



ADMINISTRATOR'S
COLUMN



Albert S. Jacquez
SLSDC
Administrator

Growing the Environmental Future of the Great Lakes Seaway System

Senior American and Canadian maritime industry officials gathered in Toronto in January for discussions on a wide spectrum of marine issues. At a Chamber of Maritime Commerce meeting I briefed fellow executives on 'growing' the future of the Great Lakes Seaway System.

If we are to oversee growth in our inland waterway system, we must meet challenges head-on. No issue currently garners more attention for us—generally negative—than the environmental one.

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Reporting on Reports

Reporting on the Great Lakes Seaway System has been on the increase in recent months as scientists, environmentalists, economists, and marine industry professionals vie to tell their particular story.

This article provides a snapshot of three reports recently published or underway that will impact diverse system stakeholders. They are the Taylor-Roach report, the U.S. Maritime Economic Benefits Study, and the National Academy of Sciences Phase II Study for the Great Lakes Protection Fund.

The study released by Dr. John Taylor of Grand Valley State University and James Roach, a transportation consultant, is entitled "Ocean Shipping in the Great Lakes." It argues that eliminating ocean shipping on the Great Lakes would result in a transportation cost penalty of 'only' \$54.9 million. For them, that's a fair trade off for ridding the Lakes of a \$200 million bill exacted from industry and government annually to redress invasive species damage in the Great Lakes region.

The logic of the report is seriously flawed. First, the Environmental Protection Agency does not endorse this or any other specific number for aquatic invasive species damage to the Lakes. When figures vary wildly by orders of magnitude of ten times less or more it's reasonable to assume that guesswork, not science, is employed. Messrs. Taylor and Roach imply that transshipment of iron and steel through Montreal would solve the invasive species problem. Ballast water is only one of several known vectors for these destructive aquatic pests, and the marine industry has long been investing time, manpower and money to find safe, affordable solutions. Restricting salty trade in the Lakes is a draconian action guaranteed to accomplish one thing: economic hardship.

The report suggests that moving 12 million tons of slabs, billets, blooms, coils, wire rod, and bars to the area's steel ports could be easily accomplished by lakers, barge or rail. No mention is made that there is no residual capacity of lakers and barges. Moreover, preparing them (if they were available) to carry these products would require a major financial investment. Salties trading in the Lakes move steel so cheaply because they have a backhaul cargo, grain, to offset fuel and Seaway costs.

When the Seaway closes in the winter, steel moves by rail. Yet the authors gloss over the fact that when the locks are closed, rail lines employ a basic rule of economics--rates rise when there is no competition. Finally, the failure to conduct standard peer review procedures on this report casts lingering suspicion even among would be adherents to the authors' message.

The U.S. Maritime Administration (MARAD), with close cooperation from Transport Canada, is conducting an economic impact analysis of marine cargo movements on the 8-state region. The analysis is expected to provide an objective assessment of the economic viability of the U.S. Great Lakes Seaway System. Transport Canada will provide data that covers the economic impact on its two provinces, Ontario and Quebec, which benefit from this inland marine system. The base line assessment will show the value that the Great Lakes Seaway System presents to the local, regional and national economies. In addition, MARAD will look

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Seaway Compass

U.S. Department of Transportation • Saint Lawrence Seaway Development Corporation



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A recent search of regional marine environmental articles underscores the problem. Articles about the transport of aquatic invasive species (AIS) through ocean vessels' ballast tanks greatly outnumber all other topics. Other marine issues regularly receiving publicity include ship engine emissions, dredging and sediments, oil pollution and spills, water levels and erosion, cargo residue and sewage.

Criticism of the Seaway's navigation season opening policy from Native American Indians and indigenous Tribes has led to legal action. Other action is afoot. Government officials, scientists and the marine industry are examining ballast water discharges more closely than ever, as some seek to rescind longstanding Clean Water Act exemptions.

