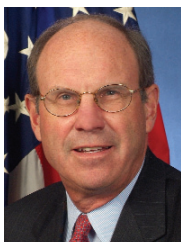




ADMINISTRATOR'S
COLUMN



Collister
Johnson, Jr.

*Raising the Profile
of the Seaway*

Raising the profile of the St. Lawrence Seaway is an important task, one that requires constant outreach to organizations whose interests intersect with ours while not necessarily members of the marine transportation industry. For these organizations to support waterborne transportation in general and the Seaway in particular they need to know firsthand how we can help them achieve their goals.

The SLSDC has begun outreach meetings with trade

continued on page 2

In This Issue:

- Guest Columnist
- Pacesetter Award
- SLSDC Employee Celebrates 50 Years of Service
- Great Ships Initiative Launches New Website
- Gainful Results from China Trade Mission
- Personnel Changes
- Upcoming Events
- www.greatlakes-seaway.com

**Great Lakes Seaway Ports
Report on 2007 Season**

Wind turbines are signaling increased project cargo on the Great Lakes Seaway System for the 2007 navigation season. Pipes for oil and gas projects are continuing to move into the waterway for infrastructure renewal and expansion in the Midwest. That news is welcome after the Seaway's snap-shot tonnage report for the first 45 percent of the season (through July 31) reflected an overall 17 percent drop in tonnage shipped this year compared to 2006. Iron ore tops all commodities in tonnage with 5.7 million tons shipped through Seaway locks to date for a modest 3.5 percent increase over last year's effort. Grain and coal are running second and third, respectively, and both are running double digit decreases compared to 2006. General cargo is roughly one-half the tonnage clocked a year ago at this point, but the historically high euro-dollar exchange rate dampens likely for significant steel imports in the short-term. Since the steel coils, billets and slabs arrive on salties, the unfavorable exchange rate has played a significant role in lowered transits of commercial vessels, down 14 percent against this time last year.

Conversations with several port officials in late July suggested that their ports were doing far better than the early Seaway figures. Perhaps far more important than the actual tonnages handled this year will be the projects that U.S. Great Lakes ports are pursuing to improve their competitiveness and expand markets.

Milwaukee



The Port of Milwaukee and its Federal Marine Terminal are in the midst of a strong traffic season, potentially its best ever. The port's overall tonnage through the end of June reflects 1.5 million mt of cargo moved versus 1.4 million mt in 2006 reflecting a 14 percent surge. Marketing Director Betty Nowak noted that salt is up "100 percent over last year's numbers, but that huge jump is due in part to the strike at the salt mines which delayed shipments." She noted that vessel calls are dead even with last year's numbers at 132.

FMT-Milwaukee has welcomed one ship from Denmark carrying wind turbines manufactured by Vestas and destined for two local windfarms, Prair Star in Minnesota and Twin Groves, Illinois. "The great news is that we've got seven more ships slated to arrive at our FMT terminal through November carrying more windmill parts, so we're very happy about the substantial increase in project cargo and are actively pursuing other opportunities in this fast-growing alternative energy sector."

Gilles Plante, Federal Marine Terminal, noted that the terminal also handled 20,000 mt of steel pipe in early July that arrived on three vessels. Several pipelines are being built in the state and activity has ramped up

continued on page 3

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

Seaway Compass



Administrator's Column, continued from page 1

associations in the local Washington area, as well as meetings with New York North Country government and industry officials. While this effort has just begun, I'm happy to report that initial response has been positive. To date I have received briefings from executives with four associations who have significant interest in marine transportation and, in turn, briefed them on our mission, operations, challenges, and ongoing projects.

The American Association of Port Authorities (AAPA) and the American Waterways Operators (AWO) are well known to marine industry stakeholders of the Great Lakes Seaway System. The AAPA and AWO share our commitment to moving cargo from congested rail and truck routes onto underutilized waterways. We are committed to finding effective, affordable, safe solutions to ballast water vectoring of aquatic invasive species. We know the importance of capitalizing infrastructure investments to ensure long term viability. We are proud of our performance in safety, selected air emissions categories, and freight-fuel performance yet we recognize that collectively we must do a far better job in communicating this message to the public.

