LOCKING UP EXPORTS

Outdated Lock and Dam System on Upper Mississippi is in Dire Straits

by Kelly Mescher

Barges hauling U.S. corn and soybeans down the Upper Mississippi River must move through approximately 25 old and outdated locks and dams before reaching the lower Mississippi River and Gulf of Mexico.

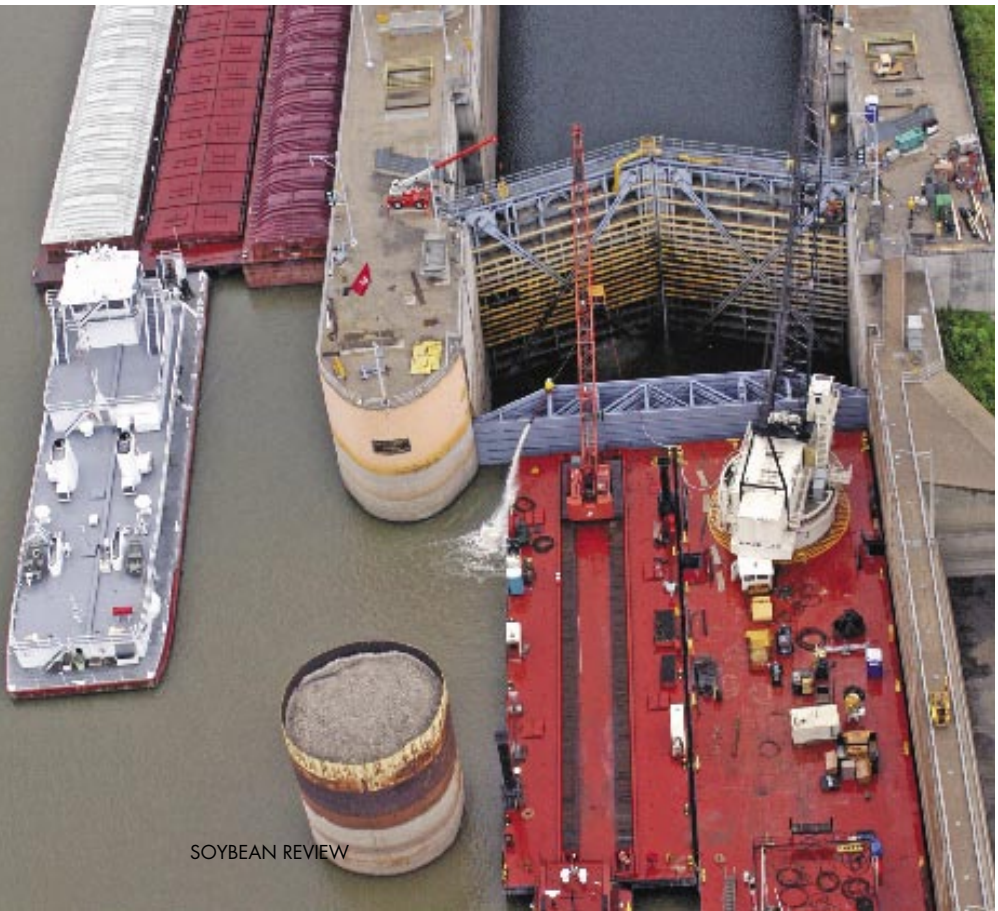
Mark Palmer, Washington representative for the American Soybean Association (ASA), says the locks and dams were "New Deal projects," started during the Roosevelt Administration. They're in desperate need of repair.

"They're terrible," says Paul Rohde, president of the Midwest Area River Coalition (MARC) 2000, an organization promoting a safe and environmentally sound Upper Mississippi and Illinois River System. "They're 80 years old. They've been under-funded for several decades, and we're seeing results of that. We have an alarming increase in lock unavailability because of rehabilitation that they need to undergo. There's an even more alarming incidence of unscheduled lock closures because of rehab work that was not funded."

Those unscheduled closures are a result of the quickly deteriorating locks and dams, which more and more frequently require Band-Aids to temporarily patch up the problem.

"It's just like a car," Rohde continues. "If you don't give a car an oil change, it can only go so far. Eventually, you're going to run into some major transmission problems with that car by not doing preventative maintenance."

But the locks and dams are well past the point of preventative maintenance, Rohde adds.



SOYBEAN REVIEW

"[They're] not effective. And the more you use these locks, the more crumbled they become, and more worn they become," Palmer says.

And that means an increased delay in transports, says Larry Daly, president of Alter Barge Line, Inc., a tow, barge and transport company based in Bettendorf, Iowa.

Most vessels north of St. Louis are towing approximately 15 barges, Daly says. But as a result of the small 600-ft. locks and chambers, the line of barges must be broken in half into sets of seven or eight. That means a pass through one lock and chamber takes approximately three hours. And when you consider the fact that there are 25 separate locks and dams – time adds up. Boats will sometimes sit in line for hours waiting to make the pass.

