



National Grain and Feed
Association



North American Export
Grain Association

1250 Eye Street, N.W., Suite 1003, Washington, D.C., 20005-3922
NGFA: (202) 289-0873 NAEGA: (202) 682-4030

For Release
IMMEDIATE (April 15, 2004)

NGFA, NAEGA Commend Senate Committee for Approving Major Inland Waterways Construction Bill

WASHINGTON – The nation’s two leading grain industry organizations today commended the Senate Environment and Public Works Committee for approving a major bill (S. 728) that would authorize long-overdue construction and renovation of the nation’s inland waterways system.

The bill, spearheaded by Sen. Christopher Bond, R-Mo., chairman of the committee’s Subcommittee on Transportation and Infrastructure, was approved by the committee by a voice vote on April 13. It includes provisions that would authorize \$2.475 billion in federal funds for the construction of seven new locks and related ecosystem restoration on the Upper Mississippi and Illinois River System.

“This is an extremely important, although long overdue, development and is essential to providing the transportation infrastructure needed for the future competitiveness of U.S. agriculture,” said NGFA President Kendell W. Keith.

NAEGA President Gary C. Martin said, “The world market continues to become more competitive as other agricultural exporting nations begin to close the ‘infrastructure gap’ while the United States lets its inland waterways transportation system fall into disrepair.

“It is imperative that Congress reverse this trend by enacting this legislation this year,” Keith and Martin said. “Once begun, construction is expected to take up to 20 years to complete. We commend Sen. Bond and the bill’s other cosponsors for their leadership in achieving this first important step, and we urge the introduction of a comparable bill in the House as soon as possible. The time for action is now!”

The NGFA, established in 1896, consists of about 900 member companies from all sectors of the commercial grain, feed, integrator, processing and exporting business that operate about 5,000 facilities and handle more than two-thirds of all U.S. grains and oilseeds. NAEGA, established in 1912, is comprised of private and publicly owned companies and farmer-owned cooperatives that ship virtually all U.S. bulk grains and oilseed exports. The NGFA and NAEGA are co-located and have a joint operating and services agreement.

Among other things, the bill specifically would authorize \$1.795 billion in federal funds, starting retroactively to fiscal year 2005, for the construction of seven new 1,200-foot locks at locks 20, 21, 22, 24 and 25 on the Upper Mississippi River, as well as at LaGrange Lock and Peoria Lock on the Illinois Waterway. An additional \$235 million in federal funds would be authorized to construct mooring facilities at locks 12, 14, 18, 20, 22, 24 and LaGrange, as well as for providing switchboats at locks 20 through 25 to expedite barge movements. The federal funding would be matched with funds from the Inland Waterways Trust Fund, which consists of barge fuel tax revenues generated from barge companies and shippers.

The bill’s 16 cosponsors are: Sens. James Inhofe, R-Okla., David Vitter, R-La., John Warner, R-Va., George Voinovich, R-Ohio, Johnny Isakson, R-Ga., John Thune, R-S.D., Lisa Murkowski, R-Alaska, Barack Obama, D-Ill., Mary Landrieu, D-La., Charles Grassley, R-Iowa, Tom Harkin, D-Iowa, James Talent, R-Mo., John Cornyn, R-Texas, Thad Cochran, R-Miss., Pete Domenici, R-N.M., and Norm Coleman, R-Minn.

The NGFA and NAEGA noted that one-third of U.S. agricultural production is exported, and 60 percent of those exports – including more than 2.5 billion bushels of corn and soybeans – transit the Upper Mississippi-Illinois River system each year. Barges also transport significant quantities of fertilizer and other agricultural farm input supplies to grain-growing regions. Shippers and farmers dependent upon rail also will benefit from improvements to the river system’s locks, the NGFA and NAEGA said, since rail rates tend to be more cost-competitive within several hundred miles of navigable river systems.

But most of the nation’s locks and dams, particularly those on the vital Upper Mississippi and Illinois River Systems, were built in the 1930s and 1940s and are obsolete because they are too short to handle modern barge tows, which require 1,200-foot locks (versus the existing 600-foot locks). The barge industry has estimated that the direct cost to carriers attributable to congestion resulting from the deterioration of locks and dams exceeds \$125 million annually. This cost does not include the economic impact on barge shippers that find it necessary to rearrange shipping schedules or use alternate, higher-cost transportation modes.

The NGFA and NAEGA said failure to modernize the river system ultimately will be reflected in lower prices paid to producers, since such costs cannot be passed on to international customers that have access to many competing suppliers.

The Senate legislation would implement the preferred construction alternative identified by the U.S. Army Corps of Engineers after a nearly 12-year, \$70 million study. The bill also includes what the NGFA and NAEGA called “common-sense reforms” to the process used by the U.S. Army Corps of Engineers to evaluate the viability, as well as the costs and benefits, of waterway and port renovation projects.

The NGFA and NAEGA also said the legislation keeps faith with commercial users of the river system that have paid more than \$400 million in 20-cent-per-gallon barge fuel taxes into the Inland Waterways Trust Fund since the 1980s to finance half the

cost of the new locks. While commercial users operating on the Upper Mississippi and Illinois River system have paid more than 40 percent of the money earmarked for the fund, they have received less than 15 percent of the benefits through investments in infrastructure improvements.

The NGFA and NAEGA also emphasized the environmental benefits of barge transportation. Towboats emit up to 60 percent fewer pollutants than trucks or trains. Further, a typical barge holds more than 30 times the quantity of grain of single rail hopper car and 125 times more than a semi-trailer truck, thus helping to manage traffic congestion.

The NGFA's membership encompasses all sectors of the industry, including country, terminal and export elevators; feed manufacturers; cash grain and feed merchants; end users of grain and grain products, including processors, flour millers, and livestock and poultry integrators; commodity futures brokers and commission merchants; and allied industries. The NGFA also consists of 35 affiliated state and regional grain and feed associations, as well as two international affiliated associations. The NGFA also has established strategic alliances with the Pet Food Institute and the Grain Elevator and Processing Society.

NAEGA's mission is to promote and sustain the development of commercial export of grain and oilseed trade from the United States. It acts to accomplish this mission from its office in Washington D.C., and in markets throughout the world.