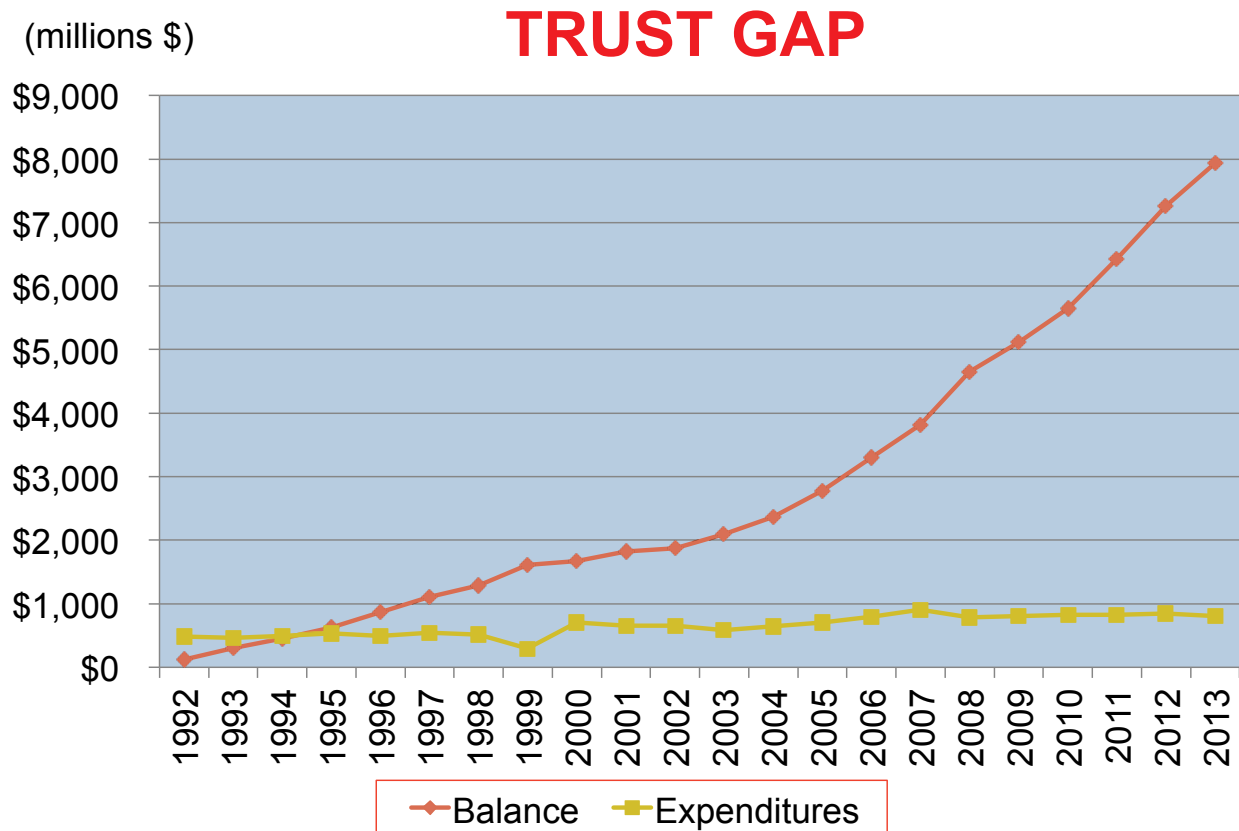


GREAT LAKES MARITIME TASK FORCE



2013 Annual Report

Harbor Maintenance Trust Fund Expenditures and Balance FY 1992 – 2013



Graphic courtesy Realize America's Maritime Promise (RAMP)

It's hard to comprehend why there's a dredging crisis on the Great Lakes and other U.S. waterways. Year after year the Federal government levies a tax to pay for dredging of deep-draft ports and waterways, but the surplus in the Harbor Maintenance Trust Fund (HMTF) just keeps on growing. Legislation passed by both the House and Senate in 2013 would require the Federal government to increase expenditures from the HMTF. If that directive remains in the final Water Resources Reform and Development Act, the dredging backlog on the Lakes will again start to shrink.