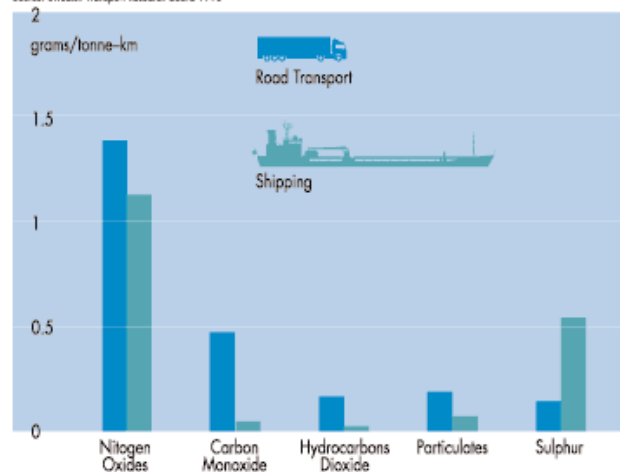
State and federal legislatures and provincial and federal Parliaments are also increasingly scrutinizing ballast water management practices. Michigan passed legislation which takes effect in 2007. Its stance has prompted neighboring states to pursue additional actions that unnecessarily complicate an already complex issue.

Transportation studies addressing ballast water, salties and AIS are in vogue. Last fall's Taylor-Roach study has become a lightning rod. We are fighting hard to rebut false economic assumptions made in this report, assumptions that reduce the value of ocean shipping while using widely disputed environmental costs. The National Academy of Sciences Phase II 24-month study should provide dispassionate analysis as it is designed to develop options for our System that will address two criteria: enhancing trade and eliminating further salty AIS introductions.

The marine industry is fighting back. We have established a Green Marine Initiative, a marine industry-environmental partnership. It will demonstrate and communicate

Figure 5 Equivalent exhaust gas emissions - heavy domestic road transport vs shipping

Source: Swedish Transport Research Board 1993



Taken from www.marisec.org/shippingfacts/envirmntatmos.htm

performance on key environmental issues confronting our industry. The initiative will help us build and foster strong relations with key stakeholders. That's crucial if we expect to communicate forcefully the many maritime industry benefits we offer society.

We are working hard. Fednav Ltd., the System's largest ocean carrier, has invested time, manpower and money in an R&D ballast water system dubbed OceanSaver. The U.S. Maritime Administration will soon release a regional, economic impact shipping study that will document 'real' numbers and what they mean to millions living here. The Seaway Corporations will begin imminently an aggressive public outreach and media campaign to educate the public about marine transportation benefits. Still we must work harder to 'grow' a brighter future for our system.

FY07 Budget Toll Proposal

On February 6th, the President submitted his FY 07 budget proposals to Congress. The Administration has again included a proposal for reintroducing commercial tolls on the U.S. side of the Seaway System. Beginning in the 2007 navigation season, toll collections would provide just over \$9.4 million, about half of the Corporation's projected budget needs for the year. After 2007, the entire budget of the Corporation would be funded through commercial tolls. The toll proposal must be approved by Congress before it can take effect. Last year, Congress rejected the toll initiative submitted as part of the Administration's FY 06 budget request.

The toll proposal takes us back to a method by which the Corporation's operations were financed for almost 30 years. The SLSDC was a self-funded government corporation through commercial tolls from 1959 through 1986. The manner by which we finance our operations doesn't change our fundamental mission which is to maintain a safe, secure, reliable and efficient waterway system for the movement of commercial goods. The toll initiative will not diminish or change that key mission.

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at the economic implications of cargo were it to be shifted to other types of freight conveyances due to ballast water regulatory requirements or prohibitions. It also will attempt to assess the impacts on the nation's rail and roadway systems.

The MARAD study is expected to be released later this summer. It will be considered a major component of the larger Great Lakes St. Lawrence Seaway Navigation System study that is scheduled for completion in the fall of 2006.

The third study attracting attention is one by the National Academy of Sciences (NAS). It is being conducted on behalf of the Great Lakes Protection Fund (GLPF), an environmental endowment supporting actions designed to improve the Great Lakes ecosystem's health. The study has gathered a broad group of marine engineers, scientists, mariners, and economists who are examining options for eliminating further invasive species introductions via ballast water while continuing to permit vital ocean commerce in the Great Lakes.

