks. In addition, a single ship on a marine highway could replace nearly 750 trucks on the already congested roads of the northeast corridor.

It's a pilot project in a larger initiative to open up waterways to smaller

ships, and American Feeder Lines says they're interested in the long haul.

"Now, we can offer very attractive transit times for imports and exports from and to all major destinations worldwide," said company Chief Operating Officer Rudy Mack. "We will market our service to all main liners serving the northeast of the United States and I am sure that the shippers and receivers will ask them to connect with our new service."

According to a proposed route map on their website, American Feeder Lines is interested in expanding along the entire east coast and Gulf of Mexico. If the New England Halifax Shuttle is successful, we wouldn't be surprised to see those routes open up.

Army Corps blocks St. Lawrence Seaway's economic potential

By Eric Sharp, Detroit Free Press – Staff Writer - 1:39 AM, Jul. 3, 2011

The St. Lawrence Seaway, linking Michigan waters to the Atlantic Ocean, has never lived up to its promise to be an economic catalyst for the Great Lakes region. And now it probably never will.

The U.S. Army Corps of Engineers has ruled out an expansion of the Seaway -- a system of locks that are too small for many of today's oceangoing container ships. Without a substantial shift to a European-style system called Short Sea Shipping, the seaway will be forever limited.

And critics point out that the waterway also has brought expensive trouble our way -- destructive sea creatures and plants dumped into the Great Lakes from the ballast of oceangoing ships.

"But the concept is still sound -- having deep draft access to the center of the continent," insists David Knight, transportation specialist for the Great Lakes Commission. "It allows direct shipment from Duluth, (Minn.), Cleveland and Detroit to Antwerp, (Belgium), and other major ports in Europe.

"My feeling is it has never lived up to its potential, for a lot of reasons," he said. And one of them was the politics of half-a-century ago.

St. Lawrence Seaway's too-small locks, environmental cost to Great Lakes outweigh economic potential, critics say

By its legal definition, the 52-year-old St. Lawrence Seaway includes only seven locks in the upper St. Lawrence River between Montreal and the eastern end of Lake Ontario and eight locks on the 27-mile Welland Canal between the western end of Lake Ontario and the eastern end of Lake Erie.

But when most people think of the seaway, they envision the entire 2,300-mile route from the mouth of the St. Lawrence on the Atlantic Ocean to Duluth, Minn., at the western end of Lake Superior, since the ostensible reason for building the locks was to give saltwater ships access to the heart of North America.

Trouble is, they built them too small. And today, the oceangoing ships that Great Lakes sailors call "salties" carry 10% or less of the 170 million-180 million tons of cargo that cross the five Great Lakes during a nine-month shipping season, bringing in finished products like steel and wind turbines and carrying out grain. The other 90% of that cargo is grain, coal, iron ore, limestone, salt, cement and other bulk materials that freighters called "lakers" carry between ports within the Great Lakes.

Those same salties have brought in most of the trouble blamed on the seaway, a host of invasive plants and animals that arrived in their ballast water and have caused incalculable damage and cost hundreds of millions of dollars to control. The question is whether the benefits of bringing saltwater ships to the Great Lakes outweigh those costs to date and projected into the future. The few studies that have been done suggest the answer is no. Increased shipping and related economic activity might offset some criticism, but there are practical difficulties.

Ten years ago, the corporation that manages the seaway began touting a project called Highway H20 to double the system's size. The idea was finally shelved last year when the U.S. Army Corps of Engineers concluded a study showing it was not economically viable.

"Increasing the size of the seaway is off the table," said Bruce Sanders, a Corps spokesman in Buffalo, N.Y., and someone who has studied the seaway for 37 years. "The truth is, it's a dinosaur and will never live up to its potential."

David Knight, a maritime transportation specialist for the Great Lakes Commission, an Ann Arbor-based agency that promotes economic development and conservation in the Great Lakes region and along the seaway, said environmental issues may actually increase shipping.

"Seasonality continues to be a great obstacle when we're looking at new business," said David Knight. "Logistics people don't want to use a port only in summer. But a lot of logistical decisions now are being affected by corporate desires to increase environmental responsibility, and the water mode of transportation is much more fuel efficient than rail or truck."

East Coast blockade

If you visit Duluth, there's a good chance you'll drive over the John A. Blatnik Bridge on I-535, named for the longtime congressman from northeast Minnesota who chaired the U.S. House Public Works Committee and, as a champion of Great Lakes shipping, was instrumental in construction of the seaway project.

The bridge lies 1,400 sea miles from the locks on the St. Lawrence, one of the world's major engineering works and a project that was both Blatnik's dream and biggest disappointment. Blatnik, who retired in 1974 and died in 1991, knew the system needed bigger locks. But he was blocked by East Coast politicians who didn't want the shipping traffic of their port cities going to Great Lakes ports.

"Anybody who is familiar with the history will tell you that the seaway was built with a darned-near fatal flaw," said Glen Nekvasil, a spokesman for the Great Lakes Carriers Association in Cleveland.

The companies Nekvasil represents sail 55 U.S. lakers. Many are too big for the locks on the St. Lawrence or the Welland Canal.

"The seaway was built just as the shipping industry was switching from bulk cargo to containerization. Ships were getting bigger, and the seaway locks were too small for the new ships," said Nekvasil. "It meant that (Blatnik's) dream of connecting dozens of Great Lakes ports to the world oceans wasn't going to happen. People tell me he was devastated by what Congress finally approved."

Container ships are 1,000 feet long and 130 feet wide. They carry 5,000-15,000 trailer-truck-size containers that are off-loaded directly onto trucks or trains, greatly reducing shipping costs and guaranteeing on-time delivery. The seaway locks can only handle vessels up to 740 feet long and 76 feet wide, carrying fewer than 1,000 containers. (The larger ore boats seen on the Detroit River are bulk carriers that can't go below Lake Erie because of the locks.)

But even with the seaway the size it is, its boosters say it could be more economically vital with a system routinely used in Europe called Short Sea Shipping. Under that system, the big container ships that now go to Halifax, Nova Scotia, and unload their cargo onto trains and trucks would put some of them onto smaller ships that would move the cargo into the Great Lakes.

That would also keep out the salties and their unintentional cargoes, the foreign plants and animals first detected in the 1980s that now cost the Great Lakes states an estimated \$200 million a year in cleanup and control costs. Invaders such as zebra and quagga mussels have also spread to inland waters and been found as far away as Lake Meade, Nev., 1,500 miles from the Great Lakes.

But seaway officials must convince both shippers and the companies who rely on them that they can make money and count on getting goods through a system that closes for three or four months at the whims of winter. Most knowledgeable observers think that's a tough proposition, although a couple of companies that operate seaway freighters reportedly are considering it.

Jobs, impact and cost

Nancy Alcalde, a spokeswoman for the St. Lawrence Seaway Development Corp. that runs the American part of the system, said the seaway's annual operating expenses are about \$87 million. Ships using the American locks pay a fee based on the value of their cargoes. That money goes into a national Harbor Maintenance Trust Fund that pays part of it back for seaway operations and maintenance.

Alcalde said the best measurement of the waterway's impact is "the value of the cargo shipped" -- \$375 billion worth since the seaway opened in 1959.

"The economic benefits of the seaway have been measured and indicate that maritime commerce overall on the Great Lakes St. Lawrence Seaway System annually sustains 150,000 jobs, \$4.3 billion in personal income, \$3.4 billion in business revenues, and \$1.3 billion in federal, state, and local taxes in the U.S. Great Lakes region," she said.

And despite the problems they deliver, the oceangoing ships generate more jobs in the region's ports.

The 800- to 1,000-foot Great Lakes ore boats built in recent years are mostly self-unloaders that can dump 50,000-70,000 tons of iron ore, the equivalent of 500-600 railroad cars, in eight to 10 hours using only a handful of dock workers. The salties still require 70-80 people to unload their cargoes.

John Baker of Cleveland, president emeritus and district director of the Great Lakes branch of the International Longshoremen's Union, said salties keep most of his 5,000 members employed on the lakes.

"When a 1,000-footer unloads ore, it only needs nine, 10 of our guys. A salty needs four or five gangs, 70-80 people," he said. "People ask, 'Did the seaway ever pay for itself?' All I know is that it sure employed a lot of people, and they paid a lot of taxes. The green people want to close it down, but that doesn't make any sense."

Angler Will LaGrange of Saginaw uses another yardstick, the nearly total disappearance of salmon from Lake Huron after zebra mussels collapsed the food chain from the bottom up five years ago.

"Ten years ago, I used to fish out of Oscoda two days a week for most of the summer, and along with all the private boat owners, there were maybe 50 charter boats in Oscoda then," he said. "Now I think there are a half-dozen charter boats there and only a handful of the individual guys who used to fish chinooks. Fishermen just don't go there anymore."

"What price do you put on that?"

The St. Lawrence Seaway has opened the Great Lakes and the heart of North America to oceangoing vessels that Great Lakes sailors call salties. But many experts say the environmental damage created by the seaway has cost the economy far more than the shipping has earned. / SUSAN SHARP/Special to the Free Press



St. Lawrence Seaway at a glance

By Martha Thierry, Michigan 1:27 AM, Jul. 3, 201

The St. Lawrence Seaway is, legally, only the locks systems in the upper St. Lawrence River and the Welland Canal. However, most people think of it as the entire 2,300-mile shipping route from the Atlantic Ocean to the western end of Lake Superior.

- **Season:** 9 months
- **Cargo:** 170 million-180 million tons a year; 90% domestic freighters, 10% oceangoing



- **Value:** \$3 billion per year (\$375 billion since seaway opened)
- **Jobs:** 150,000 depend on seaway shipping
- **Taxes:** Seaway commerce generates \$1.3 billion per year in federal, state and local taxes

Source: *St. Lawrence Seaway Corp.*

The Maritime War Within

R.G. Edmonson | Tuesday June 28 2011 The Journal of Commerce

The federal government appears to be at war with itself over maritime policy. Last week, the Department of Energy announced that it waived the Jones Act requirement for transporting oil from the Strategic Petroleum Reserve to U.S. destinations. Jones Act supporters rose up, and DOE reversed course in less than a day. This is the same department that asserted that companies that bought wind turbines overseas with DOE loan guarantees didn't have to abide by U.S. cargo preference laws. The Department of Transportation slapped down that notion last month. The Export-Import Bank of the United States isn't thrilled with cargo preference, either. The bank says that U.S. flag ships are never there when they're needed. Ex-Im is up for reauthorization, and it may propose a cargo preference exemption. U.S. fleet supporters say the idea is pretty much dead on arrival. None of this adds up to a conspiracy of bureaucrats to do in the U.S. flag fleet. It does show that the country lacks a strong maritime policy, and several administrations that have taken no interest in the subject. The Maritime Administration doesn't appear to be doing much for the cause. H. Clayton Cook, former Marad general counsel, now an attorney specializing in vessel finance, recently blasted the agency for failing to meet Congress' deadline for a report on the marine highways program. Congress wanted it in December 2008. Marad delivered it in April. Now Marad is supposed to be publishing another congressionally-mandated study of what's needed to make the U.S. merchant marine commercially viable in the global economy. Marad says the report will be finished sometime this summer. Administrator David Matsuda said the same thing to the House Transportation and Infrastructure Committee two weeks ago. Not good enough for Rep. Elijah Cummings, D-Md., one of the U.S. fleet's strongest supporters. Three times he asked Matsuda to give him a specific date, but Matsuda dodged the question. It came down almost to an ultimatum. When, Cummings asked, can the committee expect the report? "September," Matsuda said.

Flip-flop on Jones Act waiver flap?

American Shipper Florida Connection, Date Posted: 6/27/2011

The U.S. Energy Department has apparently reversed itself and will not offer a blanket exemption to the Jones Act for ships carrying oil from the Strategic Petroleum Reserve (SPR). The government set off a furor on June 23 when it announced on the front page of its "notice of sale" for 30 million barrels of oil from the SPR that the "secretary of the Department of Homeland Security has issued a general (blanket) waiver of the 'Jones Act' for the marine delivery of crude oil purchased in this sale." A promotion group for domestic shipping, the American Maritime Partnership (AMP), issued a statement within hours saying it was "dumbfounded by President Obama's decision to disregard the American maritime industry, which has sufficient capacity to complete this work. At a time when a record number of Americans are unemployed, it is disappointing that the administration has chosen to prioritize foreign workers when our nation's workers are perfectly able and willing to do the job." Friday, an AMP spokesman said the government had reversed itself. The Energy Department could not immediately confirm the change. However, the notice of the blanket exemption

from the Jones Act on the front page of the original notice of sale by the SPR was removed in a revised notice of sale posted on Energy's Web site. But the revised notice of sale still said companies may apply for a Jones Act waiver with DHS.

Obama Jones Act waiver attacked

American Shipper Florida Connection, Date Posted: 6/24/2011 10:15:09 AM

A group representing domestic shipping companies is attacking the Obama administration's decision to allow any tanker to carry oil released from the Strategic Petroleum Reserve (SPR). Energy Secretary Steven Chu on Thursday announced the United States would release 30 million barrels of oil from the SPR. Another 30 million barrels are being released by other members of the International Energy Agency, and the hope is the releases will offset the disruption in the oil supply caused by unrest in the Middle East. The American Maritime Partnership issued a statement the same day, saying it was "dumbfounded by President Obama's decision to disregard the American maritime industry, which has sufficient capacity to complete this work. At a time when a record number of Americans are unemployed, it is disappointing that the administration has chosen to prioritize foreign workers when our nation's workers are perfectly able and willing to do the job." The notice of sale issued by Energy's SPR project management office said the Department of Homeland Security has issued a blanket waiver of the Jones Act for the marine delivery of crude oil purchased in the sale. The notice of sale said the minimum delivery lot sizes for oil purchased from the SPR are 350,000 barrels for vessels and 40,000 barrels for barges, but noted purchasers must also comply with minimum-tender provisions from the pipelines where they load. The Strategic Petroleum Reserve has been used sparingly since it was established in 1976 in response to oil shocks from Persian Gulf producers. It is at a historic high with 727 million barrels, according to the Energy Department. The Air Transport Association, representing major U.S. airlines, and the American Trucking Associations endorsed the administration's decision to help reduce oil prices. The airline and motor carrier industries have been severely impacted by high fuel prices in recent years, especially when spikes occur quickly and they cannot implement fuel surcharges in time to recover some of that cost from customers. Every \$1 drop in the annual price of a barrel of oil translates to \$415 million in reduced jet fuel expenditures for U.S. airlines, the Air Transport Association said. Both transportation associations renewed their call to develop other conventional and alternative sources of energy to reduce dependence on foreign oil supplies. The American Trucking Association said domestic supplies should be increased by allowing more offshore oil drilling.

Ships: America's Green Trucks

Metal Trades Department Website, June 2011

With the ability to move volumes of freight over the water seven times more efficiently than on gridlocked highways, ships are the "green" trucks on America's Marine Highway.



Emphasizing the need to improve and balance America's transportation network to increase efficiency, stakeholders say that waterborne transportation of domestic freight would augment, not supplant, other modes. "At the moment, the economy is underperforming. Yet even at depressed levels, our surface transportation modes are having a tough time keeping up. Meanwhile we face urgent demands to invest in bridges, highways and the crumbling infrastructure," notes Metal Trades Department President Ron Ault. Beefing up the nation's use of waterways would not add any significant costs, but it would allow shippers to

coordinate more effectively and take some of the pressure off the infrastructure, he said. The American Marine Highway promises to address a full range of economic and ecological issues—from infrastructure repair to greenhouse emissions to greater transportation efficiency. Refer to the white paper, below, on the topic jointly produced by an emerging labor and industry coalition that includes the Metal Trades Department of the AFL-CIO, the Seafarers International Union, the International Longshoreman's Association, the Marine Engineers Beneficial Association and American Feeder Lines.

American Feeder allies with labor, shipyards

American Shipper, June 27, 2011

American Feeder Lines said it is part of an "emerging labor and industry coalition that also includes the Metal Trades Department of the AFL-CIO, the Seafarers International Union, the International Longshoreman's Association, and the Marine Engineers Beneficial Association. The container shipping company recently started a service connecting Halifax and Boston and is seeking to build a coastal U.S. shipping network. "With the ability to move volumes of freight over the water seven times more efficiently than on gridlocked highways, ships are the 'green' trucks on America's Marine Highway," the company said, announcing a white paper, *The Way Forward -- U.S. Commercial Ship Building: A Strategic National Asset*. The paper said, "the downward spiral of the commercial ship building industry can and must be reversed." American Feeder Lines said there is a need to "improve and balance America's transportation network to increase efficiency. Stakeholders say that waterborne transportation of domestic freight would augment, not supplant, other modes." "Our coastal marine corridors are the country's natural transportation assets on which this nation was built, but today they are also the most underutilized," the paper said. It suggests the country needs "in the range of 300-500 vessels constructed in U.S. shipyards over the next 25 years in order to transform our nation's coastal highways from unused assets into vibrant water connectors. Today the corresponding number of coastal feeder ships servicing northern Europe and the Mediterranean is about 2,000. In contrast the U.S. has zero ships and a few barges in feeder service."

The Way Forward--US Commercial Ship Building: A Strategic National Asset

Updated on: June 20, 2011 Metal Trades Department Org Website

US Commercial Ship Building: A Strategic National Asset, China, Brazil and now India have declared that their commercial shipyards are "Strategic National assets"

"US-built coastal ships are the trucks of the US Marine Highway"

Introduction

The United States needs a fleet of modern coastal container and trailer ships and modern commercial shipyards that are up to the task. This new fleet is essential to the nation's economic security and viability. It will be one element of a strategy to address the nation's freight capacity requirements at a time of crisis in landside infrastructure funding. New ships will replace an aging, inefficient Jones Act container fleet at a time when strict, new environmental standards are enforced for the North American Emissions Control Area. Construction of these vessels and their deployment along America's coastal corridors will create tens of thousands of new direct, indirect and induced jobs on the water, in the ports, and in our yards. We expect that a new fleet of American container feeder ships, servicing a vibrant US coastal marine highway, will join rail in offering competitive intermodal transportation services for domestic and import/export goods.

Today, the United States is the largest economy in the world. However, America's standing as a commercial sea power has been in decline since the mid-twentieth century. The U.S. is 97 percent reliant on foreign ships to transport its imports and exports. Ships flying the American flag in international commerce are few in number. This state of affairs has prompted congressional hearings and an awaited study by the Maritime Administration into impediments to US flag registry. Fewer still were actually built in an American shipyard and thus are Jones Act qualified to serve in the domestic coastwise trade. [1]

Further, it is becoming more apparent that while US shipyards can be competitive in producing certain, smaller vessel types the United States will no longer possess the ability to build most merchant ships on a commercially viable world class scale. America has gone from the number one ship building nation in the world to ranking below many small nations and, arguably, to be one that no longer registers on any measurable scale anywhere in the world. This is true regardless of the fact that U.S. ingenuity invented most of the world's modern ship building techniques including welding, block and series construction—and containerization, now the backbone of the oceangoing world trade.

To be sure, U.S. shipyards will continue to construct military ships. Indeed, it is the stated policy of publically traded companies such as General Dynamics, Huntington Ingalls Industries (HII), and Lockheed Martin that they would rather build ships for the military, than for commercial trade. Building ships for the military is profitable—Wall Street wholeheartedly supports military shipyards because the U.S. government needs the ships for its Navy and is willing to pay top dollar for the vessels.

Is it a foregone conclusion that we can no longer build commercially viable ships in the United States? Hopefully not. Indeed, we are convinced that this trend and the downward spiral of the commercial ship building industry can and must be reversed.

As our Nation's transportation infrastructure continues to crumble, gridlock worsens and there appears to be consensus that fewer government funds will be available to maintain, upgrade and expand America's land-based transportation systems we need, more than ever, to take advantage of America's Marine Highways. Our coastal marine corridors are the country's natural transportation assets on which this Nation was built, but today they are also the most underutilized.

How many ships do we need to develop a viable hub and spoke port network? We would need in the range of 300-500 vessels constructed in U.S. shipyards over the next 25 years in order to transform our Nation's coastal highways from unused assets into vibrant water connectors. Today the corresponding number of coastal feeder ships servicing northern Europe and the Mediterranean is approximately 2,000. In contrast the US has zero ships and a few barges in feeder service.

The challenges will be two-fold. First we must overcome the waning interest of shipyard owners to build commercial ships. Second we must immediately modernize commercial shipyards and adopt modern shipbuilding methods and techniques that are effectively and efficiently utilized worldwide. Based on our experience in the international ship construction world we firmly believe that with the proper supervision, U.S. shipyards can build commercially viable coastal container ships.

The United States faces an imminent transportation infrastructure crisis and marine transportation should figure into an appropriate "National Response" that is grounded in economic reality. Shipyards are strategic assets and the use of our coastal waters to efficiently transport domestic cargo is "mission critical" to the future of America's transportation system and economy. The U.S. Marine Highway is an important element in a viable strategy to address America's imminent transportation crisis. America's Marine

Highways are uniquely positioned to help mitigate land-based vehicle congestion with the most environmentally sound and fuel efficient ships ever to traverse the waterways of the United States.

So as a start, we must reinvigorate the U.S. commercial shipbuilding sector in order to build the required ships for our coastal corridors. This endeavor will require a sea change in thinking, short term incentives for shippers to affect the modal change, and significant, one-time capital investments to modernize our outdated commercial yards. While -challenges lie ahead, we believe America is up to the challenge.

The Status of US Commercial Yards

Today, there are a dwindling and alarmingly low number of viable U.S. shipyards that are in a position to construct commercial ships. And, arguably, there are no viable world scale repair yards in the United States. While there are several viable shipyards owned by huge industrial corporations they are dedicated solely to service the needs of the military and the U.S. Government. The question becomes: *Where will the nation build the commercial ships needed for the non-contiguous trades, America's marine highways, drill ships and rigs, tugs, wind farm vessels (the list goes on).*

The answer is in shipyards such as Aker Shipyard in Philadelphia, Pennsylvania, Bay Shipbuilding Company in Sturgeon Bay, Wisconsin, and Avondale Shipyard in Louisiana where the huge needs of the commercial shipping sectors can be met. In order to succeed it will take the combined calculus of modernization, recapitalization and proper management disciplines. Fortunately for the United States, we have some great opportunities and resources available on the world market. To this end, there is a significant amount of surplus equipment [2] available from overseas shipyards for relatively low costs. In addition, there are folks in Europe with world renowned and modern shipbuilding management skills who are ready, willing and able to help U.S. shipyards rebound. Further, the ships that will be needed for America's coastal service have been built before, albeit overseas. Dedicated management coordinating with a motivated labor force can take advantage of this repetitive series construction which will substantially reduce the man hours utilized to produce many series of ships.

It must be understood that there must be full commitment and support of American Labor to retool and retrain the men and women who will accomplish the physical task of assembling new ships and marine equipment in revitalized shipyards. In this regard, the Unions and their members are leading the way both in Washington and in the shipyards. In fact, it is the Unions who are pushing management and insisting that their skill building marine assets cannot be allowed to disappear from the American landscape. Put succinctly, the Unions understand what is at stake.

How can we save and re-energize our commercial yards?

At the outset the simple answer is to create an environment where there is a demand for commercial ships. Having created the demand, the shipyards must be in a position to produce the vessels at commercially acceptable prices. This will require capital investment. Demand can be created by public policy initiatives. The model can be found in Europe. In 1992 the European Union countries recognized that transportation conditions were deteriorating and in need of a new approach. Growing freight traffic contributed to highway congestion, highway infrastructure deterioration, increasing repairs and maintenance costs, and higher levels of emissions. In part to deal with the ever growing volumes of container traffic, the EU launched a series of policy incentive initiatives to reduce environmental impacts and help encourage modal shifts to their combined railway, inland waterway and

short sea shipping systems. Programs include: PACT, and Marco Polo I (2003-2006) and Marco Polo II (2007-2013).

These programs had an underlying stated objective of transferring billions of freight ton miles off of the existing roads. Assistance is provided to businesses willing to improve intermodal connections in five specific types of actions cited in Marco Polo II and outlined below:

Modal Shift Initiatives focused on shifting as much cargo as possible from the roads to short sea shipping, rail and inland waterways.

Catalyst Actions are defined as a change in the way non-road transportation is conducted.

Common Learning Actions are defined as ways to enhance the knowledge of freight logistics.

Motorways of the Sea: defined as door to door services which will shift freight from long road distances to a combination of short sea shipping, rail and other modes of transport.

Traffic Avoidance Actions are defined as: any plan that reduces freight transport demand by road with a direct impact on emissions.

Marco Polo II is still in force today and over the years the three programs have been instrumental as the foundation for improving the performance and impacts of the freight system. At the outset of the programs at the end of the last century, total transshipments of containers by rail and water were 16 percent of the total volume. Two decades later 40 percent of transshipments are by water, and 40 percent are by rail. The public policy worked. To affect this modal shift today there are more than 2,000 short sea/feeder ships connecting all the ports along a fully developed inter-coastal, intra-country seaborne container network that is now fully integrated with inland waterways, railroads and the roadways.

Capital will be needed to modernize and capitalize the yards and to build the fleet of new ships.

How can the requisite capital be raised? By incentive programs that will create demand and use of the US Marine Highway.

