STATEMENT OF
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BEFORE THE
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION
U.S. HOUSE OF REPRESENTATIVES

HEARING ON "SHORT SEA SHIPPING: REBUILDING AMERICA'S MARITIME INDUSTRY"

June 19, 2019

Good afternoon, Chairman Maloney, Ranking Member Gibbs and members of the Subcommittee. I appreciate the opportunity to testify today on the Maritime Administration's (MARAD) efforts to foster, promote and develop short sea shipping in the United States through the America's Marine Highway Program (AMHP).

The Marine Highway System consists of our Nation's navigable waterways including rivers, bays, channels, the Great Lakes, the Saint Lawrence Seaway System, coastal, and certain open-ocean routes. These navigable waterways touch 38 states plus the District of Columbia and Puerto Rico. The purpose of the AMHP is to further incorporate these waterways into the overall U.S. transportation system, especially where marine transportation services are the most efficient, effective, and sustainable transportation option.

Congress established the AMHP through the Energy Independence and Security Act of 2007, P.L. 110-140. Recognizing the potential in the program, in following years Congress expanded and modified the program. The Coast Guard and Maritime Transportation Act of 2012, P.L. 112-213, expanded the program to include efforts to increase the utilization and efficiency of domestic freight and passenger transportation on Marine Highway Routes between U.S. ports. The National Defense Authorization Act of Fiscal Year 2016, P.L. 114-92, broadened the definition of short sea shipping to include more kinds of cargo and cargo or freight vehicles carried aboard commuter ferry boats.

Purposes of the America's Marine Highway Program

The AMHP is intended to, among other things, reduce travel delays caused by congestion, cut greenhouse gas emissions, conserve energy, improve safety, and reduce landside infrastructure costs. Marine transport of goods offers a safe and efficient option for shippers as reflected in the tables below:[1]

[1] Tables created from data in, *A Modal Comparison of Domestic Freight Transportation Effects on the General Public*, Texas Transportation Institute, Center for Ports and Waterways, as amended (2017): http://nationalwaterwaysfoundation.org/documents/Final TTI Report 2001-2014 Approved.pdf

Emissions	
Mode	Tons of GHG/ Million Ton-Miles
Barge	**15.6**
Railroads	21.2
Truck	154.1

Safety	
Mode	Ratio of Fatalities/ Million Ton-Miles
Barge	**1**
Railroads	21.9
Truck	79.3

Fuel Efficiency	
Mode	Ton-Miles/ Gallon
Barge	**647**
Railroads	477
Truck	145

Congestion on our surface transportation system significantly impacts our economic prosperity and quality of life. One study estimates that in 2014 congestion cost America's urban commuters an estimated $160 billion in wasted time and fuel; trucks account for $28 billion of this cost.[2] Overall, the volume of imports and exports transported by our freight system is expected to more than double over the next 30 years. This will have implications for ports, which handle approximately 70 percent of America's international trade by volume.[3] Most of this additional cargo will ultimately move along our surface transportation corridors, many of which are currently at or beyond capacity.

Expanding existing or establishing new marine highway services on commercially navigable waterways is a cost-effective way to meet our freight transportation needs and relieve landside congestion.

The AMHP consists of three elements: Route designation, project designation, and grants.

Marine Highway Routes

Marine Highway Routes are commercially navigable coastal, inland, and intracoastal waters of the United States as designated by the Secretary. This includes connections between U.S. ports and Canadian ports on the Great Lakes-Saint Lawrence Seaway System, and non-contiguous U.S. ports. Marine Highway Routes are a component of the Nation's surface transportation system. Public entities may apply to MARAD at any time to request that the Secretary of Transportation designate (i.e., establish) a Marine Highway Route. To be eligible for designation, at a minimum a route must relieve landside congestion along coastal corridors or promote short sea transportation, as well as meet AMHP objectives described in regulations.[4] As of this month, DOT has designated 25 Marine Highway Routes comprising a significant portion of our navigable waterways.[5] The Marine Highway Routes are numbered akin to the interstate highways that they generally parallel. The latest route to be designated, the M-H1, are the waters in and around Hawaii.

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[2] *2015 Urban Mobility Scorecard,* Texas A&M Transportation Institute and INRIX (2015), 2015 Urban Mobility Scorecard.
[3] *BTS Freight Facts and Figures 2016,* Figure 2-9, BTS Freight Facts and Figures 2016.
[4] 46 CFR 393.2
[5] See attachment 1.

