

Introduction of Technical Program, Day One

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Ladies and Gentleman...To open our discussion, I need to introduce myself. In doing so, I will try to be as modest as I possibly can. My name is Anatoly Hochstein. I'm Director of the National Ports and Waterways Institute, University of New Orleans. I have been a PIANC member as long as I can remember.

I believe that the subject we brought to your attention is the most appropriate for a celebration of the U.S. section Centennial Existence. The subject of our sessions reflects both a role and evolution of PIANC.

The role of PIANC is to bring together professionals from different countries and different maritime systems and from professional exchange generate practical recommendations. That's exactly what we intend to do today. It is also an indicator of evolution, how PIANC has progressed in its functions. Originally, it was created as a purely engineering association, mostly addressing designs of maritime facilities. Today, however, we are about to discuss policies, strategies. This manifests recognition that even the best design cannot be effective if our policies are not right.

We have a unique opportunity today to compare notes with our European friends, and we're very grateful to them for having come all the way to Vicksburg to have this discussion. And again, it is an indicator of how important this type of exchange is on both sides of the Atlantic Ocean.

I have always been fascinated by similarities and differences between American and European waterway systems. In terms of physical parameters here in the United States, we are quite ahead. Our waterway dimensions, length and density of traffic are all higher than in Europe. In terms of diversification of functions, however, the European system presents better examples.

Here we are able to move huge tows, with the capacity of 60,000 tons and very low costs. Costs of inland water transportation in the United States are about five times lower than in Europe. At the same time our system is very homogenous, limited to tows moving primarily bulk cargoes and nothing much more. In Europe, however, the fleet is divided more or less 50/50 between self propelled and barges. European waterways are integrated into intermodal activities much more so than here in the United States. Waterways are one of the major venues for moving containers. In Europe, Coastal or short sea shipping by volume is second only to highways, being responsible for about 44 percent of total freight.

In our case, the share of coastal shipping is very limited and in recent years is on decline. Inland waterways systems, both in Europe and in the USA however, are not very successful in gaining market share, at least in the last decade. As we compare our waterway systems, I think that it would be difficult to avoid a syndrome of "the grass is always greener in the neighbor's backyard". We're all here, members of PIANC and therefore, obviously patriots of water transportation. We all wish water transportation would flourish. We all feel discomfort if we see that some of our policies and strategies do not provide a fair recognition of the benefits provided by water transportation. The question is about the degree of such recognition in the US and in Western Europe.

For instance, in preparation for this session, we had an interesting discussion with one of our panelists. She said that user charges in Europe negatively affect the market for water transportation. It is painful, I fully agree. And I'm sure that she's absolutely correct. However, in relative terms what we do see, in Europe, major waterways are free of any user charges. There is a nominal user charge for usage of man-made canals, specifically for lockages, which collect roughly one, maybe two percent of total expenditures of inland waterways in Western Europe.

In the US, as you well know, we collect at least 20 percent of total costs of capital improvements and maintenance of waterways. So, it's painful to both sides, but as you can see, the degree of this pain might be completely different.

Since the beginning of the 90s as far as I know, the European Union began to issue so called White Papers. The document is issued by the highest authority in Western Europe, the European Commission. The document defines directions and policies for transportation development, including water transportation. The latest version of the White Paper was issued in September 2000. It is a continuation and elaboration of the document issued in the 90's. These documents, the original and the latest, very clearly state that priority needs to be given to environmentally advantageous transportation modes such as, rail inland waterways and coastal (short sea) shipping.

The rail is mentioned because rail is not in such good shape in Western Europe in comparison with the United States. A freight distribution here in the United States, between roads and rail is much more balanced than in Europe. What is remarkable in the above statement that it directly gives priority to one mode, water, relative to others.

Moreover, this document even goes further, stating that without regulated competition — that is a term quoted “regulated competition” – we cannot expect that a sufficient balance between modes of transportation can be achieved. We do not have a document like this. Just searching for some type of similarity, I can mention Marine Transportation System, MTS. However, it's kind of a different initiative. While the White Paper does not hesitate to attach priorities to transportation modes; MTS' objective is basically the coordination of different agencies, which are involved in water transportation; and to establish dialogue between private industry and the public.