A modal shift already supported in public policy under the Energy Independence and Security Act of 2007, which recognized the benefits of using navigable water as an

“extension of the surface transportation system “ because our existing road transportation infrastructure is at it breaking point. Further, there is a diminishing source of money available to expand the existing transportation network systems let alone fix what we already have or, for that matter, effect a modal shift. However there are existing and proposed incentives programs that leverage private investment, can reduce government costs, are environmental beneficial, and incentivize use of the coastal Marine Highway.[3] A non-exclusive list of the programs follows:

1. Sustainable Transportation Credits (STCs) (attached) or shipper tax credits
2. Harbor Maintenance Tax exemption for non-bulk cargo (proposed in legislation e.g. HR 1533)
3. TIGER Grants available for infrastructure elements of Marine Highway Projects (existing)
4. Off-set Highway and Bridge maintenance and repair credits (existing and)
5. Credits for all the items listed on the DOT Calculator including: (proposed)
 - a. Truck ton miles avoided
 - b. Avoided Fuel Costs
 - c. Avoided Gridlock Congestion Costs
 - d. Avoided Maintenance Costs
 - e. Avoided or deferred road Capital and Expansion costs

- f. Avoided Bridge Maintenance Costs
6. Offset credits for All items listed on the EPA's Smartway and FLEET calculators (Partially Proposed)
 7. Credits for Job creation in all sectors related to the Marine Highway (Jobs Programs credits are available)
 8. Credits for moving Military intra base container Cargos between the 16 designated Strategic Port Network
 9. Logistic Education Credits (Available)
 10. Credits from any other existing governmental programs that could be re-classified to be eligible
 11. Available state education, transportation and environmental initiatives that may apply.
 12. States with IRB Capacity
 13. State Labor Union Pension Funds
 14. Tax Free State IRBs
 15. Tonnage Tax
 16. Capital Construction Tax Offsets

This list is not all inclusive and it can be added to. However all incentives should meet standards to assure they are in the state or national interest. There should be measurable, sustainable, tradable and/or revenue neutral.

Who are the stake holders?

- Federal government
- State Governments
- States with Commercial Shipyards
- Regions governed by the 1990 Clean Air Act
- Major Metropolitan Cities with mandated Emission Caps
- States with Major Hub Port Cities
- States with Major spoke Port Cities
- States and Metropolitan areas with Gridlock and Bridge Choke Points as defined by the DOD
- DOD /National Security which is imperiled by Major Bridge or tunnel destruction during times of mobilization and/or nation emergencies.
- Citizenry who use our highways
- Truckers who move containers up and down our highways
- Railroads
- Shippers
- Consumers
- Manufactures
- Importers and Exporters
- Shipyards States with IRB Capacity
- State Labor Union Pension Funds

In conclusion, the United States needs a vibrant Marine Highway connecting our seaports. We also need US-built coastal ships that will the trucks of the Marine Highway. The present day need for modern green coastal ships is real, so the revival of vibrant modern commercial shipyards is mission critical for the nation. Commercial shipyards are indeed National Strategic Assets.

Finally, the marine highway is a critical element in the strategy to address our landside transportation infrastructure funding crisis. Water is the mode of the past and future and we as a nation need commercial yards to create the assets and jobs that will make the entire system functional. The future of our transportation system and our economy depends on it.

[1]"The United States now ranks 18th in number of oceangoing vessels, having fallen from a top-ten ranking just a few years ago. The U.S.-flag merchant fleet ranks 20th on a deadweight tonnage basis. Today, the U.S. fleet's share of ocean borne commercial foreign trade, by weight, continues to be less than five percent."

(Transportation Institute, <http://www.trans-inst.org/present-status.html>.)

[2]There are hundreds of proven designs that can be easily licensed worldwide including the availability of internet connected design and engineering teams that would provide support to U.S. shipyards. This can be used for purchasing the base components from the worldwide network of low cost providers.

[3]Refer to the USDOT Report to Congress "America's Marine Highways" , April 2011, http://www.marad.dot.gov/documents/MARAD_AMH_Report_to_Congress.pdf

Subcommittee Holds Hearing on Using Marine Highways to Create U.S. Jobs, Expand Exports

AAPA News Alert, June 14, 2011

On June 14, the House Subcommittee on Coast Guard and Maritime Transportation held a hearing to review the state of the Marine Transportation System (MTS) and explore ways to enhance the MTS to create jobs, improve the flow of commerce and increase U.S. exports. John Mohr, Executive Director of the Port of Everett and former AAPA Chairman of the Board, testified before the Subcommittee, along with Maritime Administrator David Matsuda and executives from the Chamber of Shipping of America, Crowley Marine (on behalf of American Maritime Partnership) and the Seafarers International Union. Mr. Mohr outlined four steps the U.S. government could take to enhance the MTS and double U.S. exports: (1) streamlining and regulatory reform to get projects built more quickly, (2) support for port infrastructure investment programs such as TIGER, (3) modifying the Harbor Maintenance Tax (HMT) to tax all maritime cargo regardless of how it comes into the United States and to ensure full use of the HMT and (4) investing in rail infrastructure.

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Harbor Maintenance Trust Fund Fairness Coalition Celebrates the RAMP Act Reaching Milestone of 100 Bipartisan Co-Sponsors

Tuesday, June 14, 2011, Seaport Press Review

WASHINGTON, D.C. - On June 14th the Harbor Maintenance Trust Fund Fairness Coalition was very pleased that U.S. Congressman Charles W. Boustany, Jr. MD (R-Southwest Louisiana) announced that H.R. 104, the RAMP Act, signed Representative Bob Gibbs (OH-18) as its 100th cosponsor. Representative Gibbs serves as the Chairman of the House Transportation and Infrastructure Subcommittee on Water Resources and Environment. The RAMP Act, introduced by Congressman Boustany and Congressman Joe Courtney (CT-2), and supported by a broad bi-partisan group of Congressional interests, ensures funds in the Harbor Maintenance Trust Fund are used for their intended purpose of dredging and maintaining coastal ports, harbors, and waterways. "I applaud Representative Boustany for putting together a bipartisan piece of legislation that ensures the money that goes into the HMTF is used specifically for these critical projects improving our nation's infrastructure," Representative Gibbs said. "I am extremely pleased so many members understand the importance of dredging, especially in light of the recent floods in South Louisiana. I thank Congressman Gibbs for his support of this critical legislation, and I encourage other members concerned about jobs and economic growth in our country to sign on," Boustany said. The need for passage of The RAMP Act as soon as possible is clearly demonstrated by the fact

that right now a tanker, carrying U.S. exports, is aground in the Mississippi River below New Orleans. "Louisiana is a global leader in trade, and proper maintenance of our ports is critical for our exports to grow," said Boustany. Barry Holliday, Chairman of the Harbor Maintenance Trust Fund Fairness Coalition, observed that "Chairman Gibbs' co-sponsorship of H.R. 104 is an important milestone for this bill. One-fifth of this nation's gross domestic product depends on maintaining U.S. harbors and navigation channels to provide access by cargo vessels. Enacting this bill will unclog these arteries of commerce using funds already being paid by maritime commerce for this purpose."

Members of House Subcommittee on Coast Guard and Maritime Transportation Express Strong Support for Jones Act

Friday, June 17, 2011, Maritime Executive

Chairman Stresses Economic Benefits of Maritime Law During Hearing

Members of the House Subcommittee on Coast Guard and Maritime Transportation said the Jones Act is critical to the national, economic, and homeland security needs of our country. In addition, the U.S. maritime industry plays an important role in creating jobs and increasing U.S. exports, a respected American maritime executive told Congress, and that is in large part because the Jones Act is the foundation of the nation's domestic maritime policy. The Chairman of the Subcommittee on Coast Guard and Maritime Transportation, Frank LoBiondo (R-NJ), said in a June 14th hearing, "The Jones Act requires merchandise and passengers moving between two points in the United States to be carried only on U.S.-flagged, U.S.-crewed, U.S.-owned and U.S.-built vessels. Something I strongly support...I hear rumors from time to time about ideas or suggestions that can be advanced, either legislatively or otherwise, that would dramatically change or weaken the Jones Act. I can assure you that as chair of this committee, I'll do everything in my power not to allow that to happen." Representative Chip Cravaack (R-MN) highlighted the national security importance of the Jones Act, "Being a retired Navy Captain, I understand the importance of a maritime industry and how important it is to have a U.S.-flag, U.S.-crewed vessel ensuring that when we do have to go over the horizon we have the proper assets to do it; with the proper people that have been trained in a way that we need to make sure they'll be able to carry the flag when rubber starts hitting the road. So I highly support U.S.-flag vessels and U.S. Jones Act, as well." Another key member of the Committee, Representative Mazie Hirono (D-HI), emphasized the economic benefits of the Jones Act for the State of Hawaii, "Mr. Chairman thank you for your strong support of the Jones Act. Like you I am a strong supporter of that act. I just want to note for the record that in Hawaii Jones Act activities provide 23,000 jobs, just in Hawaii, and approximately \$1.1 billion in wages and benefits to Hawaii's economy." Speaking before the House Subcommittee on Coast Guard and Maritime Transportation, Michael G. Roberts, senior vice president and general counsel of Crowley Maritime Corporation in Jacksonville, Fla., and a member of the board of American Maritime Partnership, said the domestic maritime industry sustains the U.S. and international economy. "Taken as a whole, the American maritime industry is a large and vitally important part of our domestic economy," said Roberts. "We generate about \$100 billion per year in economic activity and provide jobs to almost half a million Americans." During his testimony, Roberts thanked the subcommittee for their support of the Jones Act. "This fundamental maritime law provides important national security, homeland security and economic security benefits to our nation," Roberts declared. "This subcommittee's support for the Jones Act is greatly appreciated." Roberts said developing and maintaining a world-class maritime infrastructure, such as harbors that can accommodate the world's largest ships and modern lock-and-dam

systems, can provide economic stimulus during a tough economy. He said expanding and maintaining U.S. maritime infrastructure benefits the U.S. economy by making transportation more efficient and U.S. exports more competitive. Roberts added that federal drilling permits establishing drilling, wind farms, and other renewable energy installations on the outer continental shelf would help create jobs. "We are confident that thousands of maritime jobs would be created or restored if the government would resume the normal pace of considering and approving energy development permits in offshore locations," said Roberts. The maritime industry is a large and critically important component of the transportation circulatory system that sustains the U.S. and international economy. In international trade, 95 percent of the imports to and exports from the United States move on ships. Between 2004 and 2009, U.S. domestic and foreign waterborne trade amounted to an average of more than 2.6 billion metric tons per year. U.S.-flag vessels move about one-quarter of U.S. domestic commerce for about 2 percent of the domestic freight bill. The maritime industry has a low environmental footprint as it emits less than one-half ton of nitrogen oxide per million ton-miles, resulting in less air pollution and reduced climate change effects.

Editorial: More port potential

01:00 AM EDT on Friday, June 17, 2011, Providence Journal

The Port of Providence is waking up. On a recent morning, it was filled with shipping activity, with one oil tanker at Exxon Mobil, another at Capital Terminal and an oil barge and two bulk freighters at ProvPort. One of the freighters was slated to go over to Promet for emergency repairs. Meanwhile, a third oil tanker was being lay-berthed at the Promet pier until its next assignment. Yes, things are stirring even in this long-underused corner of maritime trade. The state's ports are an economic sector that Governor Chafee very sensibly has termed a big opportunity for growth. Indeed, a study done for a special legislative commission sees the potential for 1,000 jobs, an additional \$127 million in business revenue and \$8.1 million in state and local tax revenues annually if the state were to fully use the ports of Providence, Quonset/Davisville and Aquidneck Island. The real value could be much, much bigger. There's legislation in the General Assembly to create a port authority or seaport advisory council that could market the state's ports, especially Providence and Quonset, and protect the state's diminishing working waterfront. Another idea is an infrastructure bond issue to finance port-improvement projects. Rising fuel prices point to short-sea shipping – containerized cargo by barge from such larger ports as Halifax, New York and Charleston to smaller ports such as Providence and New Bedford, and then by rail or road to its final destinations - as an increasingly important alternative to trucking containers everywhere on congested highways. Providence and Quonset are both amply supplied with the necessary lay-down area and intermodal hookups, both rail and truck. Indeed, Providence, out of the dozen or so deep-water ports in New England, was recently cited by a maritime trade organization as one of the country's best options for short-sea cargoes. But the legislative study points to infrastructure weaknesses that would need fixing if operations there are to be ramped up. There is a critical need for new cranes for moving cargoes as well as improved rail access. And legislators should lay the groundwork for dredging a 50-foot depth channel to Quonset to accommodate the Panamax container ships being built because of the expansion of the Panama Canal, to be completed in 2014. Container shipping continues to be the big story in global maritime trade, barely hiccupping during the recession. Charleston and Savannah are forging ahead with improvements to lure the biggest ships. We should, too.

US Port Calls Rose 13 Percent Last Year, Marad Says

R.G. Edmonson | Jun 15, 2011, The Journal of Commerce Online - News Story
 LaHood credit's Obama policies for rise in oceangoing vessel traffic. Vessel calls at U.S. ports increased 13 percent last year as the country recovered from the worst recession in decades, the Maritime Administration said Wednesday. Marad's 2010 "snapshot" of maritime traffic said 7,579 oceangoing ships made 62,747 port calls in the United States, up 13 percent from a year earlier. That traffic had declined 8 percent in 2009 from 2008. "The encouraging rebound in oceangoing vessels is a sign that President Obama's economic policies are working," Transportation Secretary Ray LaHood said. "We're committed to supporting policies that will build on this momentum so that the maritime industry will continue to grow and create American jobs." The breakdown by vessel type shows the 2010 traffic was split about equally between tankers, container ships and other ship types, including dry bulk, general cargo and roll-on roll-off vessels.

LoBiondo: Revitalizing Our Marine Highways is Essential to Creating U.S. Jobs and Expanding Exports

Tuesday, June 14, 2011 Maritime Executive

Washington, DC – The Subcommittee on Coast Guard and Maritime Transportation, chaired by U.S. Rep. Frank LoBiondo (R-NJ) held a hearing today to review the state of the Marine Transportation System (MTS) and explore ways to enhance the MTS to create jobs, improve the flow of commerce, and increase U.S. exports. The hearing, entitled "Creating Jobs and Increasing U.S. exports by Enhancing the Marine Transportation System," examined the ways in which the MTS can be improved to meet the current challenges it faces. More information and testimony by maritime industry leaders can be found here. "The MTS is a vast resource that facilitates our robust maritime commerce," said Chairman LoBiondo. "It consists of waterways, ports, and intermodal landside connections that allows for the movement of passengers and cargo on the water. The MTS includes nearly 360,000 miles of navigable channels, railways, and highways, as well as 238 locks and 3,700 marine terminals. "The commerce which moves on the MTS fuels the U.S. economy. Approximately 99 percent of the volume of overseas trade enters or leaves the United States by water. The movement of cargo and associated activities on the Marine Transportation System adds more than \$649 billion annually to the U.S. Gross Domestic Product, sustains more than 13 million jobs, and contributes over \$212 billion in annual federal, state, and local taxes." Chairman LoBiondo and the Subcommittee focused on the importance of constant maintenance and enhancement of the MTS to creating U.S. jobs. "Domestic shipping alone is responsible for over half a million American jobs and \$100 billion in annual economic output," Chairman LoBiondo noted. "As such, ongoing maintenance and improvements to the MTS is essential to any effort to create jobs and expand exports."



Harbor Maintenance Trust Fund Fairness Coalition Celebrates the RAMP Act Reaching Milestone of 100 Bipartisan Co-sponsors

Harbor Maintenance Trust Fund Fairness Coalition, June 14, 2011

Coalition Calls on Congress to pass the Ramp Act as soon as possible Washington, D.C.—The Harbor Maintenance Trust Fund Fairness Coalition today was very pleased that U.S. Congressman Charles W. Boustany, Jr., MD (R-Southwest Louisiana) announced that H.R. 104, The RAMP Act, signed Representative Bob Gibbs (OH-18) as its 100th cosponsor. Representative Gibbs serves as the Chairman of the House Transportation and Infrastructure

Subcommittee on Water Resources and Environment. The RAMP Act, introduced by Congressman Boustany and Congressman Joe Courtney (CT-2), and supported by a broad bi-partisan group of Congressional interests, ensures funds in the Harbor Maintenance Trust Fund are used for their intended purpose of dredging and maintaining coastal ports, harbors, and waterways. "I applaud Representative Boustany for putting together a bipartisan piece of legislation that ensures the money that goes into the HMTF is used specifically for these critical projects improving our nation's infrastructure," Representative Gibbs said. "I am extremely pleased so many members understand the importance of dredging, especially in light of the recent floods in South Louisiana. I thank Congressman Gibbs for his support of this critical legislation, and I encourage other members concerned about jobs and economic growth in our country to sign on," Boustany said. The need for passage of the RAMP Act as soon as possible is clearly demonstrated by the fact that right now a tanker, carrying U.S. exports, is aground in the Mississippi River below New Orleans. "Louisiana is a global leader in trade, and proper maintenance of our ports is critical for our exports to grow," said Boustany. Barry Holliday, Chairman of the Harbor Maintenance Trust Fund Fairness Coalition, observed that "Chairman Gibbs' co-sponsorship of H.R. 104 is an important milestone for this bill. One-fifth of this nation's gross domestic product depends on maintaining U.S. harbors and navigation channels to provide access by cargo vessels. Enacting this bill will unclog these arteries of commerce using funds already being paid by maritime commerce for this purpose."

The Harbor Maintenance Trust Fund Fairness Coalition was established in 2008, to seek legislation that will ensure that all tax revenues annually generated by the Harbor Maintenance Trust Fund are used for their intended purpose – operation and maintenance of Federal ports and waterways. Member organizations represent a broad spectrum of maritime interests, including maritime unions, shippers, carriers, Ports, major trade associations, coalitions, regional port and waterway organizations, dredging contractors, and States.

For more information, visit the Harbor Maintenance Trust Fund Fairness Coalition Web site at: www.ramphmtf.org.

AFL Short-Sea Service to Launch Next Week

Joseph Bonney | Jun 8, 2011, *The Journal of Commerce Online - News Story*

Service to call every Tuesday at Massport's Conley Container Terminal

A New England-Halifax shuttle service, launched by American Feeder Lines as the forerunner of a planned coast-wide network of short-sea services, will begin service next week. The Massachusetts Port Authority said the new service will call every Tuesday at its Conley Container Terminal, beginning June 14. "The New England-Halifax Shuttle is great news for Boston providing New England shippers with a vital connection to Eastern Canada's main trans-shipment hub," said Mike Leone, port director at Massport. The new service also will call at Portland, Maine, and connect with Halifax's South End and Fairview Cove container terminals. The planned service will be launched with a chartered vessel with capacity of 700 20-foot-equivalent units. The service will follow the route of the former Yankee Clipper feeder service that carried containers for Hapag-Lloyd. AFL is seeking financing for its plan to build 10 container ships, each with nominal capacity of 1,300 TEUs, for domestic routes along the U.S. Atlantic and Gulf coasts.

Dredging is a vital investment in America's economic future

BY DR. CHARLES BOUSTANY JR., Saturday, June 4, 2011

Dr. Charles Boustany Jr., a Republican, represents Louisiana's 7th District in the U.S. House. A former heart surgeon, he is chairman of the Ways and Means Committee's Subcommittee on Oversight.

Vigorous economic growth in the United States is essential for a full recovery of the global economy. Implementation of an aggressive, export-oriented trade policy is imperative to achieve the necessary growth to reverse the high level of unemployment here in the U.S. and to restore American competitiveness. In last year's State of the Union Address, President Obama set a laudable goal of doubling exports over the next five years. This requires the implementation of the three pending free trade agreements (Colombia, Panama and South Korea) coupled with further efforts to open additional markets for American exporters. But more is needed. American ports account for 99 percent of our overseas trade. Every day, \$3.8 billion worth of goods enter and depart from U.S. ports. With roughly 15,000 jobs created for each \$1 billion in exports, the economic impact cannot be denied. In Charleston alone, more than \$50 billion of international cargo passed through the harbor in 2010, and shipping volume has increased nearly 17 percent in the first three quarters of the fiscal year. In addition to aggressively pursuing open markets through trade negotiations, careful consideration must be given to ensure our ports are able to operate at their full potential. The U.S. Army Corps of Engineers is responsible for maintenance dredging of America's federally maintained waterways. The Corps estimates that full channel dimensions of depth and width at the 59 major U.S. ports are available less than 35 percent of the time. Ships must light-load cargo in order to reduce their draft or work on restricted schedules based on tides. These inefficiencies lead to higher shipping costs, damaging America's competitiveness. If export goals are to be reached, there is no question that dredging domestic waterways to their operational potential is a requirement. Operation and maintenance dredging is funded by a dedicated tax and is deposited into the Harbor Maintenance Trust Fund (HMTF). The tax raises \$1.3 billion to \$1.6 billion per year, and the trust fund currently has a surplus of approximately \$5.7 billion. Congress created this dedicated funding for the purpose of dredging, but the U.S. Army Corps of Engineers has access to only about half of the incoming revenue each year and this funding has been tied up in earmarks. In Fiscal Year 2010 alone, the HMTF collected more than \$1.36 billion with interest, while only \$793 million was transferred to the Corps for actual harbor maintenance. The dredging of our important waterways has been deferred and delayed. This situation is creating real problems for shippers and ports along our coasts. The Corps has expressed the immediate need to dredge many of our neglected ports and waterways, as each one-foot reduction in draft results in a loss of \$250,000 to \$800,000 per ship. To fix this problem, I have proposed the Realize America's Maritime Promise (RAMP) Act, HR 104. The bill aims to free up the incoming revenue generated by the harbor maintenance tax each year and allow the U.S. Army Corps of Engineers to dredge these waterways, from Charleston to New Orleans and elsewhere around the country, to their fully authorized dimensions. The Congressional Budget Office has confirmed this legislation adds nothing to the deficit and merely allows use of this revenue as Congress originally intended. According to the Corps, the incoming revenue is sufficient to meet these needs and critical funds would not have to be shifted to deal with any emergency dredging. This legislation already has nationwide bipartisan support with 100 cosponsors, and I am working with my colleagues to ensure its timely passage. With so much uncertainty in our economy, the RAMP Act will guarantee that jobs and businesses along America's coastlines prosper. Realizing America's maritime promise is a key

component of our economy, and prompt passage of HR 104 will ensure that America's seaports are ready to meet the goal of doubling exports in five years.

Jones Act Backers Challenged by Congress

Bill Mongelluzzo | May 26, 2011, The Journal of Commerce Online - News Story

Matson president says supporters must go 'legislator to legislator' in campaign U.S. domestic maritime carriers must continually remind Congress of the ongoing benefits of the Jones Act protections for the business, Matson Navigation President Matthew Cox told a business audience in Southern California. Cox said the Jones Act trade produces billions of dollars a year in taxes and creates jobs for more than 500,000 Americans, but the regulatory protection faces ongoing challenges from critics that would undo the law. The Jones Act reserves the domestic ocean trade for U.S.-owned companies that operate America-flagged vessels built in U.S. shipyards and staffed by American merchant mariners. The act covers the domestic offshore lanes such as Hawaii and Alaska as well as the coastal trade and inland waterways. Critics argue the decades-old law results in higher freight rates in domestic maritime transport because it keeps out lower-cost foreign-flag operators. The most recent challenge came last year when some members of Congress and others said wrongly that the Jones Act provisions interfered with clean-up after the oil spill in the Gulf of Mexico. Cox told the Propeller Club of Los Angeles-Long Beach Wednesday critics maintained this stance even though Coast Guard Adm. Thad Allen repeatedly stated the Jones Act in no way impeded clean-up efforts. Many Jones Act supporters were among the members of Congress who lost their seats in the 2010 mid-term elections. The domestic maritime industry responded with an educational program that details its contributions to the national economy. Cox said the team has gone "legislator to legislator" with the message that the domestic industry has a fleet of 40,000 vessels and barges, supports 500,000 jobs, has an annual economic impact of \$100 billion, pays \$11 billion in taxes and provides \$29 billion a year in wages and other compensation. Jones Act carriers also specialize in serving unique economies such as the islands of Hawaii and Guam. For example, Matson recently transported an entire circus, including elephants and giraffes, to Hawaii, Cox noted. Cox said Matson anticipates five to 10 years of growth in the Guam trade as the U.S. transfers some 8,000 servicemen and their families to Guam as part of an agreement between the U.S. and Japan to close the base in Okinawa.

Marine corridor looks for partnership developer

01 Jun 2011 – Port Strategy Online

The Port of Stockton and the Port of West Sacramento will be making available their Requests for Proposal (RFP) for a terminal operations and facilities manager for its M580/180 Marine Highway Corridor Project. The ports are seeking an experienced, proven multimodal and logistics company whose purpose is to oversee and manage a comprehensive business model supporting this Container-on-Barge Service. The primary goal of the RFP is to establish a true public-private partnership, resulting in a privately financed for-profit business not requiring on-going monetary subsidies from governmental or public agencies. The resultant outcome will be a Management/License Agreement between the selected respondent and the Port of Stockton as part of the project.

Proposal Due Date: June 30, 2011 at 3:00 p.m, www.portofstockton.com.

Contact:

Mark Tollini, Deputy Port Director, Port of Stockton

2201 W. Washington Street, P.O. Box 2089, Stockton, California 95201

Call to tackle US harbor tax misuse

Port Strategy Online, 01 Jun 2011

John Mica: "funds are not being used for their intended purpose of maintaining our ports" America's use of its federal Harbor Maintenance Tax came under fire as House Transportation and Infrastructure Committee chairman John Mica spoke out against its misappropriation.

In a guest editorial on Politico.com, he said that "...despite growing maritime infrastructure needs... funds are not being used for their intended purpose of maintaining our ports." Chairman Mica further called on his congressional colleagues to craft legislation that can help "reduce the massive federal bureaucracy, streamline project delivery and provide flexibility to states so they can address their infrastructure needs".

This stance follows the line taken by the American Association of Port Authorities (AAPA) which also urged the committee to address the Harbor Maintenance Tax problem and fully use the proceeds for maintaining the nation's ports and harbors at their authorized - and required - navigation



SECTION 2 - MARAD: AMERICA'S MARINE HIGHWAY PROGRAM

Section Highlights:

- WHATCOM Council of Governments, West Coast Marine Highway Market Analysis Project
- Missouri Highways and Transportation Commission, M-55 Illinois-Gulf Marine Highway Initiative
- New Bedford Harbor Development Commission, Maryland Port Authority, New Jersey DOT, Canaveral Port Authority, East Coast Marine Highway Initiative



This final rule is effective April 9, 2010. Potential sponsors and marine highway operators can view the Final Rule (MARAD2-2010-0035) on Regulations.gov. For further information contact: Michael Gordon, Office of Intermodal System Development, Marine Highways and Passenger Services, at (202) 366-5468, via e-mail at michael.gordon@dot.gov, or by writing to the Office of Marine Highways and Passenger Services, MAR-520, Suite W21- 315, 1200 New Jersey Avenue, SE., Washington, DC 20590.