Marine Highway Projects

Marine Highway Projects are planned or contemplated new services, or expansions of existing services, on designated Marine Highway Routes, that seek to provide new modal choices to shippers, reduce transportation costs, and/or provide public benefits, which include reduced air emissions, reduced road maintenance costs, and improved safety and resiliency impacts. These projects represent concepts for new, or expansion of existing, marine highway services that have the potential to offer public benefits and long-term sustainability without long-term Federal support. The desired outcome is that designated projects will help start new businesses or expand existing ones to move more freight or passengers along America's navigable coastal, inland, and intra-coastal waters. The AMHP publicizes a semi-annual "Call for Projects." In response, applicants propose projects and the Secretary of Transportation may designate qualified projects as "Marine Highway Projects."

Marine Highway Grants

Competitive grants form the third component of the AMHP. Only Marine Highway Projects designated by the Secretary are eligible to apply for Marine Highway Grants. Grantees may use the funds to develop and expand the availability of documented vessels and port and landside infrastructure. Only projects the Secretary designates are eligible to apply for Marine Highway Grants. Either the grant applicant, or private entities with endorsement by the applicant, are eligible to apply for grant funding. There are currently 25 designated projects.[6]

To date, DOT has awarded $24 million in Marine Highway Grants supporting six new and two existing marine highway services. In two instances, we funded vessel construction. In another case, interest from users on the inland waterways spurred Taylor Manufacturing of Louisville, MS, to engineer a "negative drop" reach-stacker used to load containers into river hopper barges; that equipment had previously only been available from foreign sources.

The AMHP is clearly having an impact. Metrics we gather to measure that impact include the number of truck road miles that have been eliminated. Using Federal Highway Administration formulas, MARAD estimates the public benefits of funded projects in dollars. In FY 2016 AMHP grant-funded services moved 35,215 twenty-foot equivalent units (TEUs) by water saving approximately $1.5 million in road maintenance and congestion costs. These savings were from the M-64 Express Marine Highway Service, running between Hampton Roads and Richmond, Virginia, the only grant funded marine highway service operating in the United States at that time. That number has continued to increase. In FY 2017 savings calculations were an estimated $3.6 million and increased to more than $4.9 million in FY 2018. This positive momentum is a result of additional new services being added: the Baton Rouge to New Orleans Service and the New York Cross Harbor Service. While the numbers may be small relative to the initial grant, the equipment will operate for decades in most cases, and the reductions in infrastructure damage, emissions, and fatalities will be felt for years.

Actions that could expand the America's Marine Highway Program's reach

We manage the AMHP with an eye toward innovation and constant improvement. To that end, we are considering specific ways MARAD can maximize the program's effects. First, we are

[6] See attachment 2.

