

From:

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1) Is there the potential for a Marine Highway Program in the United States?

In the days before railroads and highways, the waterways of the United States served as our original interstates and were the primary arteries along which cargo and people moved. Today, America's marine highway consists of more than 25,000 miles of coastal, inland, and intracoastal waterways. Although approximately 1.4 billion tons of bulk cargo moves up and down the marine highway each year, our commercial waterways are an under-utilized asset. The Marine Highway Program has great potential for growth and development because shipping lanes provide an efficient and cost-effective mode of transportation.

Every year, our nation's highways become more congested, which increases air pollution, decreases the speed of delivery of goods, and reduces the amount of goods that a truck can move annually. Shipping goods by water can address all three of these problems by lowering shipping costs, reducing emissions of pollutants, and reducing congestion on our highways. In the coming years, the volume of freight transported in the U.S. is expected to increase significantly, and short sea shipping is an attractive option for meeting that increased demand for freight movement.

The federal government has an important role in promoting the expansion of the commercial waterways and making them a more integrated component of the nation's transportation system. Policy initiatives currently being considered by Congress could help address some of the logistical, operational and financial constraints of short sea shipping.

For example, several bills have been introduced in the House of Representatives and the Senate to repeal the Harbor Maintenance Tax on cargo that is shipped by sea between U.S. ports. The HMT is imposed upon cargo entering a port in the United States. If the cargo is then loaded into a rail car or onto a truck and shipped, it is not taxed again. However, if that same cargo is loaded onto another ship, then moved to another port, the HMT is charged again. Shippers pay the HMT so they are being taxed twice; once when their cargo reaches the United States, then again when it is moved to another port. This is an obvious disincentive limiting the use of our marine highway.

The HMT issue is one that the Committee on Transportation and Infrastructure examined in a hearing on October 29, 2008, which was convened to consider how investments in infrastructure can support economic recovery and job creation. Hearing witnesses delivered compelling testimony indicating that the HMT is a significant impediment to short sea shipping. At a February 2007 hearing, the Coast Guard and Maritime Transportation Subcommittee convened a hearing specifically on short sea

shipping. During that hearing, several witnesses discussed the significant disincentive that the HMT places on short sea shipping, particularly on the Great Lakes.

Additionally, the Energy Independence and Security Act of 2007 has helped to bring an integrated short sea transportation system closer to reality by including a number of provisions that I strongly supported. The Energy Independence Act requires the Secretary of Transportation to establish a short sea transportation program. The program would encourage the use of short sea transportation by expanding the number of U.S.-flagged vessels available for short sea trades, promoting shipper utilization of short sea services, supporting the development of port infrastructure, and supporting the development of marine transportation strategies by state and local governments. The legislation also authorizes ship owners to acquire and build vessels for the short sea trades with money accumulated in capital construction funds.

2) What are some of the barriers to making MH a reality on a larger scale?

One of the greatest challenges we face is informing the public that transportation of goods over America's marine highways is safe, creates less pollution than other modes of transportation, and is a potential source of new jobs and economic opportunities. For the short sea shipping sector to grow and be profitable, there must be a change of mindset. Shippers, who have long used rail and highways, need to begin thinking in terms of shipping their goods by water.

Capital investment in vessels and infrastructure is another hurdle preventing a more robust marine highway system. Building vessels and infrastructure to accommodate short sea shipping requires considerable capital investment. In the current economic environment, it is difficult for shipping start-ups, as well as established companies, to secure the financing they need to build ships. Traditional sources of lending are unwilling to provide capital to develop the infrastructure the system requires, and the market for short sea shipping has not yet developed.

3) Is MH a part of a National Transportation System?

Although the Marine Highway Program is an important component of the national transportation system, it is severely underutilized. In an effort to stress the importance of maritime transportation and make it more integrated into our comprehensive transportation system, Congress authorized funding in the American Recovery and Reinvestment Act of 2009 for capital investments in our surface transportation infrastructure, which includes America's marine highway. Under the Recovery Act, discretionary funding can be used for port infrastructure to make them more accessible and intermodal, and it also provides funding for ferry boat capital grants.

Expanding freight transportation by water will support the creation of jobs in U.S. shipyards and related parts suppliers and expand opportunities for U.S. mariners, as well as provide a clean, safe mode of transportation for our citizens and commerce. It makes good sense to use our national assets to the greatest extent possible.