U.S. Transportation Secretary LaHood Announces \$7 Million in Grants to Jumpstart America's Marine Highway Program.

WASHINGTON – On September 21, 2010

U.S. Transportation Secretary Ray LaHood announced \$6.2 million is being awarded to the Mississippi Department of Transportation, the Virginia Port Authority and the Tennessee-Tombigbee Waterway Development Authority to support the transportation of marine cargo between U.S. ports. The announcement comes just five weeks after unveiling the America's Marine Highway program, a new initiative to move more cargo on U.S. waterways.

\$800,000 will be used to help further corridor study potential marine highway concepts around the country and has been awarded to three AMH Initiatives which include the West Coast Hub-Feeder and Golden State Marine Highway, Illinois-Gulf Marine Highway and East Coast Marine Highway and New Jersey Marine Highway Platform. Included in these corridor study's will be a programmatic NEPA review to facilitate identification of future NEPA requirements. Please see the entire press release at www.marad.dot.gov

The AMH Projects and Initiatives receiving grant funding in FY2010 include:

The **Cross Gulf Container Expansion Project** (Sponsored by: The Ports of Brownsville, Texas and Manatee, Florida). The Cross Gulf Container Expansion Project between Brownsville, Texas and Manatee, Florida along Marine Highway Corridor 10 is awarded \$3.34 million to help modify two barges and purchase equipment that will result in diesel fuel savings of nearly 70,000 gallons per one-way trip, 2.7 million gallons each year and save 18 million miles annually.

The **James River Container Expansion Project** (Sponsored by: The Virginia Port Authority). The James River Container Expansion Project is awarded \$1.1 million for the purchase of two barges on Marine Highway Corridor 64 that is already eliminating 6,000 trucks from local highways will remove gridlock from some of the 130,000 trucks traveling between the Hampton Roads container terminals and rail terminals.

The **Tennessee-Tombigbee Waterway Pilot Project** (Sponsored by: The Port of Itawamba, Mississippi). The Tennessee-Tombigbee Waterway Pilot Project on Marine Highway Corridor 65 is awarded \$1.76 million to help purchase and modify nine barges for a new container transportation service on an all-water route between the Port of Itawamba, Mississippi on the Tennessee-Tombigbee Waterway and the Port of Mobile, Alabama eliminating more than 4,400 truck trips each year.

West Coast Hub-Feeder and Golden State Marine Highway (\$275,000): The West Coast Hub-Feeder concept proposes services along the U.S. West Coast between Southern California and the Pacific Northwest, including ports along the route. The Golden State Marine Highway Initiative proposes services along the California Coast and calling on thirteen ports between Crescent City and San Diego, California.

Illinois-Gulf Marine Highway Initiative (\$275,000): This initiative proposes container-on-barge services between Peoria, Illinois and Gulf Coast seaports, creating a new container shipping option between these regions.

East Coast Marine Highway Initiative and New Jersey Marine Highway Platform (\$310,000): The East Coast Marine Highway Initiative proposes to begin a coastal marine service paralleling Interstate 95 and serving areas including Port Canaveral, Florida; Baltimore, Maryland; and New Bedford, Massachusetts, and potentially other East Coast ports as the effort evolves. The New Jersey Marine Highway Platform proposes expansion of water transportation to help move the significant volumes of freight within New Jersey and along interstate routes between ports along the Eastern Seaboard as well.

Department of Transportation Announces Selection of Marine Highway Corridors, Projects, Initiatives, and Grants as Part of America's Marine Highway Program

On August 11, 2010, U.S. Transportation Secretary Ray LaHood identified 18 marine corridors, and designated 8 projects, and 6 initiatives for further development as part of "America's Marine Highway Program." Designated projects were eligible to apply for up \$7 million in grants, per the Maritime Administration's Notice of Funding Availability in the August 12, 2010 edition of the Federal Register. Please see the entire press release at www.marad.dot.gov

Marine Highway Corridors: These all-water routes consist of 11 Corridors, 4 Connectors and 3 Crossings that can serve as extensions of the surface transportation system. These corridors identify routes where water transportation presents an opportunity to offer relief to landside corridors that suffer from traffic congestion, excessive air emissions or other environmental concerns and other challenges.

Marine Highway Projects: The Secretary has also selected eight Marine Highway Projects for designation under the program. These projects represent new or expanded Marine Highway Services that offer promise of public benefit and long-term sustainability without future Federal operational support. These projects will receive preferential treatment for any future federal assistance from the Department and MARAD. The projects will help start new businesses or expand existing ones to move more freight or passengers along America's coastlines and waterways. The services have the potential to reduce air pollution and traffic congestion along surface corridors as well as provide jobs for skilled mariners and shipbuilders. The projects were selected from among 35 applications from ports and local transportation planning agencies received by the Department's Maritime Administration (MARAD).



Marine Highway Initiatives: In addition to Projects, the Secretary has selected six applications that, while not developed to the point of proposing specific services and routes required of Project designation, they offer promise of potential in the future. While not eligible to

compete for upcoming Marine Highway Grants, these “Marine Highway Initiatives” will receive support from the Department of Transportation in the form of assistance in further developing the concepts through conduct of research, market analysis and other efforts to identify the opportunities they may present.

Eight AMH Projects include:

- Cross Sound Enhancements Project (Connecticut Department of Transportation)
- New England Marine Highway Expansion Project (Maine Department of Transportation)
- Cross Gulf Container Expansion (Ports of Manatee, FL, and Brownsville, TX)
- Tenn-Tom Waterway Pilot Project (Port Itawamba, MS)
- Gulf Atlantic Marine Highway Project (South Carolina State Ports Authority and Port of Galveston, TX)
- Detroit-Wayne County Ferry (Detroit/Wayne County Port Authority)
- Trans-Hudson Rail Service (Port Authority of New York & New Jersey)
- James River Container Expansion (Virginia Port Authority)

Six AMH Initiatives include:

- Hudson River Food Corridor Initiative (New York City Soil & Water Conservation District)
- New Jersey Marine Highway Initiative (New Jersey Department of Transportation)
- East Coast Marine Highway Initiative (Ports of New Bedford, MA, Baltimore, MD, and Canaveral, FL)
- West Coast Hub-Feeder Initiative (Humboldt Bay Harbor, Recreation and Conservation District)
- Golden State Marine Highway Initiative (Ports of Redwood City, Hueneme and San Diego; and the Humboldt Bay Harbor, Recreation and Conservation District)
- Illinois-Gulf Marine Highway Initiative (Heart of Illinois Regional Port District)

East Coast Marine Highway Initiative Study

This solicitation seeks to further advance the America’s Marine Highway Program by identifying corridor-specific Marine Highway markets, developing tailored business plans and optimal operational models for those markets along and related to the M-95 corridor. These markets, plans and models are those proposed in the East Coast Marine Highway and New Jersey Marine Highway Initiatives that correspond to this corridor. This project seeks to provide this analysis and build an actionable project for the ports of New Bedford, Canaveral, New Jersey and Baltimore, as identified in the East Coast Marine Highway Initiative grant award. Submittals were due at the New Bedford Harbor Development Commission office on Friday April 15, 2011, at 11:00 AM (Eastern Time). Additional information at http://www.newbedford-ma.gov/PortofNewBedford/ECMHI_RFP.pdf

M-55 Illinois-Gulf Marine Highway Initiative

The Missouri Highways and Transportation Commission requests proposals from qualified organizations—namely private consultants, universities, and research organizations—to furnish services as described in the following request for proposal to be coordinated by the Organizational Results (OR) unit. The Marine Highway Corridor addressed in this Scope of Work parallels both Interstate 55 and the Illinois/Mississippi Waterway systems, linking Illinois, Missouri and other central states with deepwater ports along the Gulf of Mexico that offer containership services. The corridor has been identified by MARAD as M-55. The successful consultancy will develop a business plan and service design that will permit commercialization of the container-on-barge concept. The work product will provide for the diversion of freight traffic currently moving by truck via I-55 and to east coast ports via other

Interstates through the development of shallow-draft water transportation for containers and rolling stock. Proposals to the OR Contract Administrator indicated in the attachment were due March 7, 2011. The RNO Group, LLC. was selected as lead consultant to develop a business plan for the M55 Marine Highway Corridor Initiative, focused on the development of containerized/trailerized barge (COB) services between Peoria, Illinois and the Gulf Coast. Additional information at <http://library.modot.mo.gov/RDT/RFP/TRyy1130-M-55%20Illinois-Gulf%20Marine%20Highway%20InitiativeRFP.pdf>

WHATCOM Council of Governments Request for Proposals, West Coast Marine Highway Market Analysis Project.

This is a request for proposals to complete a market analysis which will further advance the America's Marine Highway Program by identifying corridor-specific Marine Highway markets; developing tailored business plans and optimal operational models for those markets; and completing a programmatic NEPA document to analyze the direct, indirect, and cumulative impacts to the human and natural environment associated with new and existing marine highway services. Submittals were due at the WCOG office on February 28, 2011 by 12:00pm (Pacific Time). Additional information at http://resources.wcog.org/projects/wccc_rfp.pdf

SECTION 3 - FUNDING MATTERS

Section Highlights:

- Under USDOT MARAD Administration AMH Program \$7 Million was programmed and awarded in the 2010 federal budget
- No funding was in the 2011 budget and none has been programmed for the 2012 budget

Marine Highway Grants

Please go to www.marad.dot.gov for additional information concerning Marine Highway Grants Notice of Funding Availability.

TIGER II - Secretary LaHood Announces More Than 70 Innovative Transportation Projects Competitively Funded Under TIGER II

Requests Top \$19 Billion for \$600 Million Program. Forty-two capital construction projects and



33 planning projects in 40 states will share nearly \$600 million from the U.S. Department of Transportation's popular TIGER II program for major infrastructure projects ranging from highways and bridges to transit, rail and ports, Secretary Ray LaHood announced today (October 21, 2010). Transportation Investment Generating Economic Recovery (TIGER) II received nearly 1,000 construction grant applications for more than \$19 billion from all 50 states, U.S. territories and the District of Columbia. The tremendous demand for TIGER II project

dollars follows a similar demand for TIGER I project dollars. On February 17, 2009, the Department announced 51 grant awards from nearly 1,500 applications for TIGER I grants nationwide. The TIGER I requests were for almost \$60 billion worth of projects, 40 times the \$1.5 billion available under that program. TIGER I dollars were made available under the American Recovery and Reinvestment Act of 2009. "These are innovative, 21st century projects that will change the U.S. transportation landscape by strengthening the economy and creating jobs, reducing gridlock and providing safe, affordable and environmentally sustainable transportation choices," said Secretary LaHood. "Many of these projects could not have been funded without this program." Roughly 29 percent of TIGER II money goes for road projects, 26 percent for transit, 20 percent for rail projects, 16 percent for ports, four percent for bicycle and pedestrian projects and five percent for planning projects. An example of projects funded is \$47.6 million to the City of Atlanta to construct a new streetcar line connecting many of the most important downtown residential, cultural, educational and historic centers, demonstrating the Department's commitment to improving quality of life in major metropolitan areas. TIGER II also provided \$20 million to the New Hampshire Department of Transportation to replace the deteriorating Memorial Bridge that connects Portsmouth, NH, with Kittery, ME. The bridge is at the end of its service life and has a bridge sufficiency rating of six out of 100. Safety concerns recently required a maximum three-ton weight restriction on the bridge, causing all truck traffic to be detoured. The project demonstrates the Department's commitment to bringing the nation's aging road and highway infrastructure to a state of good repair. In addition, TIGER II funds are being used to support a \$546 million TIFIA (Transportation Infrastructure Finance and Innovation Act) loan for the Los Angeles County Metropolitan Transportation Authority to build the Crenshaw/LAX Light Rail Line, a key piece of Mayor Antonio Villaraigosa's 30/10 initiative to construct 12 major transit projects in 10 years rather than 30, exemplifying the Department's commitment

to bold, regional transportation projects that create jobs in the short term while reinvesting in long term economic competitiveness and livability. Under TIGER II, more than \$140 million is reserved for projects in rural areas. As a competitive program, TIGER II is able to fund the best projects from around the country. Using merit-based evaluation criteria allows the Department of Transportation to address some of the nation's most critical challenges like sustainability and economic competitiveness. This marks the first time that the U.S. Departments of Transportation and Housing and Urban Development (HUD) have joined together in awarding grants for localized planning activities that ultimately lead to projects that integrate transportation, housing and urban development. Almost 700 applicants sought up to \$35 million in TIGER II planning grants and up to \$40 million in HUD Sustainable Community Challenge Grants. HUD's funds can be used for localized planning efforts, such as development around a transit stop and zone or building code updates and improvements. The two Departments, along with assistance from the Environmental Protection Agency and the U.S. Department of Agriculture, participated in the evaluation of the planning grant applications. To ensure the important investments made by the Recovery Act continue, President Obama recently announced a comprehensive infrastructure investment plan that would be front-loaded with \$50 billion to expand and renew America's roads, railways and runways. To learn more about President Obama's infrastructure investment plan go to <http://www.whitehouse.gov/the-press-office/2010/09/06/president-obama-announce-plan-renew-and-expand-america-s-roads-railways->

TIGER II grants were awarded to projects that have a significant impact on the nation, a region or metropolitan area. The projects chosen demonstrate their ability to contribute to the long-term economic competitiveness of the nation, improve the condition of existing transportation facilities and systems, increase energy efficiency and reducing greenhouse gas emissions, improve the safety of U.S. transportation facilities and/or enhance the quality of living and working environments of communities through increased transportation choices and connections. The Department also gave priority to projects that are expected to create and preserve jobs quickly and stimulate rapid increases in economic activity.

A complete list of capital grant recipients that can also be viewed at:
<http://www.dot.gov/docs/tiger2grantinfo.pdf>

A complete list of planning grant recipients that can also be viewed at:
<http://www.dot.gov/docs/tiger2planninggrantinfo.pdf>

From the above website links the four port related projects receiving funding under the TIGER II Program of which two, Port of Providence Electric Cranes and Port Manatee Highway, are AMH projects and are listed below.

Port of Miami Rail Access, FL \$22,767,000 - Tiger II dollars will help establish intermodal container rail service to the Port of Miami by building an intermodal yard and making necessary rail and bridge improvements. Specifically, the project will upgrade rail, signals and switching between the Florida East Coast Railroad (FEC) Hialeah rail yard (adjacent to the Miami International Airport) and the Port. In addition, the Tiger II dollars will be used to create an intermodal container rail transfer facility complete with a crane at the Port, and to pay for electrical, mechanical and structural repairs on the rail bridge to the Port.

Port of Los Angeles: West Basin Railyard, CA \$16,000,000 - The West Basin Railyard project will construct an intermodal railyard, which includes staging and storage tracks connecting on-dock railyards with the Alameda Corridor. It will also include a railyard for the short-line

railroad serving Union Pacific, Burlington Northern Santa Fe, the Port of Los Angeles and the Port of Long Beach. And the project will remove two at-grade rail-highway crossings, relieving congestion.

Port of Providence: Electric Cranes, RI \$10,500,000 - This project will expand and upgrade the Port of Providence in Rhode Island. TIGER II dollars will help replace two aged diesel cranes, one of which is currently non-functional, with new electric, barge-based cranes that will enable the Port to handle container traffic. The Port also plans to install wind turbines and solar panels that are expected to generate enough electricity to cover all the port's electrical needs. The improvements to the port will enable short sea shipping, which will reduce highway bottlenecks caused by truck traffic.

Port Manatee Marine Highway, FL \$9,000,000 - The Port Manatee project will allow the Port to become an important part of the Marine Highway program. A 32 acre container terminal, 20 acres of which will be paid for with Tiger II funds, will be constructed adjacent to the existing 1,000 foot berth. The yard will expand the Port's cargo storage capacity both for the Marine Highway operation and for other tenants.

Surface Transportation Act

Surface transportation is defined as the highways, transit systems, railways, and waterways that comprise the intermodal transportation network in the United States. Seaports are the trade gateways and critical interchange points for cargo being imported and exported every day as part of the growing global economy. Ensuring that ports have adequate, congestion-free landside access to the broader transportation network has always been a priority for AAPA and its member ports. Surface transportation authorization, or the "highway bill" as it is more commonly known, establishes funding levels and enables programs which carry out this federal responsibility. This authorization is taken up by Congress and the Administration every six years. The Highway Trust Fund, which is supported primarily by federal fuel taxes, is the mechanism by which surface transportation programs are funded. The main programs of interest to Ports include the National Highway System (NHS) connectors program, the Surface Transportation Program (STP), and the Congestion Mitigation and Air Quality (CMAQ) program.

NHS Connectors. National Highway System (NHS) connectors are the public roads leading to major intermodal terminals. Although they account for less than 1 percent of NHS mileage, NHS Connectors are key conduits for the timely and reliable delivery of goods. Hence it is important to evaluate the condition and performance of connectors and related investment needs. The Office of Freight Management and Operations undertook two studies to evaluate the condition of NHS connectors and identify needed improvements.

Surface Transportation Program. The Surface Transportation Program provides flexible funding that may be used by States and localities for projects on any Federal-aid highway, including the NHS, bridge projects on any public road, transit capital projects, and intercity bus terminals and facilities.

Congestion Mitigation and Air Quality (CMAQ) Improvement Program – UDSDOT/Federal Highway Administration - The Congestion Mitigation and Air Quality (CMAQ) Improvement Program, provides a flexible funding source to state and local governments to fund transportation projects and programs to help meet the requirements of the Clean Air Act (CAA), and its amendments. Projects that address *congestion* issues, such as improvements to access routes, bridges, and tunnels serving intermodal rail and port terminals. At-grade road and rail crossings near port terminals can create congestion and emissions hot spots. Therefore, grade-separation projects may be eligible for CMAQ funding. Port and terminal

operations can be pollution hot spots due to the operation of older diesel powered trucks and locomotives, and extensive idling. There are a growing number of active diesel retrofit programs around the country at ports. An example of a CMAQ marine funded project is the "64 Express/Marine Highway Project, Virginia. The Virginia Port Authority and Norfolk Tug Company, along with a coalition of public and private supporters launched a new container-on-barge service between Norfolk and Richmond, Virginia". The 64 Express operated its maiden voyage on December 1st, 2008. It is a regular weekly service that can operate more frequently as customer needs dictate. The project was made possible by the concerted efforts of a team of public and private interests including the Richmond Metropolitan Planning Organization, the Maritime Administration, the Virginia Port Authority, Port of Richmond, Virginia DOT, Federal Highway Administration, and the private sector. CMAQ funding was part of the financing plan. The team's vision is to provide an economically feasible service that accomplishes several key objectives. Firstly we hope to provide an alternate avenue to/from Hampton Roads and the central part of Virginia. In that effort we want to reduce highway, bridge & tunnel congestion and lessen the environmental impact created by trucks in Hampton Roads and along the I-64 corridor that results from that congestion.

Title XI Federal Ship Financing Program – USDOT/MARAD

The Federal Ship Financing Program provides for a full faith and credit guarantee by the United States Government to promote the growth and modernization of the U.S. merchant marine and U.S. shipyards.

The program, established pursuant to 46 USC Chapter 537, provides for a full faith and credit guarantee by the U.S. Government of debt obligations issued by (1) U.S. or foreign ship-owners for the purpose of financing or refinancing either U.S. flag vessels or eligible export vessels constructed, reconstructed or reconditioned in U.S. shipyards and (2) U.S. shipyards for the purpose of financing advanced shipbuilding technology and modern shipbuilding technology of a privately owned general shipyard facility located in the U.S. The Program is administered by the Secretary of Transportation acting by and through the Maritime Administrator.

Capital Construction Fund – USDOT/MARAD

The Capital Construction Fund (CCF) program was created to assist owners and operators of United States-flag vessels in accumulating the large amounts of capital necessary for the modernization and expansion of the U.S. merchant marine. The program encourages construction, reconstruction, or acquisition of vessels through the deferment of Federal income taxes on certain deposits of money or other property placed into a CCF. CCF vessels must be built in the United States and documented under the laws of the United States for operation in the Nation's foreign, Great Lakes, Short-Sea Shipping or noncontiguous domestic trade or its fisheries. Participants must meet U.S. citizenship requirements.

Operators of American-flag vessels are faced with a competitive disadvantage in the construction and replacement of their vessels relative to foreign-flag operators whose vessels are registered in countries that do not tax shipping income. The CCF program helps counterbalance this situation through its tax-deferral privileges.

SECTION 4 - LEGISLATIVE UPDATES

Section Highlights:

- Short Sea Shipping Act of 2011, 4/14/2011
- AMH Related Law and Legislation and Introduced Bills under 112th Congress

Short Sea Shipping Act of 2011, 4/14/2011

Open Congress Website, <http://www.opencongress.org/bill/112-h1533/show>, May 25, 2011
 Introduced. Short Sea Shipping Act of 2011 - Amends the Internal Revenue Code to exempt from the harbor maintenance tax commercial cargo (other than bulk cargo) loaded at:
 (1) a port in the U.S. mainland and unloaded at another such port after transport solely by coastal route or river or unloaded at a port in Canada located in the Great Lakes Saint Lawrence Seaway System, or
 (2) such a port in Canada and unloaded at a port in the U.S. mainland. Defines the "Great Lakes Saint Lawrence Seaway System" as the waterway between Duluth, Minnesota, and Nova Scotia, encompassing the five Great Lakes, their connecting channels, and the Saint Lawrence River.

AMH Related Law and Legislation and introduced Bill under 112th Congress

Source: Coastwise Coalition, May 2011

SUBJECT	BILL/DATE	TITLE/SPONSOR	SUMMARY	STATUS
PRIOR CONGRESSES - MARINE HIGHWAY PROVISIONS IN LAW				
Short Sea Transportation Program & Policy	HR 6 1/12/07	Energy Independence and Security Act of 2007 Rep. Rahall (D-WV)	Original bill produced by Transportation & Infrastructure Committee included SST provisions by Oberstar (D-MN) and Cummings (D-MD). It was incorporated into HR 6; created a short sea transportation (SST) program, encourages agencies to move US cargo in domestic waters; authorizing financing of SST vessels with Capital Construction Fund monies; and more	12/13/07 passed Senate 86-8; 12/19/07 signed, Public Law 110-140
SST Grants	S. 1308 6/19/09	Maritime Administration Authorization Act of 2010 Sen. Lautenberg (D-NJ) and 5 co-sponsors	Sec. 12 amended EISA 2007 by adding a short sea transportation grants provision "to implement projects or components of a project" selected by the Secretary through the short sea transportation (AMH) program (PL 110-140); no specific dollar authorization; non-Federal cost share is at least 20%.	7/8/09 Rptd by Sen Commerce; 7/23/09 added as SA 1797 to S. 1390, DOD Auth.; Passed Senate 87-7; Conf Report H. Rpt. 111-288; 10/28/09 signed PL 111-84
112TH CONGRESS - MARINE HIGHWAY RELATED LEGISLATION				
<i>Harbor Maintenance Tax Exemption</i>				
National Exemption	HR 1533 4/14/11	Short Sea Shipping Act of 2011 Rep. Tiberi (R-OH) and co-sponsors	Exemption from HMT for non-bulk cargo between US ports and on international cargo in the Great Lakes; includes Nova Scotia as eastern boundary of Great Lakes-St. Lawrence Seaway System.	Referred to Ways & Means Committee

Lawmakers Introduce Harbor Maintenance Tax Exemption

R.G. Edmonson | Apr 15, 2011, The Journal of Commerce Online
 Bill touted as job creator, spur to new business along Great Lakes

Legislation to exempt domestic shipping from the Harbor Maintenance Tax made its debut on Thursday in the 112th Congress. The bill's sponsors are touting it as a way to create jobs and promote economic growth. The Short Sea Shipping Act would exempt coastwise, river and Great Lakes maritime transportation from the 0.125 percent ad valorem tax that is levied

on vessels arriving at a U.S. port. It would also exempt cargo moving between the U.S. and Canada in the Great Lakes and St. Lawrence Seaway. Vessels are obligated to pay the tax each time they call at a U.S. port. Marine highway advocates for years have argued that the tax puts them at a competitive disadvantage with trucking and railroads that do not pay it. Supporters of the new bill said the exemption will create jobs by reducing the burden on shippers moving cargo by water in the U.S. Rep. Pat Tiberi, R-Ohio, chairman of the House Ways and Means subcommittee on select revenue measures, is the sponsor of the bill. Supporters of an HMT exemption see Tiberi's position as a positive sign that the bill will get more attention than similar measures in previous Congresses. Rep. Steve LaTourette, R-Ohio, one of the bill's co-sponsors, noted that the bill would remove the last barrier to ferry service across Lake Erie, and "open up an avalanche of new investment along the Great Lakes in our region." Several years ago, a would-be operator proposed ferry service between Ontario ports and Cleveland as a way to reduce travel miles, and relieve congestion at international bridges at Detroit and Buffalo, N.Y.

Update on HR 104 (RAMP Act) and S 412 (Harbor Maintenance Act of 2011) H.R.104

Dredging Contractors of America: Please take a moment and go to the Ramp website, www.ramphmtf.org and look on the ABOUT page <http://www.ramphmtf.org/hr104.html>, as we have installed an interactive map that shows those States and Congressional districts that have cosponsored in black, and those districts colored blue-violet are Congresspersons who have signed letters and other documents that address the need for proper funding of the Corps O&M budget and the Harbor Maintenance Trust Fund, that have been deemed potential interested cosponsors.

