

2010 Annual Report



When Russia embargoed its grain exports in 2010, the world looked to the Lakes to help fill the void. The Fourth Sea Coast responded with a 27 percent increase in grain exports from U.S. ports. Pictured above is a longshoreman in Duluth/Superior making sure an oceangoing vessel leaves carrying every kernel it can.

But was this surge also the grain trade's last hurrah? If New York State implements its ballast water regulations as currently written and requires ballast be as pure as distilled water, the St. Lawrence Seaway will go out of business no later than midnight, December 31, 2011. Domestic moves and Canadian imports to the Empire State will cease too. There isn't even a system on the drawing board that can meet that standard.

Photo: Mary T. George

GREAT LAKES MARITIME TASK FORCE



Promoting Shipping on America's Fourth Sea Coast Since 1992

2010 Annual Report of Great Lakes Maritime Task Force

Dear Supporter of Great Lakes Shipping:

It is not easy to characterize 2010. There were encouraging developments. With America's steel mills operating at high levels of capacity, the iron ore trade on the Great Lakes rebounded significantly. Shipments increased 67 percent compared to 2009. However, seeing as 2009's total was the lowest since 1938, some improvement was almost inevitable.

Russia's decision to embargo grain exports produced a major surge in shipments from the Fourth Sea Coast from fall on. Grain cargos, in particular from U.S. ports, rose 27 percent. But again, compared to the trade's peak years in the late 1970s, 2010 was, at best, acceptable.

What does this ultimately mean? For us it means Great Lakes shipping remains a cornerstone of the U.S. transportation system. There are many companies and jobs that will never recover from the recession. Waterborne commerce on the Fourth Sea Coast, on the other hand, began to right itself in 2010.

No discussion need precede our assessment of the dredging crisis in 2010. We suffered a setback. With Corps funding reduced, the backlog of sediment strangling our ports and waterways grew by 500,000 cubic yards. It now totals 15.5 million cubic yards.

Our efforts to end the dredging crisis by "fencing off" the Harbor Maintenance Trust Fund ("HMTF") came very close to fruition. A provision requiring the HMTF to spend what it takes in each year was included in not just one, but two bills in the House of Representatives. Our champions in the House were Congressmen Oberstar (D-MN) and Stupak (D-MI). On the Senate side, Carl Levin (D-MI) worked tirelessly to insert corresponding language in an appropriate vehicle.

It was not to be, but as Shakespeare counseled long ago, "Sweet are the uses of adversity." The drive to take the HMTF off line has gathered too much strength to be deflected. Congress has many issues to deal with, so 2011 may not be the year for HMTF victory, but this country will – sooner than later – correct the flawed system that funds operation and maintenance dredging.

The changing of the guard in Congress presents new challenges as we seek a major appropriation to begin full-scale construction of the second Poe-sized lock at Sault Ste. Marie, Michigan. Gone is Congressman James L. Oberstar (D-MN). No other legislator believed in this project more than he. His Michigan colleague Bart Stupak (D), in whose district the lock rests, chose not to seek re-election. Nonetheless, we are confident other legislators from the Great Lakes region will put on the mantle these gentlemen wore with such dignity these many, many years.

One development leaves us no choice but to question the future of shipping via the St. Lawrence Seaway. New York State's totally unachievable standard for ballast water will close the Seaway by January 1, 2012. That's no exaggeration; in this instance, the sky is really falling. New York expects ballast water be transformed into a liquid as pure as distilled water. Not only does no such technology exist, we even lack the means to determine if a piece of equipment is meeting the requirement. If New York does not amend its regulations, there won't be a single commercial vessel in the Empire State's waters come January 1, 2012.

Our final thought must address the nonsense about the Jones Act hindering the clean-up of the Gulf oil spill that was bandied about this past summer. The criticism was pure invention. The Jones Act's jurisdiction ends three miles out. The spill was nearly 50 miles from the U.S. shoreline. We are so thankful facts ruled the day, otherwise our country would have begun the process of handing over yet another American industry to foreign owners and workers. We are not xenophobic, but shipping between U.S. ports should create jobs for American workers, opportunities for American companies, and contracts for American shipyards. That's what Great Lakes Maritime Task Force stands for today and always will.