I met with the American Wind Energy Association (AWEA), the National Grain and Feed Association (NGFA) and the American Association of State Highway & Transportation Officials (AASHTO). The AWEA represents the interests of the fastest growing sector of renewable energy industries, a sector that can benefit greatly from waterborne transport of outsized cargo. The NGFA representing grain has been a staple commodity since the Seaway's opening almost half a century ago, but we need to keep informed of market changes such as rapid corn acreage expansion for ethanol production. AASHTO is a nonprofit, nonpartisan association representing highway and transportation departments in the 50 states, the District of Columbia, and Puerto Rico. It represents all five transportation modes: air, highways, public transportation, rail and water. This meeting provided an excellent opportunity to raise the profile of the Great Lakes Seaway System, and our ability to handle more cargo on an underutilized waterway, while other transportation modes are faced with growing congestion.

In a July trip to New York's North Country, I met with St. Lawrence County Administrator Karen St. Hilaire, Mayor Randy DeLosh, Massena Town Supervisor Gary Edwards, and St. Regis Mohawk Tribal Chiefs James Ransom and

Barbara Lazore. I briefed them on Corporation activities and listened to their concerns about economic difficulties that will impact the region when General Motors closes its power train plant.

On that trip I met with Bion Environmental Technologies Director of Strategic and Project Planning Dominic Bassani and learned of his company's desire to construct and operate a closed loop system for waste management, ethanol and dairy-beef production. Massena is a strong candidate, one which could benefit greatly from its close proximity to the St. Lawrence River providing affordable power, access to efficient waterborne transportation, and a skilled craft worker labor force.

In July we welcomed two Dutch governmental security officials to our Operations Center in Massena to learn firsthand how we conduct security and work with local law enforcement and U.S. Coast Guard and Canadian officials. In August we are preparing to host two Chinese delegations in Massena to tour our corporate operations from vessel traffic control center to maintenance to marketing projects.

Improving public recognition of the Seaway requires a positive message backed up by facts. We have both. Few people likely know that the St. Lawrence Seaway was honored by the American Public Works Association as one of the ten most significant public engineering projects of the 20th century that significantly improved the quality of life in America and Canada. Or that yearly our lock availability rate runs at almost 100 percent, with repair downtime during the navigation season measured in hours. The Seaway is open for business, has immediate capacity, and boasts an ISO 9001 certified quality management system—impartial validation that we are ready to meet the most demanding shipper needs.



Great Lakes Seaway Ports Report on 2007 Season,*continued from page 1*

substantially since early this year and are likely to continue through the fall.

Milwaukee's Board of Harbor Commissioners unanimously approved a new lease on the City's Jones Island for building a 24 million gallon per year biodiesel refinery. North American Biodiesel LLC believes the port's location will allow them to be cost competitive with diesel fuel in the Milwaukee market. Having the capability to produce and blend biodiesel locally eliminates the high transportation costs from importing it, and is expected to save consumers money. Construction is expected to begin this fall.

Cleveland

Longshoreman uses forklift to move rolls of steel coil from port's laydown area.

ArcelorMittal Cleveland shipped 30,000 tons of Cleveland-made steel from the Port of Cleveland to Belgium and Spain in June on two ships and another shipment of 14,000 tons is slated for movement later this summer, according to Maritime Director Stephen Pfeiffer.

"Northeast Ohio is wisely diversifying its economy, but manufacturing continues to provide thousands of jobs in the region," said Adam Wasserman, President and Chief Executive Officer of the Cleveland-Cuyahoga County Port Authority. "ArcelorMittal depends on an efficient and cost-effective marine transportation system to remain competitive in a difficult, international arena, and the Port of Cleveland provides swift waterborne delivery to the global marketplace."

The Cleveland-Cuyahoga County Port Authority board of directors approved a \$75,000 12-week study with Martin and Associates in June, to evaluate the port's future competitiveness relating to container-cargo business. The evaluation will investigate the growth potential and diversification of the port operation. The relocation study addresses the feasibility of constructing new state-of-the-art international docks, warehousing and storage, access to rail and highway, and land requirements to handle diversification and growth.

Twin Ports

Gantry crane operator unloads giant wind turbine blade from BBC ship onto awaiting 18-wheeler. High-value break bulk cargo is increasingly moving on the Seaway, providing extra hours for stevedores and truckers needed to move the parts to nearby wind farms.

The Twin Ports of Duluth-Superior are showing improvement in overall tonnage handled through the end of June 2007 versus its 2006 performance. Marketing Director Ron Johnson said that they have posted 16.9 million mt of cargo this season compared to 15.6 million mt a year ago. Overall vessel traffic is up also, 409 vs. 382.

The good news story that is attracting more attention daily is the strong 24 percent increase over 2006 numbers posted by iron ore. Part of that increase is due to sales of more than one million tons of iron ore pellets to China. The pellets leave Minnesota ore docks and are shuttled out to St Lawrence River deep draft ports for transshipment to large ocean vessels for delivery to Chinese steel mills.

