

# Leaders of the Pack

*MarineNews is pleased again this year to showcase the thoughts and opinions of workboat industry luminaries and executives, including: Terry Becker, President, Riverway Co.; Larry Daily, President, Alter Barge Line, Inc.; Cherrie Felder, Vice President, Channel Shipyard Companies; William D. Friedman, Executive Director, Ports of Indiana; Berdon Lawrence, Chairman, Kirby and Peter H. Stephaich, Chairman of Campbell Transportation Company, Inc., and C&C Marine Maintenance, Inc.*

**Terry Becker**  
**President**  
**Riverway Co.**

For those who may not be familiar with Riverway Co., we are a "medium" sized barge line that operates approximately 500 barges and eight line haul towboats, moving dry bulk commodities primarily on the Mississippi River and Illinois Waterway. Our company has been in existence since 1937, so I think it's safe to say we've seen it all. I've learned, however, that each year brings new challenges. My experience in the industry, which spans over twenty years, includes grain embargoes, tax advantaged barge construction leading to overcapacity, a proposed \$1.00 per gallon tax increase, farm programs that have run the gamut from "Payment in Kind" to "Freedom to Farm." We have felt the effects of Asian Flu, Avian Flu, Mad Cow and Starlink. We've struggled with Pilots Agree,

and fought creative ideas coming out of OMB every now and then on how to use the Inland Waterways Trust Fund.

We've endured tornadoes, hurricanes, ice storms, ice gorges and had our business temporarily shut down due to floods only after a few years earlier learning how to operate in a river with no water. We've been threatened by birds, and fish and mussels and I guess I should feel relieved that as hard as we've looked, we haven't found MIC in any of our barges. Is it any wonder I feel older than I really am and my kids think I'm a bit "unbalanced?"

My point is this: We're still here! Ready to face whatever might be thrown our way. Our industry is resilient, resourceful, innovative, adaptive and now I feel more than ever, unified to confront the next turn of events. Our industry is the poster child in a business sense for the theory of evolution and survival of the fittest. And we stand at a very critical moment in time. We, as an industry, are more endangered than the least tern, piping plover or any subspecies of sturgeon.

We are not nearly as protected by Acts, or laws, or policies, and we certainly do not have a myriad of passionate, well funded, poorly informed groups of activists who support our cause. I have, however, over the course of 23 years become thoroughly convinced and enormously committed to the fact that the Inland Waterways Transportation Industry is vital to

this nation and its economy. Having said all that, let me share my responses to a couple questions that have been posed.

**MN:** What is the most pressing challenge your company faces today?

**Becker:** The answer is simply put, but recently illusive to attain, -- profitability, at least in any significant and consistent fashion. In the last few years Riverway Co. has seen its operating costs rise by nearly forty percent. This is not unique to our company, indeed any business operating on the Inland Waterway System is faced with the identical situation. The largest component of this cost increase is, of course, in the price of fuel. This year we are paying in the neighborhood of fifty cents more per gallon than we did in 1997. We burn approximately nine million gallons of fuel each year relating to an annual cost increase of 4.5 million dollars.

Certainly there are contracts with fuel escalators, but they are found more as an exception than the norm, and in the southbound grain market such compensatory vehicles simply do not exist due to the competitive nature of that business. Additionally, fuel prices have forced fleeting operators which shift barges to elevators, make and break tows, etc. to pass those costs along to their captive customers. Barge cleaning is more expensive due to EPA regulations. Labor costs are higher. The focus on safety has added costs



Larry Daily, President, Alter Barge Line, Inc.



Cherrie Felder, Vice President, Channel Shipyard Companies



Terry Becker, President, Riverway Co.

as well as complying with new security plans.

Don't misunderstand me, I think these are necessary and critically important and I am one hundred percent supportive and proud of the proactive initiatives our industry has undertaken to address these needs. They do, however, add costs, which at this point in time, we are forced to absorb.

There are, however, some fundamentally positive developments as it relates to supply and demand. First, because of the world demand for steel, driven predominately by China, the price we have been able to capture for scrapping barges has become very attractive and has allowed for an unprecedented number of barge retirements.

At the same time, also because of price and availability of steel, very few hopper barges are currently being built.

