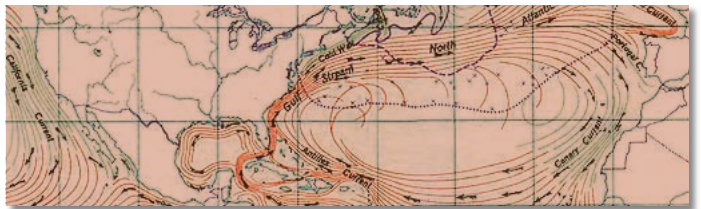




# The American Waterways Operators



## 2007 Annual Report





*“AWO allows us to be seen by policymakers as a nation-wide industry that has enormous value for America’s economy, environment, national security and quality of life.”*

Royce Wilken  
Chairman of the Board  
The American Waterways Operators



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*“The value of a national association like AWO is the reach that our regional diversity provides us in our advocacy efforts.”*



Royce Wilken  
Chairman of the Board  
The American Waterways Operators



2007 will go down in AWO history as a year of enormous change. Today, we are facing more policy challenges than I can ever remember. The critical issues facing the tugboat, towboat and barge industry that demanded our attention in 2007 will continue to do so in the year ahead:

- The need for an interim work authority provision for the industry with regard to the requirement for mariners to apply for and be granted a *Transportation Worker Identification Credential*. Interim work authority is necessary to avoid exacerbating the existing towing vessel personnel shortage. In addition, we believe that a requirement for card readers on towing vessels would be unduly burdensome and would not provide a real security benefit for the nation.
- After seven years, Congress finally passed a *Water Resources Development Act*. Normally considered every two years by Congress, the WRDA authorizes long-needed upgrades for waterways navigation infrastructure. The upcoming focus will be on appropriations for this critical modernization.
- The impending regulations from the U.S. Coast Guard for a *towing vessel inspection program*, a historic change for the towing industry. AWO strongly supports the new program and is working to help the Coast Guard develop regulations that are practical and unique to the operations of the industry.
- The critical need for an effective national strategy for *ballast water management* for vessels operating in domestic waters, to replace a patchwork approach of state regulations.
- The challenge of *maintaining the integrity of the Jones Act*, the foundation of the domestic maritime industry and an important contributor to our national security.
- A proposal by the U.S. Army Corps of Engineers to develop *new user taxes* for waterways navigation, on top of the millions of dollars in taxes the industry already pays.

- *State regulation of interstate commerce*, in violation of the supremacy clause of the United States Constitution, creating a conflicting patchwork of state laws and regulations without uniformity.
- *EPA regulation of marine engine emissions*, necessitating vessel redesign to accommodate aftertreatment technology.

These are huge issues for the industry that hold enormous consequences. That is one reason why we decide to participate in an industry association like AWO. We put aside our parochial interests and focus our efforts on doing the right thing for the industry as a whole. We pool our resources to create strength in numbers.



This past year, we reorganized and retooled AWO. Everything is now in place for the future and the future looks bright. Make no miscalculation, there are challenges for the industry in

the near and long term. But the organization is up to the task of executing our game plan and achieving our objectives.

The name of the game in Washington is the strength of advocacy efforts mounted with collaboration and coalitions. If we have the right organization, nimble enough to respond to rising issues, and the whole industry sticks together, we will have a strong voice at the table of regulation, policy, negotiation and public opinion. It is effective and less costly than smaller, fragmented alternatives.

This is the true value of AWO.

There is no better time for us to come together than when so many high-stakes issues are at hand. We are wise to coalesce and cooperate to press our advocacy agenda. The value of a national association like AWO is the reach that our regional diversity provides us in our advocacy efforts. We can leverage our geographical reach to demonstrate the benefits of the industry that accrue to the whole nation. AWO allows us to be seen by policymakers as a nation-wide industry that has enormous value for America's economy, environment, national security and quality of life.





**Royce Wilken**  
*Chairman of the Board*  
 American River Transportation Co.  
 Decatur, IL



**Charles F. Nalen**  
 Crowley Maritime Corporation  
 Jacksonville, FL



**H. Merritt Lane, III**  
*Vice Chairman of the Board*  
 Canal Barge Company, Inc.  
 New Orleans, LA



**John D. Roberts**  
 Florida Marine Transporters, Inc.  
 Mandeville, LA



**Dale Sause**  
*Immediate Past Chairman of the Board*  
 Sause Bros.  
 Coos Bay, OR



**Christopher W. Roehrig**  
 Roehrig Maritime, LLC  
 Glen Cove, NY



**William Arnold**  
 MEMCO Barge Line  
 Chesterfield, MO



**Ric Shrewsbury**  
 Western Towboat  
 Seattle, WA



**Mark R. Buese**  
 Kirby Corporation  
 Houston, TX



**Peter H. Stephaich**  
 Blue Danube Incorporated  
 Pittsburgh, PA



**George Foster**  
 JB Marine Service, Inc.  
 St. Louis, MO



**Ted Waxler**  
 SCF Waxler Marine LLC  
 Memphis, TN



**Roger Harris**  
 Magnolia Marine Transport Company  
 Vicksburg, MS





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*Chairman of the Board*  
American River  
Transportation Co.  
Decatur, IL