"Last August we had an emergency closure just north of St. Louis," Rohde says. "And you had over 60 barge tows waiting to get through, both up-bound and down-bound. And it took weeks to get that traffic locked through because of the enormity of it. And that was a 1,200 foot chamber…"

The Upper Mississippi Waterway Association, agricultural organizations and state leaders are proposing the construction of 1,200 foot locks and chambers at all sites. The lock and dam imposed delays have cost this country in many ways.

"It raises our costs of doing business," Daly says. "And then just because of the time involved in such a capital intensive business, it also decreases our efficiency… It takes more barges to move the product the same distance."

"Each hour with a boat and 15 barges is probably worth about $400. An extra hour and a half – that's an extra $600 at every lock that it costs me," Daly says.

Checkoff Dollar Support

Market Solutions LLC has conducted a number of checkoff-funded transportation research projects for the United Soybean Board and state soybean groups. Mark Newman, president of Market Solutions LLC, says many producers don't seem to understand the critical importance of fast and efficient locks and dams and other transportation infrastructure.

"I think the main thing is that producers seem to have a hard time dealing with transportation issues," Newman says. "If you've got a tree fallen on the road between the farm and the elevator, you can see that you've got a problem with transportation. People think once it's delivered to the elevator, you don't have to worry about it. But there's so much that can happen after it's delivered to the elevator that impacts the farm prices and competition in the world market. The transportation is much more important than producers often give it credit for. You're dealing with these really big issues that cost millions and millions of dollars."

But it doesn't stop there – it impacts farmers' profits as well.

"I think it costs particularly soybean farmers a lot of their market share," Daly says. "Because the transportation system was the big thing they had as an advantage over South American producers."

Daly's right – it does cost farmers. According to an Evan's Study conducted at Northwestern University, $562 million will be lost in farm income per year by 2020. This is the result of a combination of reduced exports and lower prices due to the outdated locks and dams. The cost of transportation will increase by approximately 17 cents per bushel, and the trade deficit widened by $245 million. Soybean exports will decrease by 10 million bushels per year by 2020, at a projected price of $6.60 per bushel, Rohde says.

And it has a trickle-down effect. Rohde says the outdated locks and dams have resulted in lost local tax receipts and lost jobs due to the reduction in disposable income. According to the study, 5,000 jobs will be lost in non-farming states from an increase in food prices and over 9,000 jobs lost as a result of higher consumer prices, smaller budget surplus and a reduction in the GDP.

But it's not just shipping companies and politicians aware of the negative effects of our nation's decrepit locks and dams. Soybean's heavy-hitters Brazil and Argentina have noticed – and they're taking steps to capitalize.

According to ASA, Argentina has invested over $650 million to improve their transportation system; Brazil is attempting to take steps to reduce their soybean shipping costs by 75 percent.

"The disturbing thing is that other countries realize that our lower transportation costs have given us such an edge and they are really starting to invest in their own waterway infrastructure," says Ken Wells, southern region vice president for the American Waterways Operators. "While they are investing, we're sitting on our hands arguing over whether we need to modernize a system that is now archaic and out of date. To our mind, that is like giving these countries the market" (ASA, Soybean Trade Expansion Program).

Rohde agrees – we've been spending too much time studying – not enough time acting. "It's the classic case of paralysis by analysis."

And it's affecting U.S. farmers' ability to compete in a global marketplace.

"If you lose the market share, the farmer loses money," Kent Pehler, vice president of the Upper Mississippi Waters Association and vice president of Brennan Marine in LaCrosse, Wisc., told the *LaCrosse Tribune* in 2003. "That has a ripple effect through the communities, the counties, the state and the Midwest."

There are some opponents of the new locks and dams, though. They say it will cause negative environmental impacts, such as reduced wildlife and an increase in barge traffic.

But supporters argue that it will actually be favorable for the environment.

"Bottom line – for every barge tow we would have to take off the river, we would be forced to put 870 trucks on our road," Rohde says. "Tell me how that's environmentally friendly."

On a set amount of fuel, a barge can move one ton of cargo 500 miles. On that same amount of fuel, a rail car can move a ton of cargo only 200 miles, and a truck can go 60 miles (ASA).

Also environmentally unfriendly – towboats and barges burn thousands of gallons of fuel every year just waiting to pass through the locks and dams.

So what's being done to solve the problem?

Lobbyists for many agriculture organizations, the Upper Mississippi Waterway Association and MARC are working hard to promote the economic and environmental benefits of the water transportation in the upper Midwest. Governors from Illinois, Iowa, Minnesota, Missouri and Wisconsin submitted a letter of support to Congress.

The Water Resource Development Act, which includes the reconstruction of the locks and dams, will go before Congress this summer. If authorized, half of the multi-billion dollar reconstruction project will be paid for by the Inland Waterway Trust Fund. The Inland Waterway Trust Fund money comes from a fuel tax, created to ensure waterway infrastructure improvements.

The other half would come from tax dollars. For more information, visit www.marc2000.org or www.umwa.us.