"It is great to see a traditional cargo like iron ore doing well and also see the project and wind turbine cargo volume growing too," said Adoph Ojard, Twin Ports Director.

"We're optimistic that there's a lot of cargo left to move this season and that we'll be seeing more project cargo come in and grain depart as we move into the fast approaching fall harvest period," said Johnson.

The Seaway standardized measurement for freight is the metric ton, a choice based on the fact that historically bulk cargoes have accounted for roughly three-fourths or more of its tonnage. But metric tonnage presents a skewed picture of how well or poorly a port or terminal may be doing if it handles substantial amounts of project cargo, according to Gary Nicholson, president of Lake Superior Warehousing (LSW) at the Twin Ports in Duluth.

"Freight tons, based upon cubic measures of volume instead of weight as used for bulk cargoes, are really far more effective

continued on page 4

Great Lakes Seaway Ports Report on 2007 Season, continued from page 3

yardsticks for measuring the increasing amount of project cargo we're handling here each year," he said.

Nicholson said LSW is ahead of last year's pace and has seen seven ships through the end of June compared to just two by that time last year.

Toledo



Giant mound of iron ore being held at Midwest Terminals of Toledo International Inc., bound for China.

The Toledo Lucas County Port Authority has partnered with the Strategic Education and Economic Development Corporation (SEED) a newly established, non-profit corporation that will provide its members with a bilingual sales and marketing presence in China. SEED will offer in-country services ranging from travel arrangements and local office support to market research and import and

export coordination. Shanghai and Beijing offices will provide the Toledo port with ready access and ease of transportation to government agencies and international businesses in China with anticipated expansion into other Asian countries within two years.

Initiation of the transshipment of significant tonnages of iron ore via the Port of Toledo to Chinese destinations began in 2007. Minnesota iron ore is delivered to Midwest Terminals of Toledo International by U.S. lakers and tug barge combos where it is consolidated and stored at the dock. Midwest Terminals uses their ship loading conveyor system to reload the ore on lakers bound for Quebec City for final transshipment on huge bulkers to China.

Midwest Terminals of Toledo International is now employing a piece of vacuum equipment attached to their newest Liebherr material handler to move and load cargo onto truck and rail. The system can be used for handling pipe and steel products and simplifies the complexity of normal loading procedures, thus speeding up the loading rate and increasing safety on the dock.

Construction has started on the High Bay Facility at the Toledo Shipyard and is expected to be completed in the fall of 2007. The facility will support steel fabrication projects and the maintenance, repair, and construction of vessels and barges.

The Port Authority's Board approved the construction of an ethanol plant at the port in late June with ground-breaking set later this fall. When completed the \$240 million plant will produce 108 million gallons of ethanol annually, offer year-round employment, and create supporting jobs for the facility.



Mark your calendar for the next Highway H₂O event — November 7–8, 2007 in Mississauga, Toronto. The conference will concentrate on the Great Lakes Seaway System from a shipper's perspective, with speakers representing commodities that hold new market potential for the System. A section on the environment and the importance of corporate social responsibility will be included in the program. This section will include individual presenters and a moderated panel.

GUEST COLUMNIST

Adam Wasserman,
*President and CEO, Cleveland-
 Cuyahoga County Port Authority*



At the Cleveland-Cuyahoga County Port Authority we continue to sharpen our strategic focus and seek collaborative approaches to advance our maritime transportation services and diversify operations to strengthen Northeast Ohio's link to international trade and global competitiveness.

The Port Authority is in the midst of developing a strategic and segment business plan that will be our road map for future growth. We are exploring strategic alliances with investors to drive growth in our core business of maritime transportation, to expand our development finance capabilities, and to assume an investor role in broad and transformative regional economic strategies.

Our maritime segment will focus on delivering a new generation of water-oriented economic development assets to the region. Central to our strategic plan is identifying a location to build a new state-of-the-art facility that provides local businesses with a better link to global markets.

The new port location will unlock investment opportunities which will make the Port Authority an increasingly integral asset to the region by linking multimodal transportation systems to the advanced manufacturing sectors and regional logistics and hinterland distribution centers. The strategic plan also envisions expanding our capabilities to handle containerized cargo, which could offer significant new growth opportunities, either cross lake with Canada or feeder service opportunities thru the Seaway or along the Great Lakes. As we grow, we seek to reaffirm our commitment to responsible stewardship of our natural assets by developing a "green" culture that extends to every aspect of our business — both on and off the docks.

