



# 2017 Annual Report of Great Lakes Maritime Task Force



*The close of the 2017 shipping season saw winter return in full force and underscored the need for the U.S. Coast Guard to build another heavy icebreaker for its Great Lakes fleet. More than 1.8 million tons of cargo scheduled to move on U.S.-flag lakers were either delayed or cancelled because of heavy ice. The shipping season also highlighted the need for another Poe-sized lock at Sault Ste. Marie, Michigan. This 1,000-foot-long laker was the last vessel to transit the Poe Lock during the 2017 season, and when it was all said and done, the Poe Lock had handled 90 percent of the 75.3 million tons that passed through the Soo Locks. Photo courtesy Carmen Paris, U.S. Army Corps of Engineers, Detroit District.*

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On balance, 2017 was a good year for waterborne commerce on our Fourth Sea Coast. Cargo movement in U.S.-flag Great Lakes freighters (lakers) increased 3 percent compared to 2016. The St. Lawrence Seaway saw its cargos rise 9 percent.

Great Lakes Maritime Task Force (GLMTF) had no direct role in those increases; they are the result of an improved economy and the fact that waterborne commerce is the most cost-effective way to move large quantities of bulk and general cargos. However, GLMTF contributed to those increases by helping ensure that government policies foster Great Lakes shipping and maintain the infrastructure so necessary for cargo movement.

On the policy front, GLMTF joined with other U.S. maritime interests in defending the Jones Act from blatantly false claims that the law (which requires cargo moving between U.S. ports be carried by vessels that are U.S.-owned, -built and -crewed) was impeding recovery efforts in Florida, Texas and Puerto Rico after hurricanes ravaged them. The allegations concerning Puerto Rico were particularly insulting. The docks were jammed with cargo. The problem was the land-based transportation infrastructure was so tattered after the hurricane that cargo could not move inland. Congress wisely rejected making any changes to the Jones Act.

On the infrastructure front, the Task Force continued to engage with the U.S. Army Corps of Engineers (Corps) on addressing the shortcomings in their benefit/cost analysis of a second Poe-sized lock at Sault Ste. Marie, Michigan, which have stalled the project that was first approved in the Water Resources Development Act of 1986.

On the plus side, the Corps now acknowledges the railroads lack the capacity and rail connections to absorb the cargos that would be stranded by a failure of the Poe Lock. Unfortunately, the Corps undercounts the cost of building such rail infrastructure and continues to explore alternatives such as a conveyor system at the “Soo” or multiple stockpiles below the locks that are just as unrealistic as all-rail delivery. There is only one conclusion that can be reached: There are no viable alternatives to shipping through the locks. We must twin the Poe Lock as soon as possible.

The lack of viable alternatives is equally valid when discussing the need for the U.S. Coast Guard (USCG) to build another heavy icebreaker to complement the MACKINAW. To meet the needs of commerce, cargo must move from mid-March until mid-January, and the U.S.-flag laker fleet can move nearly 20 percent of its annual total during the ice season, typically mid-December to mid-April, but it has gone longer. Again, the railroads cannot compensate to any meaningful degree. The mines and quarries cannot produce enough during the ice-free period to cover customers’ annual requirements. The few lakers held in reserve can’t fill the gap. The only way the fleet can reliably meet the needs of commerce is if the USCG has two heavy icebreakers stationed on the Great Lakes.

The winter of 2017/2018, which has not been as severe as other recent winters, bears out that fact. While the MACKINAW performed well, the U.S. Coast Guard’s smaller icebreaking resources were often overmatched, and some had to be taken out of service for varying periods of time to be repaired. With just two icebreakers permanently assigned to the Lakes, Canada could not fill the gap. In December and January alone, U.S.-flag lakers had more than 1.8 million tons of cargo delayed or cancelled by the ice conditions.

Mother Nature has continued to help lessen the impacts of decades of inadequate dredging by keeping water levels high, but it is inevitable that they will fall again, so it is imperative that Congress continue to increase expenditures from the Harbor Maintenance Trust Fund (HMTF) and give the Lakes their fair share. Thanks to GLMTF’s commitment to restoring adequate funding for dredging, the Lakes’ annual appropriation has just about doubled, from \$80 million in 2012 to almost \$160 million in 2017, but the need remains great. Nearly 15 million cubic yards of sediment still clog the Great Lakes Navigation System.

GLMTF continued to support passage of the S. 168, the Vessel Incidental Discharge Act (VIDA). This legislation will bring much needed clarity and consistency to governance of ballast water discharges and put oversight where it best belongs: The U.S. Coast Guard. The current patchwork approach of regulations differing from state to state makes compliance nearly impossible.