This will definitely tighten the supply side of the equation. Coincidentally, China's insatiable appetite for raw materials, which thankfully includes grain, provides a reason for optimism. You wouldn't think so today, however, looking at freight rates for southbound grain shipments. This is due to the fact that there is something new (there always is) for us to contend with which is the ocean freight differential between Gulf port and West Coast deliveries. At present, it is comparatively less expensive to move a bushel of grain to our Asian customers through the Pacific Northwest than it is from New Orleans. Markets historically have a way of adjusting themselves, and I am hopeful the phenomenon we are now experiencing will shift in the near future to more normal levels, allowing for strong export shipments from the Gulf and increased need for barges. The important fact is that there is strong world demand for grain, the best demand we've seen since the mid 1990s.

**MN:** What is the most pressing problem facing the industry today?

**Becker:** Without question, it is federal funding or the lack thereof. This is a two-pronged problem, with both prongs being equally important but which must be approached and dealt with individually. First, for more than a decade, the industry has been handcuffed with horribly inadequate funding for the Army Corps of Engineers Civil Works Program. While the Administration and Congress battle over budgets in the 4 to 4.5 billion dollar range, we must work to convince them that the Corps budget needs to be 5 to 5.5 billion dollars to maintain and operate a system that is aging and can no longer be ignored. It's a pay-me-now or pay-me-later scenario and the pay-me-now approach is justified and will be vastly less expensive than the pay-me-later or worst yet, pay me when it's too late, alternative. The second prong of the funding issue has to do with major rehabilitation and new construction on our Inland Waterway System. Last year, we were meeting with members of Congress explaining why the Administration budget proposal to use a portion of the Inland Waterway Trust Fund for O&M expenditures was bad policy and not the deal we have agreed to when the Trust Fund was originally established. This year, we are meeting with those same members of Congress as well as editorial boards from dozens of newspapers across the Country attempting to educate and enlighten them to the fact the Industry is not satisfied spending less than 100 million dollars from the Trust Fund each year, but rather is requesting 150 million dollars be drawn down from the Trust Fund each of the next ten years so that, when matched with the same amount of money from the General Treasury, we can attempt to catch up on the necessary infrastructure enhancements that this country needs

and has already been authorized by Congress to complete. My good friend, Gerry Brown, Chairman of the Inland Waterways User Board and President of Cargo Carriers, aptly describes the situation with this analogy -- "you can't continue to get milk from the cow without feeding it."

**MN:** What is the most important message that the Industry needs to convey?

**Becker:** I reiterate how important it is to be relentless in our message to Congress and the public regarding adequate funding and sensible appropriation levels for Corps projects.

My other focus, and that of so many in the industry, has been and will continue to be communicating the justification for new locks and lock extensions on the Upper Mississippi River and Illinois Waterway. We are now in the thirteenth year of a ten-year study the Army Corps of Engineers has been conducting to determine how best to bring this system into the 21st Century. The majority of these locks and dams were build in the 1930's and 1940's and have simply outlived their useful existence. Can you imagine what our surface transportation system would look like today if nothing had been improved for sixty years?

The study has been highly controversial and has been detoured and derailed many times. Our biggest critic and adversary has all along been the environmental community. They have done an amazing job of convincing people that by fighting for the environment they are fighting for the good of mankind. What a noble thought! I wouldn't even argue with that premise except for the fact, (which these groups seem to ignore) that every day six billion people wake up with real needs for food, energy, and materials. The challenge is to provide for these needs in ways that reduce as much as possible the negative impact to the environment. That is undeniably accomplished by utiliz-



**Peter H. Stephaich, Chairman of Campbell Transportation Company, Inc., and C&C Marine Maintenance, Inc.**



**Berdon Lawrence, Chairman, Kirby**



**William D. Friedman, Executive Director, Ports of Indiana**

ing water transportation. Any environmental scientists will tell you that pollution equates to energy spent. Barges are by far the most fuel efficient mode of transportation capable of moving 514 ton miles per gallon versus 202 ton miles by rail and 59 ton miles by truck, while at the same time, dramatically reducing emissions of hydrocarbons, carbon monoxide, and nitrous oxide. The problem is many environmentalists are anti-science. Unfounded opinion is accepted over demonstrated fact. They shudder knowing that each fifteen barge tow waiting at a lock equates to 870 semi-trailer trucks spewing nastiness into the air, not to speak of creating safety problems, noise pollution and causing congestion on our cities freeways and nations highways. We need to modernize this system to remain competitive in the world market. This is especially important to the producers in my home state because they are the furthest away from their customer. If they do not have access to export markets, they simply will not survive, nor will the Midwestern towns and economies they support. But many of these environmental groups are anti-trade. The original "one planet" vision they created has been lost in the hysterical campaign against globalization and free trade. I think it's pretty simple though: without lock modernization, we will be losing jobs and handing them over to South American farmers.