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Sincerely,
James H.I. Weakley, President
John D. Baker, 1st Vice President
Eugene Caldwell, 2nd Vice President
Donald Cree, 3rd Vice President

Promoting Shipping on America's Fourth Sea Coast Since 1992

2010 Annual Report of Great Lakes Maritime Task Force

Objectives

Since its founding in 1992, Great Lakes Maritime Task Force has been dedicated to promoting all facets of shipping on America's "Fourth Sea Coast." Its core principles include:

-  Promoting a strong U.S.-flag Merchant Marine founded on the Jones Act and its requirement that vessels in domestic commerce be U.S.-owned, U.S.-built, and U.S.-crewed.
-  Restoring adequate funding for dredging Great Lakes deep-draft ports and waterways, which will expand domestic and international trade through Lakes and Seaway ports.

Positions

Ending the Dredging Crisis

Decades of inadequate dredging have severely reduced the efficiency of Great Lakes shipping. Lakers routinely leave the loading dock with 10 percent or more of their carrying capacity unused. These inefficiencies are jeopardizing hundreds of thousands of family-sustaining jobs and stalling business growth. The Harbor Maintenance Trust Fund ("HMTF") has a surplus of \$5.65 billion because although it takes in \$1.6 billion per year, it spends less than \$800 million annually. If used for its intended purpose – dredging, not paper balancing the Federal budget – the HMTF could easily provide the \$200 million the U.S. Army Corps of Engineers needs to remove the 15.5 million cubic yards of sediment that clog ports and waterways and so restore the Great Lakes Navigation System to project dimensions. **Congress must pass legislation requiring the HMTF to spend what it takes in each year.**

Federal Regulation of Ballast Water

The U.S. Coast Guard has proposed Federal regulations that would require vessels to treat their ballast starting in 2016. However, since there is no system even on the drawing board that can handle the flow rates and volumes on lakers, the Coast Guard must do a Practicality Review before requiring lakers to treat their ballast and exempt these vessels if systems are unavailable. The Coast Guard must also determine whether treating lakers' ballast has a positive benefit/cost ratio. Installing systems could cost at least \$385 million, yet lakers never leave the system, so have never introduced a non-indigenous species. The Lakes are interconnected, so exotics spread independent of commercial navigation.

The Coast Guard must also verify the ballast water treatment systems coming on the market are viable on the oceangoing vessels that trade to the Lakes, otherwise these regulations could effectively close the St. Lawrence Seaway.

The Seaway will close on January 1, 2012 unless New York State backs off its totally unachievable requirements. New York's regulations added to the EPA's Vessel General Permit would require ballast water be made as pure as distilled water before it could be discharged in State waters.

EPA Assistance for Meeting New Vessel Air Emission Standards

Replacing a vessel's engines is an expensive proposition, as much as \$22 million, and can require a year or more of lead time. The U.S. EPA should provide grants to assist vessel operators, just as it has helped other industries comply with new regulations and standards.

Constructing a Second Poe-Sized Lock At Sault Ste. Marie, Michigan

A closure of the Poe Lock that connects Lake Superior to the lower four Great Lakes and Seaway will slow the iron ore,

western coal, and export grain trades to a trickle. The lock must be twinned to ensure waterborne commerce on the Fourth Sea Coast remains a linchpin in the nation's transportation infrastructure.

Building a second Poe-sized lock at Sault Ste. Marie, Michigan will also create living-wage jobs in the Great Lakes region. The \$590 million project has been likened to opening an automobile manufacturing plant in Michigan's Upper Peninsula for a decade. The coffer dams are nearing completion. Once Congress provides a \$100 million appropriation, full-scale construction can begin almost immediately.

Adequate U.S. Coast Guard Icebreaking Resources

Most of the eight U.S. Coast Guard vessels on the Great Lakes with icebreaking capabilities are aged and in need of replacement, an intolerable situation. U.S.-flag lakers can move as much as 20 percent of their annual total during periods of ice cover. Oceangoing vessels need assurances the Coast Guard can keep the shipping lanes open, otherwise they will not come late in the season for fear of being trapped over the winter. The past two winters have seen an East Coast icebreaker transferred to the Lakes. The assignment should become permanent, but that's only part of the solution. Congress must fund construction of a second heavy icebreaker to supplement the MACKINAW that was built in 2006.

Short Sea Shipping

A narrow exemption from the Port Use Tax for non-bulk cargo will remove the largest impediment to launching cargo ferry services on the Great Lakes. In addition to creating jobs, a rebirth of such trades will ease congestion on the region's highways and rail lines and reduce air pollution from the trains and trucks that currently move these cargos.