Latest Title: RAMP Act
1/5/2011--Introduced.

Realize America's Maritime Promise Act or the RAMP Act - Requires the total budget resources for expenditures from the Harbor Maintenance Trust Fund for harbor maintenance programs to equal the level of receipts plus interest credited to such Fund for that fiscal year. Limits the use of such resources to such programs only. Declares that it shall be out of order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, motion, or conference report that would cause total budget resources for the Fund in a fiscal year for harbor maintenance programs to be less than the level of receipts plus interest credited to the Fund for that fiscal year.

The Harbor Maintenance Trust Fund issue is on the front burner of a large number of Congressmen and Senators. There are 97 cosponsors on H.R. 104. and 17 cosponsors on S. 412 (attached the latest spreadsheet showing who has cosponsored). Both bills enjoy bipartisan support. At several recent hearings HMTF was discussed, including a Ways and Means Hearing on Panama trade agreement, House T&I Committee hearing on the Corps of Engineers FY 2012 President's Budget, the House Energy and Water Appropriations Subcommittee hearing on the Corps of Engineers FY 2012 President's Budget, and Senate Environment and Public Works hearing on the Corps of Engineers FY 2012 President's Budget, and the Senate Energy and Water Subcommittee hearing on the Corps of Engineers FY 2012 President's Budget.

Below are Jim Sartucci's, K&L Gates notes from the Senate E&W Appropriations hearing. He monitored the webcast of the hearing and offer the following key notes:

- Attended by Feinstein, Tim Johnson, Landrieu, Reed, Lautenberg, Harkin, Tester, Alexander, Cochran, Collins, Murkowski, and Graham (12 of the Subcommittee's 17 members)
- Witnesses included Jo-Ellen Darcy and General Van Antwerp.
- Feinstein on HMTF: Asked Darcy if Administration had opinion of Levin bill (Darcy said she was aware of it, but did not offer opinion). Will oppose Administration proposal to spend HMTF revenue on other agency costs because there is too many unmet dredging needs. Willing to put report language in E&W Approps bill to prevent HMTF funding from being spent for unauthorized purposes (Note that this would not accomplish our goal, but it is helpful sentiment).
- Landrieu on HMTF: There is a growing bipartisan number of Senators who want all of HMTF funding used for its intended purposes. "Energy" ports don't get enough dredging attention, especially where LNG cargoes go.
- Reed: Thanked Van Antwerp for dredging Quonset Cove.
- Alexander on HMTF: We need to look at how President's goal of doubling exports can be met if we don't dredge ports and harbors.
- Cochran on HMTF: How can we reconcile being a robust exporting country with reducing Mississippi River dredging funding? Insufficient funding will result in loss of export cargoes.
- Collins: Kennebec River survey shows controlling depth of 19.7 feet when authorized depth is 27 feet. Portsmouth Naval Shipyard repairs of Navy destroyer Spruance will be completed by September and the river will need to be dredged by then to get ship out. Worried about August dredging interfering with peak lobster and fishing season. Why wasn't this done in the spring? (Corps said that they would find the \$1.6M to do this and would work with local fishermen, but I expect that the locals will not be happy). Also concerned with Saco River jetty.
- Graham: Understand that deepening money is different from maintenance money. Just wants to get Charleston deepening study funded or use of local funds approved, but need legislative vehicle. Looking at pressing for a national study of harbor deepening to prepare for Panama Canal deepening.
- Murkowski: 26 States that received construction project funding in FY10 will not get any in FY12 budget proposal. Small harbors are important to local economies, if not to national economy. prioritizing by only BCR is not good enough. (Van Antwerp suggested carving out a portion of the funding that is prioritized differently).
- No one spoke against Levin's S.412 or stated that increasing harbor maintenance funding would require reducing other Corps funding.

Barry Holliday, Executive Director, Dredging Contractors of America 4/15/2011

H.R.104

Latest Title: RAMP Act

Sponsor: Rep Boustany, Charles W., Jr. [LA-7] (introduced 1/5/2011), Cosponsors (101)

Related Bills: S.412

Latest Major Action: 1/6/2011 Referred to House subcommittee. Status: Referred to the Subcommittee on Water Resources and Environment.

Cosponsors (101), Alphabetical

Rep Alexander, Rodney [LA-5] - 1/5/2011

Rep Benishek, Dan [MI-1] - 2/28/2011

Rep Bishop, Timothy H. [NY-1] - 5/5/2011

Rep Blumenauer, Earl [OR-3] - 4/1/2011

Rep Bonner, Jo [AL-1] - 1/5/2011

Rep Bordallo, Madeleine Z. [GU] - 1/5/2011

Rep Boswell, Leonard L. [IA-3] - 5/12/2011
 Rep Brady, Kevin [TX-8] - 1/5/2011
 Rep Calvert, Ken [CA-44] - 1/5/2011
 Rep Camp, Dave [MI-4] - 5/10/2011
 Rep Capps, Lois [CA-23] - 1/5/2011
 Rep Capuano, Michael E. [MA-8] - 1/5/2011
 Rep Cardoza, Dennis A. [CA-18] - 5/10/2011
 Rep Carnahan, Russ [MO-3] - 5/3/2011
 Rep Carney, John [DE] - 5/11/2011
 Rep Cassidy, Bill [LA-6] - 2/11/2011
 Rep Castor, Kathy [FL-11] - 4/14/2011
 Rep Clarke, Hansen [MI-13] - 3/10/2011
 Rep Connolly, Gerald E. "Gerry" [VA-11] - 5/3/2011
 Rep Costello, Jerry F. [IL-12] - 4/5/2011
 Rep Courtney, Joe [CT-2] - 1/5/2011
 Rep Cravaack, Chip [MN-8] - 3/3/2011
 Rep Crenshaw, Ander [FL-4] - 3/31/2011
 Rep Culberson, John Abney [TX-7] - 1/18/2011
 Rep Cummings, Elijah E. [MD-7] - 1/5/2011
 Rep DeFazio, Peter A. [OR-4] - 3/15/2011
 Rep DeLauro, Rosa L. [CT-3] - 3/29/2011
 Rep Duffy, Sean P. [WI-7] - 3/29/2011
 Rep Duncan, John J., Jr. [TN-2] - 5/23/2011
 Rep Eshoo, Anna G. [CA-14] - 2/8/2011
 Rep Farenthold, Blake [TX-27] - 3/29/2011
 Rep Filner, Bob [CA-51] - 1/7/2011
 Rep Fitzpatrick, Michael G. [PA-8] - 4/6/2011
 Rep Fleming, John [LA-4] - 4/13/2011
 Rep Fudge, Marcia L. [OH-11] - 1/5/2011
 Rep Garamendi, John [CA-10] - 3/8/2011
 Rep Gerlach, Jim [PA-6] - 5/31/2011
 Rep Gibbs, Bob [OH-18] - 6/13/2011
 Rep Green, Gene [TX-29] - 1/5/2011
 Rep Griffin, Tim [AR-2] - 4/6/2011
 Rep Grimm, Michael G. [NY-13] - 5/24/2011
 Rep Guinta, Frank C. [NH-1] - 5/4/2011
 Rep Harper, Gregg [MS-3] - 4/5/2011
 Rep Harris, Andy [MD-1] - 3/30/2011
 Rep Higgins, Brian [NY-27] - 1/24/2011
 Rep Himes, James A. [CT-4] - 6/13/2011
 Rep Hirono, Mazie K. [HI-2] - 3/29/2011
 Rep Huizenga, Bill [MI-2] - 1/24/2011
 Rep Jackson Lee, Sheila [TX-18] - 3/9/2011
 Rep Jackson, Jesse L., Jr. [IL-2] - 3/29/2011
 Rep Jones, Walter B., Jr. [NC-3] - 3/29/2011
 Rep Kaptur, Marcy [OH-9] - 3/3/2011
 Rep Keating, William R. [MA-10] - 3/29/2011
 Rep Kingston, Jack [GA-1] - 5/3/2011
 Rep Kinzinger, Adam [IL-11] - 3/29/2011
 Rep Kucinich, Dennis J. [OH-10] - 3/14/2011
 Rep Lankford, James [OK-5] - 5/24/2011
 Rep Latham, Tom [IA-4] - 3/31/2011
 Rep LaTourette, Steven C. [OH-14] - 1/18/2011
 Rep Lee, Barbara [CA-9] - 1/5/2011
 Rep LoBiondo, Frank A. [NJ-2] - 2/8/2011
 Rep Lucas, Frank D. [OK-3] - 5/4/2011
 Rep Luetkemeyer, Blaine [MO-9] - 4/13/2011
 Rep Lynch, Stephen F. [MA-9] - 1/5/2011
 Rep McCaul, Michael T. [TX-10] - 1/5/2011
 Rep McIntyre, Mike [NC-7] - 4/14/2011
 Rep McMorris Rodgers, Cathy [WA-5] - 1/5/2011
 Rep McNerney, Jerry [CA-11] - 1/19/2011
 Rep Miller, Candice S. [MI-10] - 1/5/2011
 Rep Miller, George [CA-7] - 5/3/2011
 Rep Miller, Jeff [FL-1] - 5/4/2011
 Rep Murphy, Christopher S. [CT-5] - 5/4/2011
 Rep Nadler, Jerrold [NY-8] - 1/5/2011
 Rep Nunnelee, Alan [MS-1] - 5/4/2011
 Rep Olson, Pete [TX-22] - 1/5/2011
 Rep Palazzo, Steven M. [MS-4] - 5/13/2011
 Rep Paul, Ron [TX-14] - 1/5/2011
 Rep Pingree, Chellie [ME-1] - 5/10/2011
 Rep Poe, Ted [TX-2] - 2/17/2011
 Rep Ribble, Reid J. [WI-8] - 1/12/2011
 Rep Richardson, Laura [CA-37] - 1/5/2011
 Rep Richmond, Cedric L. [LA-2] - 6/23/2011
 Rep Rigell, E. Scott [VA-2] - 3/29/2011
 Rep Ryan, Paul [WI-1] - 1/20/2011
 Rep Scalise, Steve [LA-1] - 1/5/2011
 Rep Schock, Aaron [IL-18] - 3/30/2011
 Rep Shimkus, John [IL-19] - 3/11/2011
 Rep Simpson, Michael K. [ID-2] - 1/5/2011
 Rep Sires, Albio [NJ-13] - 1/5/2011
 Rep Slaughter, Louise McIntosh [NY-28] - 3/29/2011
 Rep Speier, Jackie [CA-12] - 3/29/2011
 Rep Stark, Fortney Pete [CA-13] - 1/5/2011
 Rep Sutton, Betty [OH-13] - 1/5/2011
 Rep Thompson, Mike [CA-1] - 1/5/2011
 Rep Upton, Fred [MI-6] - 2/18/2011
 Rep Walden, Greg [OR-2] - 3/2/2011
 Rep Whitfield, Ed [KY-1] - 5/5/2011
 Rep Wilson, Frederica [FL-17] - 2/18/2011
 Rep Wittman, Robert J. [VA-1] - 1/19/2011
 Rep Wu, David [OR-1] - 4/5/2011
 Rep Young, Don [AK] - 4/6/2011

S.412

Latest Title: Harbor Maintenance Act of 2011

Sponsor: Sen Levin, Carl [MI] (introduced 2/17/2011), Cosponsors (23)

Related Bills: H.R.104

Latest Major Action: 2/17/2011 Referred to Senate committee. Status: Read twice and referred to the Committee on Environment and Public Works.

Cosponsors (23), Alphabetical

Sen Blumenthal, Richard [CT] - 3/28/2011

Sen Boozman, John [AR] - 5/17/2011

Sen Boxer, Barbara [CA] - 2/17/2011

Sen Brown, Sherrod [OH] - 2/17/2011

Sen Chambliss, Saxby [GA] - 6/7/2011

Sen Cornyn, John [TX] - 2/17/2011

Sen Crapo, Mike [ID] - 5/5/2011

Sen Franken, Al [MN] - 2/17/2011

Sen Gillibrand, Kirsten E. [NY] - 2/17/2011

Sen Hutchison, Kay Bailey [TX] - 2/17/2011

Sen Isakson, Johnny [GA] - 6/9/2011

Sen Klobuchar, Amy [MN] - 2/17/2011

Sen Landrieu, Mary L. [LA] - 2/17/2011

Sen Lieberman, Joseph I. [CT] - 2/17/2011

Sen Menendez, Robert [NJ] - 3/16/2011

Sen Portman, Rob [OH] - 3/28/2011

Sen Schumer, Charles E. [NY] - 3/7/2011

Sen Shelby, Richard C. [AL] - 2/17/2011

Sen Stabenow, Debbie [MI] - 2/17/2011

Sen Vitter, David [LA] - 2/17/2011

Sen Webb, Jim [VA] - 6/23/2011

Sen Wicker, Roger F. [MS] - 5/2/2011

Sen Wyden, Ron [OR] - 2/17/2011

SECTION 5 - GET CONNECTED: AMH ONLINE LINKS

Section Highlights:

- MARAD AMH Report to Congress, April 2011 now available on line at http://www.marad.dot.gov/documents/MARAD_AMH_Report_to_Congress.pdf
- Marine Highways Cooperative previews the American Marine Highway Benefits Calculator at the 2011 JOC Marine Highway Conference, April 2011

MARAD news link:

http://www.marad.dot.gov/ships_shipping_landing_page/mhi_home/mhi_home.htm

Marine Highways Cooperative:

http://www.marinehighways.org/index.php?page=contact_us

Port of New Bedford, Posts Updates on America's Marine Highway

Visit www.portofnewbedford.org and click on the short sea shipping steering wheel to access various information outlined in this discussion and to review other pertinent material.

American Marine Highway Researcher and Advocate, Wayne McCormick

<http://www.americasmarinehighways.com/>

Maritime Industry Congressional Sail-In, Wayne McCormick

<http://maritimeindustrysailin.com/Default.aspx>. It is a companion to his America's Marine Highway website.

MTS Matters, Paul Bea's Blog on AMH and other MTS Topics

www.mtsmatters.com

America's Marine Highway Reference Library

This MARAD site contains a listing and summary of 30 reports and publications on America's Marine Highways. The "Top Shelf" reports are primary sources of information for the benefits offered by the marine highways. The other reports contain important information that is also vital to understanding America's Marine Highways and the benefits they offer.

http://www.marad.dot.gov/ships_shipping_landing_page/mhi_home/mhi_reference_library/MHP_Reference_Library.htm

SECTION 6 - AMH ADVOCACY GROUPS AND ASSOCIATIONS

Section Highlights:

- AAPA Economic Development Seminar, July 11-13, 2011, Portland, Oregon
- North Atlantic Ports Association, Inc Annual Meeting, June 1-3, 2011, Norfolk, Virginia
- I-95 Corridor Coalition Marine Highways Working Group, May 10, 2011 Webcast

Marine Highways Cooperative

Marine Highways Cooperative is a consortium of public (Maritime Administration), private, and academic organizations committed to improving transportation mobility through domestic short sea shipping. The Marine Highways Co-operative has developed a Marine Highway Public Benefits Calculator for states, counties, cities and others seeking to advance use of waterways to have a meaningful method for pinpointing advantages, thus facilitating public support and project funding. At the same time, shippers and other industry users will have a reliable, hands-on means for making informed decisions to select most cost effective and environmentally beneficial mode of transport.

I-95 Corridor Coalition

I-95 Corridor Coalition Marine Highways Working Group, May 10, 2011 Webcast

The I-95 Corridor Coalition Marine Highways Working Group, led by Co-Chairs Kristin Decas, Executive Director, Port of New Bedford; Barbara Nelson, Principal Planner, Richmond MPO; and Scott Douglas, Maritime Program Manager, NJDOT, met on May 10th via webcast and convened a group of over 60 participants for a very informative and productive meeting to discuss recent and near term activity in the following topic areas:

- USDOT Maritime/Federal Marine Highway Activities (update)
- Marine Highway Initiatives in the M-95 Corridor (update)
- Marine Highway Cooperative's Marine Highway Benefits Calculator (preview)
- I-95 Corridor Coalition - Marine Highway Project; Role and Next Steps

Coalition staff and working group Co-Chairs are working with members of New Jersey Transportation Planning Association (NJTPA) to finalize the scope of work for the I-95 project which will best compliment the MARAD/Port of New Bedford/Port of Baltimore/Port Canaveral/NJDOT efforts. The scope is focused on promoting education, awareness and providing guidance to State Department of Transportations, MPOs, and other state agencies regarding marine highway as a component of a comprehensive, multi-modal freight system. The Marine Highway Working Group will convene again in August 2011 for a webcast of similar structure applied to new topics in the areas of Federal updates; M-95 project/initiative updates; new technologies or systems; and the I-95 Marine Highway project progress.

The webcast presentations are posted on the I-95 Corridor Coalition website @

<http://www.i95coalition.org/i95/Committees/IntermodalFreightPassenger/tabid/76/Default.aspx>

Marine Highway Working Group – Intermodal Freight and Passenger Movement Committee

The I-95 Corridor Coalition Marine Highway Working Group under the leadership of Kristin Decas, Executive Director, Port of New Bedford; and Barbara Nelson, Principal Planner, Richmond MPO and project lead for the MPO on the James River Barge project; and Scott Douglas, Maritime Program Manager, NJDOT, facilitate discussion regarding the development of marine highway activities within the M-95 corridor. This diverse leadership team combines expertise and provides Port, MPO, and DOT perspective to the ongoing efforts of the Working Group which seeks to advance America's Marine Highway program.

The Working group currently convenes stakeholders quarterly via webcast to address issues and promote information exchange.

M-95 AMH Corridor Designation

The I-95 Corridor Coalition submitted a comment on the AMH Program and a corridor application for I-95 which was designated by the USDOT Secretary as AMH Corridor M-95 on August 11, 2010. The comment and corridor application was prepared under the leadership of its Intermodal Freight and Passenger Movement Committee's Marine Highway working group. Both the comment and corridor application are posted on <http://www.newbedford-ma.gov/PortofNewBedford/ShortSeaShipping.html> For additional information on the I-95 Corridor M-95 Highway Corridor please visit their website @ <http://www.i95coalition.org/i95/Home/tabid/36/Default.aspx>

Phase I Short Sea Shipping Study

Through its work on the Multi-Modal Port Access Project, the Coalition identified opportunities for increased utilization of the region's inland and coastal waterways, including short-sea and coastal shipping. The Coalition's Short-Sea and Coastal Options Study provided an opportunity for the Coalition to engage shippers, carriers, manufacturers, and industry groups in identifying the issues surrounding short-sea/coastal shipping and passenger ferry services and begin to evaluate the feasibility of employing such strategies on the East Coast. The results of this study are found at <http://www.i95coalition.net/i95/Projects/ProjectDatabase/tabid/120/agentType/View/PropertyID/61/Default.aspx>

Phase II Short Sea Shipping Study

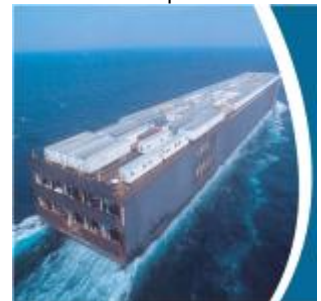
Funds remain available for a Phase II Short Sea Shipping Study. With the announcement by the USDOT of the designations, projects, and initiatives the Coalition will look to review with our Marine Highway Working Group and MARAD how best to use the funds to leverage development activities in the corridor coming out of the designation.

George Mason University

Research activities underway within the I-95 corridor concerning Marine Highways by Dr. K. Thirumalai of the Volgenau School of Information Technology and Engineering at George Mason University through a project to examine application of remote sensing and GIS technologies to evaluate MHS routing in the I-95 Corridor.

Coastwise Coalition

- What's All This About Marine Highways? Northeast Diesel Collaborative Group Port Working Group, May 19, 2010 presentation can be found at <http://www.northeastdiesel.org/pdf/workgroup/CoastwiseCoalitionMARAD.pdf>
- EDF Paper (Source: Coastwise Coalition). The Environmental Defense Fund released a paper, "The Good Haul – Innovations That Improve Freight Transportation and Protect the Environment." The Transportation for America coalition, a large organization that is lobbying for new transportation policy—mostly transit and community oriented—provided some support for the paper. The paper points to existing services, operations and projects that offer examples of goods movement operations and technology that is friendlier to the environment than more traditional freight activity. Included is a chapter on "coastal shipping" with three examples: The EU's Marco Polo program,



the 64 Express container barge service on the James River in Virginia, and the SeaBridge Freight container barge TX-FL service on the Gulf. Our compliments go to coalition friends involved in those two operations. With a quick nod to future prospects the paper also mentions Coastal Connect's planned RoRo service. Find the paper at: http://www.edf.org/documents/10881_EDF_report_TheGoodHaul.pdf

North Atlantic Ports Association Short Sea Shipping Committee

- The NAPA Short Sea Shipping Committee meeting was held during the annual meeting on June 1-3, 2011 at the Marriott Norfolk Waterside Hotel, Norfolk, Virginia. For details contact the North Atlantic Ports Association
ATTN: Thomas Valleau, Executive Director, 65 Rockland Avenue, Portland, ME 04102, Tel. 207-774-3600, email: director@northatlanticports.org
- The next NAPA meeting will be held at the Doubletree Hotel on Rhode Island Avenue in Washington, D.C. on December 1 and 2, 2011.
- Future action items included building a tool for ports to advocate that funding for America's Marine Highway be folded in the reauthorization of the Surface Transportation Act.

Trilateral Working Group - MARAD

The Maritime Administration's Office of Marine Highways & Passenger Services continues to work in Canada and Mexico through the Trilateral Working Group. A meeting was hosted by MARAD, January 27, 2011 in Washington. A future meeting is being planned, however no date has been set. Contact: Lauren K. Brand, Director Office of Marine Highways and Passenger Vessels, Tel. 305-890-6016

AAPA Maritime Economic Development Committee

July 11 - 13, 2011, Portland, Oregon, American Associations of Port Authorities

The American Association of Port Authorities' (AAPA) Maritime Economic Development Seminar, to be held July 11-13, in Portland, Ore., will focus on cultivating operational and financing partnerships, infrastructure, and trade opportunities for seaports. The seminar-hosted by the Port of Portland-will target port authority, real estate, supply chain and international trade professionals interested in exploring compelling new economic development opportunities, practices and planning tools that are being implemented by Western Hemisphere seaports, municipalities, states and federal governments.

Conference speakers will address methods to connect with potential new customers and investment partners; developing client-focused infrastructure; and effectively managing property, equipment and infrastructure assets. "Investments in port infrastructure, port industrial properties and port-related intermodal connections-both land and waterside-help nations to prosper and provide an opportunity to enhance a country's economic and employment recovery," said AAPA President/CEO Kurt Nagle. "This seminar will bring together experts in a variety of economic development disciplines to inspire, inform and educate participants about bolstering business." Among the array of economic development professionals will be The Honorable Bob Hebert, a Texas county judge and president of The National Council for Public-Private Partnerships, who will address the topic of *Attracting Private Sector Investment Partners*; and Scott Goddin, director of the U.S. Export Assistance Center in Portland, whose presentation will address *Unleashing America's Untapped Trade Potential*. Other seminar topics include:

- The Future of Shipping and How to Prepare Your Port
- Making Your Infrastructure Priorities Heard in the Frugal 112th Congress
- Lessons Learned in Port Real Estate Purchasing, Development and Leasing

- Using FTZs to Attract/Retain Business and Tenants
- Identifying Private Sector Business Partners
- Enhancing Your Port's Bond Rating
- Realizing the Benefits of a Maritime Industrial Zoning Overlay District (MIZOD)
- The Port's Role in Trade Promotion and Economic Development
- Interactive Workshop on Strategic Asset Management

More information about AAPA's *Maritime Economic Development Seminar* is available at <http://www.aapa-ports.org/2011MED> or by calling AAPA's Ed O'Connell at 703- 684-5700.

Transportation Research Board (TRB)

Phase II efforts in follow-up to the TRB NCFRP Report 5, North American Marine Highways, August 2010.

Texas Transportation Institute, May 19, 2011

Scope:

The objective of the research is to develop a business case for transporting a larger share of chlorine and anhydrous ammonia shipments via the marine highway system than is currently shipped via water. The business case should consider at least the following issues: market definition; return on investment; obstacles; impacts on other modes and their likely reactions; labor issues; environmental concerns and benefits directly related to the transport of the two commodities; risks; regulatory, security, infrastructure, and vessel requirements; transportation congestion impacts; and lessons learned from international experience (e.g., Marco Polo/Smart Rivers).

Schedule: To be completed by January 11, 2012, Funding Level: \$199,720

NCFRP Report 5, North American Marine Highways, August 2010. "TRB's National Cooperative Freight Research Program (NCFRP) Report 5: North American Marine Highways explores the potential for moving intermodal containers on chassis, non-containerized trailers, or rail cars on marine highways in North America. The report includes an assessment of the conditions for feasibility; an analysis of the economic, technical, regulatory, and logistical barriers inhibiting greater use of the marine highway system; and potential ways to eliminate these barriers. One of the more interesting findings from this research effort is that marine highway ventures of varying distances have the potential for viability. Thus, the conventional wisdom that marine highway operations are viable only at distances equal to, or greater than, those that are viable for intermodal rail is not correct. On the contrary, successful operations have been carried out on routes as short as "across the bay" and as long as more than 1,000 mi. More importantly, the researchers concluded that there is no critical distance for determining whether a particular venture will be successful. The specific geographic features of each service must be considered, including the alternative landside distances and connections." The full report is available at the following link:

http://www.trb.org/MarineTransportation1/Blurbs/North_American_Marine_Highways_163938.aspx

NCFRP 34 [RFP], Evaluating Alternatives for Landside Transport of Ocean Containers. Funds: \$300,000, Contract Time: 15-months. RFP Due: 12/9/2010

BACKGROUND: An efficient and robust freight transportation system is essential to the continued economic well-being of the United States. One vital segment of the system is the deep-water ocean port, which, according to the U.S. Maritime Administration, handled 25 million loaded import or export containers in 2009. Both the highway and rail systems at deep-water ocean ports are congested in peak periods, as few were designed to handle current container volumes, much less future growth. Various projections show a doubling of

containers by 2030, and this has led to a call for more freight infrastructure capacity. However, port expansion and cargo growth depends, to a large degree, on community acceptance, which in turn depends on reducing current adverse impacts from container transportation and mitigating future impacts. As a result, communities around the ports have called for alternative ways to move containers, especially ways that are perceived to be more environmentally friendly than diesel, or approaches that lessen highway congestion by separating freight transport from passenger transport. However, many have questioned whether some of the proposed alternatives are technically feasible, and if so, can they serve multi-site networks and mesh with the legacy port, highway, and rail operations? Research is needed to develop an objective methodology that compares the various alternatives to transport ocean containers to and from port terminals that is unbiased, provides equitable benefit/cost measurement factors (including port efficiency), and considers the entire container drayage scenario, from or to an inland location up to 100 miles distant from the deep-water ocean port.