By building seven new locks, we not only save these jobs but also create 48 million man-hours of construction work. Environmentalists perceive that new locks benefit only barge companies and agribusiness giants. Tell that to any Midwestern farmer or West Virginian miner and they might not agree. Environmentalists don't seem to value the reality that this system provides for hydroelectric power, municipal drinking water and an abundance of recreational opportunities. I contend that the real beneficiaries of a modernized lock system are every person who wakes up, turns on a light, has something to eat and drives a car. My guess is that includes every member of Isaak Walton, Sierra Club, or even American Rivers. The good news is that on April 20, 2004, General Flowers announced that he would be recommending to the Senate Appropriations Committee support for funding pre-construction, engineering and design work for seven new locks on the Upper Mississippi River and Illinois Waterway.

Although our work is far from done, by continuing to spread our message and working in conjunction with Waterways Council, Inc., as well as AWO, Marc 2000, and National Waterways Alliance, perhaps this publication will be able to ask industry representatives sometime in the near future not only what their biggest challenges are, but also what they consider to be the most significant accomplishments.

## **Larry Daily, President Alter Barge Line, Inc.**

**MN:** What is the most important message about the industry that needs to be conveyed to the media and policymakers?

**Daily:** What I think is most overlooked about our industry is the national importance and significance of the inland and coastal waterways. Everyone benefits from the efficiency and economics of water transportation. This may seem hard to understand to someone in Arizona, but it is true. The ability for consumers in Oklahoma, Texas and California to have lower costs of bulk materials because they have direct access to barge transportation allows them to produce goods and market services at a lower cost. The ability to bring in raw materials by barge to their ports and terminals takes them out of direct competition for those same raw materials that land locked areas have to truck or rail. An example would be cement that is barged into south Texas or western California can serve markets in those states and cement produced in New Mexico or Arizona does not have demands placed on it that would drive the prices upward. Another example would be salt produced in Kansas can be distributed in western Iowa, Nebraska and Kansas cheaper because we barge salt from Louisiana up the river to Missouri, Illinois and eastern Iowa.

Everyone benefits from the national treasure that is our waterways system, whether it is from lower priced steel to make washing machines or lower cost plastics that go into automobile manufacturing.

The economics of our ability to move the raw materials by water into regional economic areas is part of what makes the finished products the American consumer is most familiar with in their personal lives more affordable. Since many of the materials for building our highway system move by barge and the raw components for making steel that is turned into railroad track are barged also, then everyone in America benefits from the most efficient, economical and environmentally friendly mode of transportation.

**MN:** If you could have the federal government change one policy, what would it be?

**Daily:** I would try to make policy makers realize that



it is a much better bargain to build the projects in a timely and cost efficient manner and at significantly reduced costs than to delay them. Waterway projects take years to plan and construct, but the benefits also last for many years. When we delay a project by not providing the Corps of Engineers with enough money for "full and efficient" activity at a construction site, we raise the cost of the project and lose the benefits that the finished project will provide. I am convinced that funds spent to maintain and improve our waterway infrastructure yield a very high benefit-to-cost ratio that will have a positive impact upon this Nation's economy for decades and generations to come. The United States' ability to compete and grow in the global economy is contingent upon our ability to efficiently transport raw goods, commodities, and finished products throughout the U.S. and for export. We have the best, most efficient waterways system in the world. To let the system deteriorate or to not make the improvements that we know will be refunded to Americans in economic benefits is at best unwise and short sighted. The federal government must raise the amount it spends for maintenance on the system and start to spend the appropriate amounts out of the Inland Waterways Trust Fund in order to get projects completed on time and on budget.

