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WASHINGTON — The U.S. Maritime Administration's latest push to promote coastal and inland waterway container services comes despite signs that such efforts are either a long shot or destined to fail.

Last week, the Port of Stockton, California, announced it would end its weekly container-on-barge service to and from the Port of Oakland on Sept. 1 because it only attracted half of the volume it was hoping for. The service — one of three regular U.S. container services via inland waterways — will still operate on an as-needed basis, said Richard Aschieris, Stockton's port director.

While critics argue the demise of the regular service proves so-called marine highways can't be competitive with surface modes such as trucking, the Maritime Administration said the service

showed “that moving freight by water can benefit area businesses, alleviate highway congestion and improve air quality.”

In fact, Marad is calling for project applications that would expand on existing inland waterway container services or launch new services.

The agency is also taking applications for help in starting what would be the only regular U.S. coastal container shipping service, or short-sea service. There isn't any funding appropriated to the program, but Marad hopes to tap the Transportation Investment Generating Economic Recovery (TIGER) program again in addition to other federal programs. The agency can also offer guidance to those looking to expand on or launch a service.

Marad has tried for years to create a network of marine highways with little success, said J. Stanley Payne, a principal at Summit Strategic Partners, a management and transportation consulting firm.

Such a service that would link U.S. ports requires U.S.-built ships, a stipulation of a key U.S. maritime law known as the Jones Act, a high cost for shipowners. That and operating the vessels with higher-cost American crews, also stipulated by the Jones Act, have generally outweighed benefits, such as avoiding highway and terminal gate congestion. A scarcity of viable entrepreneurs and a lack of credible market data also hobbles marine highway services, according to a Marad-funded study released in April.

“The bottom line is that there has to be an overriding reason to change the way freight moves in this country — short-sea shipping, after all the studies, hasn't provided one,” said Payne, who has held leadership positions at the Virginia Port Authority and the Canaveral Port Authority.

The limited number of inland waterway container services and lack of any regular coastal shipping service speaks to the limitations of marine highways in the U.S., critics argue. There is regular container-on-barge service between Richmond, Virginia, and the Port of Hampton Roads, and between Chambers County, Texas, and the Port of Houston. Another container-on-barge service between Mobile and northeast Mississippi is slated to begin soon, Marad said.

The agency isn't deterred by the criticism or the end of regular Stockton-Oakland service, which it aided via a \$13.5 million grant for equipment.

The European Union's Ministry of Transport told Marad it had helped 10 coastal container services before achieving its first success, said Lauren Brand, direct of the office of marine highways and passenger services.

“This is not something that happens overnight. It has to happen with strategy, it has to happen deliberately, and it has to happen with a lot of partnerships and collaboration between public and private agencies,” Brand said. “We feel confident we are moving in the right direction.”

She said changes in the freight industry and the economy support the viability of marine highways — increased highway congestion, and growing public and business interest in reducing harmful emissions. Brand admits that it could be a decade before the U.S. gains a coastal container shipping network, but she argues the pieces need to be put in place before that can happen.

Launching a new service with no proved demand is challenging, and that's why Marad requires potential operators to undertake extensive business and marketing studies before throwing the agency would support a project, Brand said.

Since September 2010, Marad has awarded \$6.3 million for infrastructure and equipment through its Marine Highway Grant program, and funded \$700,000 for corridor studies. The agency in recent years has also spent \$150,000 to help the state of Maine design what would be the first U.S. containerized articulated tug barge for service between the Pine Tree State and other New England states.

The American Waterways Operators, a tugboat, towboat and barge association, received a \$100,000 Marad grant for economic impact research. U.S. ports, including Manatee, Florida, and Catoosa, Oklahoma, have received \$101.7 million for marine highway development since 2009 through the TIGER program. Marad doesn't support the direct operating costs of projects.

Not enough study of the feasibility of the Stockton-Oakland was done, Jock O'Connell, international trade adviser at Beacon Economics, a Los Angeles-based research and consulting firm, contends. He pointed to how the port was undertaking a study to identify potential customers after the service had been launched.

"It's just amazing to the amount how little (the service) was thought through," O'Connell said.

Although the service wasn't cost competitive with trucking, Aschieris thinks it could have lasted if other state and federal agencies had helped prop it up for four to five years until shippers were confident it was going to last and shifted more freight as a result.

Considering California's environmental fervor, state agencies might choose to subsidize some of the services since the Port of Stockton's two barges were able to reduce the need of 25,000 truckloads in less-than-a-year of operation, Aschieris said. That saved trucks from pumping out roughly 6,000 tons of pollutants, he said.

The recent Marad-funded study did highlight three potential West Coast routes with the best chances of supporting a short-sea service. But the core cargo identified for such services is limited: "international cargoes that are bulky and heavy, are not time-sensitive, and will load in 20-, 40- or 45-foot container assets," according to the study titled, "West Coast Marine Highway Market Analysis Project."

Not only is U.S. coastal shipping not feasible without subsidies, but a relaxation of the requirement that vessels are built in the U.S. wouldn't tip the scales either, said Asaf Ashar, a port consultant and research professor with the National Ports & Waterways Initiative at the University of New Orleans.

Even if the Jones Act rule were relaxed and crew were "lightly unionized" to allow fewer members, both highly unlikely, U.S. coastal shipping still wouldn't be viable economically, according to Ashar's study of three U.S. coastal services that were on the verge of being implemented but never were.

Ashar said his study didn't look at the national defense implication of having a coastal service, an argument used by marine highway proponents.

Coastal shipping works in Europe largely because of the continent's geography, he said. There are less straight shorelines in Europe than there are in the U.S., making it sensible to ferry goods between Italy and Spain, and between France and Italy. Containerized service and the volume handled by European rail pales in comparison to the U.S., making short-sea shipping more competitive. U.S. cargo flows, which are generally east-west, hinder coastal shipping, which often runs north-south, he added.

Whether for good or bad, attempts to build U.S. marine highways aren't likely to end — even after scores of studies and few successes. And, even if the economics don't work now, major shippers don't appear ready to rule out domestic container shipping. Wal-Mart uses the Houston feeder service to replenish its 4 million-square-foot center in Chambers County.

The world's largest retailer, along with Home Depot, is also part of a working group considering container-on-barge services on the Mississippi River and other rivers, said Colin Wellenkamp, director of the Northeast-Midwest Institute's Mississippi River Cities and Town Initiative. The group, which includes 63 mayors from 10 states and Ingram Barge Co., plans to apply for a project designation via Marad's marine highways initiative by December. They likely won't be only the ones to jump in on the application process that runs through September 2016.

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