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## Port Modernization and Supply Chain Protection

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The Panama Canal Expansion spurred greater interest in deepening ports to accommodate larger ships and thus more cargo.<sup>1</sup> However, to accommodate for larger ships and increased cargo, ports must be deep enough for the vessels to safely navigate and dock. In order to deepen or expand ports and navigation channels, the United States must engage in more dredging projects.

Dredging is the removal of sediment and debris from the bottom of harbors, lakes, rivers, and other bodies of water. According to the National Oceanic and Atmospheric Administration (NOAA), simply expanding the depth of our ports by one inch can allow for millions of dollars of additional cargo,<sup>2</sup> for example 50 more tractors, 5,000 televisions, 30,000 laptops, or 777,000 bushels of wheat.<sup>3</sup>

Unfortunately, dredging can be expensive. In fact, the annual cost per cubic yard of dredged material, adjusted for inflation, skyrocketed from \$1.74 in 1970 to \$5.77 in 2018— an increase of 232%.<sup>4</sup>

There are multiple reasons for the cost increase, but the Government Accountability Office has noted that the lack of competition for dredge ships is among them.<sup>5</sup> This is largely due to laws like the Foreign Dredge Act of 1906, which restricts U.S. dredging projects to vessels that are solely U.S. built, U.S. crewed, and U.S. flagged. Senator Lee wants to restore competition to this industry. Increasing the availability of dredging vessels would reduce the cost of dredging, and thus reduce the cost of goods coming into U.S. ports.

### **Bill Specifics:**

The Port Modernization and Supply Chain Protection Act would support more economic opportunities at our ports. It repeals the Foreign Dredge Act of 1906's cabotage requirements and allows all dredge vessels that qualify under the laws of the United States to operate in the United States.

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<sup>1</sup> John Frittelli, *Federal Freight Policy: In Brief*; Congressional Research Service, Report R44367, February 26, 2020.

<sup>2</sup> NOAA, *An Inch of Water. What's It Worth?*; <https://oceanservice.noaa.gov/economy/inch-water/>

<sup>3</sup> Id.

<sup>4</sup> John Frittelli, *Harbor Dredging: Issues and Historical Funding*; Congressional Research Service, Report IN11133, November 6, 2019.

<sup>5</sup> Government Accountability Office, *Army Corps of Engineers: Action Needed to Ensure the Quality of Maintenance Dredging Contract Data*, September 2015