

GREAT LAKES MARITIME TASK FORCE

2014 Annual Report



President Barack Obama signs the Water Resources Reform and Development Act on June 10, 2014. The bill incrementally increases funding for dredging nationwide by requiring the Harbor Maintenance Trust Fund to annually expend 100 percent of receipts by 2025. The law also designates the Great Lakes a system in terms of dredging, which means the 60 ports will now be valued collectively rather than pitted against one another when competing for dredging dollars. It was very appropriate that Rep. Bob Gibbs (R-OH, seventh from the left) attended the signing ceremony, as he was instrumental in making sure Great Lakes needs were addressed in the bill. Rep. Bill Shuster (R-PA, eighth from the left) also deserves great credit for crafting the legislation and piloting it through Congress. (Official White House photo by Pete Souza.)



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2014 Annual Report of Great Lakes Maritime Task Force

Dear Supporter of Great Lakes Shipping:

June 10, 2014, is a date that will shape the future of Great Lakes shipping for generations to come. On that day President Barack Obama signed the Water Resources Reform and Development Act of 2014. The law requires that annual withdrawals from the Harbor Maintenance Trust Fund be increased incrementally to reach 100 percent of receipts by 2025. The Great Lakes will receive 10 percent of the increased funding each year, and, at long last, the Fourth Sea Coast will finally be treated as a system in terms of dredging.

WRRDA14 promises to achieve GLMTF's longstanding goal of adequately maintaining the Great Lakes Navigation System, but full loads will not return overnight. The Corps needs to remove more than 18 million cubic yards of sediment. That will take a number of years under even the best scenario.

What will be our biggest challenge is making sure funding for dredging is increased annually and that the Lakes get their fair share. We will have to continue to work closely with our Great Lakes delegation in Congress to ensure that the promise of WRRDA14 is realized.

If there is anything to regret about the signing of the WRRDA, it is that Congressman James L. Oberstar (D-MN, retired) had passed away unexpectedly just five weeks before. There was no more ardent supporter of Great Lakes shipping than Jim Oberstar. There is a remembrance of him on page 4, but suffice it to say he helped lay the groundwork for this WRRDA years ago, and when we do finally build a second Poe-sized lock, we will again remember and salute this great American.

The dredging crisis had to share center stage with the brutal ice season of 2013/2014. Winter arrived in all its fury in late November, and as a result, the U.S. Coast Guard started breaking ice on December 6, 2013, the earliest on record. Cargo totals plummeted in December and January, and raw materials managers at steel mills and utilities found themselves worrying about maintaining production and power generation as the March 25 opening of the Soo Locks approached.

Their worries were not unfounded, but Mother Nature refused to cooperate. A 3-ship convoy left Duluth/Superior on March 26 with iron ore desperately needed in Gary, Indiana, but what is normally a 62-hour voyage stretched 11 days. One of the vessels suffered significant damage from the ice and had to return to Duluth/Superior for repairs. The other two ships made it to Gary on April 7, but even so the mill had to curtail production.

There was little relief in April. The first ship was not able to enter Marquette Harbor (Michigan) until April 13, weeks later than normal, and then with so much of the stockpiled ore frozen, it took more than 27 hours to load. The boat should have been in and out in eight hours. The limestone trade was not able to resume in earnest until late April.

The ice on Lake Superior proved so formidable that the Coast Guard did not allow vessels to transit unescorted until May 2. When it was all said and done, lakers and oceangoing vessels had suffered horrendous delays and spent the rest of the year playing catch up.

The U.S. and Canadian Coast Guards did their very best, and thanks to them, cargo did keep moving. Nonetheless, there are lessons that must be learned from this harsh winter, primary of which is that the U.S. Coast Guard needs a second heavy icebreaker to partner with the MACKINAW. The Lakes/Seaway system stretches nearly 900 miles from Duluth/Superior to Buffalo, then another 1,500 miles to the ocean. One heavy icebreaker on the U.S. side is not enough.

Canada needs to reassess its icebreaking resources. Our neighbor used to have seven icebreakers serving the Lakes and Seaway. Now just two are dedicated to the Fourth Sea Coast.

