



MARITIME EXCHANGE

for the Delaware River and Bay

July 29, 2009

Delaware River Ports Serve as Regional Economic Engine

The decision by the Delaware Department of Natural Resources and Environmental Control (DNREC) to deny the permit application from the U.S. Army Corps of Engineers (COE) to deepen the Delaware River main navigational shipping channel from 40 to 45 feet has once again sparked debate regarding this critical infrastructure project. This project, which was initially authorized by Congress in 1992, must be completed for two reasons: first, to protect the business our regional port experiences today, and second, to allow port facilities along the Delaware River to compete for the larger container vessels from the Far East that are diverting from west to east coast ports through the Panama and Suez Canals.

As it relates to concerns raised by opponents of this project regarding alleged adverse environmental impact on the Delaware River and Bay, it is important to note that the men and women who earn their living from our regional port are every bit as concerned about a clean and safe environment as anyone from the environmental community.

However, many of us in the maritime industry that have followed this project for the past 17 years are puzzled by assertions that this project is not environmentally sound. The data from numerous scientific studies conducted over the years and reviewed by regulatory agencies supports the fact that the material to be dredged from the channel is environmentally benign. As with any dredging project, should material be identified that does not meet this standard, the COE has the capacity and experience to meet any such contingencies.

Today, we recognize that the scale of the project has changed. It is true that it is considerably smaller in scope.

Originally, 21 million cubic yards of material were to have been dredged from the river bed. This quantity has been reduced to 16 million cubic yards. As a result, there is no longer a need to develop and permit three new disposal sites: rather, material will now be placed in existing and already permitted COE confined upland disposal sites.

As mentioned above, the first reason to complete this project is to ensure vessels currently arriving at Delaware River ports do not divert to other east coast ports that have shipping channels deeper than 40 feet. This is of particular concern because of the number of bulk and break bulk ships that arrive at our port on an annual basis. Included in these cargos

are steel, concrete, coke, rock salt and project cargos, all of which would benefit from a deeper channel. Beyond bulk and break bulk vessels are those vessels that move approximately one half million containers to terminal facilities along the Delaware River on a yearly basis. The fact of the matter is over the next five years most of these container ships will be replaced with the larger post Panamax vessels that will draw from 42 to 45 feet of water.

From an economic point of view, the tri-state port complex supports over 75,000 jobs, generates over \$4 billion in economic revenues, \$1.4 billion in wages and salaries, and contributes over \$150 million in state and local taxes. This is the regional economic engine that we seek to protect with the channel deepening project.

But this project is equally important to the future growth of our port complex. One of the major opportunities that ports from Halifax, Canada to Savannah, Georgia are positioning themselves to compete for is the diversion of TransPacific trade from the west to the east coast of the United States. Notwithstanding the current global economic slowdown, business analysts throughout the world believe that trade between the Far East and the U.S. will continue to grow exponentially once international trade rebounds, as it surely will.

To attract our fair share of this trade, the Delaware River main shipping channel will need to accommodate container vessels with drafts up to 45 feet as opposed to the 38 feet draft vessels that operate here today. Beyond the positive impact on container traffic, an additional five feet of draft will immediately enhance our ports ability to maintain and increase trade in any number of bulk, break-bulk and project cargos.

The required deepening of the main shipping channel complements the investments made by port authorities, business and labor to make our port more competitive. As an example, under the current labor contract, terminal operators, stevedoring companies and the International Longshoremen's Association have agreed to terms that make our port one of the most competitive in the United States.

The charter of the Maritime Exchange focuses on issues that affect the regional port community, as opposed to one port's competitive position over another. There are clearly benefits to be realized when deepening the channel not only for the Port of Wilmington, but for the proposed Southport Container Terminal in Philadelphia and the new South Jersey Port Corporation general cargo facility in Paulsboro, NJ.

For example, by providing a modern competitive channel to the Port of Wilmington, that facility would have the opportunity to take advantage of their excellent location and in all likelihood, attract additional clients to support infrastructure improvements and expand the maritime industry and related workforce.

In addition, Delaware will receive at no cost to the state: 1) a beach replenishment project at Broadkill Beach that will provide storm and erosion protection to the residents and the horseshoe crab and shorebird habitat; and 2) a project to arrest erosion at Kelly Island that

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Page 3

will protect oyster beds, as well as create wetlands and shorebird and horseshoe crab habitat.

The maritime community appreciates Governor Markell's and Delaware DNREC Secretary O'Mara's consideration of the Delaware River main channel deepening project. The State of Delaware, however, should recognize the positive impacts to be derived from the project and do everything in its power to help keep it moving forward.

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