OBJECTIVE: The objective of this research is to develop a systematic methodology that can be used to evaluate alternatives for ocean container transport to or from deep-water ocean ports and inland destinations within 100 miles. The full RFP can be found at <http://apps.trb.org/cmsfeed/TRBNetProjectDisplay.asp?ProjectID=2922>

HMCRP HM-12 [Pending], Hazardous Materials Transportation Risk Assessment: State of the Practice. Funds: \$200,000, Contract Time: 12-months.

BACKGROUND: Hazardous materials transportation risk assessments are often designed for different purposes and used in different ways by government agencies and the private sector. There are a number of models/methodologies used in each sector, from simplified to extremely complex, that have varying data needs and make varying degrees of assumptions. Different assessment tools and approaches may be applicable to only specific transportation scenarios, activities, or purposes. In addition, many of the assessments address single modes of transportation, and there are few published methods to adequately compare risk across modes or in combinations of modes. There is a need for the government sector to better understand how the private sector performs and uses risk assessments and risk management and for the private sector to appreciate government needs in regulating hazardous materials in transport.

OBJECTIVES: The objectives of this project are to (a) identify existing tools, methodologies, approaches, and key sources of data for assessing hazardous materials transportation risks in the public and private sectors; (b) characterize the capabilities and limitations of each; (c) identify where there are significant gaps and needs in the available tools and approaches; and (d) recommend paths forward. Transportation risks of particular concern relate to acute releases of significant quantities of hazardous materials for all modes of transportation.

SECTION 7 - HISTORICAL REFERENCES AND PROGRAMS DEVELOPMENT

Section Highlights:

- The AMH Program was fully implemented April 9, 2010 through publication of a Final Rule in the Federal Register by the USDOT Secretary in accordance with the Energy Independence and Security Act of 2007
- The Secretary designated 18 Marine Highway Corridors and selected 8 Marine Highway Projects to operate 6 initiatives for further development on these corridors in August 2010

Energy Independence and Security Act of 2007 – December 17, 2007

The Energy Independence and Security Act of 2007 (Pub.L. 110-140), originally named the CLEAN Energy Act of 2007) was signed into law on December 17, 2007. The stated purpose of the act is “to move the United States toward greater energy independence and security, to increase the production of clean renewable fuels, to protect consumers, to increase the efficiency of products, buildings, and vehicles, to promote research on and deploy greenhouse gas capture and storage options, and to improve the energy performance of the Federal Government, and for other purposes.”

Under this law, Short Sea transportation is defined as commercial waterborne transportation that originates at a port in the United States and ends at another port in the United States or at a port in Canada located in the Great Lakes Saint Lawrence Seaway System. The same definition applies for the case where origination and end points are reversed. The law directs DOT to establish a short sea transportation program and designate short sea transportation projects to be conducted under the program to mitigate landside congestion. Short sea shipping activities are made eligible for support from DOT's capital construction fund.

National Defense Authorization Act for Fiscal Year 2010, H.R. 2647 – October 28, 2009

Legislation written by Sen. Frank R. Lautenberg (D-NJ) to reduce congestion on America's roads and to reauthorize the Maritime Administration (MARAD) was signed into law on October 28, 2009 by President Obama as part of the FY 2010 Defense Department Authorization Act, H.R. 2647 (http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:h2647enr.txt.pdf)

The new law creates a grant program for 'America's Marine Highways' to encourage shipping by sea or inland waterway and establishes a new program to modernize port facilities. SEC. 3512. PORT INFRASTRUCTURE DEVELOPMENT PROGRAM, SEC. 3515. AMERICA'S SHORT SEA TRANSPORTATION GRANTS FOR THE DEVELOPMENT OF MARINE HIGHWAYS and SEC. 3516. EXPANSION OF THE MARINE VIEW SYSTEM all addresses aspects of marine transportation.

AMH Program Development – April 9, 2010

On April 9, 2010, the Department of Transportation announced, "Federal Officials Announce Program to Expand Use of America's Marine Highways - Government to Promote Waterways to Cut Emissions and Reduce Highway Traffic." Potential sponsors and marine highway operators can view the Final Rule (MARAD2-2010-0035) on Regulations.gov.

Department of Transportation Announces Selection of Marine Highway Corridors, Projects, Initiatives, and Grants as Part of America's Marine Highway Program – August 11, 2010

On August 11, 2010, U.S. Transportation Secretary Ray LaHood identified 18 marine corridors, 8 projects, and 6 initiatives for further development as part of “America's Marine Highway Program.”

SECTION 8 - INTERNATIONAL SHORT SEA SHIPPING NEWS

Section Highlights:

- APM Rotterdam Introduces Barge Shuttle Service, July 5, 2011
- Denmark DFDS Sells Rotterdam Terminal, June 22, 2011
- EU Transport White Paper, June 2011
- 4th European Shortsea Congress - 29th to 30th June 2011, Hamburg, Germany

APM Rotterdam Introduces Barge Shuttle Service

Bruce Barnard | Jul 5, 2011, The Journal of Commerce Online - News Story

Terminal switches to barges to avoid highway congestion APM Terminals has introduced a barge shuttle service to its Rotterdam terminal to avoid worsening traffic jams caused by construction work on highways circling Europe's biggest container port. The company is running the new service with Delta Marine Terminal, owner of a multipurpose terminal at Moerdijk harbor, 28 miles from Rotterdam, that operates daily container and bulk barge service to Rotterdam and Antwerp. APM is offering extended gateway access at the Moerdijk terminal for Rotterdam cargoes from the Dutch interior and across continental Europe. The container transshipment service will receive preferential treatment at both terminals, including priority scheduling. Shippers can deliver containers to the Moerdijk terminal more than eight days ahead of cut-off times, according to APM. Extensive road works on a highway artery serving the Rotterdam port areas, due to continue until 2015, have created significant difficulties and delays for truck traffic. APM Terminals Rotterdam is one of Europe's largest container terminals, handling 2.41 million 20-foot equivalent units in 2010, mainly transshipment traffic for the U.K., Ireland, Scandinavia and the Baltic states. The terminal's current modal split is 40 percent barge, 40 percent truck and 20 percent rail.

No Likely U-Turn on 2015 Regulation for Shortsea Shipping, says OW Bunker

Thursday, June 30, 2011, Maritime Executive

OW Bunker told the shortsea shipping industry that it needs to forget overturning or delaying impending sulphur regulations in 2015, and focus on implementing plans that will meet the new demands.

Speaking at the 4th European Shortsea Shipping Congress in Hamburg, Søren Christian Meyer, Global Sales Director, OW Bunker, also said that while the pain of regulation will undoubtedly impact the shortsea market, it will create a more successful and sustainable industry in the long run.

"For the shortsea shipping market there are clearly understandable and substantiated concerns with the 2015 ECA sulphur regulation. But I believe we are too far down the road for a u-turn. Ultimately, there are too many influential stakeholders including the European Commission that believe a line must be drawn and progression – however hard – must start somewhere. Indeed they believe that it is the shipping industry's responsibility to look to innovation and clean fuels as a means of adapting to the change. Any deviation from this will be seen by external forces outside of the industry as an unacceptable unwillingness on shipping's part to change."

Meyer continued:

"Regulation is inevitable and must be dealt with. No one questions that shipping is the most environmentally efficient form of transport, but that does not negate us as an industry being asked to continually look for further improvements in environmental performance."

“This is the new world order that we are now operating in. And while within short sea shipping we will lose some freight to the roads, those that accept the change and adapt accordingly will be well positioned to reap the opportunities and benefits that change always brings.”

Meyer also reiterated the importance of planning ahead of regulation and industry partnership to ensure that businesses are ‘fit for purpose’ come 2015:

“Planning and preparation is the best form of attack. Understanding the impact of regulation and working with partners to develop strategies that best meet the challenges that lay ahead. Specifically bunkering companies that understand in detail the technical and supply demands, and can put in place effective fuel procurement strategies that increase ship owners’ and operators’ efficiencies and maximise their profitability. Clearly the way forward is for the industry to work closely together and join forces in combating the tough road ahead.”

<http://www.owbunker.com>

Denmark's DFDS Sells Rotterdam Terminal

Bruce Barnard | Jun 22, 2011, The Journal of Commerce Online - News Story

Germany's Rhenus acquires ro-ro, breakbulk facility for \$35 million

DFDS, northern Europe's largest short-sea freight shipping company, sold a cargo terminal in Rotterdam to Germany's Rhenus Logistics for \$35 million. Copenhagen-based DFDS said it would book a gain of \$8.8 million from the sale of the roll-on, roll-off and breakbulk facility. DFDS said the 200,000-square-meter (2.2 million-square-foot) terminal became redundant following the company's \$475 million acquisition of ro-ro carrier Norfolkline from Denmark's A.P. Moller-Maersk last July. Following the deal, DFDS transferred its U.K.-Rotterdam service from the terminal to a nearby Norfolkline facility in Rotterdam. DFDS said the sale would boost its projected 2011 pretax profit to \$114.2 million from a previously forecast \$105.8 million. With annual revenue of more than \$4.3 billion and 18,000 employees, Rhenus is one of Europe's largest logistics companies and has a growing port terminal business.

White paper is short of short ambition

08 Jun 2011 Port Strategy

Isabelle Ryckbost: White Paper “even ignores the current reality”



Despite some far reaching and interesting plans, the recent EU Transport White Paper “lacks ambition” on the issue of short and medium distance freight, says Isabelle Ryckbost, European Federation of Inland Ports director. The long-awaited Roadmap 2050 has, despite the Commission's ambitions to both increase mobility and reduce emissions, let down a large part of the inland port sector in its assumption that

“freight shipments over short and medium distances (below 300 km) will to a considerable extent remain on trucks”. “This statement” says Ms Ryckbost, “even ignores the current reality.” She points to the modal split in the smaller EU Member States and, she says, you don't have to look far to see the fast developing links between the big seaports and the inland ports. “It is thus clear that other factors are far more decisive for choosing other transport modes: type of product, volumes, infrastructure and transshipment facilities available, to name some.” However, she adds that there are many other interesting ideas in the paper and says it wouldn't be fair to reduce the issues to the one of the 300 km threshold.

For a copy of the EU Transport White Paper:

http://ec.europa.eu/transport/strategies/2011_white_paper_en.htm

4th European Shortsea Congress - 29th to 30th June 2011, Hamburg

This year's theme is "identifying opportunities in a tough market" - the congress will once again bring you top level speakers who will examine the most important commercial and operational issues facing the sector in 2011. Topics on the agenda include markets outlook, shortsea supply chains, customer case-studies, EU strategy, environmental issues, ports & hinterlands and finance. The 4th European Shortsea Congress has a strong panel of speakers that includes representatives from Unifeeder, OPDR, Delta Lines, DG MOVE, HC Shipping & Chartering, Osterstoms, CTL Logistics, BSH Bosch und Siemens, DG Environment, TT Lines, DP World, Eurofin and many more. Contact: enquiries@navigateconferences.com, - April 21, 2011.

France Launches Tender for Seine Nord Canal

Bruce Barnard | Apr 11, 2011 - The Journal of Commerce Online

\$6.4 billion project to connect Paris to Rotterdam. France launched the final tender for a company to build and operate a canal that will link Paris to Europe's inland waterway system and its largest port, Rotterdam. President Nicolas Sarkozy said work on the \$6.4 billion Seine-Nord Europe canal, Europe's most ambitious engineering project, will begin before the end of the year. The 66-mile long and 177-foot wide canal, which is due to open to shipping in 2017, will join Paris to the 12,500-mile long Rhine-Scheldt network of wide gauge waterways in northern Europe, including Germany's Ruhr industrial belt and the ports of Antwerp and Rotterdam. The canal will be able to accommodate bulk cargo and container carrying barges of up to 4,400 tons and is expected to divert the loads of up to 500,000 trucks a year from French roads to barges. The government expects the canal to handle around 13 million metric tons of cargo annually. The canal will have four inland cargo terminals, seven locks, two rail bridges and 57 road bridges and flow through a 3,000-foot long aqueduct. The waterway will link the river Oise, a tributary of the Seine, with the Dunkirk-Escout canal at Compiègne north of Paris. The Seine-Nord project was first proposed 20 years ago but has been delayed due to rows over finance between the central government, local authorities, French ports, the European Union and private contractors. Launching the start of the selection process following a deal on financing the project, President Sarkozy dismissed concerns over its cost at a time of tight public finances. "The correct response of a country to the economic crisis should not be entrenchment. On the contrary, it should be investment," Sarkozy said. "This project will put Paris at the heart of Europe. It is shocking that France's water networks have been cut off from the heart of Europe so long."

Zim to Launch Tampa-Mexico Service

Peter T. Leach | Jan 19, 2011 - The Journal of Commerce Online

Starting Jan. 29, service will use two chartered ships. Zim American Integrated Shipping is launching a direct container service between Mexico and Tampa, the Tampa Port Authority said Wednesday. The new weekly Mexico Tampa Express Service (MTX) will use two ships chartered by Zim with capacities of 550 and 700 20-foot equivalent units of containers. The MTX service will start on Jan. 29 on the following rotation: Kingston, Veracruz, Altamira, Tampa and back to Kingston. "Having a direct, reliable service in this trade operated by a major global container carrier is huge," said Tampa Port Director Richard Wainio. "There is a significant volume of business moving between Mexico and Florida, as well as beyond to markets in the Southeastern U.S. The inclusion of a direct Tampa-Kingston leg will also greatly assist exporters who will see much faster transit times to connect to Zim's global network, including markets in Asia, the Caribbean and the Mediterranean." The announcement follows the expansion in November of Zim's South America Express service which added new

direct connections to Tampa from Brazil and Venezuela. The new MTX service comes just as the port completed the latest phase of its container terminal expansion in January by extending the container gantry crane rails and lengthening the berth from 2100 to 2800 feet. Last March TPA expanded the terminal's paved storage area from 25 to 40 acres and installed an additional 52 outlets for refrigerated containers. The terminal is currently served by three rail-mounted container gantry cranes and a 100 ton mobile harbor crane, with 43-foot water depth. Together with terminal operator Ports America, TPA has plans to quadruple the size of the terminal to over 160 acres over the next several years. This planned build-out will be on adjacent land owned by TPA and ready to be developed as business continues to grow. A primary driver is to position the Port for increased trade with Latin America, as well as Asia, resulting from the expansion of the Panama Canal currently underway.

Nafta Gulf Bridge (NGB)

NGB is the first international ferry service that connects the port of Mobile, Alabama (U.S.) and the port of Veracruz (Mexico), offering companies from all industries the opportunity to increase the efficiency of both time and costs in their commercial import and export opportunities. NGB offers an extremely viable alternative to support the transportation of goods by creating a superhighway over the Gulf of Mexico. The most modern and advanced vessels make the trip in a total transit time of 36 hours, avoiding delays, traffic, and risks over the road. http://www.naftagulfbridge.com/2010/i_index.html

MexiMar

The MexiMar service is proposed between Tuxpan, Mexico, Port Canaveral and Port of New Bedford. This service is expected to make its first rotation in 2011. This service represents a SSS service between Mexico and the U.S.

Intended for the USA, Seasnake set to slither into Indian waters

by Joseph Fonseca, Oct 25, 2010

It is said that a prophet is not accepted in his own country. This could be said about the Seasnake concept which was created more for meeting the challenges of the water transport industry in the US but has generated a lot of interest in India. Heading the list is Infrastructure Leasing & Financial Services Limited (IL&FS), one of India's leading infrastructure development and finance company. "We are in talks with Seasnake World Wide Marketing LLC," confirmed Capt K. P. Rajagopal, Sr. Advisor of IL&FS Maritime Infrastructure Company Ltd which is building two shipyards in the country one at Cuddalore in Tamil Nadu and another at Nana Layja Shipyard in Gujarat. "We see a lot of prospects for Seasnake in India especially for ports with shallow draft of 5 mtrs. These ship trains can bring in the same quantum of cargo as the conventional vessels at reduced costs without having to dredge and build extensive infrastructure. Compared to dead weight of present vessels to dead weight of Seasnake train the steel requirements is 20% less and may even go up to 30% as the cross section is circular. Thus the cost comes down by that much." However, he was not willing to give more details because the discussions were at a crucial stage. Michael G. Okash, President and CEO of Seasnake who was in India last week said, "We have been in talks with other players in the field and they are interested in building the Seasnake trains as it will find great use in the coastal and inland waters. It is a concept for marine transport of liquid, dry bulk, containers and other inter-modal cargoes using a train of cargo modules in an articulated arrangement." The concept ship works like a searain on water, with a forward traction unit, two to six detachable cargo barges and a powered "caboose." Suitable for low draft waters, it can be split into sections making it suitable both for inland and coastal waters. The barges -- which can carry dry or wet bulk or containerized cargo --

connect with a ball and socket system and utilize stabilizing bumpers. They can be individually delivered into most harbors. Being ballast free Seasnake eliminate the threat of introducing invasive species. The design of Seasnake's cargo modules can be tailored to meet a broad range of cargo handling and special use needs. There are virtually no limitations to the diversity of cargo type or the cargo handling designs that can be incorporated into the Seasnake cargo module. Mr. Okash claimed that at sea, the Seasnake has similar speed and power characteristics of a ship and under simulation has been found to be able to handle severe open ocean storm conditions. Unlike a ship however, the Seasnake cargo modules can be moored in a port for load or discharge over a much longer period than would be practical for a ship. This can significantly reduce demurrage and expand market opportunities. With the government thinking in terms of reducing the pressure of transporting cargo on the railway and roadway system by shifting more of the cargo on to the water transport system operators could find the Seasnake a good alternative. Perhaps what is US loss could well be India's gain.

Inland Terminal Speeds Freight to Rotterdam

Thomas L. Gallagher , Oct 8, 2010 The Journal of Commerce Online

Barges replace trucks to make transport more sustainable. The Alpherium Terminal opened Oct. 1 in the village of Alpen aan den Rijn, making it possible to ship Heineken beer and other products via barge instead of truck to the Port of Rotterdam. Each day, four barges with a capacity of 85 20-foot equivalent container units shuttle Heineken beer to Rotterdam, mostly for export to the United States. The 200,000 TEU capacity terminal, built at a cost of \$21 million, is one of the five largest of 30 Dutch hinterland terminals. Trucks carry 200 boxes per day the 15 kilometers from the brewery to Alpherium, rather than directly to Rotterdam, cutting total mileage by around six million km per year and CO2 emissions by around 35 percent. The Port of Rotterdam Authority leases the Alpherium terminal to the operator, the Van Uden Group. Similar arrangements have been made in Wanssum (North of Limburg). Another terminal lease is planned in Alblasterdam (east of Rotterdam). Other locations, in the Benelux, Germany and along the axis into Central Europe are being studied with an eye to making transport more sustainable by switching containers from road to inland shipping.

SECTION 9 - PAST EVENTS

Section Highlights:

- North Atlantic Ports Association Annual Meeting, June 1-3, 2011, Norfolk, Virginia
- Virginia Port Authority Takes Over Richmond Operations, May 26, 2011
- Mica to Target Harbor Tax in Transport Legislation, May 23, 2011
- I-95 Corridor Coalition Marine Highways Working Group, May 10, 2011 Webcast
- 2nd Annual National Port Summit Chicago, Illinois – April 21, 2011
- Short Sea Shipping Act - Lawmakers Introduce Harbor Maintenance Tax Exemption into 112th Congress - April 15, 2011
- North American Marine Highways & Logistics Conference, April 5 & 6, 2011

North Atlantic Ports Association, Inc (NAPA) Annual Meeting, June 1-3, 2011, Norfolk, Virginia

NAPA, May 2011

Agenda Topics to address Chassis Pool Operations, Traffic Board Report, Short Sea Committee Report, Maritime Report, Marine Spatial Planning, Information Technology and Port Logistics, and Legal Issues Facing Ports Today. Featured speakers include Joseph P Ruddy, Executive Vice President and Chief Operating Officer, Virginia International Terminals Inc. and Jerry Bridges, Executive Director, Virginia Port Authority. Additional information at <http://www.northatlanticports.org/meetings>

Companies eye the ocean to move their goods as new Portland ship service opens

By Matt Wickenheiser, Staff, Bangor Daily News, Posted May 27, 2011

The American Feeder Lines' New England container ship remains moored at the state's International Marine Terminal in Portland May 24, 2011, as crew members prepare it to begin making cargo runs in June between Portland, Halifax, N.S., and Boston.

Every day, the workers at FMC BioPolymer in Rockland take seaweed from around the world and process it into carrageenan, an ingredient in everything from ice cream to marinades.



The seaweed comes across the oceans, packed into containers aboard giant, seafaring container ships. The ships dock at Halifax, New York and Boston, and the containers full of seaweed get put on trucks that trundle into Maine, along the state's roads to Rockland.

Despite Maine's vast coastline and suitable port facilities, there's no container ship service into and out of the state, except for livestock being shipped out of Eastport. But that's set to change. Early next month, American Feeder Lines plans to launch a container ship service linking Portland,

Boston and Halifax, Nova Scotia, in a triangular route. Its feeder cargo ship — the AFL New England — is small by comparison to the behemoths that ply the global trade routes; it can only hold 700 20-foot containers, or their equivalent.

