Opening Statement – Mark Yonge, Managing Member

Maritime Transport & Logistics Advisors, LLC (Maritime Advisors)

To: U.S. House of Representatives - Committee on Transportation & Infrastructure

Roundtable Discussion on Short Sea Transport – Options & Roadblocks
Washington, D.C. – June 18, 2008

Our Great Lakes, Coastal, river and inland waterways systems provide an extensive, viable, ready to use, environmentally friendly surface transportation capacity/marine highways system. The EU refers to theirs as "Free Roads – Clean Air".

U.S. inland and intracoastal waterways today provide 12,000 miles of Americas Marine Highways alone but our Great Lakes, river and coastal marine highways today are significantly underutilized for intermodal transportation. Why?

From our perspective there are three major barriers.

Barrier No. 1: Harbor Maintenance Tax (HMT)

The HMT is major disincentive to the use of Great Lakes and domestic marine highways. There a number of bills in the House and Senate today to waive the HMT for Great Lakes and coastal domestic intermodal shipping. Prompt passage could result in new services from carriers that have existing equipment almost immediately. We encourage you to urge your colleagues to move this legislation through immediately.

Barrier No.2: Lack of Private Sector funding for new marine highway vessels and related marine highway infrastructure such as port, terminals & shipyards.

In testimony to the Armed Services Sub-committee, March 15, 2007, H. Clayton Cook, Counsel for Seward & Kessel and an affiliate of our group pointed out that private sector financing is not readily available to build new Great Lakes & coastal marine highway vessels. New intermodal marine highway services must essentially start up new services on a "build it and they will come" basis – a risk factor that private funding institutions will not take without some sort of guarantee.

MARAD's Title XI loan guarantee program has been used in the financing of essentially all of the ocean-going container and ro/ro vessels that have been placed in U.S. domestic commercial service since the passage of the Merchant Marine Act of 1970. There were years when the program regularly returned a modest profit to the U.S. government. Properly funded and managed again, it could fulfill critical needs for the financing of vessels that are now needed for our America's Marine Highways.

For example - Using FHWA estimates, the median cost to build one (1) lane mile of new interstate highway is $39.1 million. Each lane mile in a Title XI Loan Guarantee could facilitate $391-$782 Million in loans from the financial sector to build new Marine Highways vessels and/or related infrastructure.

We recommend a Seven (7) year authorized & funded Marine Highway's "Start Up Services" Title XI program with monies adequate to provide guarantee authority sufficient to meet current and projected U.S. National transportation and National security needs for new coastal marine highway vessel construction and closely related objectives such as vessel dry docks, shipyard modernization, terminals and dockage facilities essential to the development of Great Lakes and Coastal Marine Highways.

Barrier No. 3: New short sea shipping technology, developing seamless multi-modal integration/connections & reluctance of shippers/logistics providers to commit to using new marine highways.

The European Union is now on their second Short Sea Shipping stimulus Marco Polo II Program which has a goal to shift 140 billion ton-kilometers of freight a year from road to non-road modes. This amount is equivalent to 7 million truck moves traveling 1000 km. The initial budget is €450 Million for 2007-2013. In terms of environmental damage avoided and reduction in accidents, lower energy consumption and less infrastructure damage – the benefits are forecasted to be €5 billion. The EU Commission estimates for every €1 spent, a social and environmental benefit of €6 or more is gained

Last year the European Union commissioned a new project named MOSES (Motorways of the Sea European Style).

A very important aspect of the MOSES project is that it is carried out from a consortium of 41 partners from 15 countries with their activities covering the entire spectrum of SSS Supply Chains including shipping transport companies, ports and terminals, universities and research centers, industrial partners, software development companies, consulting companies, and associations. It is a three year research project of over €14 million Euros total budget co-funded by the European Commission DG Transport and Energy.

The MOSES Project targets a significant increase in the market share of Short Sea Shipping and Intermodal Transport, by developing a blue print for an innovative network

We recommend a similar project be funded and commissioned ASAP utilizing a consortium of our National Academies Transportation Research Board (TRB), Center for the Commercial deployment of Transportation Technologies (CCDoTT), National Shipbuilding Research Program (NSRP), and targeted industry stakeholders for example, in a combined collaborative co-modality project effort.

Transportation capacity and congestion are a reality and we are quickly approaching what one railroad executive recently forecasted "chaos in the supply chain". We are most fortunate to have naturally occurring marine highway's waiting to be utilized. The U.S. Government has taken steps in the past to initiate and incentivize new domestic highway and rail capacity. We now face the challenge that expanding existing highways and rails to meet projected transportation needs in the near and long term future are limited, if not inadequate to sustain our nations economic growth. America's Marine Highways provides a new alternative to help solve that challenge.

I'll leave you with this Food for Thought - there are no traffic jams at sea.

Respectfully submitted

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Attachments: Appendix A – FHWA Cost to add Interstate & Status of Highway Trust Fund Charts

Appendix A
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Slide 1

(PowerPoint Presentation dated 8/27/2007 - Tony Furst
Director, Freight Management and Operations FHWA)

Cost to Add Interstate

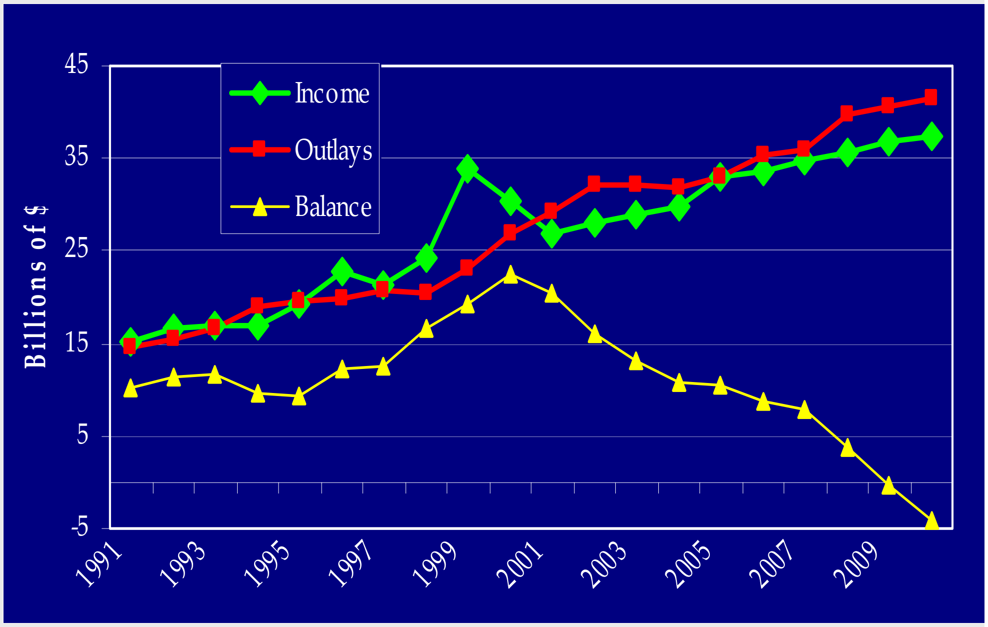
- I-395 $17.1M per lane mile
- I-90 $18M per lane mile
- I-81 $18.7M per lane mile
- I-495 $45M per lane mile
- I-710 $60.1M per lane mile

Evaluating the Economic Feasibility of Truck-Only Facilities.

Wilbur Smith Associates March, 2007

Slide 2

Status of the Highway Trust Fund



(PowerPoint Presentation dated 8/27/2007 - Tony Furst
Director, Freight Management and Operations FHWA)