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New Orleans, LA

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*Immediate Past Chairman  
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Chesterfield, MO

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East Brunswick, NJ

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Houma, LA

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Echo Marine, Ltd./Echo  
Towing Service Inc.  
Baytown, TX

**Tava S. Foret**  
Foret Enterprises, Inc.  
Houston, TX

**George Foster**  
JB Marine Service, Inc.  
St. Louis, MO

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Pasadena, TX

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Golding Barge Line, Inc.  
Vicksburg, MS

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Gulf South Marine  
Transportation, Inc.  
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**Roger Harris**  
Magnolia Marine  
Transport Company  
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**R. Russell Johnson**  
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Terminal, Inc.  
Wayzata, MN

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Metairie, LA

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B & H Towing  
Paducah, KY

**George G. Leavell**  
Wepfer Marine, Inc.  
Memphis, TN

**Stephen D. Little**  
Crouse Corporation  
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Luhr Bros., Inc.  
Columbia, IL

**T.F. Mercer**  
Pecos, Inc.  
Seattle, WA

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Moran Towing Corporation  
New Canaan, CT

**Charles F. Nalen**  
Crowley Maritime  
Corporation  
Jacksonville, FL

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Upper River Services  
St. Paul, MN

**Frederik A. Nyhuis**  
Marathon Petroleum  
Company LLC  
Ashland, KY

**Deane Orr**  
CONSOL, Inc.  
Monessen, PA

**Jeffrey Parker**  
Allied Transportation  
Company  
Norfolk, VA

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Osage Marine Services Inc.  
St. Louis, MO

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Coastal Tug & Barge, Inc.  
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**John Pigott**  
Tidewater Barge Lines, Inc.  
Vancouver, WA

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Houston, TX

**John D. Roberts**  
Florida Marine  
Transporters, Inc.  
Mandeville, LA

**Christopher W. Roehrig**  
Roehrig Maritime, LLC  
Glen Cove, NY

**Steve Scalzo**  
Marine Resources, Inc.  
Seattle, WA

**David G. Sehart**  
Ingram Barge Company  
Nashville, TN

**Ric Shrewsbury**  
Western Towboat  
Seattle, WA

**Richard Smith**  
Westar Marine Services  
San Francisco, CA

**Peter H. Stephaich**  
Blue Danube Incorporated  
Pittsburgh, PA

**Gregg Thauvette**  
The Great Lakes Group  
Cleveland, OH

**William M. Waterman**  
Penn Maritime, Inc.  
Stamford, CT

**Ted Waxler**  
SCF Waxler Marine LLC  
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**W. N. Whitlock**  
American Commercial Lines  
Jeffersonville, IN

**Jonathan Whitworth**  
OSG America  
Tampa, FL

**Matt Woodruff**  
Kirby Corporation  
Houston, TX

*The tugboat, towboat and barge industry comprises  
the largest segment of the U.S.-flag fleet.*

2007 was a year of transition and transformation for AWO. The two major goals of the year were to develop comprehensive improvement programs that would strengthen the internal administration of the association and ensure that our advocacy staff is structured and managed to meet the profound challenges on the public policy agenda facing the tugboat, towboat and barge industry. In both cases, the combination of careful member guidance and extensive staff effort produced transformative programs that have put AWO on the road to substantial improvement.

At the start of the year, we were disturbed to learn that the internal administration of AWO was seriously deficient. AWO's Chairman at that time, Dale Sause, our Vice Chairman, Royce Wilken, and our Immediate Past Chairman, Steve Valerius, led the effort to help the association understand the full dimensions of the administrative challenges it faced and develop a program of transformation and transition to correct internal weaknesses. All members of the AWO staff played important roles in conducting this assessment and developing a vision of administrative excellence for AWO. The plan that emerged called for creating an administration system and staff that are integral to the fabric of AWO, an essential part of a single team focused on a single plan. It called for a system that is efficient, effective, responsive, customer oriented and user friendly. It called for making our administrative processes and responsibilities transparent, and ensuring that both the administrative system and the individuals who staff it are proactive, constantly on the lookout for improvements to better support the attainment of organizational goals and objectives.