Promoting Shipping on America's Fourth Sea Coast Since 1992

2013 Annual Report of Great Lakes Maritime Task Force

Dear Supporter of Great Lakes Shipping:

A purist would insist that an Annual Report only cover events that occurred between January 1 and December 31, and under normal circumstances we would agree. However, in a very real sense, 2013 went into extra innings, and at least legislatively speaking, is still not concluded. The reason we say that is both the House and Senate passed legislation that would go a long, long way toward ending the dredging crisis on the Great Lakes, but the two chambers had not conferenced over the Water Resources Reform and Development Act (“WRRDA”) by year’s end, so the bill will not be finalized until March 2014 at the earliest.

Whatever the outcome, the dredging crisis again dominated GLMTF’s efforts in 2013 and there are many positive developments that, if included in the final WRRDA, will move us much closer to restoring the Great Lakes Navigation System (“GLNS”) to its proper depth. The Senate’s bill increases expenditures from the Harbor Maintenance Trust Fund (“HMTF”) nationwide and specifically directs that more dredging dollars be invested in the GLNS.

Support for this provision was strong in the Lakes Senate delegation, but we would be remiss if we did not single out Senator Carl Levin (D-MI) for his authorship and direction in shaping the final version of the Senate bill. Senator Levin will be retiring when the 113th Congress adjourns. The Lakes, and the nation, will miss him dearly.

On the House side, the most important provision in the WRRDA is the designation of the Great Lakes as a system in terms of allocating dredging dollars. Currently the Corps views the Great Lakes as 60 individual ports and pits them against one another for dredging dollars. Making the Lakes a “system” should put us on a more even footing with other waterways and increase our dredging appropriation.

This provision was widely supported by the Lakes delegation in the House, but again, one legislator, Rep. Candice Miller (R-MI), deserves special mention for ensuring the designation remained in the final bill. Congresswoman Miller is fast becoming one of the Lakes’ greatest advocates in Washington. Her stature has only grown since we named her Great Lakes Legislator of the Year in 2011.

While the dredging crisis dominated our efforts in 2013, we must note the difficulties commercial navigation experienced when the winter of 2013/2014 arrived early and with brute force. Operation Taconite, the U.S. Coast Guard’s campaign to keep iron ore moving during the ice season, started on December 6th. That’s the earliest date on record and the icebreakers were challenged almost from the get go.

We know the crews did their best, and even the best maintained equipment can fail in such extreme conditions, but the bottom line is an awful lot of iron ore and western coal did not move in December and January because of the massive ice fields and resulting delays. It is a very good thing the Coast Guard will start the process of modernizing the 140-foot-long icebreaking tugs in 2014. We are going to have to make sure that effort does not stall because of budgetary pressures in Washington.

The reassessment of the benefit/cost ratio for the second Poe-sized lock continued to move forward in 2013, but we need to accelerate the pace. The demands on the Poe Lock will only increase as the new Canadian lakers arrive on the scene. With their 78-foot beam, they are too wide to transit the MacArthur Lock. As it was, Poe-class vessels represented 70 percent of U.S.-flag carrying capacity on the Lakes. Now both nations are finding themselves more and more dependent on the Poe Lock. It must be twinned and the sooner the better.

Another development that dates from 2013, but won’t fully blossom until this year is the Port of Cleveland’s new, regularly scheduled liner service to Europe. This is a first for the Lakes and we wish them every success.

Finally, we welcomed a new St. Lawrence Seaway Administrator in 2013, and she is very familiar with the Lakes. In fact, Betty Sutton was our 2010 Great Lakes Legislator of the Year. Based on her Congressional record, the Seaway can expect some great days ahead!

The dredging crisis again dominated GLMTF’s efforts in 2013 and there are many positive developments that, if included in the final WRRDA, will move us much closer to restoring the Great Lakes Navigation System (“GLNS”) to its proper depth.


Sincerely,


James H.I. Weakley, President
John D. Baker, 1st Vice President
Thomas Curelli, 2nd Vice President
Donald N. Cree, 3rd Vice President

2013 Annual Report of Great Lakes Maritime Task Force

Our Foundation

For 20-plus years GLMTF has been dedicated to promoting all facets of shipping on America's "Fourth Sea Coast." Our core values are:

 The U.S.-flag Great Lakes fleet is the world's pacesetter for the dry-bulk trades because it is founded on the Jones Act and its requirement that vessels in domestic commerce be U.S.-crewed, U.S.-built, and U.S.-owned. The assurance that American mariners and companies will not be forced to compete with flag of convenience operators who are all but unregulated has allowed Lakes Jones Act carriers to assemble the world's largest fleet of self-unloading vessels.

