

226,833 jobs in the United States and Canada are in some way related to cargo handled at the marine terminals located on the Great Lakes-St. Lawrence Seaway System.

Those jobs generated more than \$14.1 billion in personal income in 2010.

That year cargo and vessel activity at the terminals on the Great Lakes-St. Lawrence Seaway System generated a total of \$33.6 billion in total economic activity in the United States and Canada.

A total of \$4.6 billion in direct, induced and indirect Federal, state/provincial and local tax revenue was generated by maritime activity on the Great Lakes-St. Lawrence Seaway System in 2010.

**The Economic Impacts of the Great Lakes-St. Lawrence Seaway System
October 18, 2011
Martin Associates**

2011 Annual Report

GREAT LAKES MARITIME TASK FORCE



Promoting Shipping on America's Fourth Sea Coast Since 1992

2011 Annual Report of Great Lakes Maritime Task Force

Dear Supporter of Great Lakes Shipping:

We'd like to open our Annual Report by offering Alex Trebek and the producers of Jeopardy! a clue for a future show: "This industry generates 227,000 jobs in the U.S. and Canada; nearly \$48 billion in annual personal income, business revenue, and local purchases; and \$4.6 billion in Federal, state/provincial, and local taxes." The proper response is "What is shipping on the Great Lakes/St. Lawrence Seaway system?"

Those statistics and scores more contained in a study released in October 2011 fill a gaping void. We who promote shipping on the Fourth Sea Coast finally have the economic impact data that legislators and regulators need when they make decisions that will determine the future of this waterway.

GLMTF was among the organizations that helped fund the study. But publication of the study is not the end of the project, but rather the beginning of a new phase. We must publicize the benefits of Lakes/Seaway shipping. The competition for Federal dollars is fierce, and will only get more so in the years ahead.

The greatest benefit, especially in this day and age, is the jobs this industry creates and sustains. More than 128,000 are in the eight Great Lakes states. Personal income (wages and salaries) total \$9.7 billion.

Impressive as those totals may be, they only hint at what Lakes/Seaway shipping means to our way of life. The study purposely used 2010 as the base year for calculating impacts, and as we are all painfully aware, the economy was just beginning to emerge from the Great Recession that year. Employment and paychecks will swell when America has fully righted itself.

The timing of this report couldn't have been better. The Great Lakes region seems to be coming up short more often than not. When Congress passed the American Recovery and Reinvestment Act in 2009, the Corps was given 4.6 billion stimulus dollars. Only two percent went to the Lakes and not one thin dime was directed to the second Poe-sized lock at Sault Ste. Marie, Michigan, even though it offered a jobs-starved region 1.5 million construction manhours and could have started almost immediately.

The years that have followed have proved no kinder. The Administration's FY12 budget provided funding for dredging just 11 Great Lakes ports. (Senator Carl Levin [D-MI] was able to restore funding for another five ports.) Much needed maintenance of the Soo Locks is dangerously underfunded. Breakwalls are crumbling. Five of the Coast Guard's icebreakers are more than 30 years old and in need of major rehabilitation and modernization.

In all fairness the Lakes are not unique. Our infrastructure is wanting nationwide and there are just so many dollars to go around. But when you get just two percent of \$4.6 billion, when only one in five ports gets dredged... you know something is fundamentally wrong.

The economic impact data is our best chance for correcting imbalances in Federal funding. But only if we use it. If the study sits on a shelf and gathers dust, then shame on us. It is the responsibility of every member of the Lakes/Seaway community to become an ambassador-at-large and tout the impacts and benefits of shipping on the Fourth Sea Coast. We have to make our case on the national stage. We can't expect our legislative champions like Senator Levin, Congressman LaTourette, and so many others to fight this battle alone. Armed with a full knowledge of our region's worth, we must accept Teddy Roosevelt's challenge of long ago and enter the arena.

The economic impact data is our best chance for correcting imbalances in Federal funding. But only if we use it. If the study sits on a shelf and gathers dust, then shame on us.



Sincerely,

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

2011 Annual Report of Great Lakes Maritime Task Force

Objectives for 2012 and Beyond

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.-crewed, U.S.-built, and U.S.-owned.
-  Restoring adequate funding for dredging Great Lakes deep-draft ports and waterways, which will expand domestic and international trade through Lakes and Seaway ports.

Major Issues Being Addressed in 2012

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 jeopardize hundreds of thousands of family-sustaining jobs and stall business growth. The Harbor Maintenance Trust Fund ("HMTF") has a surplus approaching \$7 billion because while it takes in \$1.6 billion per year from a tax on cargo, it spends less than \$800 million annually. If used for its intended (and sole) purpose – dredging – the HMTF could easily provide the \$200 million the U.S. Army Corps of Engineers needs to dredge the 17-plus 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 and then the funds must be distributed more equitably. The Lakes have not received their fair share of dredging dollars for many years.