The transition and transformation plan for achieving these goals, approved by the Executive Committee and the Board of Directors early in the year, identified major improvements across the range of AWO's internal work, including controllership and financial management, human resources, information services and technology, membership information, membership services and meeting planning. AWO expended considerable member

and staff resources throughout the year to implement this program. Much progress was made in putting in place new systems and procedures, and hiring new people, to give AWO the strong internal administration it needs and deserves.

Advocacy excellence has long been both a goal and a hallmark of AWO's work. It has been achieved through the combination of a creative and energetic staff and an engaged and passionate membership. We learned many years ago that this is a powerful combination for promoting sound government action.



In 2007, we recognized that the tugboat, towboat and barge industry is in an extraordinary time, confronted by a large agenda of truly critical issues of more consequence than at any time in anyone's memory. This recognition spurred a candid and constructive dialogue among the AWO membership that led to some important consensus judgments. First and foremost, we acknowledged that AWO needs more and better advocacy. We need more





depth in the quality of our analysis and we need more quality in our relationships with federal and state decisionmakers. Our effectiveness as a trade association and as an industry must increase.

We must produce better public policy results. Given the scope and consequence of the agenda we face, the stakes are too high for us to settle for anything less.

We also had to acknowledge that AWO is not structured today for an advocacy agenda of this magnitude. The internal staff structure in AWO was nearly a decade old, and while it reflected the organization's needs at the time, it no longer meets our contemporary requirements. It became imperative that we rethink our capacity and capability for advocacy and take a major new step forward to substantially increase that capacity and capability.

In the fall, the Board of Directors approved a reorganization plan that has the fundamental goal of taking every available human resource on the

AWO staff and redeploying their focus onto analysis and advocacy. This redeployment is designed to crowd out competing demands that now divert staff time and attention away from advocacy. It is designed to result in more timely and thorough analysis of the complex laws and regulations that impact AWO members. It is designed to redeploy most of the time of senior members of the AWO staff to advocate industry views to government decisionmakers. Its ultimate goal is to max out all available resources on advocacy and analysis.

This reorganization and redeployment was absolutely necessary, and came not a moment too soon. The scope and consequences of the public policy agenda facing the industry demanded no less.

The transition and transformation accomplished in AWO during 2007 was at times unsettling and at times difficult. But it was the necessary and right thing to do. We undertook this challenge not only because it was needed, but because AWO remains an organization very mindful of its obligations to its members — to run AWO well, to achieve results on the issues that impact AWO members, and, ultimately, to produce great value for members' investment in their trade association. These changes provide the foundation upon which we can better meet these obligations, and as we begin 2008, offer us the promise of excellence in both our internal administration and our external advocacy work.



*"All members of the AWO staff played important roles in conducting this assessment and developing a vision of administrative excellence for AWO."*

*Tom Allegretti*

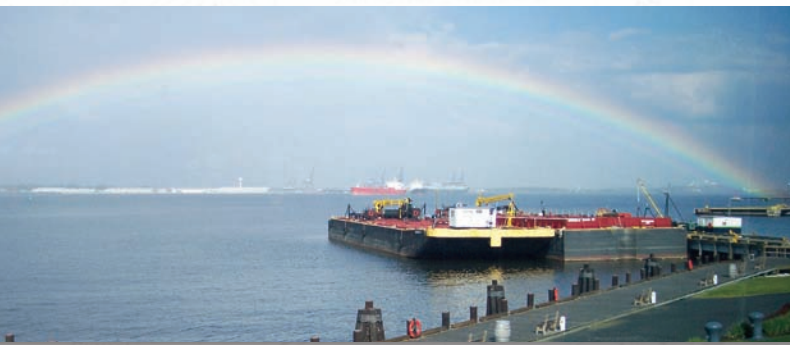
Thomas A. Allegretti  
President & CEO  
The American Waterways Operators

*The capacity of one inland barge is equal to that of 15 rail cars or 60 semi-trailer trucks.*

*AWO faced many issue challenges in 2007, several of which will continue to drive the association's agenda in 2008.*

**Towing Vessel Inspection: Raising the Bar of Safety**

AWO's top advocacy priority in 2007 was working with the Coast Guard to establish a 21st-century inspection regime for towing vessels, as required by the 2004 Coast Guard and Maritime Transportation Act. This industry-supported legislation will take safety, security and environmental stewardship in the towing industry to the next level by requiring a safety management system for all towing vessels and establishing new regulatory standards for vessel equipment and operations. In March, the congressionally authorized Towing Safety Advisory Committee (TSAC) reviewed a first draft of the Coast Guard's regulatory proposal and in May, the committee unanimously approved a comprehensive package of proposed revisions to the draft rules. This cooperative process was a model of constructive public engagement early in the regulatory process and supports the Coast Guard's goal of publishing a practical, effective notice of proposed rulemaking in 2008.



