



The Most Important Infrastructure Project in the United States: Dredging The Mississippi River Ship Channel

Over the last decade, there has been considerable dialogue about repairing America's aging infrastructure. The discussion has been mostly about bridges and highways, but perhaps the single most important infrastructure project in the United States is dredging the Mississippi River Ship Channel, which serves the Port of South Louisiana, the largest port by tonnage in the Western Hemisphere. The Port of South Louisiana connects 31 states to the Gulf of Mexico and exports vast quantities of American made agricultural products like wheat and corn, petrochemicals and other goods across the globe.

Dredging is critical because annual high river levels and floods deposit tremendous amounts of silt in the Ship Channel. Also, the newly expanded locks on the Panama Canal now support the movement of the larger neo-Panamax ships. The use of these ships will continue to grow as market trends in the world fleet attempt to maximize the cost-saving benefits of larger vessels through reduced transportation costs. If the Port of South Louisiana cannot accommodate neo-Panamax vessels, future cargoes will seek deeper U.S. ports. The inability to maintain and deepen the Mississippi River channel will have a negative impact on American farmers and put them at a competitive disadvantage, creating economic strain throughout much of the nation.

IMPORTANT FACTS

- Dredging the Mississippi River Ship Channel to 50 feet is critical. This would allow cargo ships with a draft of up to 50 feet, as opposed to today's maximum channel authorization of 45 feet.
- Why is it so critical to get to 50 feet, as opposed to 45 feet? Because every foot of draft on a Panamax or neo-Panamax vessels equates to an average of a \$1 million in cargo value. Less draft means lost revenues and fewer exports. The nearly 4,000 ships a year that pass through the Port of South Louisiana would be unable to export and import billions of dollars' worth of cargo.
- Sixty percent of all grain exported from the U.S. is shipped via the Mississippi River from the Lower Mississippi River Deep-Draft Ports Complex, comprised of the ports of South Louisiana, Baton Rouge, New Orleans, St. Bernard and Plaquemines.
- The value of the agricultural products and the large agribusiness industry in the Mississippi River Basin equals 92 percent of the nation's agricultural exports and 78 percent of the world's exports in feed grains and soybeans.
- Over 500 million tons of vital commodities including coal, fertilizer, cement, gravel and salt -- building blocks of the world's economy -- are transported on the Mississippi River.

*The draft of a ship is the vertical distance between the waterline and the bottom of the hull (keel) and determines the minimum depth of water a ship can safely navigate.



WHAT NEEDS TO BE DONE: FIX THE HMT

- The Harbor Maintenance Tax (HMT) is a 0.125 percent ad valorem-based tax paid on imports entering the country. It's designed to tax imports in order to fund channel maintenance around the United States. Currently, about half of the \$1.8 billion taken in by the HMT every year is not being used for harbor maintenance. Rather, it is being used to pay down the national debt or fund projects unrelated to channel or harbor maintenance.
- If HMT funds were fully dedicated to improving and maintaining American ports -- which is why the HMT was created in the first place -- the United States Army Corps of Engineers (USACE) has confirmed it would be able to fully maintain authorized channel depth on all the nation's deep-draft harbors.
- Since 2003, HMT collections have far exceeded the amounts appropriated for harbor maintenance, resulting in a large and growing surplus in the fund. It is estimated that by the beginning of 2017, the surplus of collections over expenditures will grow to over \$9 billion.
- The U.S. must also raise the USACE's annual budget through increased appropriations from the HMT. Recently, a Corps of Engineers study showed that our nation's 59 busiest deep-draft harbors had fully authorized channel depths only 35 percent of the time.
- The deepening of the Mississippi River Ship Channel offers a unique opportunity to rebuild wetlands in the environmentally sensitive habitat along the Mississippi River's "Bird's Foot Delta." The material removed from the channel in the immediate area will be used to create approximately 5,000 new acres of Louisiana.
- The Big River Coalition, with the support of the Port of South Louisiana, commissioned a study in 2013 by Dr. Timothy Ryan to justify the economic benefits of deepening the Ship Channel. The study determined the deepening of the Ship Channel to 50 feet would create 16,991 jobs as a result of increases in production and \$849.5 million in increased income for American workers. The Chamber of Commerce of the United States of America reports that Louisiana waterways and ports support 281,590 jobs and directly contribute \$47.7 billion to the state's economy.

ABOUT THE PORT OF SOUTH LOUISIANA

The Port of South Louisiana is the largest port in the Western Hemisphere by tonnage, having handled over 292.7 million tons in 2015. It stretches 54 miles along the Mississippi River between New Orleans and Baton Rouge. There are 64 major industries located within the port's jurisdiction, including seven grain terminals, four major gasoline refineries, seven major oil storage terminals and 11 petrochemical manufacturing facilities. The port is also the largest grain exporting port in the U.S., (exporting grain to 90 different countries), a major energy transfer port and the largest foreign trade zone in the U.S. with \$75 billion in cargo.