Federal Regulation of Ballast Water

In December 2011 the U.S. EPA published its draft of the next Vessel General Permit that regulates discharges incidental to the normal operation of commercial vessels. Ballast water is a regulated discharge and the EPA proposed that most lakers continue to employ Best Management Practices to reduce the potential that their ballast might spread a non-indigenous species.

In March 2012, the U.S. Coast Guard published its Final Rule on ballast water and elected to address lakers' ballast in a future rulemaking after additional research and analysis.

Both the EPA and Coast Guard will require oceangoing vessels to meet the International Maritime Organization standard for ballast water discharges within the next few years. Ballast water treatment systems that can meet this standard are coming onto the market. (No system currently exists that can accommodate lakers' volumes and flowrates and it is unlikely one will be available during the term of the next Vessel General Permit.)

Federal regulation of ballast water is crucial to the viability of waterborne commerce on the Fourth Sea Coast and other U.S. waters. Vessels transit many different jurisdictions and lack of a Federal standard has prompted many of the Great Lakes states to institute their own requirements. New York has only recently acknowledged that its requirement that ballast water be as pure as distilled water is unachievable and withdrawn the provision. Had it not, closure of the Seaway loomed.

The individual states will continue to have the ability to impose their own conditions on the EPA's Vessel General Permit, but the problems inherent with differing requirements beg for Federal regulation. GLMTF hopes the Great Lakes states will endorse the EPA Vessel General Permit and Coast Guard Final Rule. Lakers never leave the system, so have never introduced an exotic, and once established, non-indigenous species freely migrate independent of commercial navigation.

Constructing a Second Poe-Sized Lock

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 will generate 1.5 million manhours for construction workers and use steel, aggregate and cement from Great Lakes states. Once Congress provides a \$100 million appropriation, full-scale construction can begin almost immediately.

Adequate U.S. Coast Guard Icebreaking Resources

Five of the eight U.S. Coast Guard icebreakers on the Great Lakes are more than 30 years old and in need of replacement or modernization. Despite the crews' best efforts, breakdowns are not uncommon. This uncertainty is jeopardizing shipping during the ice season that stretches from early December to mid-April. 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 three 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.

Canada should reassess its commitment to icebreaking on the Lakes. The country has trimmed its icebreaking fleet from seven to two vessels even though Canadian lakers are just as active during the ice season as their U.S.-flag counterparts.

Short Sea Shipping

A narrow exemption from the Port Use Tax for non-bulk cargo will remove the largest impediment to launching new cargo trades on ferries and other vessels on the Lakes. In addition to creating jobs, expanded waterborne moves 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.glmtf.org.

2011 Annual Report of Great Lakes Maritime Task Force

Deepening Dredging Crisis Again Took Center Stage at Briefing for Federal Legislators

GLMTF'S 16TH Annual Informational Briefing for the Great Lakes Congressional delegation was held in Washington, DC on February 9, 2011. A number of topics were addressed, but the dredging crisis was everyone's priority. GLMTF President John D. Baker lamented that after two straight years of reducing the dredging backlog, inadequate funding in FY09 meant another 500,000 cubic yards of sediment settled in ports and waterways in 2010.

Noel Bassett, Vice President – Operations for American Steamship Company, the largest U.S.-flag operator on the Lakes, illustrated how the dredging crisis is impacting his company by comparing cargos carried in pre-dredging crisis years and today. "Our BURNS HARBOR holds the record for the largest iron ore cargo ever to transit the locks at Sault Ste. Marie, Michigan – 72,300 tons in 1997, a year when high water levels allowed vessels to be loaded to – or very near to – their maximum draft. In 2010, the BURN HARBOR's largest cargo was 65,983 tons. This is the same ship transiting the same lock, but she carried 6,317 less tons."

Bassett stressed the 9-percent reduction in the vessel's carrying capacity had serious impacts. "6,300 tons of iron ore equals about a quarter day's work for the 700 employees at a large iron ore mine. Remember though, the ship is losing cargo on each load. Take a 6,300-ton shortfall on each of about 50 trips and the iron ore left at the dock is like idling the mine for two weeks."

As another measure, Bassett noted that 6,300 tons of iron ore will make enough steel to produce 5,000 automobiles. He called on Congress to end the dredging crisis by passing legislation requiring the Harbor Maintenance Trust Fund to spend what it takes in each year.

Support for dredging was only one reason GLMTF honored Congresswoman Candice Miller (R-MI) as Great Lakes Legislator of the Year at the Briefing. Her district includes considerable shoreline and several docks. She is a staunch supporter of the Jones Act and as Chairwoman of Homeland Security's subcommittee on Border and Maritime Security, continually stresses the importance of requiring domestic waterborne commerce be conducted in vessels that are U.S.-crewed, -built, and -owned.