**TWIC: Seeking Practical Security Solutions**

Working with Congress and the Department of Homeland Security (DHS) to effect needed changes in the Transportation Worker Identification Credential (TWIC) program was a major focus of AWO advocacy in 2007. While supporting the program's goal of enhanced maritime security, AWO sought changes to requirements that threaten to drive prospective employees away from towing vessel careers and saddle vessel owners with costly equipment requirements that add little value in the towing vessel environment. With a September 2008 deadline for affected mariners to obtain a TWIC bearing down, AWO continued to seek legislation to establish an effective interim work authority provision for new hires. Meanwhile, TSAC joined AWO in urging DHS not to require TWIC card readers on vessels with small crews.

**WRDA: Modernizing the Nation's Waterways Infrastructure**

After seven years, Congress passed a Water Resources Development Act, including an authorization for seven locks and dams on the Upper Mississippi River and the Illinois Waterway, which was a long-standing priority of AWO. WRDA legislation normally is considered by the Congress every two years and contains authorizations for U.S. Army Corps of Engineers water projects. The 2007 WRDA bill was enacted over a presidential veto with a vote of more than two-thirds of both the Senate and House of Representatives. During the year, AWO also worked with other waterways organizations to support funding for priority capital construction projects identified by the Inland Waterways Users Board.

**Ballast Water: Promoting a Uniform National Approach**

Preventing the spread of invasive species in U.S. waters is a national environmental priority, and AWO joined forces with the Shipping Industry Ballast Water Coalition in seeking a uniform national solution to this ongoing challenge. The Coalition joined the U.S. government in appealing a district court decision that would subject

vessel discharges to a patchwork of state-administered permitting requirements, and sought passage of landmark federal legislation that would dramatically enhance environmental safeguards by implementing an effective national strategy for ballast water management. As 2007 drew to a close, the need for judicial or legislative action loomed large, as the Environmental Protection Agency (EPA) faces a September 2008 deadline for issuance of a cumbersome vessel discharge permitting program. AWO also urged the Coast Guard to move forward with plans to sunset unnecessary reporting requirements for vessels operating in domestic waters.

### **Jones Act: Protecting the Integrity of the U.S. Domestic Fleet**

The Jones Act, which requires that cargo moving between two domestic U.S. ports be carried on vessels that are U.S.-built, U.S.-owned and U.S.-crewed, is a foundation of the domestic maritime industry, an important contributor to our national security and a long-time priority of AWO. During the year, AWO worked as a member of the Maritime Cabotage Task Force (MCTF) to promote awareness and support of the Jones Act. AWO participated in a program of political support for key supporters of the Jones Act in the Congress, and with the MCTF, sought to obtain positive expressions of support from the presidential candidates of both parties. AWO has also urged the Coast Guard to aggressively investigate questionable mortgage financing transactions involving foreign vessel operating companies, using authority explicitly granted to the Coast Guard in the 2006 Coast Guard authorization bill.

### **User Fee Proposal: Working for Fairness in Taxation**

In its budget submission for Fiscal Year 2008, the administration indicated that it would be making a proposal to increase user taxes on the inland waterways. AWO worked to communicate its strong objections to such a proposal to congressional and administration decisionmakers, and to suggest that inefficiencies and delays which are causing huge increases in the cost of projects should first be examined and corrected before any proposal to raise taxes is considered. Although the proposal was never made public in 2007, it is expected to be included in the administration budget request for Fiscal Year 2009, which will be submitted to Congress in February 2008. AWO continues to work to ensure that such a proposal is “dead on arrival” in the Congress and to focus attention



on the need to first address the entire funding process for water projects.

### **State Regulation of Interstate Commerce: Asserting Federal Supremacy**

AWO continues to work to ensure that a consistent federal system of regulation applies to interstate commerce and that state laws and regulations do not improperly intrude into areas preempted by the U.S. Constitution. During the year, a federal circuit court considered an appeal of a district court ruling in a case that found that several sections of a Massachusetts

*Waterways transportation is the most environmentally friendly mode of commercial transportation.*

statute governing oil spills were preempted by federal law and Coast Guard regulations. The case was originally filed by the Department of Justice on behalf of the Coast Guard; AWO and several other maritime organizations joined the case as intervenors. The circuit court remanded the case to the district court for further consideration. In the meantime, the Coast Guard issued additional regulations making clear that the Massachusetts statute was preempted. The case remains under review in the district court, where attorneys for both the Department of Justice and the maritime intervenors remain confident that the Massachusetts statute will ultimately be ruled invalid.