**MN:** What are some of the bottlenecks that exist on the system?

**Daily:** There are two structural bottlenecks that could be catastrophic and one procedural bottleneck that affects the entire system. The failure to push for completion of the Olmsted Locks and Dam on the Ohio River has the potential to be devastating if we have low water and the "temporary" Lock 52 fails to function properly. Locks 52 and 53 were built with the plan that they would be replaced within 10 to 15 years by a more permanent structure such as Olmsted. Lock 52 was built when the Beatles were still recording together and is now 35 years old. If we lose the navigation channel on the lower Ohio because of a failure of one of these locks, it will cost the nation billions of dollars in economic impact. The other prime location is at Lock 27 on the Mississippi River at St. Louis. This lock handles more cargo than any other facility on the system and many people in our industry think of this as one of our "newer locks". It is hard to remember that this lock was built in 1953 which means it predates the first Elvis recording. This lock controls all the tonnage into and out of the Illinois River, the Upper Mississippi River and the Missouri River. Serious fatigue damage to the lift gates and other parts of the facility have been identified by the Corps and need to be remedied before we lose this vital link in the inland waterway system. The third bottleneck I would like to comment on is the procedure that is currently hamstringing the ability of our

nation to maintain and improve our waterway system. The current process of bringing a project to completion that takes ten, twenty or in some cases fifty years is entirely out of control. We must find leadership in Congress and the Administration that will use their leadership and foresight to champion these vital projects thru to completion. It took strong leadership and great vision to produce the current system that began over 70 years ago. The investments that were made back then have repaid this country many times over and will continue to provide low cost, environmentally sustainable transportation to America. These investments were not made without some risk and the investments we are looking to make in the future will not be without some level of risk. There is no way to make absolute predictions about future trade levels or the amounts of corps grown around the world. What we can say though is that water transportation will continue to be the best way to ship bulk cargo whenever it is available between two destinations. No other mode can provide the safety, efficiency or economics of marine freight for the American consumer. We must find ways to improve the process of identifying important projects and providing money, expertise and leadership to bring them to completion in reasonable timeframes. No longer can we afford to take 14 years to study a project because we expect absolute accuracy in predictions of what the world will be like 50 years from now. It wasn't realistic in 1934 and it is not realistic in 2004.

**Cherrie Felder**  
**Vice President**  
**Channel Shipyard**

**MN:** What is the most pressing challenge you feel is facing the inland waterways industry today?

**Felder:** Actually, three things come immediately to mind. A major challenge for a number of shipyards is the issue of



the Jones Act product tanker fleet. Despite the fact that current capacity and demand are at an equilibrium, and despite the forced retirement of the majority, 16 ships, of the current U.S.-flag product tanker fleet under OPA 90 over the next five years, operators are not booking new-build tonnage. There are a variety of factors that seem to be impacting the situation, but the implications of failing to replace this tonnage are

real: lost shipbuilding opportunities and lost shipyard jobs, fewer crewing jobs on fewer ships, greater dependence on foreign petroleum products, further erosion of the deepwater Jones Act fleet, and the jeopardy of our national security. The challenge is to forge a vested group of interests - shipyards, operators, unions, and government officials - to creatively solve this problem and encourage the rebuilding of the deepwater Jones Act fleet.

Secondly, it is critical that the commercial maritime industry find some constructive way to work with the various environmental groups actively working to close our inland waterways to commercial navigation. Increasingly, we are seeing more and more of the funds appropriated for authorized waterways projects being shifted by the Corps of Engineers into environmental mitigation and away from construction and major rehabilitation. I do believe our industry is a good environmental steward. Many of us enjoy hunting, fishing, camping and other outdoor activities. We want our families to enjoy the same quality of life that our counterparts in the Sierra Club or American Rivers insist upon. I think we share environmental consciousness as part of our mission statements, and in order to be successful in maintaining a viable system of waterways for navigation, flood control, recreation, water supplies and hydropower production, it is incumbent upon all of us to find a way to work together. Lastly, and most significantly, our homeland security has been irrevocably challenged. The Maritime Security Act of 2002 mandated that we no longer take for granted the relative ease with which we move about our ports and waterways. We can no longer be nonchalant in our attitudes that "it won't happen here". Each individual, company and government authority has a responsibility to a new vigilance. However, there is a significant cost to regain "peace of mind." Ports and maritime companies have already incurred and will continue to incur substantial costs to meet the security improvements required by the Marine Safety Act. Legislation has already been introduced to provide a new tax on the maritime industry to pay for Federal port security programs. Several ports are considering the idea of security user fees for vessels transiting their ports. Letters have already been sent by many maritime companies advising their customers that security surcharges will be added to invoices to cover the cost of security programs. As we struggle to comply with new Coast Guard regulations to implement vessel, facility and area security plans, our greatest challenge will be to do so without compromising our abilities to invest in new equipment, personnel and infrastructure.