 The Great Lakes Navigation System ("GLNS") must be dredged to project dimensions if we are to sustain and grow domestic and international trade through Lakes and Seaway ports.

Major Issues Being Addressed in 2014

Dredging Crisis

Virtually every port and connecting channel on the Great Lakes needs to be dredged. Why? Because the Federal government has underfunded dredging for decades. And as a result, ships cannot carry full loads.

Fortunately, the solution is very simple. If the Federal government will spend the \$1.6 billion deposited in the Harbor Maintenance Trust Fund each year for dredging, the Lakes (and all the nation's deep-draft ports and waterways) can be maintained to their designed depth and width. Instead, the government hoards about half the tax receipts to mask the size of the Federal deficit. The result is the dredging backlog on the Lakes has grown to 17 million cubic yards of sediment while the surplus in the HMTF has grown to \$8 billion!

Both the House and Senate have passed legislation to increase spending from the HMTF. The Corps estimates it needs \$200 million to restore the Lakes, about 2.5 percent of the HMTF surplus, so the money is there.

The House bill also designates the Great Lakes as a "system" in terms of dredging, which should further increase their dredging appropriation. In short, if the House and Senate bills are properly crafted into a Water Resources Reform and Development Act, the dredging backlog could be erased in a few years with ships once again carrying full loads.

Federal Regulation of Ballast Water

In 2006 the St. Lawrence Seaway began requiring oceangoing vessels to exchange their ballast water before entering the system. In the now eight years that have followed, not one new non-indigenous species has been identified in the Lakes.

While the problem seems largely solved, the U.S. Coast Guard will soon start requiring oceangoing vessels employ a ballast water treatment system. The U.S. EPA's regulations go a step farther and require lakers that trade beyond Anticosti Island and newly constructed lakers to treat their ballast. Even though the need is questionable, the bottom line is no system is available that can meet lakers' operational requirements. The Coast Guard acknowledges the absence of suitable systems and is being flexible about its requirements, but the EPA's position is unclear as of this writing.

Further confusing the situation is Transport Canada's intention to require all lakers, even those just transiting Canada's waters, to install treatment systems.

Reason must prevail or the laker trades will cease to exist. Any system capable of meeting lakers' requirements is far off in the future, and since most lakers (and all U.S.-flag lakers) never leave the system, their ballast contains only what is already present. Federal regulation of ballast water should remain focused on vessels that enter from the oceans, and recognize that exchange has proven highly effective.

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 bedrock of the nation's transportation system.

The \$590 million project will also generate 1.5 million manhours for construction workers and use steel, aggregate and cement from Great Lakes states. The project is shovel-ready, so once Congress provides a sufficient appropriation, say \$100 million, full-scale construction can begin almost immediately.

The primary reason construction is stalled is the flawed benefit/cost analysis that has given the project a b/c ratio of less than 1, which means the Administration cannot include it in a future budget. At the behest of Senator Debbie Stabenow (D-MI) a new study is underway and will take into account factors not considered by the current assessment.

Adequate U.S. Coast Guard Icebreaking Resources

Six of the nine 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, there were a number of breakdowns during the winter of 2013/2014 and the iron ore and western coal trades were significantly impacted at the end of 2013.

The first of the six 140-foot-long icebreaking tugs will go to a shipyard in 2014 for service life extension. It is critical that the other five 140s follow in order. U.S.-flag lakers can move as much as 20 percent of their annual total during the ice season that begins in early to mid-December and extends into April. Oceangoing vessels need assurances the Coast Guard can keep the shipping lanes open, otherwise they will not come to the Lakes late in the season for fear of being trapped over the winter.

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

2013 Annual Report of Great Lakes Maritime Task Force

Sen. Amy Klobuchar Honored as Great Lakes Legislator of the Year

Minnesota Senator Amy Klobuchar (D) was named GLMTF's Great Lakes Legislator of the Year in 2013. The award is presented annually to a legislator who has helped advance shipping on the nation's Fourth Sea Coast.

