



National Grain and Feed  
Association



North American Export  
Grain Association

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## **Grain Industry Urges Congressional Action Now on Inland Waterways Construction, Renovation**

WASHINGTON – The nation’s two major grain industry organizations have urged Congress to act now to designate as a top priority the construction of new locks and dams on the Upper Mississippi and Illinois River Systems.

The National Grain and Feed Association (NGFA) and the North American Export Grain Association (NAEGA) urged the Senate to take such action during consideration of the water resources development bill, on which the Senate Environment and Public Works Committee is scheduled to complete action before Congress starts its Memorial Day recess in May.

“The time for action is now!” the NGFA and NAEGA said in a joint letter, noting that such investment is essential if U.S. agriculture is to compete in world markets. Even if authorized immediately, the NGFA and NAEGA said, it would take up to 20 years to complete the locks-and-dam renovation projects. The two groups said that congestion-related delays on the Upper Mississippi and Illinois Rivers are costing U.S. industry \$100 million per year, and that failure to include the project in the current version of the water resources development bill would delay such action until 2006 or later. Approximately 25 percent of U.S. grain production is exported each year, with more than 60 percent of those exports traversing the Mississippi River.

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The NGFA and NAEGA said that U.S. agricultural export growth could “substantially improve” over the next decade given reasonable progress in liberalizing agricultural trade as part of the Doha Round of the World Trade Organization, as well as other initiatives to open international markets. While noting there can be significant variations in agricultural export volumes from one year to the next, the NGFA and NAEGA stressed that the United States requires a transportation infrastructure capable of handling the peaks in export volumes so that products can be moved to market quickly when demand surges occur.

“That is how we maintain our reputation as a reliable supplier to global markets, as well as take advantage of export opportunities when they arise,” the NGFA and NAEGA said. The two organizations noted that international agricultural competitors, particularly those in South America, are making rapid infrastructure improvements to reduce their transportation costs.

The NGFA and NAEGA also said that barge users on the Upper Mississippi and Illinois River System have not received their fair share of investments in the inland waterways system. Under a 1986 law, barge and tow operators currently pay 20 cents per gallon in fuel taxes into the Inland Waterways Trust Fund to finance up to 50 percent of the cost of major construction and renovation projects, with the remainder to be derived from tax revenues. But the Upper Mississippi and Illinois River System has received only 15 percent of the benefits while contributing more than 40 percent of the fuel taxes.

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. Those locks also are too short to handle modern barge tows, which require 1,200-foot locks (versus the existing 600-foot locks).

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The U.S. Army Corps of Engineers is scheduled by Nov. 1 to complete what has become a 12-year, \$70 million study on the feasibility of renovating the locks and dams on the Upper Mississippi and Illinois River System. The option favored by the NGFA and NAEGA would include new locks and dams at 20, 21, 22, 24 and 25 on the Upper Mississippi River, and at LaGrange and Peoria on the Illinois River. In addition, the most ambitious of the navigation plans calls for extending the locks at Locks 14-18, the stationing of switch boats at Locks 11-13, and the installation of moorings at Locks 12, 14, 18 and 24.

Largely because the Corps of Engineers' study had not developed specific recommendations at the time, the House did not designate the Upper Mississippi and Illinois River System as a priority when it approved its version of the water resources development bill last year. That makes it even more important that the Upper Mississippi and Illinois River System designation be included in the Senate version; doing so would enable it to be considered for inclusion in a final bill that eventually emerges when the House and Senate meet to reconcile their respective versions of the bill.

The NGFA and NAEGA said investment in the inland waterways system also pays dividends for non-barge shippers by making rail rates more cost-competitive and reducing congestion on the U.S. highway system. "While the grain marketing and handling industry no doubt would bear a portion of higher costs if improvements to the inland waterways system are delayed, the vast majority of the costs will be borne by agricultural producers," the NGFA and NAEGA said. "Increased costs cannot be passed on to our international customers that have access to so many competing suppliers."

Barge shipping also has environmental benefits, the groups said, with towboats emitting up to 60 percent fewer pollutants than trucks or trains. It would take another 870 trucks to transport the same quantity of grain as a barge tow, the groups said.

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“As the most environmentally friendly mode of transportation, a modern inland waterways system is critical to the management of higher commercial volumes across all industries that will come with U.S. economic and population growth,” they concluded.

The NGFA, established in 1896, consists of 1,000 grain, feed, processing, exporting and other grain-related companies that operate about 5,000 facilities that handle more than two-thirds of all U.S. grains and oilseeds. 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.

NAEGA, established in 1912, is a not-for-profit trade association comprised of 35 private and publicly owned companies and farmer-owned cooperatives involved in and providing services to the bulk grain and oilseed exporting industry. NAEGA member companies ship practically all of the bulk grains and oilseeds exported each year from the United States.