2018 will no doubt bring fresh challenges, but we are certain that they will be met and America again reap the benefits of safe and efficient shipping on our Fourth Sea Coast.

Very respectfully,

James H.I. Weakley  
President

John D. Baker  
1st Vice President

Richard Hammer  
2nd Vice President





John E. Clemons  
3rd Vice President

GLMTF contributed to the increases in cargo movement by helping ensure that government policies foster Great Lakes shipping and maintain the infrastructure so necessary for cargo movement.

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## Our Foundation

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

-  The Jones Act (Section 27, Merchant Marine Act, 1920) and its requirement that vessels in domestic commerce be U.S.-crewed, U.S.-built, and U.S.-owned must always anchor our domestic maritime policy. A strong U.S.-flag merchant marine is vital for our national, economic and homeland security.
-  A Great Lakes Navigation System ("GLNS") dredged and maintained to project dimensions is key to sustaining and growing domestic and international trade.
-  The U.S. and Canadian Coast Guards must station adequate icebreaking resources on the Great Lakes and St. Lawrence Seaway, otherwise the GLNS cannot function safely and efficiently.
-  The Poe Lock now handles roughly nine of every ten tons of cargo transiting the locks at Sault Ste. Marie, Michigan. As a result, nearly 11 million American jobs, some as far away as California, will quickly be at risk if the Poe Lock is incapacitated. Building a second Poe-sized lock must be a national priority.

## Priorities for Increasing Waterborne Commerce on the Fourth Sea Coast

### Twinning the Poe Lock Will Restore Redundancy at the "Soo"

Locks at Sault Ste. Marie, Michigan, (the "Soo") have connected Lake Superior to the lower four Great Lakes since 1855. As the nation grew, a new lock was built to provide the redundancy needed to meet the needs of commerce on average every 19 years.

Redundancy has been sorely lacking since 1969 when the 1,200-foot-long Poe Lock opened and ushered in a whole new class of Great Lakes freighters, some more than 1,000 feet long. The Davis and Sabin Locks quickly became obsolete and the MacArthur Lock can now accommodate only a fraction of the fleet, so 90-plus percent of all cargo now transits the Poe Lock.

Congress recognized that a closure of the Poe Lock would strangle Lakes/Seaway shipping, so approved twinning the lock in 1986.

Construction is stalled because a U.S. Army Corps of Engineers (Corps) analysis of the lock's benefit/cost (b/c) ratio assumes railroads can move the cargos delivered by vessels. That was not true when the analysis was performed in 2005 and is even less so in 2018. The Corps has acknowledged the b/c ratio is flawed and is conducting an economic reevaluation that should be complete by mid-2018.

The Department of Homeland Security (DHS) and the U.S. Treasury strongly support a second Poe-sized lock. A DHS study of a 6-month closure of the Poe Lock estimates nearly 11 million Americans would lose their jobs. There is really only one conclusion the Corps' economic reevaluation report can reach: Build a second Poe-sized lock!

### Federal Regulation of Ballast Water

Uniform federal regulation of ballast water is a must if Lakes/Seaway shipping is to remain viable. A state-by-state approach is an operational impossibility. 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. (The vessel also passes through Ontario's waters.) If each state has its own unique requirements, waterborne commerce will come to a standstill.

Legislation to end this patchwork approach has been introduced in the U.S. Senate. S. 168, the Vessel Incidental Discharge Act (VIDA) consolidates the current fractured system into a single, nationwide, federal ballast water discharge standard that employs the most stringent standard currently achievable. The U.S. Coast Guard would ensure that the discharge standard becomes more stringent as technology evolves. To further protect the Lakes, oceangoing vessels would continue to be required to exchange their ballast at sea prior to entering the Seaway.

### Keeping the Shipping Lanes Open During the Ice Season

The winters of 2014 and 2015 were so severe that cargo lost or delayed by heavy ice cost the nation 5,800 jobs and \$1.1 billion in economic activity.

Congress responded by authorizing construction of a second heavy icebreaker for the Lakes in the Coast Guard Authorization Act of 2015. The vessel is projected to cost \$240 million.

A second heavy icebreaker was much needed during the winter of 2017/2018. After two mild winters, more than 1.8 million tons of cargo were once again cancelled or delayed in December and January alone. Neither the U.S. nor Canada had enough icebreaking resources to keep commerce moving unimpeded.

Insufficient icebreaking resources jeopardize the Seaway trade, too. Rather than risk being trapped on the Lakes over a winter, oceangoing vessels will shorten their season, and to avoid ice damage, delay their first trips in the spring.