There's more progress to report. Great strides have been taken in identifying and correcting the inaccuracies in the current benefit/cost analysis for the second Poe-sized lock. There's good reason to believe a uniform, Federal standard for treatment of ballast water could be enacted in 2015. GLMTF's plate is full, but our outlook is more positive than at any time in recent memory.

Sincerely,


John D. Baker, President
Thomas Curelli, 1st Vice President
Brian D. Krus, 2nd Vice President
James H.I. Weakley, 3rd Vice President


WRRDA14 promises to achieve GLMTF's longstanding goal of adequately maintaining the Great Lakes Navigation System, but full loads will not return overnight. The Corps needs to remove more than 18 million cubic yards of sediment.

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Our Foundation

GLMTF has been dedicated to promoting all facets of shipping on America's "Fourth Sea Coast" since 1992. Our core values are:

 The Jones Act, which requires vessels in domestic commerce be U.S.-crewed, U.S.-built, and U.S.-owned, must always be the bedrock upon which the United States builds its domestic maritime policy. The law has made the U.S.-flag Great Lakes fleet the world leader for the dry-bulk trades. The assurance that American mariners and companies will not be undercut by 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 that are more efficient and environmentally friendly than the land-based modes of transportation.

 The Great Lakes Navigation System ("GLNS") must be dredged to project dimensions, otherwise it will be impossible to sustain and grow domestic and international trade through Lakes and Seaway ports.

2015 Priorities

Adequate Funding for Dredging

The reason virtually every port and connecting channel on the Great Lakes needs to be dredged is the Federal government has not spent all the tax dollars it collects for dredging on dredging. By shortchanging dredging, the Harbor Maintenance Trust Fund (HMTF) has amassed a surplus of nearly \$9 billion, which is then used to "paper balance" the Federal budget and make the deficit appear smaller.

The Water Resources Reform and Development Act of 2014 requires the HMTF to increase annual expenditures and attain 100 percent disbursement by 2025. The Lakes are guaranteed 10 percent of the annual increase. Another provision in the bill designates the Lakes a system in terms of dredging, so the 60 Federally maintained ports will be viewed collectively rather than pitted against one another for dredging dollars. Now it is up to the Administration and Congress to implement the provisions of WRRDA14 that will lead to restoring the Great Lakes Navigation System to project dimensions for the first time in anyone's memory.

Federal Regulation of Ballast Water

GLMTF has long supported Federal regulation of ballast as opposed to each Great Lakes state taking its own approach to the matter. A state-by-state regime would be an operational nightmare. For example, a grain cargo loaded in Superior, Wisconsin, bound for an elevator in Buffalo, New York, transits six states' waters: Wisconsin, Minnesota, Michigan, Ohio, Pennsylvania, and New York. Imagine if each state had its own unique requirements. Waterborne commerce could come to a standstill.

GLMTF supports S. 373, The Vessel Incidental Discharge Act of 2015. The bill establishes a uniform, Federal standard for ballast water and other vessel discharges and recognizes that vessels such as lakers that confine their operations to a "geographically limited area" need not treat their ballast, as they do not move from one ecosystem to another. Such legislation will protect the Lakes from new non-indigenous species while allowing waterborne commerce to continue uninterrupted.

Construction of a Second Poe-Sized Lock At Sault Ste. Marie, Michigan: Long Overdue!

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. Congress recognized this and approved twinning the lock at full Federal expense in 2007.

Construction is stalled because a benefit/cost analysis assumes the railroads could step in and move the cargos that had been delivered by ships. That was not true when the analysis was performed in 2005 and is even less so in 2015. The nation's railroads cannot meet current demand for cargo, let alone take on the 60 million tons that annually transit the Poe Lock.

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.

Senator Debbie Stabenow (D-MI) has been personally committed to addressing the errors in the current analysis, and at her request, the Corps conducted a limited sensitivity analysis, the results of which should be known soon. GLMTF has every expectation that the analysis will lead to a full-scale

reassessment of the project's b/c ratio, one that will determine the project more than merits inclusion in the Administration's budget.

Adequate U.S. Coast Guard Icebreaking Resources Start with Building Another MACKINAW

The winter of 2013/2014 was the most brutal the Lakes have witnessed since the early 1990s. U.S.-flag lakers lost nearly 7 million tons of cargo to the ice, which resulted in a loss of 3,800 jobs and \$705 million in business revenue, and suffered almost \$6 million in damages trying to meet the needs of commerce.