Another major element of our strategic plan involves partnerships. Through both public and private collaborations, the Port Authority will make strategic investments in a portfolio of properties and projects in aerospace, healthcare, logistics and advanced manufacturing to spur economic revitalization. An example of this partnership is our involvement with the National Aeronautics and Space Administration (NASA). The Port Authority will serve as the master developer for the property surrounding the John H. Glenn Research Center in Cuyahoga and Sandusky counties. The Port Authority will develop a long-term land use and development plan for NASA Glenn properties to support the expansion of the aerospace and high-tech sectors in Northeast Ohio. With a visionary Board of Directors and a dedicated and capable staff, the Cleveland-Cuyahoga County Port Authority is optimistic about strengthening our long-established core competencies and actively seeking opportunities for future growth.



The Toledo-Lucas County Port Authority and Midwest Terminal Earns Pacesetter Award

The Toledo-Lucas County Port Authority earned its ninth Pacesetter Award and the Midwest Terminal earned its second since the SLSDC's program began. The Port increased their tonnage shipped through the Seaway by almost 25 percent — over 3.2 million metric tons and the Terminal had an increase of 17 percent while posting 700,000 tons.



Left to right — Warren McCrimmon Director, Toledo-Lucas County Port Authority, Terry Johnson, Administrator, SLSDC, Alex Johnson, President, Midwest Terminals of Toledo International, Inc., and Jason Lowery, Director of Business Development for Midwest.

Saint Lawrence Seaway Development Corporation Employee Celebrates 50-Years of Federal Government Service



Deputy Administrator Craig H. Middlebrook proudly stands with Ed Margosian as Ed displays his congratulatory letter from President George W. Bush.

The Saint Lawrence Seaway Development Corporation (SLSDC) is proud to celebrate a landmark occasion in the Federal Government service with one of our own employees. Ed Margosian, Chief Financial Officer, marks his 50th year of federal service.

Mr. Margosian's career has literally spanned the entire time frame of the SLSDC's marine operations, making him an invaluable resource for countless historical issues and questions that have arisen over more than two generations. As Chief Financial Officer, a post he has held since 1984, Mr. Margosian has counseled several Administrators and scores of Seaway managers on topics of the greatest financial significance for the Seaway. From his beginnings as a billing and collection clerk through roles of increasing responsibilities such as accountant, budget accountant analyst, and financial manager, he has served the agency and his fellow employees with the utmost professionalism and personal care.

Great Ships Initiative Launches New Website

The Great Ships Initiative (GSI) has recently launched its new public website. Located at the web address www.greatshipsinitiative.org, the site will be regularly updated and expanded with GSI news and information as the Initiative evolves.



Great Lakes Ports See Gainful Results from the Binational Trade Mission to China

The Port of Hamilton continues to leverage its sister port arrangement with the Port of Yingkou, China in a number of ways. In addition to fostering mutually beneficial dialogue between their two corporations they are also encouraging direct contacts between their tenants and customers and Yingkou's business partners. This relationship first manifested itself when several Hamilton Port partners traveled to Yingkou, China in 2006 as part of the Saint Lawrence Seaway Development Corporation Binational Delegation. The individual meetings that took place during the Trade Mission were a precursor to the exchange of information that is now taking place.

The Hamilton Port is welcoming two Yingkou staff members who will be working at the port for about one year. The hope is to follow up within the first part of next year and have two port staff members work at the Port of Yingkou for a period of time.

As you read this, planning is well under way for a 15 people delegation from Yingkou to attend Hamilton Port Days in the middle of August.

The Toledo-Lucas County Port Authority has partnered with the Strategic Education and Economic Development Corporation (SEED), a newly established, non-profit corporation that will provide its members, the Toledo-Lucas County Port Authority and others with a bilingual sales and marketing presence in China. SEED will offer a host of other in-country services ranging from travel arrangements and local office support to market research and import and export coordination. Its newly opened offices in Shanghai and Beijing will provide the Toledo-Lucas County Port Authority with ready access and ease of transportation to government agencies and international businesses in China. Expansion into other Asian countries (India, Japan and Malaysia) is anticipated within the next two years.