But that feeder will hook up with its big sisters in Halifax, where dozens of shipping lines operate, sending cargo to Europe, Asia, South America and other key destinations. The cargo from Portland and Boston will be loaded onto those ships and sent globally. Imported goods destined for Maine businesses will make the same trip, only in reverse. It's analogous to an air traveler leaving Bangor on a small, regional jet to LaGuardia in New York, to board

a jumbo jet for a further destination. That opportunity to cut time, road travel, extra steps and hopefully cost out of both exports and imports has a number of companies around the state at least interested, and in some cases, excited. The development shows the interconnectedness of Maine's businesses and transportation infrastructure, as well as the growing importance of foreign trade and services that facilitate it. For a company like FMC, that could mean getting their imports much closer to Rockland, and cutting down on the amount of time the containers are on the road. "FMC BioPolymer has always had a very good relationship with the port of Portland and if economically feasible we try to support the port and the state of Maine," said Jim Fitzwater, spokesperson for FMC Corp., which employs 130 people in Rockland "We will absolutely evaluate all our options taking into consideration frequency of service, transit times, vessel capacity, free time allowed at the port and other offerings including costs." Rudy Mack, chief operating officer at American Feeder, said the company planned to have agreements signed with two major shippers by the middle of next week, and with many more within two weeks. And the Portland-Boston-Halifax route is just the first step in an ambitious plan that's been in development for 10 years that would bring domestic container shipping to the East Coast, from Portland down to Houston. Filling the shipping void Container service to Portland has been spotty for a number of years. The last container ships stopped calling on Portland in 2008, said John Henshaw, executive director of the Maine Port Authority. An intermittent — and slow — barge service hauling containers from Portland and New York ended its run last August. "I do believe the reasons never had to do with the potential business that they could gather here in the state," said Henshaw. "That's why we have always been optimistic about resuming service, we thought there was interest among our shippers. "Businesses are driven by cost and speed to market. If you can't offer those things they're not going to use the service." Mack said his line plans weekly stops in each of the three ports. The company is currently in talks to have 10 feeder ships built in the United States so it can comply with federal shipping laws and start the coastal route. How it runs the New England-Halifax route will directly impact its ability to attract investment and interest in the coastal plan, said Mack. "The next step, the much larger step, is the coastal feeder service," said Mack. "We have to build up the credibility in the north." American Feeder Lines was founded by three partners who have invested privately to start the service. Mack has more than 40 years in global container shipping, and worked with Hapag-Lloyd for 35 years as a regional president for Asia and the Americas. Tobias König is the CEO of the line; he is the founder and managing director of König & Cie, a Hamburg, Germany-based investment house that specializes in shipping. And Percy Pyne IV is chairman of American Feeder. Pyne is founder of The Pyne Cos. Ltd., a real estate management and investment firm based in Manhattan. The AFL New England is docked at the International Marine Terminal in Portland, from where it will operate. The state leases the port from the city, and will receive a set tariff for goods shipped from it. The state has been trying to get a shipper to bring service to Portland for several years, Henshaw said. The service planned should be attractive to Maine businesses, he added. "What we bring to the table is consistency, reliability and hopefully cost," said Henshaw. "That will make it a successful operation." Jim Theriault, vice president of marketing and materials handling for Sprague Energy Corp., said his company warehouses and ships a lot of bulk pulp from Maine mills out of its Merrill's Marine Terminal in Portland. Having container service out of Portland will allow mills to "containerize" pulp into smaller shipments, giving them other export options. If they want to do that now, they have to truck product down to Boston or New York, warehouse it there and then ship it, adding cost, time and complication. Previous container service didn't work well in Portland, said Theriault, because it was operated by a shipping company, and its

competing companies were reluctant to ship on the vessel. American Feeder Lines is a third party, not a competitor to any of the major shippers, he noted. Alison Leavitt is director of business development for Albatrans Inc. in Portland, a freight forwarding company. Her company handles logistics for companies seeking to move cargo in and out of the U.S. – sort of a travel agent for product. Having a successful feeder line operating out of Portland will help maintain the working waterfront, and provide jobs in Maine, she said. Keeping the port viable economically means companies will be better able to get goods — from wind turbines to computer components — in and out of Maine. “Anyone shipping anything in or out of Maine, Boston, New England will have the option to use port of Portland to get goods to and from anywhere,” said Leavitt. And it will take trucks off the road, relieving both pollution and traffic congestion, she said. Leavitt said she expected cost savings for Maine businesses who now have to ship out of Boston or New York. In some cases, companies importing from Asia have cargo dock in Vancouver, British Columbia, and transport the goods by rail across Canada, down to Lewiston, and then by truck to their final destinations. The savings will vary by customer; they may save a few hundred dollars, or \$800, or \$75, she said. In some cases, it may be a wash. But getting companies signed on to use the service in volume is important, she said. “If they don't support it, it's not going to work. It's a new thing, maybe they won't save as much as they thought,” said Leavitt. “But if we can get it going, keep it going, the costs will go down as the volume goes up — that's how it works.” Spirits, tissue and bottled water “It has great potential. It's always a matter of cost, but operationally, it definitely offers us an advantage,” said Harold Jones, traffic manager at White Rock Distilleries in Lewiston. “If we're able to save costs, that's certainly a great advantage. We're anxious to get the rating in place and see what the cost structure is.” White Rock currently imports 30-plus containers a month, mainly French grain alcohol used as a base for its vodka, but also finished scotch, cognac and other spirits. The company shipped in and out of Portland when there was service, said Jones. Now they ship into Boston, and truck the goods to Lewiston. “It did amount to significant cost increases to bring the goods into Lewiston” when the Portland service stopped, Jones said. Jones said he's also very interested in the developing short-sea shipping route American Feeder is pursuing. Much of their finished product goes down the East Coast and into the central part of the country. If he could link up with a barge service up the Mississippi, that could save significant transportation costs, said Jones. Ken Rogers, regional logistics manager for Nestle Waters North America, similarly saw potential for Poland Spring water. Poland Spring averages 400 tractor trailer loads out of Maine a day, with more than 70 percent going to metro New York and northern New Jersey. If he could put the water on a container ship to New York, then on a truck to local markets, “that really does pique our interest,” said Rogers. “We'll keep an open mind to it and reevaluate how we're shipping to market.” L.L. Bean is interested in exploring the service for the goods it imports, said a spokesperson. Sappi Fine Paper North America is also evaluating the service for exports from its Westbrook and Somerset mills, but hasn't yet made any decisions, said Mike Segal, director of logistics. “Sappi recognizes that economic development investment in Maine depends on sound transportation policies and options,” he said. “We are always exploring new and innovative ways to efficiently serve our regional and global customers. The American Feeder Line may be one such option, and we are currently evaluating the efficiencies and economics of this project. ” Keith Van Scotter, president of Lincoln Paper and Tissue, said if the numbers add up, the feeder service might open up an entirely new market for his mill's products, which typically ship domestically. “If we can find a way to move our product cost effectively to Europe – there's a market there,” said Van Scotter. “This might be an opportunity, we don't know yet. It's all about the cost.” Most companies said they were waiting to see

rate cards to figure out exact savings from shipping out of Portland. Mack, of American Feeder Lines, said those cards would be available soon, pending the agreements with the shipping lines out of Halifax. Just the start

Mack said the hub-and-spoke feeder ship model is well-established in Europe and Asia. The Panama Canal is undergoing expansion, which is expected to be complete in 2014. That will mean bigger container ships from Asia coming to U.S. ports, which will drive the need for feeder ships to take cargo to and from them. As the short-sea shipping plan takes off, there's potential for other ports in Maine to be serviced by American Feeder Lines, Mack said. "We will look at each and every port once we have started the service — shall we extend our service, put more ships into the feeder service? It comes with the flow," said Mack. "We will look at the whole trade in New England, and what's necessary. We look at is there cargo, does it make money, can we offer the service – then we make a fast decision."

<http://new.bangordailynews.com/2011/05/27/business/companies-eye-the-ocean-to-move-their-goods-as-new-portland-ship-service-opens/>

Virginia Port Authority Takes Over Richmond Operations

Peter T. Leach | May 26, 2011 4:06PM GMT

The Journal of Commerce Online - News Story

Lease agreements brings all Va. container terminals under VPA umbrella

The Virginia Port Authority board of commissioners approved the lease agreement with the Port of Richmond to take over operations at the James River port and thereby unify all container cargo terminals in the commonwealth under the VPA flag.

The VPA's terminals in Hampton Roads, 60 miles down the James River from Richmond, are linked to the Port of Richmond by a container-on-barge service that moves about 200 containers per week.

VPA officials believe the weekly barge service can be expanded to twice weekly, possibly starting in mid-August. "This is an opportunity for the port to expand its contributions to the commonwealth on multiple levels: having all the terminals under the VPA's direction contributes to the economic vitality of the state," said Jerry Bridges, the VPA's executive director.

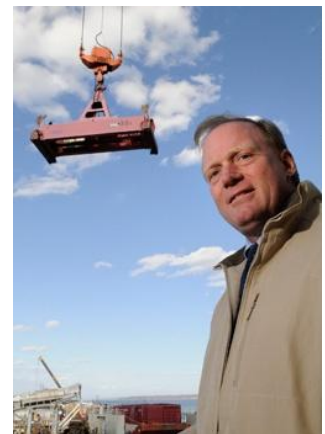
"It will provide congestion relief on Interstate 64 by reducing truck trips and moving some containers between Hampton Roads and Richmond by barge; and along those same lines, this will be good for the environment in terms of reduced emissions," he said.

The takeover of operations is scheduled for July 1. The VPA will retain Port Contractors as the terminal operating company, under a five-year, \$75,000-a-year lease with a renewal option at the end.

Richmond lost its only ocean container service in March 2009 when Richmond-based Independent Container Lines switched calls to the Port of Wilmington, N.C., because it had maxed out on the size of the ships it could bring up the James River.

"An expanded barge service has drawn interest from customers that move overweight cargo or cargo that is not time-sensitive," said J.J. Keever, the VPA's senior deputy executive director. "Bringing the Port of Richmond aboard gives us the opportunity to try some innovative things with the barge that we think will attract interest from shippers and private investment that seek to capitalize on the Port of Richmond given its proximity to I-95 and its water link to Hampton Roads."

Contact Peter T. Leach at pleach@joc.com and follow him on Twitter @petertleach.



New Container Service Banks on Portland

By Derek Rice, Mainebiz contributing writer, May 24, 2011 Mainbiz Portlandbiz Online.

Within the next two weeks, weekly container ship service will return to Portland's International Marine Terminal for the first time since Hapag Lloyd suspended its operations three years ago. The weekly New England-Halifax Shuttle will be operated by New York-based American Feeder Lines and will connect Boston, Portland and Nova Scotia. The company says the shipping route will serve the proposed M-95 federal marine highway corridor, following the same route as its predecessor, Hapag Lloyd's Yankee Clipper. That service also made weekly stops in Portland as part of its own New England-Halifax service. AFL's chief operating officer, Rudy Mack, previously managed the Yankee Clipper service while at Hapag Lloyd.

The service should prove to be a major benefit for Maine businesses, many of whom have had to rely on road or rail transport, says John Henshaw, executive director of the Maine Port Authority. "About the only good thing that came out of the recession is that businesses started to re-examine costs," he says. "That included how they move cargo, and what options they have for moving it less expensively." Perhaps chief among the businesses whose bottom lines could be greatly improved by the shuttle service are Maine's pulp and paper companies, Henshaw says. Since the barge that carried pulp from the marine terminal to New York stopped servicing Portland last September, these companies have been forced to use less cost-effective trucks and trains to transport pulp to Boston, New York or as far south as Newport News, Va. The New England-Halifax Shuttle will be the first service in AFL's planned hub-and-spoke service that would connect ports along the East and Gulf coasts. Once the network is completed, the plan is for large container vessels to offload their imported cargo to a fleet of "feeder" ships for transport to smaller ports. Cargo for export would move in the opposite direction. For the time being, AFL will rely on foreign-flagged ships to provide the weekly service. However, the company plans to build its own fleet of 10 small container ships in the United States. This will ensure that AFL is in compliance with the Jones Act, a section of the Merchant Marine Act of 1920 that requires all goods transported by water between U.S. ports be carried on U.S.-flagged ships that are built in the country, owned by U.S. citizens and crewed by U.S. citizens or permanent U.S. residents. AFL has signed letters of intent for its fleet to be built at two shipyards. At press time, the company had not responded to questions about the identity or location of those shipyards. The success of the Boston-to-Halifax service will determine how rapidly AFL can produce its fleet, which in turn will determine how fast it can expand its service. That's why the company's choice for its initial service was crucial, Henshaw says. "It's a first step for them, but an important first step. It would be hard to build those 10 ships if the first service isn't successful," he says. "We know that we have a service that will work for them because it's worked in the past." Henshaw's confidence in the success of the service is buoyed by the fact that L.L.Bean had started its own shipping operations through the International Marine Terminal well before the new service was announced. "It's not something they've ever done before, but it's something that made sense for them," he says of L.L.Bean. A \$5.2 million expansion of the terminal, the majority of which is funded through federal stimulus dollars, includes rehabilitating and expanding the pier, strengthening the lot to handle heavier freight and adding lights and utilities. The project is expected to be completed before September 2012. According to AFL, its fleet of 10 ships will be "the greenest possible ships trading in U.S. coastal waters," operating on low-sulfur fuel, including liquefied natural gas and biodiesel fuel. Based on AFL's calculations, the carbon dioxide output from each ship carrying 992 laden containers would be 27% less than if those containers were transported on 246 double-stacked rail cars, and 77% less than if they were

moved on 744 trucks. The potential savings on the cost of fuel could bring over-the-water shipping costs down, which would make the service even more attractive to Maine businesses, Henshaw says. "This service is something that's going to help companies, the city of Portland and the state of Maine," he says. For more on the International Marine Terminal and a photo slideshow, read "Harbor hopefuls."

Mica to Target Harbor Tax in Transport Legislation

John D. Boyd | May 23, 2011, The Journal of Commerce Online

House chairman includes freeing up the fund balances among bill's objectives

Rep. John Mica, R-Fla., digging deeper into specifics of the next multi-year surface

transportation bill, says he wants to use the measure to revamp the Harbor Maintenance Trust



Fund to spend down its large balances. Mica, chairman of the House Transportation and Infrastructure Committee, has had the panel's staff drafting parts of a bill to offer this month. He earlier told The Journal of Commerce he wants to get the transportation bill through his committee in late May or early June. Using up the harbor fund balances has been a key demand of ports and other users of the coastal marine infrastructure. The harbor maintenance tax is collected on imports and on domestic cargo shipments using the coastal waterways, to

fund channel dredging and other infrastructure needs. But the fund often spends a little more than half the \$1.3 billion or more it takes in each year, and has built up a balance of about \$5 billion. Infrastructure groups say that unused money could give ports and harbors a big injection of needed funds for dredging work that often languishes. Keeping its balances high effectively allows the government to spend the excess cargo collections in other areas of the budget, or count its balance against the budget deficit.

Mica, in a May 23 opinion column in the Politico newspaper, said the bill his committee produces will not only address the traditional highway and transit programs that make up most surface transportation spending, "but also make significant reforms in our rail and maritime transportation policies." He said the Harbor Maintenance Trust Fund "is critical for dredging and other harbor channel improvements," but that "these funds are not being used for their intended purpose of maintaining our ports." He also said the fund "must not remain caught up in the budgetary gimmicks." Those comments strongly suggest Mica's panel will put language into the transportation bill that requires the balances to be spent, along with amounts collected each year. That would give the port and coastal waterway industry a onetime infusion of another \$5 billion, plus several hundred million each year of additional spending.

Presidential Proclamation--National Maritime Day – MAY 22

National Maritime Day, 2011 By The President of The United States Of America

A Proclamation - Thursday, May 19, 2011, Source: Whitehouse.gov

In times of peace or war, the civilians serving in the United States Merchant Marine have helped keep our Nation safe and prosperous. We depend on these men and women serving on our ships and tugs, in our ports and shipyards, close to home or far at sea, to connect businesses, service members, and citizens around the world. On National Maritime Day, we honor their invaluable contributions to America's economic strength and security.

On May 22, 1819, the SS Savannah completed the first successful voyage by a steam powered ship across the Atlantic, shepherding in a new age of maritime travel and transport. By the 20th century, the United States maritime trade was booming, fostering exchanges across the world and aiding our military at war. During World War II, Merchant Marines were critical in providing necessary supplies and services to troops abroad, while suffering an extraordinarily high death rate. Hundreds of merchant ships fell to enemy action, and nearly one in thirty mariners did not return home.

United States flag vessels and those who operate them continue to be an integral part of our military operations overseas. They support operations in Iraq and Afghanistan, as well as humanitarian aid missions and disaster relief efforts. Without the steadfast commitment of our mariners, our Nation would not be as prepared to deal with unforeseen events, conflicts, or crises. Their bravery and valor make our waterways safer and more efficient every day. Today, our maritime industry is a valuable source of skilled employment for American workers, contributing billions of dollars to our economy. It is also a critical part of our transportation system. Last year, my Administration implemented "America's Marine Highway Program," an effort that enables American businesses to participate in improving the safety and environmental sustainability of our waterways. Our mariners' continued work is helping American industry remain competitive in the global economy, pushing us toward a more prosperous and free 21st century.

The Congress, by a joint resolution approved May 20, 1933, has designated May 22 of each year as "National Maritime Day," and has authorized and requested the President to issue annually a proclamation calling for its appropriate observance.

NOW, THEREFORE, I, BARACK OBAMA, President of the United States of America, do hereby proclaim May 22, 2011, as National Maritime Day. I call upon the people of the United States to mark this observance and to display the flag of the United States at their homes and in their communities. I also request that all ships sailing under the American flag dress ship on that day.

IN WITNESS WHEREOF, I have hereunto set my hand this eighteenth day of May, in the year of our Lord two thousand eleven, and of the Independence of the United States of America the two hundred and thirty-fifth. - BARACK OBAMA

I-95 Corridor Coalition Marine Highways Working Group, May 10, 2011 Webcast

I-95 Corridor Coalition, May 25, 2011

The I-95 Corridor Coalition Marine Highways Working Group, led by Co-Chairs Kristin Decas, Executive Director, Port of New Bedford; Barbara Nelson, Principal Planner, Richmond MPO; and Scott Douglas, Maritime Program Manager, NJDOT, met on May 10th via webcast and convened a group of over 60 participants for a very informative and productive meeting to discuss recent and near term activity in the following topic areas:

- USDOT Maritime/Federal Marine Highway Activities (update)
- Marine Highway Initiatives in the M-95 Corridor (update)
- Marine Highway Cooperative's Marine Highway Benefits Calculator (preview)
- I-95 Corridor Coalition - Marine Highway Project; Role and Next Steps

Coalition staff and working group Co-Chairs are working with members of New Jersey Transportation Planning Association (NJTPA) to finalize the scope of work for the I-95 project which will best compliment the MARAD/New Bedford/Baltimore/Canaveral/NJDOT effort.

The scope is focused on promoting education, awareness and providing guidance to State Department of Transportations, MPOs, and other state agencies regarding marine highway as a component of a comprehensive, multi-modal freight system.

The Marine Highway Working Group will convene again in August 2011 for a webcast of similar structure applied to new topics in the areas of Federal updates; M-95 project/initiative updates; new technologies or systems; and the I-95 Marine Highway project progress. The webcast presentations are posted on the I-95 Corridor Coalition website @ <http://www.i95coalition.org/i95/Committees/IntermodalFreightPassenger/tabid/76/Default.aspx> If you have any questions please contact MarygraceParker@i95mgrp@ttlc.net

Ports of the Future

David Matsuda | May 2, 2011, The Journal of Commerce Magazine - Commentary

The April 18 National Port Summit in Chicago brought together leaders from the nation's seaports to discuss the future of America's transportation system and the role of these important gateway facilities to commerce. Many people take our seaports for granted, but in truth, ports are the lifeblood of our country's economy. America's seaports move 2.2 billion tons of freight each year, including 95 percent of all goods coming into the country. In the past, seaports have been able to generate their own revenue as they competed with each other for the business of unloading and loading ships. So they depended little on the federal government, except for some dredging of their harbors and protection by Customs and Border Protection and Coast Guard personnel. Large cities grew around our colonial seaports, limiting room for future expansion. And lack of federal coordination has meant the cheapest routing for cargo isn't necessarily the most energy-efficient one. But times have changed. Many smaller and medium-sized ports face increased financial challenges, while budget constraints have limited the government's capacity to provide dredging resources. These challenges are occurring just as America's port industry faces a major change: In 2014, the Panama Canal will be expanded, allowing larger ships from Asia to access seaports on the East and Gulf coasts. Because goods destined for the Midwest soon may be delivered on these new routes, shippers and consumers may see changes to delivery time and pricing. It's our job to help prepare for this change. If we don't, the burden on our transportation system could be overwhelming. We can't allow our ports to run the risk of misdirecting valuable resources waiting for ships they will likely never see. Therefore, the Maritime Administration has commissioned a study to look at the impact of the Panama Canal expansion on our nation's seaports that will help us better plan investments of limited resources. In addition, the goal is for ships coming from Asia to return home with full, rather than empty, containers, so today's trade imbalance actually presents new opportunities for exports. President Obama's goal to double exports over the five years to 2015 means we need an efficient, seamless transportation system that can handle our exports as well as it handles our imports. In the last two years, the Obama administration has invested \$215 million in U.S. seaport or port-related projects to modernize and improve freight efficiencies, the first time such projects have been eligible to compete for federal infrastructure funds. The president has proposed creating a new National Infrastructure Bank to make funding for major transportation projects even more efficient. Under this proposal, up to \$5 billion a year in loans, grants or other financial tools would be available to assist states, towns and port authorities with funding for roads, railways and port infrastructure projects. These project plans would be required to undergo a systematic evaluation of their benefits and costs — something that has generally not been required in the past. By creating a National Infrastructure Bank and investing in worthy projects, we can help our country's economic competitiveness — all without a single earmark. But one of the best reasons to focus on our seaports is that moving goods on the water is the most energy-efficient means of freight transport. Our new clean-energy economy depends on reducing energy use where it makes the most difference: in the transportation sector. With gas prices reaching \$4

a gallon and even higher, we can't afford to neglect our seaports. Some vessels are one-third more fuel-efficient than trucks, and they can carry a lot more per trip. In fact, some ships produce as little as one-twenty-sixth the emissions of trucks carrying equivalent amounts of cargo. Although not all towns have access to a river or a coastline, we know the Great Lakes, our inland rivers and our coasts all provide natural "marine highways" to move cargo more efficiently. They will reduce gridlock on our roads, help clear our air and reduce our dependence on foreign oil. As our population grows, seaports will only become more important. By 2050, America's population will grow by an estimated 100 million — the equivalent of adding another California, Texas, Florida and New York into our country's borders. We can't pass these challenges along to future generations. The time to act is now.

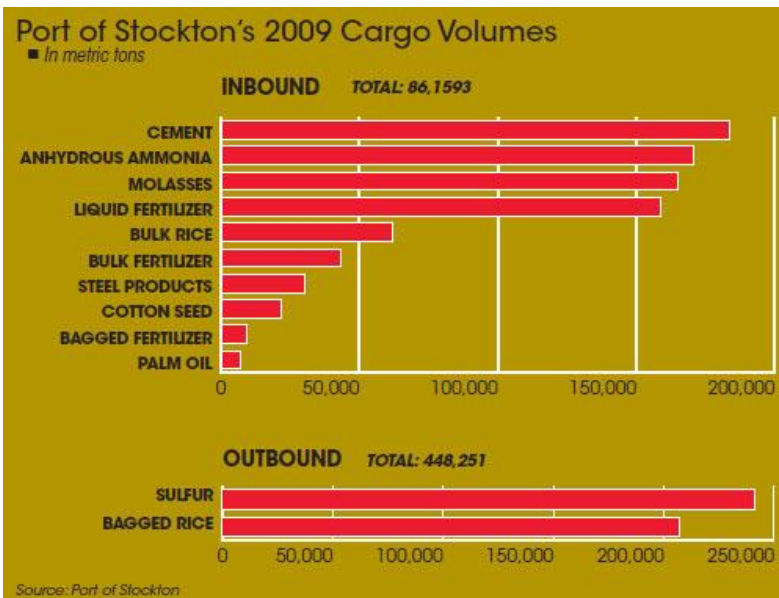
California's new Gold Rush

Stephanie Nall | May 9, 2011, Cool Cargoes Magazine - News Story



Northern California ports set sights on Sacramento River and farm exports In the heady export days of 2007, more than a million metric tons of bagged rice was exported through Northern California's Port of Stockton. Then the recession hit. In 2009, outbound shipments through the port totaled just 448,251 metric tons, with rice making up 207,214 metric tons and sulfur the remainder. Working hard to leverage several federal programs, private investment, excellent rail connections and proximity to California's produce fields, port officials hope to transform Stockton into an export port for perishables, meat and poultry.

Because of Stockton's location in California's Central Valley, port officials have long hoped to export food products. But as a bulk port with no refrigerated facilities, such shipments weren't viable. That situation changed in 2009 when M&L Commodities of Modesto built a 131,773-square-foot refrigerated warehouse on port property and chose Castle & Cooke to operate the facility.



When the facility opened, port and company officials said the warehouse would be used for domestic business only, but that export shipments were the goal. "Right now, the facility is full — it's been full, but we have no ocean cargo moving across the docks," said Bill Lewicki, marketing director for the Port of Stockton. "We're anxious for that to start." Much of the local harvest is made up of crops that can't be exported without first being fumigated. "Strict air quality regulations prevent growers from fumigating their own produce," Lewicki said. "With Castle

& Cooke constructing its own fumigation chamber, it will open new export avenues so that farmers that were shut out of exports can participate."

The fumigation chamber is expected to be complete in 2012. Another step toward the port's export goal came with the receipt of a \$33 million federal TIGER grant in conjunction with the ports of Oakland and West Sacramento. The three ports are putting together one of the first corridors in the National Marine Highway system. When completed, barges will transport containers to and from the Port of Oakland. In addition to the barge funding, the federal grant included some money for an intermodal container yard at the Port of Stockton. Earlier this year, Castle & Cooke began constructing a rail spur connecting the cold storage facility with the main lines of Union Pacific and BNSF railroads. Also under construction is a rail dock that will allow railcars and intermodal containers to be loaded and unloaded without breaking the cold chain. Products going into the facility can be stored for later distribution or cross-docked to export or domestic containers. The rail spur and rail dock are expected to be complete by the end of June. "What we're doing is attaching rail to the water," said Greg Kirchner, a consultant for Castle and Cooke. "Those are the two cheapest forms of transportation, and we're connecting them. It's so obvious and nothing new: 100 years ago when lumber and gold came out of the Sierras, they went through Stockton." Having rail service connecting the cold storage facility to the river barge system, Lewicki said, allows containers to be maxed out at weights too heavy to be legal for trucks to carry on California highways. "Right now, reefer units are going out of this area half full because of weight limitations," Lewicki said. "Loads on the road can't exceed 80,000 pounds. A fully loaded reefer unit is usually 100,000 or 120,000 pounds." Local growers will be able to save on transport costs in two ways with the on-dock rail: They can export the same amount of produce in fewer containers, and they can drive from their packing houses to Stockton, rather than trucking loads all the way to the Port of Oakland. A dray from the Stockton area to Oakland currently costs \$325, plus fuel surcharges, which means exporters will save substantial sums on transportation and allow them to be more competitive globally. "It's not just going to be local perishables shippers that benefit," Lewicki said. Midwest and Southeast meat and poultry can be shipped by rail and transloaded in Stockton as well. Major exporters that now ship 5,000 containers a year will be able to fit the same amount of product into 3,500 containers, he said. "There are brand new export opportunities and volumes," Lewicki said. "Producers here in the Central Valley produce chicken and turkey and eggs, but so far it's all for domestic consumption. But once the service is running, it's going to be hard for the local companies like Foster Farms to watch Perdue come through the area and export to China through the Port of Stockton when they could participate." BNSF Railway is offering four-day expedited railcar service from the Port of Stockton to Chicago. In addition to its container-on-barge partnership with Stockton, the Port of Oakland has other initiatives under way to promote the growth of agricultural exports. "We have an export promotion program, which has an emphasis on agriculture, given our proximity to the Central Valley and the high-value of the commodities produced there," said Lawrence Dunnigan, manager of business development and international marketing at the Port of Oakland. The port tries to bring together logistics providers, producers, traders and retail chains and traders in Asia. "To the extent that we can provide matchmaking service, we do that," Dunnigan said. Last November, port officials and staff from the U.S. Department of Agriculture's Foreign Agricultural Service went to a trade show in Chengdu in China's Sichuan province. "We were there not only to promote products, but to provide logistics solutions," he said. U.S. food producers have been exporting through Oakland to China's coastal cities for years, but Oakland's new marketing push is in the inland cities. "When you

move inland to the hinterlands, there are safety and quality issues when you start to move perishables,” Dunnigan said. With the growth of China's middle class, he said, there is a burgeoning demand for high-quality U.S. products in places such as Chengdu and Chongqing. “At the event, we wanted to offer up transportation solutions to go along with the products,” he said. To do so, the port recently signed a memorandum of strategic understanding and cooperation with China Merchants Holdings International.

China Merchants has an extensive cold chain network in the hinterlands, which they are expanding rapidly, he said. “They came with us to the event and detailed some of the cold chain facilities and services available. It was good research for them as well, giving them a good idea where to build and what was in demand.”