**MN:** What are some of the emerging trends in the industry?

**Felder:** While still in its infancy in the United States,

the interest in short sea shipping for containers on barge and coastal container ships seems to be increasing. As an alternative mode of transportation, it utilizes inland and coastal waterways to facilitate the shipment of goods to our North American trading partners, coastal communities and along the inland waterway system.

In doing so, it eases road congestion, mitigates pollution, and creates jobs, among other benefits. An additional value realized by companies moving products by container-on-barge are the real savings of lower transportation costs.

Due to highway weight restrictions, containers on trucks can only be filled to 80% capacity, whereas containers on barges can be filled to capacity. Fewer containers translate to lower transportation costs. Half of all cargo is moved on inland waterways in Europe. In North America that number is only 10%. MARAD has formed a Short Sea Shipping Cooperative Program to support programs that advance Short Sea Shipping. I have to think that there will be growing interest as these programs are fully developed.

The focus by the towing industry on safety has certainly been trending in the right direction. In recent years, due to a number of pro-active industry initiatives, led by the American Waterways Operators, the number of tank barge oil spills has been reduced by 87%, and the numbers of crew fatalities and vessel casualties have also been significantly lowered. With industry support, the U.S. Coast Guard is currently seeking Congressional approval to change an 80-year-old policy to establish a towing vessel inspection program for the entire industry. By employing a modern safety management system, there will undoubtedly be new requirements in the areas of vessel operating procedures, crew endurance management, equipment standards and worker safety. But if the result is to reduce accidents and save lives, it will be worth the price.

**MN:** What is the most important message about the industry that needs to be conveyed to the media and policymakers?

**Felder:** As a colleague of mine enjoys reminding me, no great voyage of discovery happened in order to find out what was there - it was always about developing commercial trade routes. Even in warfare, as the military historian John Keegan pointed out, Admiral Nelson's fleet at the Battle of Trafalgar was able to transport six times as many guns, of much heavier caliber, than Napoleon's Army of the North in 1815, and at one-fifth of the logistic cost and at five times the speed.

In short, a principal value of our waterway highways is the ability to economically and efficiently convey large volumes of bulk commodities over long dis-

tances with minimal disruption to the environment. Presently, the attitudes, investments and plans for the development of inland waterways in countries in Europe, South America and Asia are vastly different than here in the United States. Recognizing the potential of waterways to accommodate growing transportation demand, relieve highway congestion and provide environmental and safety benefits, many countries are providing a system of incentives to encourage companies to utilize inland waterways. For reasons political, the budget of the Corps of Engineers is slashed yearly, authorized projects do not receive full and efficient funding, and there is continuous pressure to increase user fees. The most important message our industry must convey is that the waterways infrastructure is a critical component of our nation's intermodal transportation network and vital to America's economy, environment and quality of life. It is imperative that Congress appropriate the necessary resources to maintain and improve this essential but crumbling infrastructure, so that the United States will be able to accommodate growing transportation demand, relieve congestion on our highways and in our communities, provide environmental, safety and national security benefits and continue to compete in a changing international market. At the same time, and for similar economic, environmental, safety and homeland security reasons, every effort must be made to block any changes or waivers to, and to close detrimental loopholes in, the Jones Act, the foundation of our domestic maritime industry.

**William D. Friedman**  
**Executive Director**  
**Ports of Indiana**

**MN:** What is the most pressing challenge you feel is facing the inland waterways industry today?

**Friedman:** The most pressing challenge currently facing the inland waterways industry is to locate the funding necessary for lock and dam modernization as well as implementation of new security enhancements required by Coast Guard regulations. It is imperative that the federal government provides adequate funding and accelerates the completion of crucial lock and dam projects.



**MN:** What are some emerging trends in the industry?

**Friedman:** Container traffic on barges is an emerging trend for the waterways industry. There is opportunity to significantly grow the waterways system by securing different cargoes - such as containers - that are not currently being handling in great volume. Because of the nation's ever-increasing demand for imports, the inland waterways system should explore this market to grow its business and help relieve the nation's rail and highway congestion. The development of and investment in better interchange equipment between waterborne traffic and the other shipping modes will greatly increase the viability of waterborne shipping. The waterways industry needs to try and duplicate the successes experienced by the truck and rail industries in investing in intermodal interchange improvements to increase their overall business.