Federal Funds for State Maritime Academies

The six State Maritime Academies (one of which is in Traverse City, Michigan) produce more than two thirds of all new licensed officers, but Federal funding for these institutions is at its lowest level in 15 years. Congress must adequately fund these schools so they can supply ships' officers to meet the needs of commerce and national defense.

For a more in-depth review of these issues and more, visit www.glmf.org

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Dredging Crisis Remained Focal Point of GLMTF Briefing for Great Lakes Delegation

GLMTF'S 15th annual Informational Briefing for the Great Lakes Congressional delegation was held in Washington, DC on February 4, 2010.

Jim Weakley, GLMTF's President in 2010, warned attendees that while 2009 had been a year of progress on the dredging crisis, the outlook for 2010 was not good. "The Corps' current appropriation for FY10 does not provide enough funds to remove the sediment that normally builds up over the course of a year, so the backlog will start to grow again. Isn't it terrible that just as there are signs of new growth in the U.S. economy, we must suffer new growth in the dredging backlog?"

Weakley then urged Great Lakes legislators to support a bill requiring the Harbor Maintenance Trust Fund to spend what it takes in each year. "The HMTF has a surplus of almost \$5 billion. The Corps needs \$200 million to restore the Fourth Sea Coast's ports and waterways to project dimensions. Give the Corps just four percent of that surplus and the dredging crisis is history."

Weakley also addressed the need for adequate icebreaking on the Great Lakes and noted the Coast Guard assigned an East Coast icebreaker to the Lakes for the winter of 2009/2010. "On just one day, the icebreaker PENOBSCOT BAY cleared a path for 13 freighters. That allowed 300,000 tons of cargo to keep moving."

Next was presentation of GLMTF's Great Lakes Legislator of the Year Award to Congresswoman Betty Sutton (D-OH). John D. Baker, 1st Vice President, stressed the "Cash for Clunkers" program that Sutton authored wasn't about bailing out banks or protecting big bonuses, but rather about creating jobs. "Some call them blue-collar jobs. I call them family-sustaining jobs." He went on to praise Sutton for her support for more dredging, another heavy icebreaker, and legislation to bring cargo ferries back to the Lakes.

Sutton's gracious acceptance speech was typical of her. While appreciative of the award, she focused on the need to create more jobs that can sustain the American middle class and was emphatic that Great Lakes shipping is one means to that end.



In accepting her Great Lakes Legislator of the Year Award, Congresswoman Betty Sutton (D-OH) stressed she wants shipping on the Lakes and Seaway to play a greater role in the economic well-being of not just the region, but the nation.



Congresswoman Marcy Kaptur (D-OH, left) discussed the need for more dredging with Don Cree and Brian Krus of American Maritime Officers, a union representing officers on many Great Lakes vessels.



Ohio-based members of GLMTF who travelled to Washington to honor Congresswoman Sutton included (left-right) Jim Weakley, Lake Carriers' Association; John Baker, Jr., ILA Great Lakes District Council; Torey Zingales, Marine Engineers Beneficial Association (MEBA); Don Cree, American Maritime Officers; Tim Buxton, United Steelworkers; Mark Barker, Interlake Steamship; and Dana Byrne, Cliffs Natural Resources.







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Lost Inches, Lost Efficiencies



Commercial vessels working the Great Lakes are leaving behind cargo virtually every time they load because of inadequate dredging of deep-draft ports and waterways. The map above uses select Great Lakes ports to illustrate how many inches of loaded draft the dredging crisis is costing the industry. Graphic courtesy U.S. Maritime Administration.

Impact of Dredging Crisis on Per-Trip Carrying Capacity Major Great Lakes Vessel Classes

Major Great Lakes Vessel Classes	Vessel Length (feet)	Per-Trip Carrying Capacity	Capacity Per Foot of Draft
	1,000	69,664	3,204
	806	34,720	1,752
	767	28,336	1,524
	730	27,558	1,380
	635	22,064	1,284
	501	13,776	852



GREAT LAKES MARITIME TASK FORCE



MEMBERSHIP BY STATE AND CITY

ILLINOIS

ArcelorMittal – Chicago ♦ Chicago Port Council – Joliet ♦ CN – Chicago
Illinois International Port District – Chicago

INDIANA

Central Marine Logistics, Inc. – Griffith ♦ Ports of Indiana – Indianapolis ♦ Rieth-Riley Construction Co., Inc. – Goshen

