

Shallow Mississippi spoils ag's use of expanded Panama Canal

*By Bill Tomson (POLITICO)
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Bigger is always better when it comes to the ships used to export farm commodities, so the planned 2015 expansion of the Panama Canal should be a major cause for celebration by the U.S. agriculture industry.

Too bad the Mississippi River — a major transportation route for barges carrying U.S. crop exports — is too shallow to take the bigger ships anyhow, and legislation that would fix the problem has run aground.

Every year millions of tons of soybeans, corn, wheat and other crops float down the Mississippi River on barges, are loaded onto massive ocean-going vessels at the Port of South Louisiana and are then sent to countries like China, where the hunger for imported farm goods continues to grow.

The U.S. economy depends heavily on the agriculture industry's ability to export goods. Agriculture is the one U.S. product type for which the country still maintains a trade surplus, observes Annie Durbin, executive director of the U.S. Agricultural Export Council.

U.S. agriculture exports are expected to reach \$139.5 billion in FY2013, an all-time high and a \$28.5 billion export surplus, based on a report delivered by the Congressional Research Service in June. China, which is the U.S.'s largest overall agriculture export destination, is expected to import 69 million tons of soybeans this year, up from 59.5 million tons last year, according to the latest USDA forecast.

One thing that could help U.S. farmers grow their export business even more is the massive expansion of the Panama Canal, planned for completion in 2015 after eight years of construction. The canal is to be doubled in size, making it possible for "Post-Panamax"-sized ships — significantly larger than those now in use — to haul millions more bushels of corn, soybeans, wheat and other farm commodities out of the U.S. for export purposes.

While a Panamax ship is 965 feet long, 106 feet wide and has a 39.5-foot draft, a Post-Panamax ship is 1,200 feet long, 160 feet wide and has a 50-foot draft, according to [the U.S. Department of Transportation](#).

"On the export side the ability to employ large bulk vessels is expected to significantly lower the delivery costs of U.S. agricultural exports to Asia and other foreign markets," said Sean Duffy, executive director of the Big River Coalition in a [recent presentation](#). "This could have a significant impact on both the total quantity of U.S. agricultural exports and commodities moving down the Mississippi River for export at New Orleans."

"If you can ship more, [importers] will buy more," said Michael Steenhoek, executive director of the Soy Transportation Coalition.

A Post-Panamax ship can haul about 700,000 bushels more soybeans than the traditional Panamax ship, and that gives the U.S. a competitive edge over other countries, like Brazil, Steenhoek said. If an importer is able to buy more — and that would be possible on the bigger ships — U.S. exporters are able to give better prices.

One problem: The Mississippi River isn't deep enough to handle the larger ships.

It's just not possible to get those bigger ships up to the Port of Southern Louisiana, one of the largest U.S. port for grain and soybeans in the U.S., according to Mitch Smith, the port's director of operations. The port, through which [22 million tons of soybeans 13 million tons of corn were exported last year](#), is 114 miles up the Mississippi River from the Gulf of Mexico, a stretch of river too shallow for the big ships.

The Port of South Louisiana itself is big enough to handle the Post-Panamax ships, Smith said. It's the 114 miles of river that's the problem.

The Army Corps of Engineers keeps that stretch of river dredged to a depth of 45 feet — 5 feet short of what the Post-Panamax ships need. The math isn't hard to do, said Steenhoek, but getting the approximately \$300 million that is believed to be needed has been.

It's not just about allowing U.S. exports to grow. Imports of crude oil, coal and fertilizer arrive every day at the Port of South Louisiana, according to port spokeswoman Alex Hernandez.

Rep. Cedric Richmond (D-La.) and Sen. Mary Landrieu (D-La.) introduced legislation in March that would direct the Army Corps of Engineers to dredge the Mississippi River to 50 feet from Baton Rouge to the mouth of the river, but there's been little activity to pass the bills.

"For our nation to prosper, it is imperative that the single most important river system in the United States be prepared for the 21st-century economy," Richmond told POLITICO about his bill, known as [the DREDGE Act \(H.R.1161.IH\)](#).

"The five ports on the lower Mississippi River combined are the largest port complex in the world. Not only will deepening the Mississippi River prepare us for the expanded Panama Canal, but it will also increase U.S. exports to businesses worldwide," he said. "The passage of the DREDGE Act is critical because the only way the U.S. can truly take advantage of this expansion is by deepening the river to accommodate larger vessels with more cargo. The expansion of the Panama Canal makes the Mississippi River a valuable gateway that can yield a major return for the nation's economy."

Even if the bills proposed by Richmond and Landrieu were made law, funding still has to be found to pay for the dredging, according to Michael Toohey, president and CEO of the Waterways Council Inc., and that is looking like it will be difficult in a Congress that is preoccupied with cutting spending.

"We're just not seeing a commitment to investment in infrastructure in Congress," Steenhoek said.