Overpowering ice returned in January 2015. U.S.-flag lakers lost 16 iron ore and coal cargos that would have totaled 425,000 tons.

The U.S. and Canadian Coast Guards do their best to keep the shipping lanes open, but six of the nine U.S. Coast Guard icebreakers on the Great Lakes are more than 30 years old and in need of modernization. The USCG has begun a service life extension program for the 140-foot-long icebreaking tugs, but it will take a number of years.

Much is at stake. 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.

The best way to ensure that the U.S. Coast Guard is capable of meeting the needs of commerce in the future is to build a twin to the heavy icebreaker MACKINAW launched in 2006. The Great Lakes Navigation System stretches 2,400 miles. Two heavy icebreakers are a necessity, not a luxury. Another 140-foot-long icebreaking tug should be transferred to the Lakes to cover for the vessel undergoing modernization at the Coast Guard yard in Baltimore.

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. Congress must also fund the common design of new, National Security Multi-Mission Vessels to replace the schools' aging training ships.

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

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Congressman Huizenga Honored as Great Lakes Legislator of the Year



Congressman Bill Huizenga (R-MI, right) accepts his Great Lakes Legislator of the Year Award from Mark Pietrocarlo, Vice President and Comptroller for American Steamship Company, the largest U.S.-flag vessel operator on the Lakes.

Michigan Congressman Bill Huizenga (R) was honored as GLMTF's Great Lakes Legislator of the Year at a ceremony in Washington, DC on May 7. The award is presented annually to a Representative or Senator who has helped advance waterborne commerce on the Fourth Sea Coast.

"Congressman Huizenga has shown incredible resolve in addressing the dredging crisis on the Great Lakes," said James H.I. Weakley, President of GLMTF in 2014. "His laser-like focus on the issue is one of the big reasons the Water Resources Reform and Development Act (WRRDA) passed by the House contains provisions key to ending the dredging crisis."

Huizenga's strong support for the Coast Guard is evidenced not only in his commitment to adequate icebreaking resources, but his membership on the Congressional Coast Guard Caucus. His district also includes Grand Haven, which is considered Coast Guard City U.S.A. and hosts the annual Coast Guard Festival.

The award also recognized the Congressman's role as Chairman of the U.S.-Canada Interparliamentary Group.

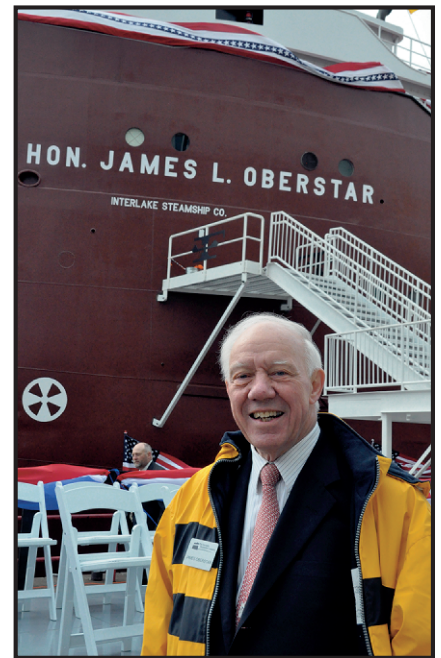
Industry Mourns Passing of Legislative Giant Jim Oberstar

The Great Lakes and St. Lawrence Seaway lost their greatest champion ever on May 3 when Congressman James L. Oberstar (D-MN, ret.) passed away unexpectedly. In a fitting salute, American-owned, -built and -crewed lakers lowered their flags to half mast on the day of his funeral.

"Lakes/Seaway shipping has lost its greatest friend and staunchest supporter," said James H.I. Weakley, President of GLMTF in 2014. "He was at the forefront of every effort to make waterborne commerce on the Lakes and Seaway safer and more efficient. When the U.S. Coast Guard proposed to retire its most powerful icebreaker on the Lakes, the MACKINAW, without replacement, Oberstar demanded the cutter remain in service until a replacement was built. The new MACKINAW was launched in 2006."