To keep up with capacity demands, over the past few years, the Port of Oakland has added 345 reefer plugs for a total of 3,945 480-volt plugs. Portwide, there are 52 reefer racks, according to spokeswoman Marilyn Sandifur. One central California port specializes in perishable shipments, but isn't enjoying any export surge. “We're a breakbulk port,” said Anthony Taormina, executive director of the Port of Hueneme. “Years ago, Sunkist growers built a facility at the port to export citrus, but that business doesn't move by breakbulk any more.” Growers are increasingly moving to containerized shipments, he said, with exports heading south to San Pedro Bay or north to Oakland. Cold storage facilities at the port are kept busy with produce imports, mostly bananas — a commodity that still arrives in specialized refrigerated vessels. “There is volume in bananas,” he said. “But when you are talking about perishable exports, it is rare that there is a sufficient volume to go out in reefer vessels. Our facilities are specifically designed for the banana companies. They come in on Mondays and are palletized and delivered over the next five days.” Port Hueneme has two specialties, Taormina said. “We have bananas and cars. When the recession hit, our auto numbers went from 300,000 to 150,000 units a year. That business was just murdered.

“We were a little nervous about our fresh fruit business, but our volume with NYKCool-Chiquita and Del Monte actually started to grow. The banana business is recession proof,” he said. In 2010, the port handled 775,000 tons of fresh fruit, up slightly from 2009 numbers.

Taormina said he doesn't envision a reefer vessel chartering service on the trans-Pacific that could compete with container lines, especially as the vessels continue to grow in size to 10,000 or 12,000 TEUs. “On the other hand, I do see a future for us in the north-south trade. There is the possibility that we could export fruit and it could be transshipped in places like Balboa, Panama, to reach more markets. Our focus is on Latin America and South America.” To make such service work, the southbound backhaul might be a combination of agricultural and non-agriculture products he said. “I think we could develop a backhaul strategy with ag supplies. When I was at Gulfport, Miss., we developed some services like that pretty successfully.”

Martin Leaving as CEO of Waterways Council

John D. Boyd | May 4, 2011, The Journal of Commerce Online

Departure scheduled for the end of June. Cornel Martin is resigning as president and CEO of Waterways Council Inc., a trade association for the inland marine barge towing industry and its ports. He will depart at the end of June, when he would have held the post three years. The council said it will begin an executive search to choose his successor. Rick Calhoun, chairman and president of Cargill Marine & Terminal and chairman of the Waterways Council, said Martin had been “instrumental in the development of a savvy media and publicity campaign,” which emphasizes the value of barge operations to the economy and its low energy use per ton hauled. He said Martin also helped create an industry coalition that in turn produced a consensus capital development plan for locks and dams on the

inland waterways. That is a set of recommendations for federal infrastructure investments that was put together by a working group of industry officials with the Army Corps of Engineers. The council mounted an intense lobbying effort for it earlier this year.

Martin also said “we have made great progress restructuring and improving the organization,” and that “WCI is in a very secure financial position and enjoys strong support from its members and coalition partners.” He did not specify what he will do next, but said “while there is still much work to be done, it is necessary that I leave Waterways Council to pursue other interests.” Martin was a former House staff member in the 1980s on the Coast Guard and Navigation Subcommittee, and was legislative assistant for maritime affairs to Rep. Billy Tauzin, D-La. Additionally, Martin was a Southern Region vice president for American Waterways Operators, worked in senior posts with private cruise and ferry operations, served a one-year stint as president of the Passenger Vessel Association and became chairman and CEO of Direct Workforce, a contract labor supplier in Louisiana to the shipbuilding, oil and gas industries.

4th European Shortsea Congress

29-30 June 2011, Hamburg Chamber of Commerce, Hamburg

The European Shortsea Congress has established itself as the definitive and premier gathering for the shortsea industry. Previous events have attracted audiences of around 200 senior people representing retailers, buyers of shortsea transport, shippers, receivers, shortsea carriers (liquid-bulk, dry-bulk, feeders, shortsea containers, vehicle, barge), logistics providers, ports & terminals and a range of service providers. The 2011 Congress will be held in Hamburg 29-30 June where we will be guests of the German shipping community. Such is the importance of this Congress that we have been afforded the honour of a reception at the Hamburg Rathaus hosted by Representative of the Senate, State Secretary Dr Berndt Egert. In addition, we have been allowed to hold our conference at the prestigious Hamburg Chamber of Commerce in the very centre of the city.

The Congress comprises a full two-day conference enhanced by numerous networking events including the centre-piece of every Shortsea Congress – the conference dinner. This year, the dinner will be held onboard a cruise boat and delegates will be treated to a tour of the Port of Hamburg.

The European Shortsea Congress is the only event of its kind where senior representatives from shortsea users, carriers, ports, logistics providers and the whole range of service providers meet to debate the topical issues of the day and also to network and further business opportunities.

We are very grateful to the German Shortsea Promotion Centre for all their help and support in staging this event. This event is currently being created. Please contact us if you would like to participate as a sponsor, speaker or delegate.



Domestic Shipping Faces Choppy Waters

R.G. Edmonson | May 2, 2011 2:31PM GMT, The Journal of Commerce Magazine

With Jones Act carriers under scrutiny, a law written a century ago to protect national interests is bumping up against a modern shipping market

The maritime shipping world as many in the United States see it can be divided into two parts, one under the jurisdiction of the Jones Act, and everything else. The 91-year-old statute often is assailed as an outdated relic of protectionist policy, and defended as a bulwark of national security, and a protector and creator of jobs.

All of the above is true. Although the law creates a market that's an anomaly in the realm of free-range open market competition, the Jones Act trade thrives in its own fishbowl-like environment.

The Jones Act requires any ship that operates in U.S. waters to be owned by U.S. citizens, crewed by U.S. citizens, and built in a U.S. shipyard.



The recent struggles of Horizon Lines, the largest Jones Act carrier, are putting the law's viability in the 21st century under a new spotlight. New concerns center on how domestic shipping protections fit into a world in which trade barriers are falling and multinational carriers and shippers alike are competing in markets never envisioned when the law was written nearly a century ago.

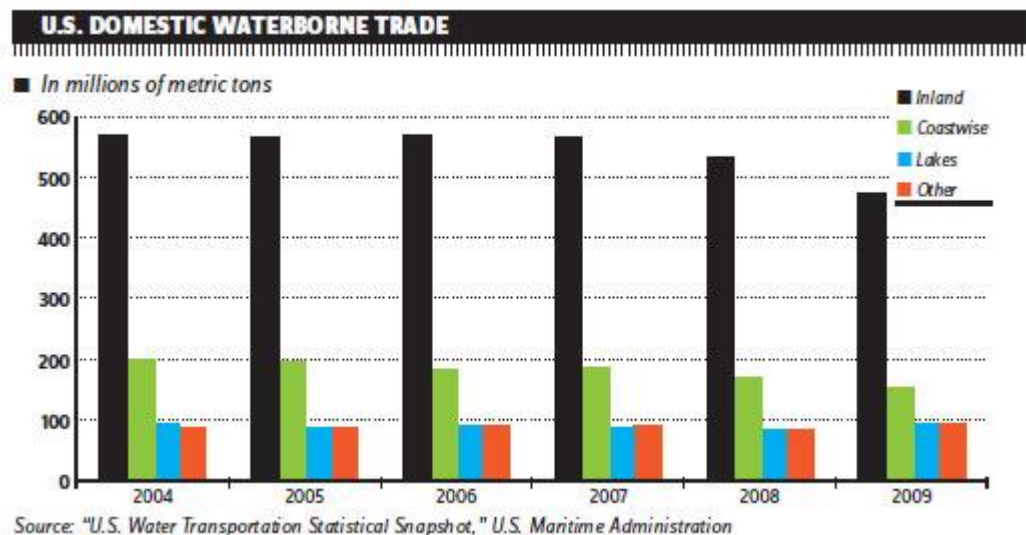
To be clear, the law simply is not likely to be repealed. The groups that benefit most — union labor, owners of Jones Act vessels and the U.S. shipyards that built them — form three solid pillars of resistance that have beaten back all attempts.

"There are many components that are knit together. I don't think you can take one component out without having the whole fabric unravel," said George Pasha, president of Pasha Group, the newest entrant in the Hawaii market.

Critics say the Jones Act protects owners, labor and builders at the expense of shippers. The captive market allows carriers to charge premium rates. Shippers and politicians in Hawaii and Puerto Rico, in particular, make the Jones Act and its carriers frequent and emotional targets. Competition is stiff within both markets, however, and carriers say it keeps the rates as low as possible.

Allowing foreign flags into the trade would cause cutthroat competition and market instability as too many carriers go after a finite amount of freight.

"I would like to see the Jones Act repealed, but I don't think that's



likely," said Sen. John McCain, R-Ariz., one of the law's most prominent and persistent critics. "I don't think I would get 20 votes if I were to bring it to the floor."

The Journal of Commerce first reported McCain's remarks 15 years ago. Since then, he has used virtually every opportunity to take a stab at the law. Last year he filed repeal legislation after foreign-flag operators blamed the law for preventing them from taking part in the Deepwater Horizon cleanup. The statement was false, however, and Jones Act defenders had support in saying so from Adm. Thad Allen, the Coast Guard's incident commander in the Gulf of Mexico.

Supporters and opponents of the Jones Act waged the last great political battle over the law in 1996 and 1997. The Jones Act Reform Coalition led by Rob Quartel, former member of the Federal Maritime Commission, and the Maritime Cabotage Task Force, composed of the law's supporters, squared off in a passionate struggle. Congressional defenders of the Jones Act effectively crushed a reform bill.

The U.S. is far from alone in protecting its domestic maritime industry. In 1993, the Maritime Administration found 44 out of 57 countries had cabotage laws, but some are more restrictive than others. A review by scholars at Dalhousie University in Halifax, Nova Scotia, found a spectrum. The U.S. and Canada are among the most restrictive.

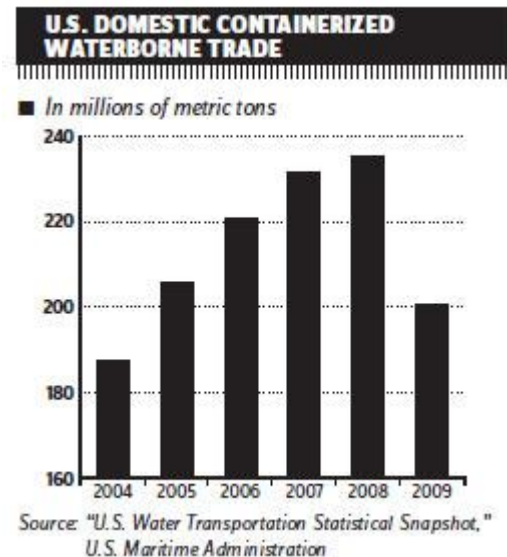
Marad's survey, the last research the agency made on the subject, found 20 of the 57 respondents directly subsidized shipbuilding. The U.S. does not. Jones Act critics frequently complain that builders' protected market and higher labor costs allow them to charge multiples of world market prices for any given type of ship. Take away foreign subsidies, defenders contend, and the price differential is much smaller.

The Paris-based Organization for Cooperation and Development has studied the scope of support for their members' maritime programs. The OECD comprises 34 countries with established industrial economies. China is not a member, but participates in some programs. There is no doubt that shipbuilding industries around the world receive significant support from their governments," said Danny Scorpecci, secretary to the OECD's shipbuilding working group. He said the OECD tends to look at shipbuilding subsidies in a broader context of governments' overall support of domestic shipping. The view includes such programs as cargo preference laws. "Cargo reservation schemes tied to domestically flagged/built vessels (the U.S. Jones Act, for example) can sustain shipbuilding enterprises without the governments having to outlay any funds."

In 1994, the OECD began negotiations for an agreement that would phase out governments' shipbuilding subsidies. It foundered when it failed to win U.S. support. The group tried to make an agreement that would prevent "injurious pricing" in the sale of commercial vessels. Talks stalled in 2005 when no one could agree there were pricing practices that distorted the market.

Last December, the OECD canceled the effort.

"You can get a cheap ship, but don't say our ships are overpriced. Our ships are competitive with everybody," said Matt Paxton, president of the Shipbuilders Council of America, which



represents small and midsize U.S. shipyards. “We are still building ships for the European Union. We bid on contracts, beat the foreign yards and build them here.”

Two weeks ago, Marad signed off on a Title XI loan guarantee for a Brazilian buyer that ordered five platform service vessels for the offshore oil industry. The guarantee was a two-pronged victory, creating 300 jobs and boosting exports by \$241 million.

National security is the Jones Act's trump card. Supporters contend construction of commercial ships for Jones Act trade keeps U.S. yards in business, and preserves workers' skills to support construction of warships for the Navy. Supporters say the law also preserves shipyards' supply chains for vessel components that reach into virtually every state.

“People say you can't build any ships in this country because of the Jones Act. I guess they couldn't build any ships in World War II because of the Jones Act,” said Percy R. Pyne IV, chairman and co-founder of American Feeder Lines. “To say you can't build ships in the United States because of the Jones Act is an excuse, not a reason.”

American Feeder Lines is proposing a network of Jones Act ships to distribute containers to ports along the East Coast. The company plans to build a series of 10 1,800-TEU vessels at two U.S. yards.

Pyne said so many foreign automobile manufacturers have set up shop in the U.S. “because our labor force is better-trained, more productive and more responsive than any in the world.” But he believes U.S. shipbuilders show no apparent interest in modernizing yards or adopting construction methods that have been successful in other countries.

China sees its shipbuilding industry as a strategic asset, Pyne said. Over the past decade, the Chinese have built 120 yards, and the quality of their products has continually improved.

“Where do you think China is building its navy? In Chinese yards, and it isn't a ‘navy yard,’ it's a commercial shipyard,” Pyne said.

“If you're telling me we can't do it, and we can, that's a bit of frustration,” he said. “If you're telling me we won't do it because we don't want to, then I'm going to say you have just defaulted to the Chinese, who are building an entire navy.”

U.S.-OWNED SHIP FLEET

■ At the end of 2009, nearly 40,000 U.S. privately owned vessels were available for operations in U.S. foreign and domestic trades. All of the tugs, barges, ferries and lakes vessels had Jones Act trading privileges. About 30 percent (190 vessels) of U.S.-owned oceangoing vessels were registered under the U.S. flag, and 15 percent (98 vessels) had Jones Act trading privileges.

	OCEAN	LAKES	TUGS	BARGES		OFFSHORE	FERRIES	TOTAL
				DRY	TANK			
U.S.-OWNED	638	48	5,735	27,483	4,731	688	604	39,927
U.S.-FLAG	190	48	5,735	27,483	4,731	525	604	39,316
JONES ACT	98	48	5,735	27,483	4,731	525	604	39,224
FOREIGN TRADE	92	0	0	0	0	0	0	92
FOREIGN-FLAG	450	0	0	0	0	163	0	613

Notes: The U.S. privately owned fleet consists of vessels operated under U.S. and foreign flags. Ocean/lakes vessels include those over 10,000 deadweight tons or greater.

Source: “U.S. Water Transportation Statistical Snapshot,” U.S. Maritime Administration

JONES ACT FLEET

■ By segment, 2004-09

	2004	2005	2006	2007	2008	2009
TANKER	59	56	55	51	51	55
DOUBLE-HULL	26	27	31	32	36	42
DRY BULK	4	4	4	4	4	4
CONTAINER	28	29	28	27	27	27
RO-RO	13	14	13	13	13	11
GENERAL	2	2	2	2	1	1

Source: “U.S. Water Transportation Statistical Snapshot,” U.S. Maritime Administration

U.S.-FLAG FLEET

■ By segment, 2004-09

	2004	2005	2006	2007	2008	2009
TANKER	60	60	59	55	55	59
DOUBLE-HULL	27	31	35	36	40	46
DRY BULK	15	13	13	14	13	13
CONTAINER	81	79	70	76	75	75
RO-RO	34	39	37	36	38	37
GENERAL	8	8	8	7	7	6

Source: “U.S. Water Transportation Statistical Snapshot,” U.S. Maritime Administration

Six ports honored with Pacesetter Awards

April 28, 2011, USDOT FastLane.com

As I've blogged before, America's marine transportation system is a crucial part of our



Ship carrying wind turbine parts unloads at the Port of Cleveland

transportation network. One key part, the St. Lawrence Seaway, is an essential gateway that moves cargo between North American ports and international markets. Today, the Saint Lawrence Seaway Development Corporation gave six of the Seaway's valuable ports its Robert J. Lewis Pacesetter Award for the 2010 navigation season. This annual award is presented to U.S. Great Lakes ports that register an increase for the year in international cargo tonnage shipped through the Seaway.

Along with our marine highways initiative, the St. Lawrence Seaway is an important part of President Obama's plan to meet the challenge

of rising gas prices. Marine transportation remains the single most fuel-efficient and cost-effective way to haul goods from one place to another. It's also a crucial part of President Obama's economic strategy for winning the future by doubling American exports within five years.



Port workers help unload the turbine blades

That's why I was so pleased to learn that six ports earned the prestigious Pacesetter Award: Cleveland-Cuyahoga

County Port Authority, Duluth Seaway Port Authority, Ogdensburg Bridge and Port Authority, Port of Indiana – Burns Harbor, Port of Oswego Authority, and Toledo-Lucas County Port Authority. Not only is this robust increase in international cargo shipments good news for the U.S. economy and our exports, but it also underscores the importance of maritime



Map shows ships currently navigating the St. Lawrence Seaway

transportation in the movement of freight. The six ports earning the award this year are no flashes in the pan of Seaway shipping. Since the Pacesetter Award's inception in 1992, all six have been past winners. Duluth, Oswego, and Toledo-Lucas County have received the award 12 times, the Port of Cleveland

and the Port of Indiana-Burns Harbor have received nine, and the Port of Ogdensburg seven. That's what I call pacesetting. These strong performances by Seaway ports are truly encouraging, and I congratulate six awardees on a great 2010 navigation season.

Global Maritime Analysis with Joseph Keefe - April 2011, A Glimmer of Hope by Joseph Keefe

Apr 27, 2011, Maritime Professional

U.S. Maritime Administration 'gooses' the domestic waterfront with a \$241 million loan guarantee. That's more like it.

It wasn't too long ago that – for seemingly the umpteenth time – I lambasted the U.S. Maritime Administration and its DOT parent for its continued, abject neglect of the domestic maritime industry. I won't apologize for any of it and I stand behind every word of every article. To be fair (I'm always fair, right?), the 22 April Marad announcement that a \$241 million loan guarantee would allow the Eastern Shipbuilding Group of Panama City, FL, to build five platform supply vessels (PSVs) for export to Brazil was good news, indeed. The loan guarantees make sense on many levels and come at a time when the U.S. shipbuilding industry sorely needs a boost. This is exactly what Marad SHOULD be doing. Bravo.

Most recently, though, I brought light to the DOT's April 5th press note extolling the vast support (not) being extended to the domestic waterfront. Unspoken in my April 6th online column that followed the MARAD announcement was the irony of DOT Secretary LaHood's schedule, after giving his talk to about 100 maritime industry executives in the Baltimore area. From there, he practically hopped on the Beltway and arrived at another industry meeting and trumpeted the \$50+ billion initiative intended to prop up a high speed rail program that nobody seems to want. In the meantime, U.S. port authorities from-sea-to-shining-sea are holding bake sales in order to fund dredging to allow for the new generation of deep draft container ships that will perhaps bring some economy of scale to American consumers and just maybe, light the proverbial fire under a nascent shortsea shipping program.

More experienced DC political analysts will gently chide me that Marad has little or nothing to do with dredging funds. I really don't care. What I do know is that where DOT and Marad continually say that "they get it" and that they are supporting waterfront initiatives, this is rarely the case. And, anyone who knows anything about America's Marine Highways and shortsea shipping also know that these concepts have everything to do with infrastructure improvements. That means dredging and it means lock repairs. You can't be involved in one side of the equation and not the other. Hey – maybe I'm onto something here. That said, I'll admit that I was cheering when the loan guarantee announcement hit the wires.

Of the loan guarantees, U.S. Maritime Administrator David Matsuda said in a prepared statement, "Today's signing demonstrates that America's shipbuilders can be competitive in international markets. We will support these export opportunities for U.S. businesses and American shipyard workers wherever possible." U.S. Transportation Secretary Ray LaHood echoed those sentiments, adding, "This project means good jobs for Panama City today and a stronger economic future for our country." Amen.

Eastern Shipbuilding Group has built eight PSVs since 2003, with three more under construction. The vessels, being built for Boldini S.A. of Rio de Janeiro, are estimated to result in 300 new local jobs over the next three-and-a-half years. It would also be fair to say that Eastern Shipbuilding Group has received its share of Marad help in the recent past. According to Marad, Eastern was awarded a \$581,000 federal grant for shipyard software and equipment from the agency's Small Shipyard Grants Program in 2008. In 1999, the Maritime Administration provided a federal guarantee on a \$6 million loan to finance facility upgrades.

Also according to the DOT's maritime modal branch, there are currently guarantees totaling approximately \$2.2 billion in U.S. shipyard projects, including construction of tugs, barges, dive support vessels, drill rigs, ferries, tankers, offshore supply vessels, and container vessels. While I'll admit to be not much of a fan of government subsidies and this sort of assistance for ANY private sector industry, if we're going to lay down hundreds of billions of dollars in asphalt and rail projects, we might as well level the playing field a bit and drop some crumbs in the water while we're at it. And, in the big picture, that's exactly what this amounts to – bread crumbs.

As for the shipyard project(s) themselves, there are many layers to this onion. First and foremost, from my seat, it means export manufacturing at a time when we desperately need to close the trade gap. Secondly, it provides economy of scale and the experience necessary to jumpstart a domestic "series-build" program here on The U.S. Gulf Coast. And, it keeps a healthy chunk of skilled workers busy and in the shipyard, where we will hopefully need them when and if the shortsea shipping "boom" ever comes to fruition. Finally, could it be that U.S. shipyards can do something cheaper and better than an overseas location? That certainly seems to be the message here. Eastern is a quality yard, already building for quality operators. It's all good; or so we hope.

These things don't always go well. The most recent Title XI debacle involving the HAWAII SUPEFERRY hulls is still a fresh and open wound. And, there have been other, higher profile failures. Frankly, I'm somewhat surprised that this administration would take another chance so soon on a similar sized (technically larger) project. I'm glad they did. Let's hope the boats get delivered in a timely fashion and that the buyers have deep pockets and the wherewithal to take delivery of all of the hulls. Fingers crossed.

Last week was a good one for Marad. In fact, the month was decidedly upbeat, with Marad and DOT promising more and better support to come for the waterfront. We're on a roll. I'll be watching carefully to see that it stays that way – MarPro

Maritime Industry Congressional Sail-in 2011

May 4, 2011 Washington, D.C.

"Last year our industry's first broad-scale advocacy day on Capitol Hill was a resounding success. "The Sail-In was widely supported by the American maritime industry including international and domestic ocean carriers, terminal operators and labor unions. We had folks from 20 states, 48 congressional districts, 28 companies, 9 unions and labor organizations, and 10 related associations," reported Vice Admiral Albert J. Herberger, a former U.S. Maritime Administrator and head of last year's volunteer organizing group. "That's a powerful message to Congress," he added. And we plan to build on that success in 2011..." U.S. Maritime Coalition, April 21, 2011

<http://www.maritimeindustrysailin.com/Home/tabid/66/Default.aspx>

2nd Annual National Port Summit Chicago, Illinois

Thursday, April 21, 2011, MARAD

Ports are a vitally important part of the nationwide Marine Transportation System, which includes not only ports, but also inland and coastal waterways, and the intermodal connectors. The Maritime Administration hosted the 2nd Annual Port Conference, a one-day symposium on topics concerning the more than 300 ports in the United States. The conference addressed issues such as port financing, port infrastructure, redevelopment plans, and America's Marine Highway System.

Rail and water use discouraged, GAO study says - Taxpayer money wasted on trucking?

By Pamela Glass, 4/18/2011

A U.S. Government Accountability Office study says that government policies discourage the use of cost-efficient rail and water transportation while favoring more costly trucking. Investing more in certain types of infrastructure than other modes can affect competition and efficiency within the surface freight transportation sector. Such investments make one form of transport cheaper and thus encourage its use. It would be a better use of taxpayer money to encourage use of the most efficient mode, the report concludes.

"If government policy gives one mode a cost advantage over another, by, for example, not recouping all the costs of that mode's use of infrastructure, then shipping prices and customers' use of freight modes can be distorted, reducing the overall efficiency of the nation's economy," GAO researchers said. The GAO is a research arm of Congress. The GAO suggested that "policy changes that align prices with marginal costs on a shipment-by-shipment basis would provide the greatest economic benefit," or "charging user fees based on average costs, subsidizing more efficient alternatives, or broadly applying safety or emissions regulation, can change the overall distribution of freight across modes." GAO said that the costs associated with trucking that were not shouldered by the shipper companies were "at least six times greater than rail costs and at least nine times greater than waterways costs per million ton miles of freight transport. Most of these costs were external costs imposed on society." These include government subsidies, air pollution, safety and congestion, which are higher with trucking than with water or rail.

The report, "Surface Freight Transportation: A comparison of the Cost of Road, Rail and Waterways Freight Shipments That Are Not Passed on to Consumers," is timely, as Congress is considering the federal transportation budget. The waterways industry believes the report will boost their arguments in favor of robust federal funding for inland waterways infrastructure improvements.

"The recent GAO study reinforces what the American Waterways Operators has long maintained that in addition to being the most fuel-efficient of all freight transportation modes, waterways transportation is the most truly cost-efficient, returning more of the taxpayers' investment than rail or truck," said Anne Burns, AWO spokeswoman.

"As GAO writes, 'inefficient public investment decisions can result when all...costs are not passed on to the beneficiaries of that investment.' This means that the government may be spending more on trucking infrastructure resources, as opposed to waterways and other modes, while recouping less of the costs of that mode's use of infrastructure," she said.