"Senator Klobuchar has been focused on Great Lakes issues since her first day in the Senate," said Don Cree, President of Great Lakes Maritime Task Force in 2013. "These have been critical times for the Great Lakes Navigation System. The dredging crisis has severely impacted waterborne commerce, but thanks to her support for legislation that would require the Harbor Maintenance Trust Fund to spend more of the tax dollars it collects for dredging on dredging, we are a giant step closer to ships once again carrying full loads."

Cree noted Klobuchar's commitment to Great Lakes shipping springs from her background. "Her grandfather was a miner on Minnesota's Mesabi Iron Range, and it was Great Lakes freighters that moved that iron ore to the nation's blast furnaces. These two great industries could never have thrived without each other and their futures are inextricably linked."

Minnesota has a tremendous stake in ending the dredging crisis. When water levels were high, some U.S.-flag lakers carried more than 72,000 tons of Minnesota taconite pellets in a single trip, but in recent years loads have often been around 65,000 tons. The tons left behind each trip represent roughly a day's production at a large mine on the iron range.

Sen. Klobuchar has likewise been a leader on other issues affecting Great Lakes shipping. She fully supports the Jones Act, a second Poe-sized lock and maintaining the U.S. Coast Guard's icebreaking fleet.

With her selection as Great Lakes Legislator of the Year, Senator Klobuchar becomes the second Minnesota legislator to receive the award. The first was Congressman James L. Oberstar (D) in 1999.



Senator Amy Klobuchar (D-MN, sixth from left) accepts her award as Great Lakes Legislator of the Year for 2013. Joining the Senator were (l-r) Steve Fisher, American Great Lakes Ports Association; Jim Henry, Transportation Institute; Glen Nekvasil, Lake Carriers' Association; James R. Barker, Interlake Steamship; Gregg Ruhl, Great Lakes Fleet; Bob Mondron, Carmeuse Lime & Stone; Betty Sutton, Administrator, St. Lawrence Seaway Development Corporation; John DeCrosta, American Maritime Officers; and Mark Burttschi, ArcelorMittal.







2013 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. The map above uses select Great Lakes ports to illustrate how many inches of loaded draft the dredging crisis is costing the industry. The coal trade to Dunkirk, New York, stopped in 2005 because vessels can no longer safely enter the harbor. Both Holland, Michigan, and St. Joseph, Michigan, were closed for periods in 2011 and 2012 because of a build-up of sediment in the harbors. 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 ♦ The Chicago & Western Great Lakes Port Council, MTD, AFL-CIO – Joliet ♦ CN – Homewood
Illinois International Port District – Chicago

INDIANA

Central Marine Logistics, Inc. – Griffith ♦ Northern Indiana Marine Management – Griffith ♦ Ports of Indiana – Indianapolis

MAINE

International Association of Machinists & Aerospace Workers (IAMAW) District Lodge 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 District Lodge 60 – Romulus
International Ship Masters Association – Berkley
International Union of Operating Engineers Local 324 – Bloomfield Twp.
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
Moran Iron Works – Onaway ♦ Pere Marquette Shipping Company – Ludington ♦ Port of Monroe – Monroe
Ryba Marine Construction Co. – Cheboygan ♦ Seafarers International Union – Algonac ♦ Severstal North America – Dearborn
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 – Lancaster
IAMAW District Lodge 65 – Jamestown ♦ Maritime Port Council of Greater New York/New Jersey & 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, Hoffman & Phillips, LLP – Cleveland ♦ Grand River Navigation Company, Inc. – Avon Lake
Great Lakes District Council, ILA, AFL-CIO – Cleveland ♦ IAMAW District Lodge 54 – Columbus
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 – Middleburg Heights
Int'l Organization of Masters, Mates & Pilots – Cleveland
Lafarge North America – Streetsboro ♦ Lake Carriers' Association – Rocky River ♦ Lorain Port Authority – Lorain
Osborne Concrete & Stone Co. – Grand River ♦ 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 & Resource Recovery Dept. – Green Bay
City of Superior Planning Department – Superior ♦ 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 Association. – Washington, DC ♦ American Maritime Officers Service – Washington, DC
Int'l Brotherhood of Boilermakers – Washington, DC ♦ K&L Gates – Washington, DC ♦ MEBA, AFL-CIO – Washington, DC
Transportation Institute – Camp Springs, MD

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