Oberstar was also the driving force behind a second Poe-sized lock at Sault Ste. Marie, Michigan. The project was first authorized in 1986, but was initially stalled by a flawed funding scheme. "Congressman Oberstar worked tirelessly to develop a funding plan that recognized the lock's key role in our nation's economic well-being and national security," said Weakley. "Those efforts culminated in 2007 when the Water Resources Development Act authorized the project at full Federal expense. Sadly, the lock remains unbuilt because of an understated benefit/cost ratio. I can think of no greater tribute to Rep. Oberstar than to break the logjam and begin construction of the lock as soon as possible."

The son of a Minnesota iron miner, Congressman Oberstar never forgot his blue collar roots and always fought to protect American workers from unfair competition. GLMTF named him Great Lakes Legislator of the Year in 1999. Perhaps his greatest tribute came in May 2011 when The Interlake Steamship Company renamed one of its ships in his honor. "Interlake and all U.S.-flag operators on the Lakes owed Congressman Oberstar a tremendous debt of gratitude and it was our pleasure to place his name on the bow and stern of a Great Lakes freighter," said James R. Barker, Chairman of Interlake. "It is so fitting that his name graces the hull, for just as he fought for American workers for decades, this ship will for decades to come deliver Minnesota iron ore to steel mills throughout the Great Lakes basin and keep America strong."



Congressman Oberstar at the May 2011 christening of the U.S.-flag laker HON. JAMES L. OBERSTAR. It is fitting that iron ore for the steel industry is the vessel's primary cargo.







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Senator Levin Saluted for Long Service to Great Lakes/Seaway Shipping



Senator Carl Levin (D-MI, seventh from left) retired when the 113th Congress adjourned in December. Levin represented Michigan in the Senate for 36 years. In recognition of his many accomplishments, GLMTF presented the Senator the Task Force's Silver Shovel Award in December. Levin played a crucial role in crafting the Water Resources Reform and Development Act of 2014 and was a leading advocate for the second Poe-sized lock at Sault Ste. Marie, Michigan. Gathering to honor the Senator were (l-r) Mark Barker (Interlake Steamship), Ed Kuss (International Association of Machinists and Aerospace Workers), Jerry Achenbach (Superintendent of Great Lakes Maritime Academy), Jim Weakley (Lake Carriers' Association), Jeff Freeman (Fincantieri Marine Group), Tracy Burke (M.E.B.A.), Tom Wiater (Central Marine Logistics), Bart Stupak (former Congressman [D-MI]), Betty Sutton (St. Lawrence Seaway), Jim Patti (Masters, Mates & Pilots), and Beau Boulter (former Congressman [R-TX]).

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
International Union of Operating Engineers Local 150 – Countryside
CN – Homewood ♦ Illinois International Port District – Chicago

INDIANA

Central Marine Logistics – 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 ♦ DTE Electric – 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 ♦ The King Co. – 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 of North America – 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/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

AK Steel Corporation – West Chester ♦ 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, LLC – Cleveland
Grand River Navigation Company, Inc. – Avon Lake ♦ Great Lakes District Council, ILA, AFL-CIO – Cleveland
The Interlake Steamship Company – Middleburg Hts. ♦ ILA - Lake Erie Coal & Ore Dock Council – Toledo
ILA - Local 1317 – Cleveland ♦ ILA - Local 1768 – Toledo ♦ IAMAW District Lodge 54 – Columbus
IAMAW Local Lodge 1943 – Middletown ♦ 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 and Repair – Erie
IAMAW District Lodge 1 – Philadelphia ♦ IAMAW District Lodge 98 – York ♦ United States Steel Corporation. – Pittsburgh

VIRGINIA

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

WISCONSIN

Bay Shipbuilding Co. – Sturgeon Bay ♦ Brown County Port & Resource Recovery Dept. – Green Bay
City of Superior Planning Dept. – Superior ♦ Fraser Shipyards, Inc. – Superior
International Brotherhood of Boilermakers – Sturgeon Bay
Midwest Energy Resources Co. – Superior
Western Great Lakes Pilots' Association – Superior

GREATER WASHINGTON, DC

American Great Lakes Ports Association – Washington, DC ♦ American Maritime Officers Service – Washington, DC
K&L Gates, LLP – Washington, DC ♦ MEBA, AFL-CIO – Washington, DC ♦ Transportation Institute – Camp Springs, MD

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