**Marine Engine Emissions: Supporting Clean Air Standards**

Supporting practical initiatives to reduce the environmental impact of marine diesel engines was a focus of AWO advocacy at the federal and state levels in 2007. AWO supported a groundbreaking EPA proposal to achieve further reductions in new engine emissions beginning in 2009, and, for the first time, backed a federal program to reduce emissions from existing engines. AWO member experts worked closely with the EPA to identify practical, cost-effective ways to reduce emissions from certain in-use engines without imposing undue burdens industry-wide. AWO also worked at the state level to modify overly aggressive state proposals and ensure the orderly replacement of older engines with new clean-air technology. In addition, AWO promoted best practices for tank barge operators to reduce emissions from cargo tanks during vessel loading operations.

**Capital Construction Fund: Rejecting Market Intervention**

The Capital Construction Fund is a tax deferral mechanism designed to assist U.S. flag operators in the international trades compete in the face of subsidies and tax advantages enjoyed by their foreign counterparts. AWO has historically resisted attempts to extend the CCF program to the domestic coastwise trades because there is no need to “level the playing field” for domestic operators. AWO is also concerned that artificially

stimulating vessel production in the domestic trades could lead to overbuilding and distortions in the market. A provision in the energy legislation passed in December 2007 seeks to promote “short sea shipping” in part by extending the CCF program to the domestic movement of containers and roll-on/roll-off cargo. Despite AWO’s opposition, the provision was included in the final version of the legislation signed into law.

**The Coast Guard’s Marine Safety Mission: Promoting Effectiveness and Customer Service**

In 2007, AWO worked with partners in Congress and the Coast Guard to promote enhancements to the Coast Guard’s marine safety program to ensure high levels of effectiveness and customer service. In cooperation with House Transportation and Infrastructure Committee Chairman James Oberstar and Coast Guard Commandant ADM Thad Allen, AWO urged the Coast Guard to make marine safety a clear priority in its multi-mission portfolio; cultivate a deep understanding of the tugboat, towboat and barge industry; honor the mariner in its dealings with vessel crewmembers; ensure efficient and customer-focused interactions with vessel owners; promulgate needed regulations in a timely way and apply a risk-based approach to regulation and enforcement. AWO members provided crucial input to this process based on their day-to-day dealings with Coast Guard personnel, offering numerous practical suggestions to ensure focus and effectiveness in the Coast Guard’s marine safety portfolio.



*A Congressional Budget Office study found that barging was the most energy efficient mode of bulk transportation.*

*AWO public affairs efforts are focused toward informing policymakers, the media and the general public about the value that the industry brings to America's economy, environment, national security and quality of life.*

### Congressional Outreach

AWO held its annual Capitol Hill "Barge-In" in 2007 in conjunction with its spring convention. AWO members visited congressional offices on Capitol Hill to advocate on behalf of the tugboat, towboat and barge industry with key decisionmakers. The "Barge-In" effort was launched several years ago and participation has grown each year, as more and more AWO members take advantage of the opportunity to inform policymakers about the industry's



most important issues and to seek their support. AWO also conducts a Congressional Education Program involving briefings for targeted policymakers to provide them a broad overview of the industry, emphasizing its value to the nation. The briefings specifically focus on the economic, environmental, national security and quality of life benefits that accrue to the nation from waterborne transportation, in particular, barging.

### Industry Image Campaign

AWO continued its longstanding industry image campaign in 2007 to educate and inform policymakers and regulators on the industry -- its values, benefits and features. The campaign used radio and print advertisements to ensure the messages are communicated to a large audience in Washington. The print ads were placed in the most widely read newspaper on Capitol Hill, and the radio ads were placed on two all-news and talk radio stations in Washington.

*More than half of America's grain exports move by barge along the nation's inland waterways, accounting for \$10 billion in exports.*

### AWO-Member Communication Program

AWO instituted a formal program of communication improvements in 2007 to better serve its members' information needs. Members provided input into the development of the program and new capacities were added to AWO's communication methods and products based upon members' suggestions. These included special Board discussion sessions, an executive summary for the *AWO Letter*, hyperlinks to stories in each issue of the *Letter*, new and improved orientation sessions for the Executive Committee and Board members, greater electronic accessibility to issue updates in the AWO Issues Reference Manual and the establishment of an interactive "Call-In" session between members and staff. This program will continue to evolve to meet members' communication needs.

### Towing Industry Career Opportunities Tool Kit

In order to showcase the tremendous career opportunities available in the tugboat, towboat and barge industry, AWO created a Towing Industry Career Opportunities Tool Kit to be used to attract and recruit new employees. The Tool Kit features information about industry positions and qualifications and includes testimonials from mariners who work in the industry. The Tool Kit was distributed widely to AWO members, key administration officials, members of Congress and the trade press, and was placed on the AWO Web site, [www.americanwaterways.com](http://www.americanwaterways.com).