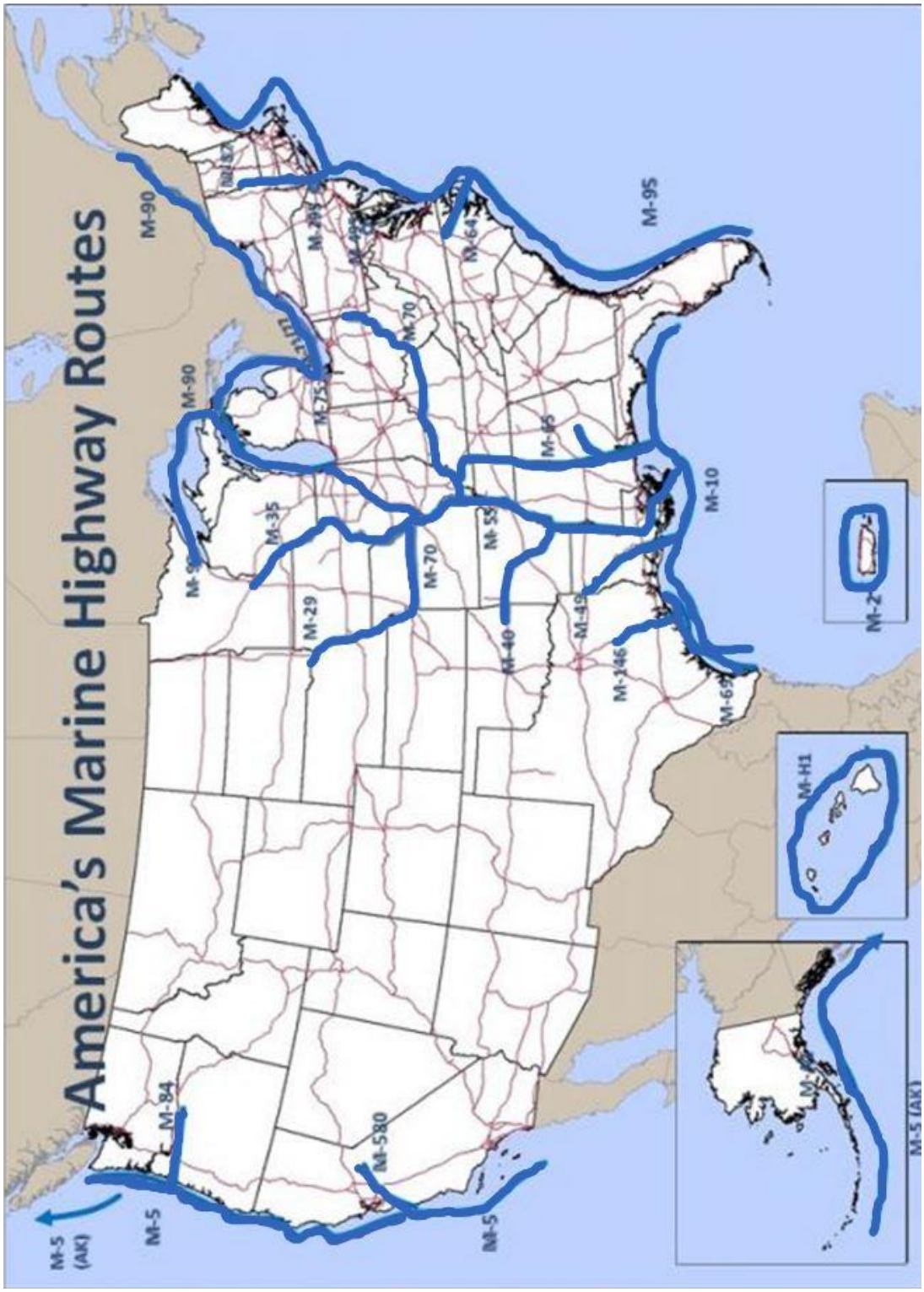
exploring opportunities with other Federal entities to transport federally-owned or generated cargo using a short sea transportation project when practical or available. We are also exploring partnerships with the EPA's Ports Initiative and Smart Way Programs, and other such programs, to tout the efficiencies and environmental benefits of utilizing the Marine Highway System. Finally, MARAD has been proactive in engaging with local and regional officials, and private entrepreneurs, in analyzing specific logistical challenges where a waterborne solution may offer the best and most sustainable approach.

CONCLUSION

We are proud of the effect that the AMHP has had and are excited about the momentum it is building in the interest of national security, economic success, and the lives of the American people, but we are not done. We will continue to support innovation through the AMHP.

Mr. Chairman, thank you for the opportunity to discuss the AMHP and MARAD's efforts to expand short sea shipping opportunities. I appreciate the Subcommittee's continuing support for maritime programs and I look forward to working with you on advancing maritime transportation in the United States. I will be happy to respond to any questions you and the members of the Subcommittee may have.

ATTACHMENT 1



ATTACHMENT 2

List of Designated Marine Highway Projects

Project Name	Date Established	Marine Highway
New England Marine Highway Expansion Project	2010	M-95
James River Container Expansion Project	2010	M-64
Trans-Hudson Freight Connector Project	2010	M-95
Tenn-Tom Freight Project	2010	M-65
Detroit/Wayne County Ferry Project	2010	M-75
Gulf Atlantic Marine Highway Project	2010	M-95 & M-10
Cross Gulf Container Expansion Project	2010	M-10
Cross Sound Enhancement Project	2010	M-95
M-55/M-35 Container on Barge Project	2015	M-55 & M-35
Potomac River Commuter Ferry Project	2015	M-495
New York Harbor Container and Trailer-on-Barge Service	2015	M-95
Baton Rouge-New Orleans Shuttle	2016	M-55
Paducah/McCracken County Container on Barge Marine Highway Project.	2016	M-70
Illinois Intrastate Shuttle	2016	M-55
Lake Erie Shuttle Service on the M-90	2016	M-90
Great Lakes Shuttle Service	2017	M-90
Mid-Atlantic Barge Service	2017	M-95
Container on Barge & Heavy-Lift Corridor Service at Freeport TX	2017	M-69
Philadelphia-Canaveral Direct Service	2017	M-95
Port of Davisville/Brooklyn/Newark Container on Barge Service	2018	M-95
Harbor Harvest Long Island Sound Project	2018	M-95
Container on Barge Service on the M-70 and M-35	2018	M-70 & M-35
South Carolina Ports Authority Container on Barge Service	2018	M-95
Port of Everett Container on Barge Service	2018	M-84
Chambers County Container on Barge Expansion Service	2018	M-69