Phase I called for a detailed plan eliciting diverse transportation options and concepts for the region. A grant of \$260,000 to the NAS Transportation Research Board helped bring experts together who have worked on proposals over the past two years.

Phase II that began early in 2006 has built upon those initial efforts and has broadened participation to include experts from the fields of political science, international trade and economic development. All previous and new participants, including the Royal Society of Canada, are collectively developing options to meet the dual goal of promoting international commerce while restricting new exotic invasions.

Some eight topics agreed upon by the participants will elicit commissioned papers which will in turn be reviewed by stakeholders during a symposium. A final report will then be written by the committee with options ranked. The NAS considers the centerpiece of its work to be a design competition that will identify promising transportation options and concepts for the Great Lakes region.

GUEST COLUMNIST

Allegra Cangelosi,
Senior Policy Analyst,
NorthEast-MidWest Institute

Ship-mediated invasive species are a serious problem in the Great Lakes region, and threaten to erode crucial public and political support of the Great Lakes St. Lawrence Seaway maritime industry. This concern has inspired strong interest on the part of the industry itself to resolve the problem, and a special opportunity for collaborative and constructive action by Seaway partners.

At their January meeting, Canadian and American Great Lakes ports jointly signed a memorandum of agreement creating a "Great Ships Initiative" (GSI). This project will help bring the problem of ship-mediated invasive species in the Great Lakes to a timely and effective resolution. The GSI will combine the resources and expertise of the maritime industry-particularly ports and carriers-within the Great Lakes Saint Lawrence Seaway System (GLSLSS), with government and quasi-governmental entities like the St. Lawrence Seaway Development Corporation and St. Lawrence Seaway Management Corporation to accelerate the development, testing, installation and fleet-wide use

of effective ballast treatment methods. A treatment test facility in Duluth-Superior Harbor will provide intensive bench, pilot, and shipboard evaluation services to vendors of ballast treatment prospects suitable to Seaway-sized vessels with the goal of advancing meritorious systems as rapidly as possible to an approval-ready and market-ready condition. At the same time, the test facility will undertake studies to assess post-discharge implications of treatment system performance on receiving systems. The GSI also will seek to establish with the States and Provinces consistent monitoring of Great Lakes harbors for newly arrived alien species. The official launch for the GSI is anticipated in summer 2006.

Without implementation of effective prevention measures by ships, the Great Lakes will remain at high risk of invasion from organisms carried in ballast water. GSI aims to generate the tools needed to resolve the problem as rapidly and efficiently as possible. In support of GSI, the Saint Lawrence Seaway Development Corporation and Management Corporation have allocated \$100,000 to fund a mobile laboratory, participating ports have committed almost \$100,000 (collectively) to support the first year of operations, and the Maritime Administration has donated a retrofitted barge for pilot scale tests. If successful, the GSI and its test facility could provide a possible model for productive action by other regions.

Seaway Officials Head to China

Administrator Albert Jacquez and his Canadian counterpart Richard Corfe, President and CEO, St. Lawrence Seaway Management Corporation will, lead the 16-member binational delegation in marketing the Great Lakes Seaway System in the cities of Beijing, Shanghai, and Hong Kong.

In addition to conducting one-on-one meetings with key industry leaders and maritime organizations, seminars are being developed for the visit. The meetings in Beijing will be with ministerial, regulatory, trade and development agencies and associations. While in Shanghai, the delegation will meet with terminal operators, liner operators, and import and export cargo brokers. In Hong Kong, meetings will be scheduled with ship owners and operators that are currently shipping both bulk and container cargoes to the East Coast of North America.

If you are interested in participating in this exciting trip, please contact Ms. Rebecca McGill, Director of Trade Development, Congressional, and Public Affairs at, rebecca.mcgill@sls.dot.gov.



Personnel Changes



Stephen Harper

Stephen Harper was recently sworn in as Canada's 22nd, Prime Minister. Mr. Harper has spent his political career standing up and speaking out for Canadians who work hard, pay their taxes and play by the rules. Born and raised in Toronto, Mr. Harper graduated from the University of Calgary with a Masters Degree in Economics. He went on to work as a Members Assistant and Policy Advisor before being elected to Parliament in 1993.