### AWO Safety Calendar

One of AWO's most successful and popular advocacy tools is the Safety Calendar, created with a different safety-related theme each year. In 2007, the theme of the AWO Safety Calendar was "Safe Access," and it featured monthly messages about safety tips to prevent falls overboard, one of the industry's largest safety challenges. The Safety Calendar is not only distributed to AWO members, who place it onboard their vessels, but it is also used as an advocacy tool on Capitol Hill, demonstrating to policymakers the commitment AWO members have to conducting safe operations.



*AWO demonstrates its commitment to safety through its partnership with the U.S. Coast Guard, its participation in new initiatives to enhance crew endurance, and through the evolution of its Responsible Carrier Program.*

**The Coast Guard-AWO Safety Partnership**

Established in 1995, the Coast Guard-AWO Safety Partnership was the first public-private partnership to bring the Coast Guard and the maritime industry together to promote improvements in marine safety and environmental stewardship. The Partnership operates at the national and regional levels, tracking industry safety performance and tackling the most pressing safety and environmental challenges through data-driven, government-industry, Quality Action Teams. Since its inception, the Partnership has launched more than 30 Quality Action Teams on subjects ranging from preventing oil spills and bridge allisions to improving hurricane preparedness. The work of the Partnership led directly to the Coast Guard’s 2004 legislative request to establish a towing vessel inspection regime, which the agency and the industry are now working to implement through the public regulatory process.

**The Challenge of Crew Endurance Management System (CEMS) Implementation**

Recognizing the challenges of working in a 24-hour-a-day environment, AWO member companies established an early commitment to work with the Coast Guard to implement a Crew Endurance Management System (CEMS) within the tugboat, towboat and barge industry. Today, more than 130 organizations have trained CEMS coaches on staff and over 1600 coaches have been certified throughout the United States and internationally. However, companies are at very different stages of CEMS implementation, with only a limited number of companies implementing the process completely and continuously. High profile issues related to fatigue and the human element, including travel time, watchstanding requirements and hours of service, have been voiced as concerns to



Congress, AWO and the Coast Guard, and the linkage between these issues and CEMS needs to be explored and clarified.

To be responsive to these challenges, AWO has reconstituted The Coast Guard-AWO Working Group on Crew Endurance to refresh our collective vision of the future of CEMS and its linkage to such issues as travel time, watchstanding and work hours; to support industry implementation of CEMS consistent with the vision and to develop metrics for measuring the effectiveness of CEMS. In February 2008, a copy of the final QAT charter for this group will be signed by Tom Allegretti and RADM Brian Salerno, another example of AWO and the Coast Guard's commitment to working together to improve safety.

### Safe Management of Crew Travel Time

In 2007, the Coast Guard-AWO Partnership turned its attention to the challenge of managing crew travel time to ensure that vessel personnel are prepared to perform their duties safely. The Quality Action Team (QAT) on Safe Management of Crew Travel Time was established to provide clarification to the industry on current law, regulation and Coast Guard policy and to recommend best practices for managing travel time safely in all segments of the tugboat, towboat and barge industry. The QAT expects to release a final report in early 2008.

*“...the Coast Guard-AWO Safety Partnership was the first public-private partnership to bring the Coast Guard and the maritime industry together to promote improvements in marine safety and environmental stewardship.”*