The Latest on Current Seaway Issues

Ballast Water Legislation: The introduction into U.S. waters of non-indigenous aquatic nuisance species carried in the ballast tanks of vessels is a major problem confronting maritime transportation throughout the United States. While Federal jurisdiction to regulate a vessel's ballast water resides with the United States Coast Guard, there are areas where the SLSDC is working to achieve solutions to this national problem, including support for a strong, consistent national standard addressing both the environmental and commercial issues posed by this problem. H.R. 2830, the Coast Guard Authorization bill introduced by Representative Jim Oberstar on June 22, includes a section devoted to ballast



Mr. Gao Bayao, President of the Ying Port Administration, Yingkou (left) and Keith Robson, Hamilton Port Director, seal the deal with a handshake.

water management. The House Transportation and Infrastructure Committee approved the bill on June 28 and it is expected to be considered by the full House in early September. The Senate version, S. 1578, the Ballast Water Management Act of 2007, is likely to be considered by the Senate Commerce, Science and Transportation Committee in September. The SLSDC is continuing to support Congressional efforts to enact a uniform federal ballast water standard.

Short Sea Shipping Initiative: There are several initiatives in various stages of development that seek to move cargo, particularly cargo that does not currently move via the marine mode, between Canada and the United States via cross-lake waterborne transportation. The SLSDC is working to advance these new services as part of the Department of Transportation-wide effort to mitigate transportation congestion. Congressional legislation has been introduced which would complement that effort by removing existing impediments to short sea shipping operations as well as promoting financing of these services. H.R. 981, introduced on February 12 by Representative Stephanie Tubbs Jones and Representative Phil English, the "Great Lakes Short Sea Shipping Enhancement Act of 2007", was referred to House Committee on Ways and Means and was scored as revenue neutral by the Congressional Budget Office in May. An identical Senate companion bill, S. 1683, was introduced by Senator Debbie Stabenow on June 22, referred to the Senate Finance Committee, and is cosponsored by Sen. Carl Levin and Sen. George Voinovich. The Administration's Committee on Marine Transportation Systems (CMTS) Coordinating Board endorsed H.R. 981 on June 12. DOT views letters from Secretary Mary Peters supporting both H.R. 981 and S. 1683 were transmitted to Congress on July 31.

SLSDC Authorization in Water Resources Development Act: The Water Resources Development Act (WRDA) reauthorization has been long awaited since it was last approved by Congress in 2000. This bill includes funding for critically needed maintenance, repair, and rehabilitation of the U.S. Seaway locks and infrastructure. The final 2007 WRDA Conference Report, reconciling the House and Senate versions of the legislation, provides \$134,650,000 for the Seaway. The House of Representatives approved the Conference Report on August 1 and the Senate is scheduled to vote on it in September.

Seaway Personnel Changes



J. Thomas Wolfe

The Northeast-Midwest Institute has a new Executive Director, **J. Thomas Wolfe**. Mr Wolfe comes to the Institute from the American Institute of Architects where he was the Senior Director of Federal Affairs. His background includes a Masters of Law from George Washington University,

Washington, D.C. and extensive work on issues related to green buildings, sustainable communities, and brownfields redevelopment, among others.

Mr. Jonathan Daniels has been appointed The Port of Oswego Authority's new Executive Director. Mr. Daniels will take



Mr. Jonathan Daniels

over the position occupied most recently by Thomas McAuslan who passed away last fall after serving as the director of the port for the past 12 years. Mr. Daniels comes to the Port of Oswego Authority from the Eastern Maine Development Corporation where he had served as President and Chief Executive Officer since 2003.

Mr. Bruce Wright has been appointed to the Oshawa Harbour Commission, for a three year term. Mr. Wright is the owner of B&G Truck and Trailer Repairs, a heavy truck and bus repair business in the Oshawa area.

Captain Markos Antoniadis, Navitrans Shipping Agencies, Inc. announced his retirement. Mr. Antoniadis has been with Navitrans Shipping Agencies since it was established more than 20 years ago.

Upcoming Events

September

September 20

National Marine Day
Halifax Port Days
Port of Halifax, Nova Scotia
Contact: marketing@portofhalifax.ca; 1-902-426-2620

September 30 – October 4

American Association of Port Authorities
2007 Annual Convention
Norfolk, Virginia
Contact: aapa2007@vaports.com; 1-800-446-8098

October

October 1 – October 2

2007 Annual Meeting of the Great Lakes Commission
Chicago, Illinois
Contact: Tim Eder; teder@glc.org

October 12 – 20

Great Lakes St. Lawrence Seaway System
Binational Trade Mission
Rio de Janeiro and Sao Paulo, Brazil
Contact: Rebecca McGill, SLSDC,
rebecca.mcgill@sls.dot.gov, 202-366-0091

October 24

Quebec Marine Days
Quebec City, Quebec
Contact: Marc Gagnon, 1-418-648-4572

November

October 31 – November 2

World Shipping (China) Summit 2007
Tianjin, China
Contact: <http://www.shippingsummit.com>