### Adequate Funding for Dredging

Decades of inadequate funding for dredging have left nearly 15 million cubic yards of sediment clogging Great Lakes ports and waterways. As a result, even now when water levels have risen, full cargos are still not the norm. Fortunately, the Water Resources Reform and Development Act of 2014 requires Congress to increase annual expenditures from the Harbor Maintenance Trust Fund until they equal 100 percent of receipts by 2025 and specifically directs 10 percent of this funding to the Lakes. The Water Resources Development Act of 2016 made that 10 percent allocation permanent and also requires the Corps to (1) publish how it will operate and maintain the GLNS as a single, comprehensive system of interdependent projects; (2) calculate the transportation rate savings of maintaining each navigation channel at its constructed dimensions; and (3) report to the Congress on the estimated cost to repair and maintain each Federal breakerwater and jetty.

### Encouraging More 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 remains inadequate. The federal government must properly fund these schools so they can supply ships' officers to meet the needs of commerce and national defense. Additionally, the fleet of federally owned training ships needs to be recapitalized and the best long-term solution is a fleet of common hull multi-mission vessels.

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For a more in-depth review of these issues and more, visit [www.glmtf.org](http://www.glmtf.org)



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## Senator Tammy Baldwin (D-WI) GLMTF's Legislator of the Year

GLMTF presented its Great Lakes Legislator of the Year award to Wisconsin Senator Tammy Baldwin (D) in a ceremony at Bay Shipbuilding Company in Sturgeon Bay, Wisconsin, on August 22. The award is presented annually to a legislator who has helped advance waterborne commerce on the Great Lakes and St. Lawrence Seaway.

Baldwin's selection reflected her strong commitment to building another heavy icebreaker for the Lakes. Senator Baldwin added \$2 million to the Department of Homeland Security's FY17 appropriations bill to begin design of the icebreaker. She added another \$3 million to the FY18 Homeland Security appropriations bill to further the design of the vessel.

The award also recognized Senator Baldwin's keen interest in international trade via the St. Lawrence Seaway. Superior, Milwaukee and Green Bay are among the leading international ports on the Lakes.

With her selection as Great Lakes Legislator of the Year, Senator Baldwin became the fourth Wisconsin legislator to receive the award since its inception in 1998. Previous recipients are Senator Ron Johnson (R), Rep. David R. Obey (D) and Rep. Mark Green (R).



*Senator Tammy Baldwin (D-WI, 6th from left) receives her award as Great Lakes Legislator of the Year. Joining the Senator were (l-r) Ryan Hoernke, Fincantieri Bay Shipbuilding; Beau Boulter, Fincantieri Marine Group; Dean Haen, Port of Green Bay; Todd Thayse, Fincantieri Bay Shipbuilding; Mark Barker, The Interlake Steamship Company; Ted Smith, MarineTech; Mark Pietrocarlo, American Steamship Company; Eric Maki, American Maritime Officers; Joshua Juel, Great Lakes Fleet; and James Farkas, Fraser Shipyards.*

## Port of Indiana-Burns Harbor Handles Massive Scientific Cargo

The world's largest liquid argon particle hunter was unloaded in the Port of Indiana-Burns Harbor in July. The massive instrument, as big as two semi-trucks, was then moved to the U.S. Department of Energy's Fermi National Accelerator Laboratory in Batavia, Illinois, where it will facilitate research into neutrinos, elementary particles that help make up the universe. Specifically, it is hoped that ICARUS (Imaging Cosmic and Rare Underground Signals) will uncover evidence of a fourth type of neutrino previously undetected. Manufactured in Switzerland, ICARUS was trucked to Antwerp, Belgium, and loaded onto the oceangoing vessel FRIEDA.



*Longshoremen unload the world's largest liquid argon particle hunter at the Port of Indiana-Burns Harbor. Photo courtesy of Port of Indiana-Burns Harbor.*

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## Changes in Iron Ore Trade Increase Need to Twin Poe Lock

The closing of an ore dock on Lake Michigan and the growth of overseas exports of iron ore have heightened the need to build a second Poe-sized lock at Sault Ste. Marie, Michigan. The Soo Locks are now the only way Minnesota and Michigan iron ore can reach U.S. steelmakers and offshore mills.

The iron ore dock in Escanaba, Michigan, shipped its last cargo on April 18, 2017. The dock had to cease operations because the iron ore mine it served was indefinitely idled. At its peak in the 1970s, the dock shipped more than 10 million tons in a single season. In recent years, as the mine wound down, loadings averaged 3.5 million tons per year.

Escanaba was an important player in the iron ore trade for several reasons, but probably most important was its location below the Soo Locks. Since operations were not governed by the March 25 – January 15 season through the Soo Locks, Escanaba often began its season in early March and frequently shipped until the end of January. In fact, during the winter of 2014/2015, when heavy ice had slowed iron ore deliveries in December and January, some steelmakers faced severe shortages, but the dock loaded more than 125,000 tons in February, even though the arctic conditions meant it took days to load a vessel. That option will no longer be available. All the iron ore shipped to domestic steelmakers via the Lakes will now have to transit the Soo Locks, and most of that ore will be carried in vessels that can only pass through the Poe Lock.