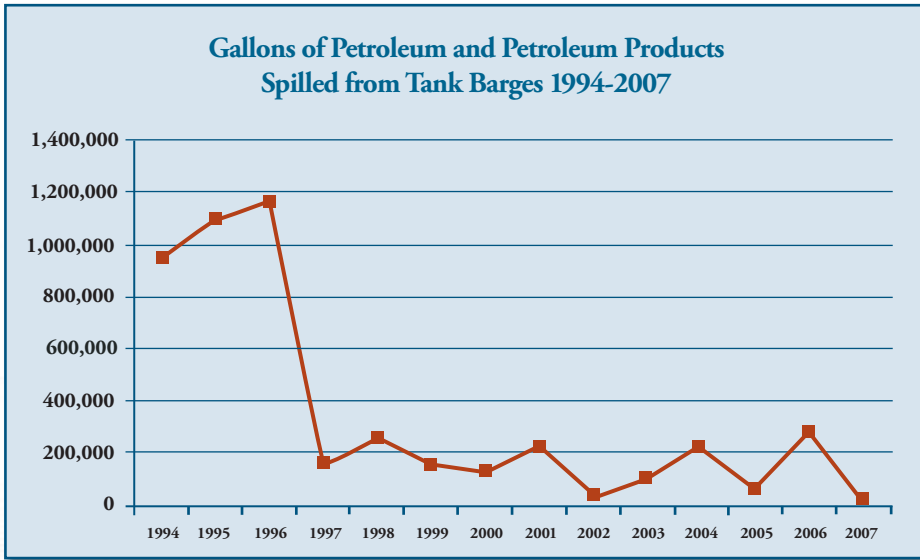
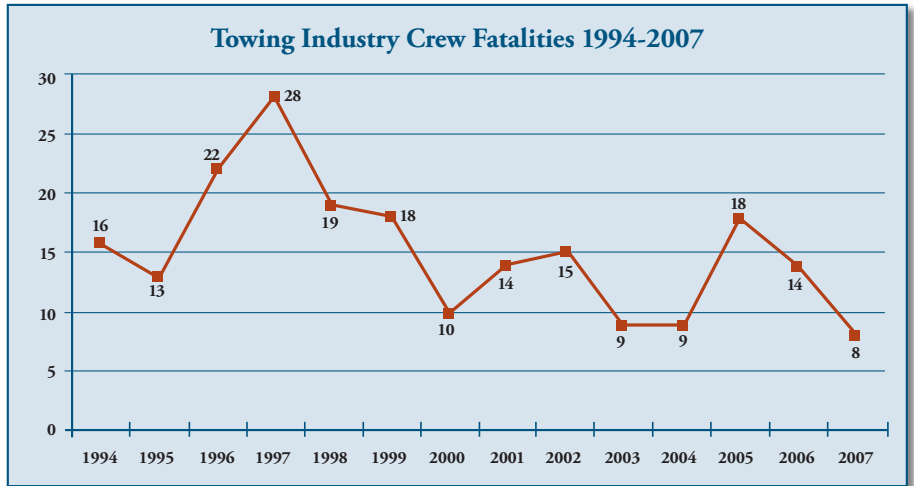
### The RCP and Subchapter M

During 2007, the Responsible Carrier Program (RCP) has continued to provide the members of AWO with the framework for an effective safety management system. Sixty-one companies completed a rigorous third-party audit of their programs during 2007. The quality and effectiveness of the audits themselves have been enhanced through new, more challenging training for AWO-certified auditors. As the new towing vessel inspection regulations continue to be developed, AWO will work to ensure that compliance with the RCP continues to position its members well to make the transition to inspected status.



**Towing Industry Sets Safety Records in 2007**

2007 was a banner year for safety in the tugboat, towboat and barge industry, with record lows for crew fatalities and tank barge oil spills. While one year does not demonstrate a trend, the 2007 results confirm the level shifts that began in 2000 for crew fatalities and in 1997 for oil spills. AWO and its member companies remain committed to the goals of zero crew fatalities and zero oil spills.



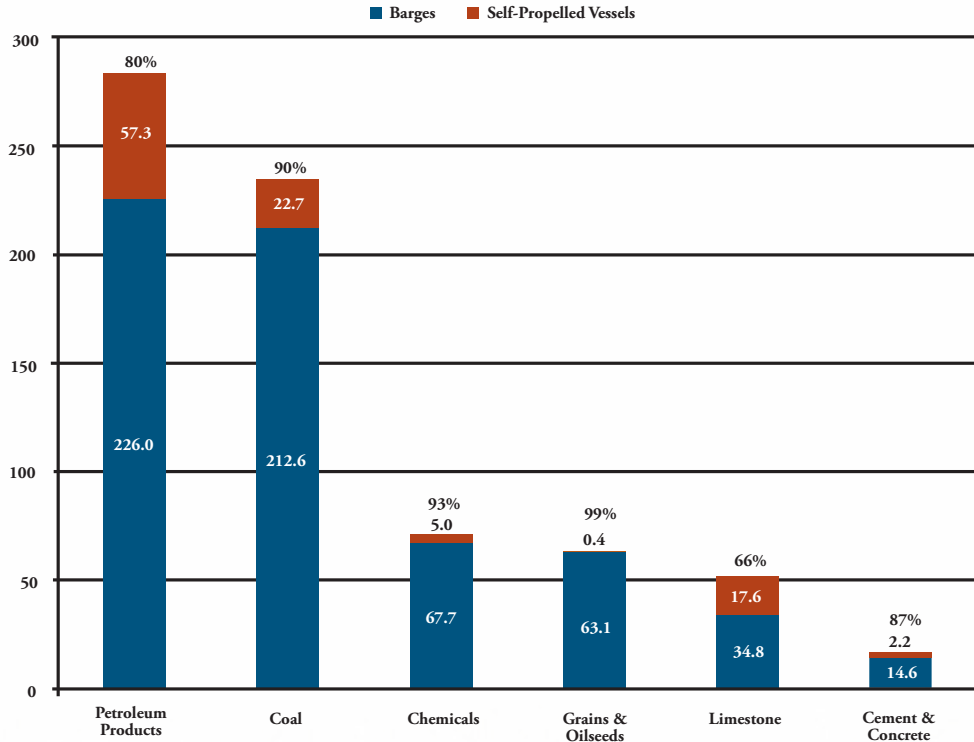
\*In October 2005 a tank barge struck part of an oil platform that was set adrift by Hurricane Rita. The 3.3 million gallons of fuel oil released in this incident settled to the ocean floor. As this spill was the result of extraordinary circumstances and is not expected to have an impact on the U.S. coastal areas, it is not included in this chart.