**MN:** What is the most important message about the industry?

**Friedman:** The most important message we should convey to the media and policymakers is the overall impact that our waterways have on the people of this country, and that water is the most efficient, safest and environmentally friendly mode of transportation available today.

**Berdon Lawrence,**  
**Chairman, Kirby**

**MN:** If you could have the federal government change just one policy, what would it be?

**Lawrence:** The policy I would change is the way ports and waterways are funded. The difficulty in changing this policy lies in the fact that it is not really a policy, but more of a hodge-podge set of rules and traditions that reflect the lack of a thoughtful policy.

The Corps of Engineers maintains navigable waterways in the United States. Congress appropriates the funds to maintain and improve these waterways, with some of the funds coming from the Inland Waterways Trust Fund and the Harbor Maintenance Trust Fund. Two years before the funds are actually appropriated, the Office of Management and Budget (OMB) issues a set of rules listing what the Corps Districts can and what they cannot include in their budget.

One of the particularly onerous and unfair OMB rules states that if shipments on a particular segment of waterway do not generate more than a billion ton miles a year, no maintenance funds can be budgeted for that particular waterway, regardless of the value to the community and the nation of the facilities located on that waterway, or how many ton miles that traffic generates on the rest of the system.

For example for a barge load of petrochemicals originating from one of the petrochemical plants on Chocolate Bayou near Houston, the only ton miles that can be counted to meet this billion ton threshold, are those generated on the 13 miles from the petrochemical facilities to where Chocolate Bayou joins the Gulf Intracoastal Waterway. One barge load of petrochemicals moving from Chocolate Bayou to Pittsburgh, Pennsylvania generates over 2.8 million ton miles but under the current OMB rule, only 18,200 ton miles are allowed in determining whether or not Chocolate Bayou is to be maintained as a navigable channel. This unwise and unfair rule causes the industry to have to go to Congress and get funds added to the Corp's budget for many of these short but vital segments of the Inland Waterways System.

There are hundreds of facilities supporting thousands of jobs that are affected by this unwise rule. Over the next eighteen months after the Corps receives the OMB rules for the next fiscal year, the Corps develops its budget under these very restrictive rules. For example recently the prior year's budgets have controlled the amounts that can be budgeted, regardless of the amounts actually expended. The budget moves up the Corps hierarchy and is "passed back" and forth between the Corps and OMB in a very formal process with more rules about what can and cannot be done. All this is done "in secret" and stakeholders in water transportation are not allowed to know what is happening.

Finally, the Administration's budget is released just after the Presidents State of the Union address in January, eight months before the budget is supposed to be final. Budget and Appropriations Committees in both the House and Senate begin working on Corps funding shortly after the State of the Union address and about half the time, the budget is passed in time for the new fiscal year that begins on October 1. The problem with this policy or process is that the most efficient, environmentally friendly form of surface transportation has not been adequately funded in recent years. With an aging and expanding portfolio of projects to maintain, operations and maintenance funding for the inland waterways navigation system has remained virtually flat in constant dollars for the last 20 years.

Many budgeting decisions are made by people in the administration who have little or no understanding of the value of water transportation. When the budget gets to our elected officials in Congress, many of whom do understand its value, any funds added to waterway funding must be taken away from some other project. When there are



very costly, very high profile issues like the War on Terror or prescription drug funding, finding these off-sets is extremely difficult. Three years ago recognizing the lack of understanding about the value of water transportation, the industry formed an organization, now known as the Waterways Council to more effectively tell our very positive story.

America's Waterways:

"Help keep our U.S. industries competitive in a global market protecting U.S. jobs

"Help reduce highway congestion

"Are environmentally superior

"Save fuel

"Facilitate exports

"Are a critical energy supply line for electric utilities

"Have substantial additional capacity in our existing waterways

Our nation needs a transportation policy that recognizes the value of our ports and inland waterways navigation system. The Waterways Council is a broad-based coalition of shippers, carriers, ports, state agencies and waterway service organizations whose mission is to advocate for a modern, well-maintained national system of ports and waterways' infrastructure and to tell the positive story of America's ports and waterways. In addition to newspapers and magazines, such as Marine News, The Waterways Council is constantly pointing out the value of moving freight via our nation's waterways to our elected leaders in Washington D. C. Although we have had considerable success telling our story, particularly in the Congress, it is a never ending process as new representatives are elected and committee leadership changes. Every shipper and waterway user should join the Waterways Council and support the telling of the very positive story of water transportation. When our story is told and understood - - it is accepted.