Congresswoman Candice Miller (R-MI, fourth from left) accepts her award as Great Lakes Legislator of the Year. Joining her were (l-r) Rep. Hansen Clarke (D-MI); Don Cree, American Maritime Officers; Rep. Marcy Kaptur (D-OH); Bill Yockey, ILA; Rep. Betty Sutton (D-OH); Tommy Orzechowski, SIU; and John Baker, ILA.

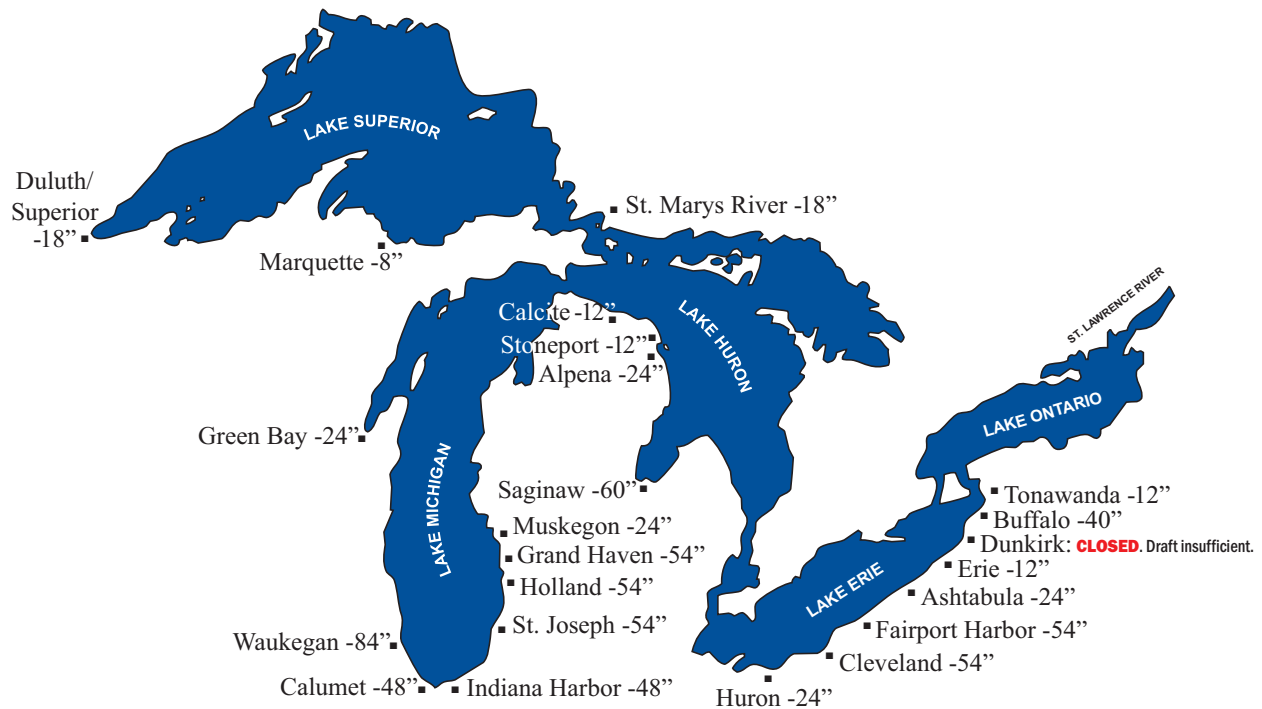
Rep. Miller is recognized as one of the strongest supporters of the Jones Act in Congress and she is constantly advocating for more dredging.



Noel Bassett, Vice President - Operations for American Steamship Company, the largest U.S.-flag fleet on the Great Lakes, called on Congress to end the dredging crisis by passing legislation requiring the Harbor Maintenance Trust Fund to spend what it takes in each year.







2011 Annual Report of Great Lakes Maritime Task Force

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

MAINE

International Association of Machinists & Aerospace Workers (IAMAW) District 4 – Lisbon Falls

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 • IAMAW – Washington Twsp.
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 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
IAMAW District Lodge 65 – Jamestown • 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
Grand River Navigation Company, Inc. – Avon Lake • Great Lakes District Council, ILA, AFL-CIO – Cleveland
IAMAW Local Lodge 1943 – Middletown • ILA Lake Erie Coal & Ore Dock Council – Toledo
ILA - Local 1317 – Cleveland • ILA - Local 1768 – Toledo • The Interlake Steamship Company – Richfield
Int'l Organization of Masters, Mates & Pilots – Cleveland • Int'l Ship Masters Association – Brooklyn
Lafarge North America – Streetsboro • Lake Carriers' Association – Rocky River • Lorain Port Authority – Lorain
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 • IAMAW District Lodge 1 – Philadelphia
IAMAW District Lodge 98 – York • 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 • 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 • MEBA, AFL-CIO – Washington, DC
Transportation Institute – Camp Springs, MD

One Maritime Plaza-3rd Floor • Toledo, Ohio 43604

www.glmtf.org

For more information, contact Glen G. Nekvasil, Secretary: (440) 333-9996 / info@glmtf.org