MICHIGAN

Central Dock Company – Benton Harbor ♦ Consumers Energy – Jackson ♦ Detroit Edison – Detroit
Detroit/Wayne County Port Authority – Detroit ♦ Dock 63 Inc. – St. Joseph ♦ Durocher Marine – Cheboygan
Edw. C. Levy Co. – Detroit ♦ Int'l Assn. of Machinists & Aerospace Workers – Washington Twp.
International Union of Operating Engineers Local 324 – Livonia
The King Co., Inc. – Holland ♦ Lake Michigan Carferry Service, Inc. – Ludington ♦ Lakes Pilots Association – Port Huron
Luedtke Engineering Company – Frankfort ♦ MCM Marine, Inc. – Sault Ste. Marie
Michigan Maritime Trades Port Council, MTD, AFL-CIO – Algonac
Pere Marquette Shipping Company – Ludington ♦ Ryba Marine Construction Co. – Cheboygan
Seafarers International Union – Algonac
Soo Marine Supply, Inc. – Sault Ste. Marie ♦ Verplank Dock Co. – Ferrysburg

MINNESOTA

Duluth Lake Port – Duluth ♦ Duluth Seaway Port Authority – Duluth ♦ Great Lakes Fleet / Key Lakes, Inc. – Duluth
Hallett Dock Company – Duluth ♦ Marine Tech, LLC – Duluth

MONTANA

Montana Coal Council – Helena

NEW YORK

American Steamship Company – Williamsville ♦ Gateway Trade Center, Inc. – Buffalo
Maritime Port Council of Greater New York & Vicinity – New York City
Port of Oswego Authority – Oswego ♦ Rand Logistics, Inc. – New York City
St. Lawrence Seaway Pilots' Association – Cape Vincent

OHIO

American Maritime Officers, AFL-CIO – Toledo ♦ Cleveland-Cuyahoga County Port Authority – Cleveland
Cliffs Natural Resources, Inc. – Cleveland ♦ CSX Transportation, Toledo Docks – Toledo
Faulkner, Muskovitz & Phillips, LLP – Cleveland ♦ Flats Oxbow Association – Cleveland
Grand River Navigation Company, Inc. – Avon Lake ♦ Great Lakes District Council, ILA, AFL-CIO – Cleveland
ILA Lake Erie Coal & Ore Dock Council – Toledo ♦ ILA – Local 1317 – Cleveland ♦ ILA – Local 1768 – Toledo
The Interlake Steamship Company – Richfield ♦ International Organization of Masters, Mates & Pilots – Cleveland
International Ship Masters Association – Brooklyn ♦ Lafarge North America – Streetsboro
Lake Carriers' Association – Rocky River ♦ Lorain Port Authority – Lorain
MEBA, AFL-CIO – Cleveland ♦ Midwest Terminals of Toledo, International, Inc. – Toledo
Osborne Concrete & Stone Co. – Grand River ♦ Pickands Mather Lake Services Company, Inc. – Kirtland
Tata Steel – Warren ♦ Toledo-Lucas County Port Authority – Toledo ♦ Toledo Port Council, MTD, AFL-CIO – Toledo
United Steelworkers, District 1, AFL-CIO-CLC – Warrensville Hts.
United Steelworkers, Local 5000 – Middleburg Hts.

PENNSYLVANIA

Carmeuse Lime, Inc. – Pittsburgh ♦ Donjon Shipbuilding & Repair, LLC – Erie ♦ US Steel Corp. – Pittsburgh

VIRGINIA

Norfolk Southern Corporation (coal docks in Sandusky, Ohio, and Ashtabula, Ohio) – Norfolk

WISCONSIN

Bay Shipbuilding Company – Sturgeon Bay ♦ Brown County Port & Solid Waste Dept. – Green Bay
City of Superior Planning Department – Superior ♦ Edward E. Gillen Company – Milwaukee
Fox River Dock Co., Inc. – Green Bay ♦ Fraser Shipyards, Inc. – Superior
Midwest Energy Resources Company – Superior ♦ The Port of Milwaukee – Milwaukee
Western Great Lakes Pilots' Association – Superior

GREATER WASHINGTON, DC

American Great Lakes Ports Assn. – Washington, DC ♦ American Maritime Officers Service – Washington, DC
Int'l Brotherhood of Boilermakers – Fairfax, VA ♦ KL Gates – Washington, DC
Transportation Institute – Camp Springs, MD

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