**Peter H. Stephaich, Chairman  
Campbell Transportation Co., Inc.,  
and C&C Marine Maintenance, Inc.**

**MN:** What is the most

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**Stephaich:**

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structure. Although my long-term outlook for inland waterborne commerce in the United States is positive, I believe the short-term future - over the next one to five years - is quite troublesome; I would even say alarming. The political environment for much-needed funding of new construction and major rehabilitation projects of locks and dams is becoming more and more difficult. Federal budgetary pressures continue to increase on all appropriations for the U. S. Army Corps of Engineers (USACE), while at the same time; the USACE is redefining its mission and spending ever-increasing amounts of money on non-navigation projects.

Some parts of the inland waterways infrastructure are over 100 years old. If these "weakest links" become inoperable, parts of the system could shut down and the consequences for our economy would be devastating. The key is to maintain the entire infrastructure as a system to avoid serious problems, and we are struggling to make that happen.

To keep things in perspective, however, we must remember that even though the river transportation industry is critical to the overall economy, it is relatively small.

As a result, our industry is near the bottom of the government's transportation shopping list. Our entire industry has total annual revenues of approximately \$3 billion, which represents about the same volume as a medium size public corporation on the New York Stock Exchange. The railroads and the trucking industry on one side and the environmental groups on the other dwarf our industry when it comes to resources and political influence. While the fundamental advantages of waterborne transportation are strong and clearly evident - both economic and environmental - we face a constant uphill struggle to get our messages across.

Our daily activities typically do not directly impact the average U.S. citizen, and therefore it is very difficult to achieve awareness and build support for our issues among the general public. We are vitally important, but virtually invisible.

**MN:** What do you feel is the future of waterborne commerce?

**Stephaich:** My long-term outlook over the next 20 to 50 years for inland waterborne commerce in the United States is bullish. I say this assuming that Congress finds a way to make the strategic investments in our navigation infrastructure that are required to keep American goods and services competitive on the world market.

Because of the inherent advantages of waterborne commerce, I hope and expect that over the next 10 to 20 years, government leaders and the environmental community will come to understand that moving large volumes of cargo on the waterways is actually

the best available alternative for our economy and for protecting the environment. This is what has happened in Europe and as a result of this understanding and support, the European waterways have benefited and grown tremendously in recent years. A 25-year time horizon in our business is not really that far off. New marine equipment that we are building and buying today will still be operational in 20 to 30 years, and a lock and dam project now takes 15 to 20+ years to complete (for example, the Lower Mon, Olmstead, and Inner Harbor projects). New markets for river transportation also take decades to develop. Factors such as container-on-barge movements, the steady increase in demand for electric energy, the construction of new coal burning power plants, development of clean-coal technology, development of electric and hybrid vehicles for the general public, and steadily increasing congestion in interstate highway truck traffic. All of these long-term drivers should have a very positive impact on our industry.

**MN:** What is the most important message about the industry that needs to be conveyed to the media and policymakers?

**Stephaich:** The most important message we need to get across to our policy makers, and to environmental groups, is that waterborne transportation deserves to be nurtured and protected with appropriate, ongoing investment in infrastructure because it plays a critically important role in our nation's economy. We must find ways to effectively communicate the economic, environmental and social value of our waterways system to policy makers through the media.

Our industry should develop strategies and tactics to educate the public, the media and public officials about the important role our system plays in our daily lives.

The U.S. DOT estimates that freight volume in this country will double over the next 20 years. As this happens, impeding or limiting waterborne transportation by allowing the infrastructure to further deteriorate would have severe consequences on our economy and the environment as well.

If our nation has to rely even more on railroads and trucks to move the vast quantities of products and commodities that are now transported on the waterways, there will be unbelievable congestion on our highways and railways with tremendous environmental impact.

We need to help the environmental groups understand the facts about our transportation mode in the broad, national context and win their support for our industry as a key, environmentally friendly component of the transportation mix. If we can win the support of environmental groups, the dynamics of dealing with policy makers will change and they will become more sympathetic to our cause and our need for funding.