### Barges Carry the Majority of Domestic Waterborne Commerce

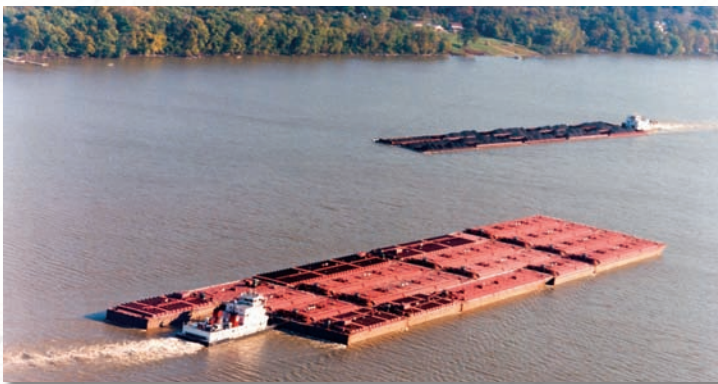
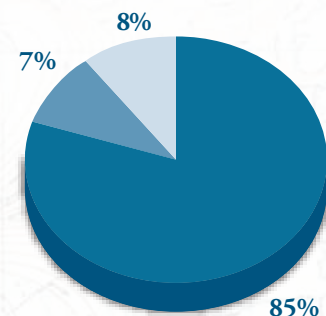
Barges account for 79% of domestic waterborne tonnage: 813 million tons of the 1 billion tons transported in 2005, according to the most recent data available from the U.S. Army Corps of Engineers. This percentage has steadily increased from a level of 66% in 1985. The table below shows barging's tonnage and percentage for selected commodity groups.

2005 Domestic Waterborne Tonnage for Selected Commodity Groups



### Tank Barge Fleet Now 85% Double-Hulled

The domestic petroleum and chemical tank barge fleet consists of more than 3,800 vessels. As the chart shows, double-hulled tank barges comprise 85% of the fleet. The remaining 15% is split between single hulls and reinforced structures such as double-bottomed or double-sided barges.



*Currently, 85% of tank barges carrying oil have full double hulls; by 2015 all tank barges carrying oil in U.S. waters will have double hulls.*

*AWO 21 is The American Waterways Operators' strategic plan, affirming the values shared by AWO member companies and the organization's vision, mission and goals. The strategic plan provides the focus for the work of AWO's staff.*

## Vision

The American Waterways Operators is the leading national advocate for, and promoter of, a safe, secure and environmentally responsible tugboat, towboat and barge industry.



## Mission

The American Waterways Operators is the national trade association representing the owners and operators of tugboats, towboats and barges serving the waterborne commerce of the United States. Its mission is to promote continuous improvement in safety and environmental standards, the long-term economic soundness of the industry, and the importance of waterborne commerce in the national transportation system.

## Values

AWO Members:

- Recognize the fundamental responsibility to operate their companies in an ethical, safe, secure and environmentally responsible manner that benefits their employees, their customers, the public and the environment.

- Embrace continuous improvement in safety and environmental performance and compliance with safety management systems such as the Responsible Carrier Program.
- Recognize that the waterways of the U.S. are a national asset and a shared resource requiring stewardship and improvement.
- Constructively engage the public policy process on matters that affect safety, security, the environment, the communities in which we operate and the economic soundness of the industry.
- Continue the industry heritage of cooperation, draw strength from member diversity and support initiatives that fortify the industry and foster achievement of its goals.

## Goals

1. Be an effective and proactive advocate with the U.S. Congress.
2. Be an effective and proactive advocate with federal agencies.
3. Promote continuous improvement in industry safety, security and environmental performance.
4. Promote positive public awareness of the industry.
5. Influence state and regional initiatives that affect industry interests.
6. Inform the membership on public policy issues.
7. Ensure effective and efficient management and governance of the association.

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**The American Waterways Operators**  
**The National Trade Association of the Inland and Coastal Tugboat, Towboat and Barge Industry**

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