Lawrence Cannon

Lawrence Cannon, Minister of Transport, Infrastructure and Communities, is a first-time Member of Parliament and who was elected to the House of Commons in 2006. Between 2001 and 2005, Mr. Cannon served as a city councillor in Gatineau. He was appointed president of the Société de transport de l'Outaouais in 2002 and in 2004 he was named president of the Association du transport urbain du Québec.

The Ogdensburg Bridge and Port Authority Board of Directors has appointed **Wade Davis** Executive Director. Mr. Davis was previously employed at Meadwestvaco Specialty Paper as Senior Financial Analyst for six years. **Joseph Tracy**, who served as Interim Executive Director during the search, has resumed his role as Deputy Executive Director until his planned retirement later this year.

Eric Reinelt was officially sworn in as the Director for the Port of Milwaukee. Mr. Reinelt joined the port in 1983, and held the position of Marketing Director. He holds a BA in Business Management and Economics and a Masters Degree in International Relations. Mr. Reinelt takes over for Ken Szallai who resigned in 2004 to become President of the Lake Express High Speed Ferry.

John Loftus joined the Cleveland-Cuyahoga County Port Authority as Vice President of Regional Development on January 9. Mr. Loftus recently was a Special Assistant to the Mayor of Toledo. He replaces Deb Janik who recently left the Port Authority to accept a position with the Greater Cleveland Partnership.

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George Da Pont has been appointed Acting Commissions of the Canadian Coast Guard. Mr. Da Pont has been in the federal public service since 1980. He joined the Department of Fisheries and Oceans (DFO) in 1999, becoming Associate Regional Director General for the Maritimes Region. He became Assistant Deputy Minister, Human Resources at DFO in 2001. Mr. Da Pont was appointed Assistant Deputy Minister, Human Resources and Corporate Services when the two functions were combined in 2003. Mr. Da Pont replaces John Adams who is now an Associate Deputy Minister with the Department of National Defense.

Kerry Hawkins announced his retirement from Cargill Limited after 41 years in the agri-food industry. Mr. Hawkins is a long-time member of the Chamber of Maritime Commerce's (CMC) Board of Directors, and its Executive Committee. **Len Penner** succeeds him as Cargill's President and CEO.

Stephen Brooks has joined the Chamber of Maritime Commerce as Vice President, Government Relations. Most recently, Mr. Brooks worked as a government relations consultant with Rx&D (Canada's Research-Based Pharmaceutical Companies) and GlaxoSmithKline Inc. Previously, he worked with different Members of Parliament, including the Leader of the Opposition.

Upcoming Events

April

April 18-20 2006

North American Conference on Short Sea Shipping, Marriott Pinnacle Vancouver, British Columbia
Info: 604-681-2351 or www.tc.gc.ca/shortsea

April 20 2006

19th Annual Windsor Marine Night and Golf Tournament
Guest Speaker - Mr. Blair McKeil, President, McKeil Marine Limited
"Short Sea Shipping - Implementing its Future on the Great Lakes"
Info: Nancy Wiseman 519-258-5741

April 21-29 2006

SLSDC/SLSMC's 29th Binational Trade Mission to Beijing, Shanghai, and Hong Kong
Info: Rebecca McGill (SLSDC), 202-366-0091 or rebecca.mcgill@sls.dot.gov
Jennie Richardson (SLSMC), 905-641-1932 or jrichardson@seaway.ca

May

May 2-4 2006

Great Lakes Commission Semiannual Meeting
Blue Harbor Resort in Sheboygan, Wisconsin
Info: Tom Crane, tcrane@glc.org

May 22-26 2006

IAGLR 2006 Annual Conference
"Great Lakes in a Changing Environment"
Windsor, ON
Info: Tim Johnson, 519-825-7316 or o6chairs@iaglr.org

June

June 21-23 2006

Great Lakes St. Lawrence Cities Initiative Conference
Parry Sound, ON
Info: Lynn Middaugh, 705-746-2101 or middaught@townofparrysound.com