WorkBoat.com 4/18/2011

Lawmakers Introduce Harbor Maintenance Tax Exemption

R.G. Edmonson | Apr 15, 2011 - The Journal of Commerce Online

Bill touted as job creator, spur to new business along Great Lakes. Legislation to exempt domestic shipping from the Harbor Maintenance Tax made its debut on Thursday in the 112th Congress. The bill's sponsors are touting it as a way to create jobs and promote economic growth. The Short Sea Shipping Act would exempt coastwise, river and Great Lakes maritime transportation from the 0.125 percent ad valorem tax that is levied on vessels arriving at a U.S. port. It would also exempt cargo moving between the U.S. and Canada in the Great Lakes and St. Lawrence Seaway. Vessels are obligated to pay the tax each time they call at a U.S. port. Marine highway advocates for years have argued that the tax puts them at a competitive disadvantage with trucking and railroads that do not pay it. Supporters of the new bill said the exemption will create jobs by reducing the burden on shippers moving cargo by water in the U.S. Rep. Pat Tiberi, R-Ohio, chairman of the House Ways and Means

subcommittee on select revenue measures, is the sponsor of the bill. Supporters of an HMT exemption see Tiberi's position as a positive sign that the bill will get more attention than similar measures in previous Congresses. Rep. Steve LaTourette, R-Ohio, one of the bill's co-sponsors, noted that the bill would remove the last barrier to ferry service across Lake Erie, and "open up an avalanche of new investment along the Great Lakes in our region." Several years ago, a would-be operator proposed ferry service between Ontario ports and Cleveland as a way to reduce travel miles, and relieve congestion at international bridges at Detroit and Buffalo, N.Y.

Bipartisan Short-Sea Shipping Bill Introduced in U.S. Congress

Friday, April 15, 2011 at 10:50AM – Great Lakes Seaway News

Yesterday, Reps. Pat Tiberi (R-OH), Brian Higgins (D-NY), and Steve LaTourette (R-OH) introduced the Short Sea Shipping Act to encourage job creation and help the US maritime transportation industry.

"This bill would encourage American job creation and economic growth by reducing certain shipping burdens," explained Congressman Tiberi, the Chairman of the Ways and Means Subcommittee on Select Revenue Measures. "This is the type of measure that will reduce burdens associated with shipping goods between U.S. ports and make it easier for businesses to grow and deliver their products."

"Historically, proximity to water brought great economic opportunity for communities like Western New York," said Congressman Higgins. "We want to again make waterways business-friendly, promoting the robust flow of goods and the creation of quality jobs."

"This could be the last hurdle to making cargo ferry service from Lake Erie to Canada a reality," LaTourette said. "This will hopefully open up an avalanche of new investment along the Great Lakes in our region."

Specifically, the bill would exempt from the Harbor Maintenance Tax commercial cargo that is loaded at a port in the United States mainland and unloaded at another port in the United States mainland after transport solely by costal or river route or unloaded at a port in Canada located in the Great Lakes/St. Lawrence Seaway System. In addition the bill's exemption would apply to commercial cargo that is loaded at a port in Canada located in the Great Lakes Seaway System and unloaded at a port in the United States mainland. Enacting this measure would enhance the fledgling North American short sea shipping industry, create jobs, and improve the flow of commerce in the United States.

Short Sea Shipping Bill Would Encourage Needed Job Creation

Tiberi, Higgins, LaTourette Introduce Bill To Continue Shipping Infrastructure Development - Amherst Times

Washington, Apr 14 - U.S. Congressmen Pat Tiberi (R-OH), Brian Higgins (D-NY), and Steve LaTourette (R-OH) today introduced the Short Sea Shipping Act to encourage job creation and to continue developing the United States shipping industry.

"This bill would encourage American job creation and economic growth by reducing certain shipping burdens," explained Congressman Tiberi, the Chairman of the Ways and Means Subcommittee on Select Revenue Measures. "This is the type of measure that will reduce burdens associated with shipping goods between U.S. ports and make it easier for businesses to grow and deliver their products."

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AFL announces opening of Boston Office and start of the New England Halifax Shuttle Service

We are proud to announce the opening of our new Boston office, which will operate American Feeder Lines International LLC'S new Feeder Service, connecting the New England states with the world by offering a weekly service between Boston, Portland and Halifax. Andrew Haines, well known and highly respected in the New England states, has been appointed Vice President Line Management and is heading our operation locally. The new office is in Massport, as close to the action as possible. The first vessel has just been chartered in. She is a modern 700 TEU container feeder ship, built at Sietas, Germany. She will be renamed "AFL NEW ENGLAND" and delivered early May to start her trade under the AFL Flag. The New England Halifax Shuttle is serving the international market and cannot carry domestic cargo between US Ports. Preparations are at full steam, for scheduling info please do not hesitate to contact Andrew Haines in Boston.

Address and contact: Andrew Haines, Vice President Line Management, American Feeder Lines International LLC, E-Mail: ahaines@american-feeder-lines.com

April 11, 2011, Schumer: Port of Rochester Getting Shallower by the Day, threatening fishing, shipping and tourism – Will push to free-up bottled-up funds to dredge Rochester Port

The Army Corps Of Engineers Is In Desperate Need Of Funds To Dredge In Rochester This Year – Without Dredging The Port May Be Closed To Local Businesses And Tourism, Resulting In Millions Of Dollars In Lost Revenues Billions in Harbor Maintenance Funds Collected for Critical Dredging Projects But Sit Unused– Schumer Plan Would Put Existing Harbor Fund to Use Dredging Harbor and Unleashing Full Economic Potential Of Region's Waterways Schumer: This Plan Would Free-Up Existing Dredging Money For Rochester and Irondequoit Bay Now – Without Adding A Dime To The Deficit Today at the Port of Rochester, U.S. Senator Charles E. Schumer announced his support for legislation that would free up badly needed funds that the U.S. Army Corps of Engineers (USACE) must have in order to dredge the port this year. The port is scheduled for dredging this summer, but a lack of USACE funding threatens to delay dredging that will cost \$1.8 million and that is essential to keeping the port open for business. Each day, sediment settles at the bottom of Lake Ontario and the Genesee River, reducing water depth and creating a safety hazard for shipping barges, cruise ships, and recreational boats – all of which help pump millions of dollars into the economy every year. Today, Schumer announced his support for legislation that would release funding that is stuck in the Harbor Maintenance Trust for dredging in Rochester. The bill would ensure that incoming money from the Harbor Maintenance fee is spent on harbor maintenance projects, like dredging the Port of Rochester and Irondequoit Bay, rather than stuck in the account. “Every day, sediment is piling up in the Port of Rochester and Irondequoit Bay, while money piles up in Washington that is supposed to be used to solve this problem,” said Schumer. “With the Port getting narrower and shallower every day, we can't afford to miss the

scheduled dredging that will keep our waterways open for business, open for fishing, and open to tourism. If we don't act soon, shipping costs for local businesses will skyrocket, cruise ships will pass Rochester right on by, and our recreational fishing industry will come to the end of its line. We badly need to dredge the Port of Rochester this summer, and the bill I support will make sure that we have the funds to make that happen."

"Through the Harbor Maintenance Fees, industry has already paid for desperately needed dredging that has not been done, and we continue to deal with extraordinary, additional costs as we seek alternatives way to supply our customers with the materials that fuel economic activity," said Steve Hewitt, Rochester Terminal Manager for Essroc Cement. "In the meantime the public pays the price again with congested and deteriorating roads while we are unable take advantage of the great resource that the Great Lakes waterway system offers."

"We see about a foot and a half of sediment deposited every year along our boat slips on the Genesee River in Charlotte," said Rochester Marina owner Steve Gibbs. "Without the Army Corp's maintenance dredging of the navigation channel, our boaters would not be able to get into their slips in a just a few years."

Schumer was joined by representatives from Sentry Safe, Essroc Cement Rochester Terminal Manager Steve Hewitt, Marina Owners Steve Gibbs and William Mayer, and UNICON Executive Director Ken Warner as he announced his support for the Harbor Maintenance Act of 2011.

The bipartisan bill would provide the USACE access to billions in funds collected in the Harbor Maintenance Trust Fund each year. The Trust Fund was established in 1986 in order to fund operations and maintenance of federal ports and harbors, and is funded by the Harbor Maintenance fee that is charged on imports and domestic cargo. Despite the fact that shippers are paying the fee that is supposed to go towards port dredging and maintenance, this money is not being sent out of the fund to serve its intended purpose. As a result, the Trust Fund has a current balance of \$5.7 billion – in the meantime, our ports are filling with sediment and in desperate need of infrastructure upgrades. Similar problems plagued the Highway Trust Fund, as well as the Airports and Airways Trust Fund, but were corrected with Congressional action that more closely tied revenues to expenditures. Continuing to charge this fee without using those revenues to improve harbor accessibility and safety is unfair. The bill that Schumer supports would link incoming revenues with expenditures on dredging and port maintenance projects, so that the money plus interest coming in each year would actually be allocated each year to improve our ports, rather than sitting in the Treasury. Failing to dredge the Port of Rochester this year would be devastating to many businesses that play a key part of the Finger Lakes Region's economy. Great Lakes Passenger Cruise ships, which have started docking in Rochester for multiple night stays, would have to bypass the Port if it becomes unsafe due to lack of dredging. Essroc Cement, a Rochester cement distributor, faced massive cost increases in 2007 when a cement barge importing cement from Canada ran aground, forcing deliveries for the following 12 months to be sent more expensively via truck. Sentry Safe of East Rochester currently receives shipments of Essroc cements for use in their manufacturing process. Sentry estimates its cost for this cement would skyrocket by an additional \$150,000-\$200,000 per year if this cement had to be delivered by truck instead of barge. Local contractors are also concerned that the cost of construction projects would increase due to rising materials costs. Moreover, a lack of dredging threatens recreational boating and fishing industries, which help pump critical tourism dollars into waterfront communities every summer.

In Monroe County's other federal harbor, Irondequoit Bay, the bay's largest marina, Mayer Marina, estimates that curtailment of operations due to insufficient channel depth would likely cost the business upwards of \$180,000 a year in fuel sales alone, and that combined losses among all of the bay's marinas and related operations would likely be in the range of millions of dollars. It also threatens the recreation-oriented economies of three municipalities fronting the bay: the towns of Webster, Penfield and Irondequoit.

Continuing to spend funds on dredging and harbor maintenance projects is a sound investment. A 2003 study showed that the Great Lakes states are a recreational boating powerhouse, with nearly one third of all registered boats in the United States. Spending on boats and boating activities in the Great Lakes states totaled nearly \$16 billion in 2003 (the year of the study), directly supporting 107,000 jobs. With secondary effects figured in, that number grew to 244,000 jobs, with economic impacts of \$19 billion in sales, \$6.4 billion in personal income and, \$9.2 billion in value added. Compared to the economic benefits they provide, the cost of maintenance dredging for the harbors would be relatively minor. Not including commercial harbors, in the 2003 study the U.S. Army Corps of Engineers estimates that the dredging needs of all recreational harbors and channels in the Great Lakes could be adequately addressed for an investment of \$5 million per year.

LaHood's 'Roadmap to the Future'

John D. Boyd | Apr 11, 2011 - The Journal of Commerce Magazine

In a new report to Congress, the DOT secretary again pushes marine highways as a key cog in the transportation wheel. Using inland and coastal waterways to haul more cargo-laden containers and trailers would add "abundant and cost-effective new freight capacity," while cutting highway maintenance costs, Transportation Secretary Ray LaHood tells Congress in a new report. In the detailed report on the Maritime Administration's marine highway program, LaHood also said the "often unrecognized" benefits of using U.S. waterways to transport boxed shipments include "immediate relief of surface transportation congestion" and support for mariner and U.S. shipbuilding jobs. Speaking to The Journal of Commerce's North American Marine Highways and Logistics Conference in Baltimore last week, LaHood said the report, which he had just sent to Congress, showed how those water routes "fit within our larger system for moving goods." He called the document "a roadmap to the future." Marine lanes still take only a small percentage of daily container or trailer loadings, but the report and LaHood's remarks underscore the DOT's plans to build that network to help surface transportation shed some market share as freight volume grows in the coming years. To better develop the waterway option, he said, "We have to look at our transportation system as a whole, not as separate parts. We have to plan, prioritize and build marine highways in concert with our roadways, railways, airports and seaports — as part of a seamlessly integrated network." He told conference attendees and Congress through the Marad report that hauling more container shipments by barge helps reduce the amount of energy used per ton-mile to move freight, thereby cutting U.S. dependence on foreign oil and reducing greenhouse gas emissions. The DOT underlined that last issue in the report, prepared in consultation with an Environmental Protection Agency operating under a Supreme Court order to regulate those emissions. "The nation is committed to curbing GHG (greenhouse gas) emissions," the report said, "of which transportation is second only to electricity generation as a source." In Baltimore, LaHood also noted transportation accounts for 70 percent of total U.S. oil consumption, and he tied the waterway efforts to President Obama's stated goal of reducing oil imports by one-third. "Marine highways," LaHood said, "can be the most fuel-efficient, cost-effective way to haul goods from one place to

another.” By generating orders for domestic shipyards, the program provides “jobs in peacetime and human and capital resources to deploy in time of war or natural disaster,” the report to Congress added. Although it catalogs a wide range of benefits, the report also says “expanded use of our waterways can only incrementally improve each of the challenges,” while any markets will remain fixed on rail and truck service. But it urges lawmakers to view marine corridors as “a logical next step as we address our larger surface transportation and funding challenges.” A year ago, LaHood used the same conference to launch the DOT’s formal marine highway initiative, even though it had already been supporting such efforts and had earlier targeted \$58 million in stimulus grants for container-on-barge services. In September, LaHood awarded another \$7 million in grants to three marine highway operations, and the DOT has designated 18 corridors it can aid in developing or expanding such service. By now, he said, more money has gone into waterways. Out of two rounds of TIGER grants — the DOT’s discretionary awards called Transportation Investments Generating Economic Recovery — LaHood said, “\$215 million of them went to marine highway and ports projects.” President Obama’s latest budget proposal includes setting up a large, multimodal infrastructure bank that could award grants and loans to highway, rail, port and marine highway projects. But the report says the government would need to nurture the container-on-barge operations. Right now, the nation lacks an established network with frequent service, and many shippers are unfamiliar with this option. In addition, some advocates want cargo tax waivers to help build usage. The report also says U.S. Customs regulations for cargo manifests put water shipments from Canada at a disadvantage compared with land moves, creating “a significant barrier” to using marine service

Q&A: The North American Marine Highways Conference

Apr 20, 2011- The Journal of Commerce Online

An Editor-to-Editor Podcast for JOC.com. *In* this podcast, JOC Editor R.G. Edmonson reflects on the Journal of Commerce 2011 North American Marine Highways conference and shares some highlights as well as the popular topics of conversation with Editor Dana L. Brundage.

Transcript:

Q: You and Judy Rovins recently co-chaired the 8th Annual Journal of Commerce North American Marine Highways Conference and I wanted to ask you what you felt were some of the highlights this year.

Bob: Let me start by saying that the conference was a huge success. I had nothing but positive feedback from people who were there. And because of that it’s hard to separate one or two from the list of the really outstanding speakers that we had. We had Secretary of Transportation Ray LaHood there, who spoke to us for the second year in a row. We also had Sean T. Connaughton, who is the former maritime administrator, now the secretary of transportation for the Commonwealth of Virginia, and a number of others. It would take a long time to list them all and I’m afraid that if I tried to separate one or two I’d omit someone who deserved a little recognition also. This time we did something that was the first for us and may be the first of the Journal of Commerce. We awarded a Maritime Highways Champion Award to Sonney Jones, who is a very, very talented logistics manager for Mohawk Industries who has found unique ways to integrate water transportation into his supply chain.

Q: *What did you find some of the hot topics of discussion this year to be -- some of the hotter trends that people were talking about?*

Bob: I think what we have noticed over the past several years that very slowly the idea of short sea shipping is becoming more a part of people’s thinking in transportation. It’s been

very slow because it's really an untried concept that is not on a lot of people's radar screens. But we're getting people at the conference who are genuinely curious and asking questions on how they can use this form of intermodal transportation in their own supply chain.

Q: it's a little soon to be planning next year but do you have any new ideas or additions that you're thinking about for the next year?

Bob: Yes we do. But you'll just have to come to the conference to find out.

SAFE Port update introduced in Senate

American Shipper - April 18, 2011

New legislation submitted in the U.S. Senate on Thursday would reauthorize for five years several maritime security programs that are key components of U.S. Customs and Border Protection's layered strategy of using risk segmentation to focus limited inspection resources on cargo about which it has adverse information or not enough information. It would also increase funding for port security grants. The SAFE Port Reauthorization Act of 2011 would extend statutory support for the Automated Targeting System used to identify high-risk cargo, the Container Security Initiative for overseas inspection of certain high-risk cargo through bilateral relationships with overseas customs administrations, and the Customs-Trade Partnership Against Terrorism, an industry partnership program to secure end-to-end supply chains. The bill was introduced by Sens. Susan Collins, R-Maine, and Patty Murray, D-Wash., who are the original authors of the 2006 SAFE Port Act.



The senators propose giving the ATS \$33.5 million in fiscal year 2012, rising to \$37.7 million in 2016. CSI funding would increase from \$171.8 million next year to \$193 million in 2016. Funding for C-TPAT would increase from \$66.4 million in 2012 to \$74.7 million after five years. Last year, the Department of Homeland Security sought to cut \$51 million from CSI because it said the program had matured to the point where fewer overseas personnel are necessary. The determination is based on the ability to conduct necessary analytics work at the National Targeting Center-Cargo and reach out to foreign customs authorities as needed to request inspections. The Obama administration's 2012 budget request calls for ceasing CSI operations in some ports. Customs officers were stationed at 58 ports at the beginning of the year. The White House also asked Congress last year to provide \$51 million for C-TPAT, \$12 million less than in 2009, on the grounds that it had completed establishment of seven nationwide offices and didn't need as much money for startup expenses. Funding levels stayed the same this fiscal year because Congress never passed any appropriation bills for Cabinet departments, including Homeland Security. In 2012, the administration seeks \$45 million for C-TPAT, with additional savings attributed to consolidation of support functions and \$600,000 in administrative reductions in line with the department's efficiency initiative. But the program may need more resources again after CBP Commissioner Alan Bersin on Wednesday expressed a desire to take the program from 10,000 member companies to 40,000 within five years. The legislation would strengthen C-TPAT by providing new benefits for companies that voluntarily agree to meet or exceed minimum standards for access control, conveyance security and other operational areas, and use vendors that follow similar procedures. Benefits proposed in the legislation include offering security training to industry participants and setting up a mechanism for sharing classified and unclassified information on supply chain vulnerabilities and threats with Tier 3 participants and others with appropriate clearances. Industry representatives say CBP often doesn't reciprocate with timely information about potential problems, which would be helpful for them to take precautionary steps.

The bill also would add more rigors to the program by allowing CBP to conduct unannounced inspections to ensure security practices are implemented as planned. Companies that had previous deficiencies identified would be candidates for such checks. Validation visits have occurred on a periodic basis and are scheduled far in advance. The senators also provided DHS more flexibility in implementing a requirement in the first SAFE Port Act to set up a system for scanning 100 percent of cargo before entering the United States. The original law provided several conditions that needed to be in place before moving ahead with such a system, including the technical capability and physical space to deploy the detection machines. It was superseded by the 9/11 Act in 2007 that set a hard deadline for 100 percent scanning of boxes, but gave the DHS secretary ways to opt out of the requirement.

The reauthorization bill would waive the requirement that every box be scanned if C-TPAT companies are revalidated every four years, CSI is operational at all high-risk ports and all high-risk containers are inspected prior to arrival. The bill would also reauthorize the port security grant program for five years at \$300 million per year, as included in President Obama's budget. The senators said they lowered the annual amount from the current authorization of \$400 million in recognition of the nation's budget difficulties. The Department of Homeland Security allocated \$288 million for port security grants in fiscal year 2010. The bill also enhances the America's Waterway Watch Program to promote voluntary reporting of suspected terrorist activity or suspicious behavior against a vessel, facility, port, or waterway. The proposed legislation incorporates protections for citizens from frivolous lawsuits when they report, in good faith, suspicious behavior that may indicate potential terrorist activity.

Research to examine the use of composite materials in cargo containers and to deploy next generation sensors is also supported in the bill. The Retail Leaders Industry Association and the American Waterways Operators are among five groups on the records for supporting the legislation, according to a statement from the senators. — Eric Kulisch AS 4/18/11

Va. Freight Study Maps Infrastructure Projects

R.G. Edmonson | Apr 12, 2011 The Journal of Commerce Online

Study identifies transportation high priority projects in all modes

The Virginia Department of Transportation on Monday announced completion of an intermodal freight transportation study and investment strategy for future freight infrastructure. The commonwealth's effort could be a model for other states, according to Transportation Secretary Sean T. Connaughton. The study "enabled us to identify projects that are most important to moving nearly \$2 trillion worth of freight annually throughout Virginia," Connaughton said. The work would contribute some \$350 billion to the state's economy and jobs. The study identifies transportation high priority projects in all modes – port, highway, rail, air and marine highway – and includes policies and initiatives to supplement capital investment. Connaughton last week told the audience at the Journal of Commerce North American Marine Highways and Logistics Conference that other states are looking at the Virginia study as an example of what they can do, especially in the absence of a federal comprehensive freight transportation strategy. Connaughton, former U.S. maritime administrator, is discussing the idea with other states as chairman of the water transportation committee of the American Association of State Highway and Transportation Officials.

LaHood Touts Inland Waterways for Container Moves

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Using barges to carry loaded trailers or containers between markets in the U.S. "can be the most fuel-efficient, cost-effective way to haul goods from one place to another," Transportation Secretary Ray LaHood told an industry group. LaHood also told The Journal of Commerce's North American Marine Highway and Logistics Conference in Baltimore that he sent Congress a report Tuesday detailing the Obama administration's plan for spurring that alternative shipment system. Last year at the same event, LaHood announced the formal launch of the Maritime Administration's program labeled "America's Marine Highway." This time, he said making greater use of waterways also fits in with President Obama's new goal of reducing oil imports by one-third. That's because transportation accounts for 70 percent of U.S. oil use, he said, and shipping freight by water uses less fuel than hauling it by surface transport modes. "Marine highways are one crucial ingredient in the recipe for energy efficiency and energy independence," LaHood said. "They'll help us send fewer of our hard-earned dollars overseas in a tough fiscal time. They'll decrease our emission of the carbon pollution that threatens our environment. They'll spur economic development and support economic expansion" by creating both mariner and U.S. shipyard jobs. He said the DOT has invested in the benefits of using waterways for freight, with \$215 million of its discretionary infrastructure grants going to marine highway and port projects. He also said the container-on-barge effort for domestic shipments is just getting under way, but that the new report from the Maritime Administration is "a roadmap to the future." That document shows "how marine highways fit within our larger system for moving goods," he said. It also has a section listing problems the industry faces in overcoming shipper reluctance, and ideas for breaking down economic barriers to make it more competitive. - John D. Boyd, *The Journal of Commerce*.

North American Marine Highways & Logistics Conference, April 5 & 6, 2011

"The time has come for the industry to show shippers that transportation by water can be a cost effective, reliable and eco-friendly link in their supply chains."

(R.G Edmonson, JOC Washington reporter and co-chair of the NAMHL Conference, 2011)

With the global supply chain becoming increasingly congested, now is the time for the transport companies to look at other efficient, low-cost and environmentally friendly ways of transporting goods.

The Journal of Commerce's North American Marine Highways and Logistics Conference

assesses the marine highways as an integral part of the intermodal mix. Bringing together over **25 industry leaders** to talk about the latest waterway research and up to the minute initiatives and projects.



DOT sends marine highways report to Congress

U.S. Transportation Department on Tuesday released a report that it said would serve as a roadmap to the future in creating and further strengthening the nation's marine highways. Prepared by the DOT's Maritime Administration, the 84-page report, *America's Marine Highways*, highlights the benefits of using coastal and river transportation as part of America's new "clean energy economy." Congress requested the report to show how water transportation can help move the country to a more environmentally sustainable transportation system, reduce highway congestion and cut down on the maintenance and replacement costs of the nation's roads and bridges.



"When we finish America's fully integrated national marine highway system, our legacy will be more than routes on water," said Transportation Secretary Ray LaHood, in a statement. "It will be a country less dependent on foreign oil."

The report highlights DOT's accomplishments in supporting the development of America's marine highway system. Since starting the program last year, LaHood designated 18 Marine Highway Corridors that will support economic growth and create jobs in communities across the country.

LaHood

In addition, DOT awarded \$215.3 million from the TIGER I and TIGER II (Transportation Investment Generating Economic Recovery) programs to jumpstart or expand marine highway projects. Finally, the department commissioned a study of new ship design to serve the marine highway markets and to be useful to the military if needed. "America's new clean energy economy will rely on a green, efficient transportation system that means making better use of our underutilized marine highways," said Maritime Administrator David Matsuda. "This report is a valuable instrument in helping chart our course toward better energy security, reduced highway congestion and more balanced transportation networks." - American Shipper 4/6/11



Matsuda

SECTION 10 - APPENDICES

Articles on AMH can be provided in PDF format on line at www.portofnewbedford.org

ADDITIONAL INFORMATION

North Atlantic Ports Association (NAPA)

Membership organization for the seaports between Norfolk, Virginia and Halifax, Nova Scotia and for governmental agencies and private sector businesses connected to ocean commerce in the North Atlantic. Mission: Promotion of world trade; development of foreign and domestic commerce to and from North Atlantic ports; engineering, design, construction and management; standardization of rules and services; exchange of ideas on port activities.

Please contact Kristin Decas at kristin.decas@newbedford-ma.gov if you would like additional information on the content of this newsletter or if you would like to submit any information for an upcoming newsletter.

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