

## The Illinois Waterway: An Important Trade Corridor

The United States leads the world in soybean production, and Illinois is one of the top U.S. soybean-producing states. This crop sustains farm families, feeds livestock and people and helps support related industries and infrastructure while significantly contributing to local, state, national and international economies.

Illinois farmers also grow and raise many other agricultural commodities, including cattle, corn, swine, wheat, oats, sorghum, hay, sheep, poultry, fruits and vegetables, as well as a number of specialty crops. Marketing these commodities generates more than **\$19 billion<sup>1</sup>** annually to enhance the state's economy.

Billions more dollars flow into the state's economy from ag-related industries, such as farm machinery manufacturing, agricultural real estate, and production and sale of value-added food products, according to the Illinois Department of Agriculture.

When it comes to exports<sup>1</sup>:

- Illinois ranks third nationally in the export of agricultural commodities with **\$8.2 billion** worth of goods shipped to other countries.
- Illinois exports account for **6 percent** of all U.S. agricultural exports.
- Illinois is the nation's **second leading exporter** of both soybeans and feed grains and related products.

Illinois is uniquely suited to take advantage of the productivity of growers that raise soybean and other commodities. However, to remain competitive and support all industry segments, the Illinois transportation network—roads, bridges, rails and waterways—must be reliable and efficient so crops can move from market to end user in a safe, economical and timely fashion.

That's why industry partners are working on innovative solutions for a critical element among the several transport modes: waterway infrastructure investments.

### A River or Two Runs Through It

More than 1,100 miles of navigable waterways border or pass through Illinois. These waterways—along with roads and rails—enable Illinois soybean growers to get their crop to market, and ultimately, end users and consumers. Last year, Illinois growers exported more than half of their soybean crop to global customers thanks to this distribution system.

Waterways are an efficient and economical movement that relieves highway and rail congestion. Each year more than **20 million tons** of commodities with a value of more than **\$10 billion** are transported via the Illinois Waterway alone. The greater Mississippi River basin exports approximately **72.5 million tons** of grain and oilseeds through the U.S. Gulf, demonstrating U.S. ag producers and farmers reliance on inland waterway infrastructure.

But the aging locks and dams that allow barges to move up and down the waterways are not in good shape. The U.S. Army Corps of Engineers is responsible for maintaining the system, but its budget has not been funded at a level that keeps up with maintenance and rehabilitation needs.

Currently, the system is operated as a “fix-as-fail” strategy, meaning repairs only happen when something breaks or fails. These repairs may take days, weeks or months to occur. Shippers and carriers do not receive advance warning of closings, which can have significant financial repercussions for the entire chain—all the way to consumers.

### Risky for Business

Maintenance is often put on hold, putting the system at risk. The resulting unscheduled closings and other service disruptions create logistical challenges in the transportation chain, increasing the difficulty of getting soybeans and other commodities to customers on schedule.

The longer that individuals, organizations and companies who depend on the Waterways to facilitate business wait for support and action, the higher the ultimate costs will be to repair and rehabilitate the system. The lack of federal funding means the cost of deferred maintenance on the Illinois Waterway alone was nearly \$600 million, according to the U.S. Army Corps of Engineers analysis completed in March 2015.

### **Multiple Beneficiaries**

The Waterway represents a transportation lifeline. It faces a serious loss of traffic and diversion to less-efficient and more expensive transportation alternatives if measures are not taken to improve the system soon.

A recent economic impact study conducted by the Economic Development Research Group on behalf of the Illinois Soybean Association checkoff program, the Illinois Corn Marketing Board, Illinois Farm Bureau, GROWMARK and the Illinois Chamber of Commerce Foundation found that new investments in the Waterway benefit a broad range of Illinois industries and workers, including:

- Increased state output from \$27 million to \$67 million annually
- An initial increase in jobs of 106 to 270
- Improvements to adjoining state economies due to increased output and jobs

The initial study results further explain that additional economic impacts on businesses in other states also exist since commodity-shipping activity on the Illinois River also originates, or is destined, out-of-state. Four states that trade with Illinois using the Illinois River were assessed in the study; anticipated benefits include economic improvement ranges up to \$8.4 million annually and 24 new jobs generated annually.

Many businesses benefit from the efficient and reliable movement of goods through the system. These include manufacturing, agriculture, energy utilities and mining establishments as well as their customers and supply chain business partners and the workers in these industries.

In addition, there are other businesses and workers who depend on the waterway for other reasons beyond the flood control and navigation uses. Those include water sources from the system that are used for power plant cooling, municipal water systems, wildlife habitat preservation and recreation.

### **Chain Reaction**

Ultimately, a well-maintained, functional Waterway benefits users throughout the food system and transportation chain. More than 580 facilities ship and receive commodities delivered via the Waterway. Corn and soybeans make up the largest percentage of goods that travel the Waterway, but traffic transporting cement and cement products follows closely behind.

A modern 15-barge tow carries the equivalent weight of 1,050 semi-trucks or 240 rail cars. This equates to an estimated **\$1 billion** in annual transportation cost savings for the economy.

Improvements to the entire aging system must be addressed at the same time. Much of the initial construction was completed in the 1930s, meaning the system is antiquated, at best. Furthermore, a number of locks are not adequately sized to meet today's shipping needs. As a result, longer tows must be split and go through the locks in two separate operations. This can double or triple lockage time, raise transportation cost and increases wear and tear on lock equipment.

While it would be much less complicated to address a single lock or two at a time, the whole system is interdependent—simply updating a few locks along the system would increase bottlenecks and not alleviate the equipment or size challenges. It would be the equivalent of replacing a single tire on a car with a broken axle.

It is clear that current Waterway operating and maintenance practices are not sufficient to guarantee a bright future for the reliable delivery of goods. The argument is strong—and getting stronger—for

interested parties to join forces in collaborative efforts and drive innovative solutions to infrastructure challenges.

1 Facts about Illinois Agriculture, Illinois Department of Agriculture. Available at: <https://www.agr.state.il.us/facts-about-illinois-agriculture/>. Accessed May 4, 2016.