

Energy Level

Maritime industry profile rising



BY G. ALLEN BROOKS

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The last time Americans paid attention to the maritime industry was during the pandemic, when shipping's crucial role in delivering goods from China became clear. Images of dozens of ships anchored off West Coast ports waiting to unload filled the news. But once the pandemic ended, so did public interest in shipping.

Ships are back in the news as China struggles with tariffs imposed by the Trump administration. The California ports of Los Angeles and Long Beach account for a significant portion of containerized imports from China and have seen ship traffic decline nearly 50% from last year. Long Beach has experienced more ship cancellations in April and May than in 2024. Containerships are returning to China empty.

Every four containers translates into a port job. Fewer containers mean fewer workers. The reduced container volume will impact freight forwarders, warehouse workers, and truck drivers. Retailers usually maintain sufficient domestic inventory to support sales for seven to eight weeks; after that, assuming nothing changes, shelves will empty and prices will rise, according to managers and economists.

Investors are told to watch the **Dow Jones** Transportation Index to follow the tariffs' economic impact. That index measures all aspects of transportation – airlines, railroads, logistics, trucks, rental cars, and ships; therefore, it is sensitive to the earnings impact of a slowdown in global trade. The maritime industry makes up just 1.6% of the index's total capitalization, with only two of the 20 companies — **Kirby Corp.** and **Matson, Inc.** — representing the U.S. maritime sector. Kirby is the leading domestic petroleum shipper on the Mississippi River, along all three U.S. coasts, and in Alaska and Hawaii, and Matson is a Pacific Ocean container carrier and North American logistics company.

The ongoing tariff battle is expected to secure better trade terms for the U.S., leading to changes in trade routes and volumes. These shifts align with the administration's broader goal of revitalizing domestic shipping and shipbuilding. This initiative stems from a growing awareness of the nation's dependence on foreign maritime capabilities.

To support this effort, the government is offering increased financial support and incentives. Rebuilding America's maritime industry promises to create thousands of well-paying jobs and long-term career opportunities. As a result, expect the maritime sector to gain greater visibility in the media and in the minds of the American public.

Inland Insider

Corps lowers budget sights



BY TRACY ZEA

Tracy Zea is president and CEO of the Waterways Council Inc., the national public policy organization advocating for a modern and well-maintained national system of ports and inland waterways.

The U.S. Army Corps of Engineers has released a comparatively austere Fiscal Year (FY) 2025 Work Plan that includes \$200 million for inland waterways construction — less than half what it received in FY 2024. Nearly \$50 million is to come from the Inland Waterways Trust Fund, which is funded through a 29-cent-per-gallon diesel fuel tax paid for by commercial operators on the inland waterways system. Funding for the Corps' Civil Works mission is typically included in the annual Energy and Water Development appropriations bill. Commercial operators are the only users of the inland waterways system to pay a tax for new and major rehabilitation of inland navigation facilities.

The FY25 Work Plan's \$200 million for lock construction is down from the record \$456 million in FY 2024 and is well below the Corps' aspirations for inland construction projects in FY25. But, because regular appropriations were not enacted, the full-year Continuing Resolution that is currently funding the federal government, while based on FY24 levels, does not guarantee specific programs within the Corps' Civil Works mission will receive financing in FY25.

The Corps selected the following inland waterways construction projects to receive funding in FY25: Montgomery Lock (Ohio River), \$44 million to continue work on the project; Chickamauga Lock (Tennessee River), \$32.19 million to continue work on the project; and T.J. O'Brien Major Rehabilitation (Calumet River, part of the Illinois Waterway), \$122.9 million to close out construction of the project. In addition, the Corps has targeted \$2.4 million for an inland waterways study for Bayou Sorrel (Gulf Intracoastal Waterway) that would complete the feasibility phase of the project.

While the Waterways Council Inc. (WCI) was disappointed with the funding levels for Chickamauga and Montgomery Lock construction projects, a zero-dollars allocation in the FY25 Work Plan was a distinct possibility. Further, the Bayou Sorrel funding was a very welcome win in this Work Plan because it puts that project one step closer to a director's report, a final recommendation from the Corps on lock replacement to address navigation and flood risk objectives.

At press time, *WorkBoat* was awaiting the release of the president's FY26 budget. WCI is urging Congress to pass a timely FY26 appropriations bill to ensure that ongoing navigation construction projects continue without delay. Let's finish these critical projects as soon as possible to return transportation cost savings to the nation.