Here, in the USA, we're very hesitant to announce priority of one mode of transportation over another. It is for some reasons considered to be totally unacceptable in the United States. Further, White paper defines about 60 different measures to promote the stated policy of balancing competition in overall transportation. Many of these measures are directed to water; inland waterways and coastal shipping.

One of the major drivers for defining priority of water transportation in Europe is the perceived environmental advantage. In accordance with the study published by the E.U., highway traffic is responsible for about 96 percent of so called social costs. Social costs include air pollution, energy usage, safety of operations, congestion, noise and so forth. Two percent attributed to rail, and only 0.5 percent to water transportation.

I don't know if similar nationwide evaluations exist in the United States, but I am sure that our

numbers would come very close to the same type of indicators. In fact, if not on a national level then on some more local level, we at the Institute have tried to make this evaluation. We came to the conclusion that, if we take into account the social and environmental costs, then some water transportation projects, we chose as examples, would have twice as high the net benefits. So, environmental costs are quite substantial. In full realization of this phenomenon, it is my understanding that in Western Europe there is a debate going on to initiate substantial increases in user charges for highway systems, to reflect the cost of environmental impacts. You can imagine that as soon as we include the environmental and social costs in the user charges, the balance would change dramatically in favor of water transportation.

As of today, in the United States, we do not really have sufficient mechanisms, and we don't even debate much to introduce these mechanisms, which bring environmental costs into the equation. The inclusion of environmental/social costs in our planning for transportation systems development may significantly affect the actual allocation of traffic between different modes of transportation.

So far, however, a different attitude prevails in the U.S. As an example, I can comment on a well-known case of the upper Mississippi development plan. The project was evaluated by a very prestigious panel, organized by the Academy of Sciences. If you read this document, you can see that this panel demanded a very, very vigorous, very precise evaluation of environmental impacts of waterways expansion.

I would even venture to say that if we attempt to deliver this type of evaluation to the letter of the recommendations, we would hardly be able to conclude any waterway project. And why? Because we're supposed to evaluate minor environmental effects, which are sometimes physically impossible to determine. After all, how can you quantify something, which hardly exists?

At the same time the very same document didn't say one single word about what would happen if waterways couldn't absorb the traffic. And this traffic has to move over land modes of transportation. And what kind of environmental impacts would be created by this reallocation of traffic?

In other words, we consider environmental and social costs in absolute rather than in relative terms. Judging by all the documents that I have had a chance to review, it's not the case in Europe, multi-modal projects do attempt to compare environmental losses and environmental benefits both with and without water transportation development.

I would say that there is only one problem and one mystery we share with Western Europe in the United States, it is that we are, without question, the cleanest, the most environmentally friendly mode of transportation, and for some reason, unable to be friendly with environmental groups. Why that is the case, I do not know. Hopefully, in our panel discussion someone will unveil this mystery.

One more subject I have neglected to bring up. That is, the formulation of national intermodal transportation systems and, the place of water transportation within these systems. In Europe, planning of intermodal systems focused on the Trans-European Network, TEN Program. This program defines specific corridors with priority for financing and with priority for implementation.

In the TEN system, I quote, "twelve percent of this system is devoted to inland waterways." Again, trying to make parallels with the situation in The United States, we can refer to the TEA-21 or,

the Transportation Equity Act, for the 21st Century. This program is actually pursuing the same objective, to promote intermodal transportation. What is remarkable, however, is that in contrast with the the European intermodal program, TEA-21 does not mention inland waterways whatsoever, and has very little impact on coastal ports as well.

Soon the re-authorization of the TEA-21 will begin. I believe that conclusions of this conference should be brought to the attention of our decision makers that inland waterways, short sea shipping and coastal ports are very much elements of our intermodal system.

This concludes my introduction to two panels, which are about to begin; one is on transportation planning, and another is on environmental impacts. Once again I fully expect that my European colleagues might challenge my admiration for their policy because obviously, they face many problems of their own. Let us, however, try to compare big pictures. Thank you for your attention.