*In its heyday the ore dock at Escanaba, Michigan, had boats waiting in line, but the dock closed in April 2017 because the mine it served was indefinitely idled. 2018 marks the first year since 1852 that iron ore has not been shipped from Escanaba. Photo courtesy Rod Burdick.*

All overseas exports of U.S. iron ore now must also transit the Soo Locks. Recent years have seen a significant amount of American iron ore shipped in Canadian- and U.S.-flag lakers to Quebec City for reloading into oceangoing vessels. Exports via Quebec City totaled 4 million tons in 2017.

## Soo Locks Key To First Direct Reduced Iron Project In Region



A long-vacant industrial site at the Port of Toledo will be transformed into a Hot-Briquetted Iron (HBI) plant that will increase demand for iron ore pellets moved through the Soo Locks. Cleveland-Cliffs Inc., the largest iron ore producer in the United States (with mines in Minnesota and Michigan) announced in June 2017 that it will build its \$700 million HBI plant in Toledo, Ohio. This facility, which will be the first of its kind in the Great Lakes region, will produce a high-grade iron briquette for use in electric arc furnaces. Until this development, nearly all of the iron ore moved on the Great Lakes was for use in conventional blast furnaces.

Ground for the plant was broken in April 2018. Construction of the state-of-the-art facility will generate 1,200 jobs. When in operation, the plant will employ 130 individuals.

It is estimated that when fully operational in 2020, the plant will consume nearly 2.5 million tons of iron ore annually, all delivered by U.S.-flag lakers.



# ***GREAT LAKES MARITIME TASK FORCE***



## **MEMBERSHIP BY STATE AND CITY**

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### **ILLINOIS**

ArcelorMittal USA – Chicago ♦ Calumet River Fleeting Inc. – Chicago ♦ TPG Chicago Dry Dock, LLC – Chicago  
The Chicago & Western Great Lakes Port Council, MTD, AFL-CIO – Joliet ♦ CN – Chicago  
Illinois International Port District – Chicago ♦ International Union of Operating Engineers Local 150 - Countryside

### **INDIANA**

Central Marine Logistics – Griffith ♦ Ports of Indiana – Indianapolis

### **MICHIGAN**

Consumers Energy – Jackson ♦ DTE Energy – Detroit  
Detroit/Wayne County Port Authority – Detroit ♦ Dock 63 Inc. – St. Joseph ♦ Durocher Marine – Cheboygan  
Edw. C. Levy Co. – Detroit ♦ Grand River Navigation Company – Traverse City ♦ IAMAW District Lodge 60 – Coopersville  
International Shipmasters' Association - Detroit ♦ 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 ♦ 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 ♦ West Michigan Dock & Market – Port of Muskegon – Muskegon

### **MINNESOTA**

Duluth Seaway Port Authority – Duluth ♦ Great Lakes Fleet – Duluth  
Hallett Dock Company – Duluth ♦ Marine Tech, LLC – Duluth

### **MONTANA**

Montana Coal Council – Helena

### **NEW YORK**

American Steamship Company – Williamsville ♦ IAMAW – Brooklyn  
Maritime Port Council of Greater New York & Vicinity – New York City ♦ St. Lawrence Seaway Pilots' Association – Cape Vincent

### **OHIO**

AK Steel Corporation – West Chester ♦ American Maritime Officers, AFL-CIO – Toledo  
Cleveland-Cliffs Inc. – Cleveland ♦ Cleveland-Cuyahoga County Port Authority – Cleveland  
Consumer Energy Alliance – Columbus ♦ CSX Transportation, Toledo Docks – Toledo  
Faulkner, Hoffman & Phillips, LLC – Cleveland ♦ 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 Local Lodge 1943 – Middletown  
Int'l Organization of Masters, Mates & Pilots – Cleveland ♦ LafargeHolcim – 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 & Stone, Inc. – Pittsburgh ♦ Donjon Shipbuilding and Repair – Erie  
IAMAW District Lodge 98 – York ♦ United States Steel Corporation – Pittsburgh

### **WISCONSIN**

Bay Shipbuilding Co. – Sturgeon Bay ♦ Brown County Port & Resource Recovery Dept. – Green Bay  
Fraser Shipyards, Inc. – Superior ♦ Midwest Energy Resources Co. – Superior  
Roen Salvage Company – Sturgeon Bay ♦ Western Great Lakes Pilots' Association – Superior

### **GREATER WASHINGTON, DC**

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

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