



Seaway Compass

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Steel Here After All These Years

Steel has been a staple cargo in the Great Lakes St. Lawrence Seaway System since the Seaway opened almost half a century ago. Specialty steel imports from northern Europe have played an important role in the economic viability of the System. Seaway-size ships

outload steel in Antwerp and Rotterdam and move through the Seaway to steel centers in Cleveland, Burns Harbor and Detroit. After unloading, the ships seek backhaul cargo, usually grain.

In good or unusual times, exports of steel from a handful of Great Lakes ports show that

do not make a major trend, but it is welcome news that augurs well for the future of the port and the industry, he said.

“The fact that we’re exporting steel means that International Steel Group (ISG) can compete with foreign companies if we have a level playing field, and I think that’s a healthy situation for the industry, the port and the customer,” he said. Cleveland-based ISG, was formed after acquiring LTV Steel, ACME Steel, and more recently, Bethlehem Steel.

The Bush administration tariff on imported steel has provided the breathing room the steel industry needs to consolidate and compete, according to Pfeiffer.

“But there are other issues at play here such as a stronger euro vis-à-vis the dollar, renewed cost scrutiny in the U.S. steel industry, and competitive ocean rates,” he said. “Steel is an essential commodity in manufacturing and construction, therefore many key factors determine where it’s shipped from, who has the lowest price and a reputation for quality.”

The Port of Cleveland experienced an 18 percent increase in imports last year based almost entirely on its increased tonnage in steel cargoes handled—wire rod, coil, slabs, billets and plates. Pfeiffer said they are shooting for a 30 percent jump this year.

Last year Cleveland handled 444,100 tons of “international” steel and earned its fifth Pacesetter Award. The port also handled more than nine million tons of interlake cargo.

The number one destination for European steel imports into the system

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traffic in this product need not be a one-way affair. Such as the case this year, as U.S. steel is indeed being exported from the three steel centers of Cleveland, Burns Harbor and Detroit.

Cleveland-Cuyahoga County Port Authority Maritime Director Stephen Pfeiffer noted that his port shipped 155,000 tons of Ohio steel to southern Europe from April through July. Eight shiploads of steel on handy-size ships



Steel coils from the ISG plant in northwest Indiana are loaded onto the M/V MILO at the Port of Indiana-Burns Harbor. The export steel was shipped to Europe earlier this year. (Photo by Jody Peacock, Ports of Indiana)

is Burns Harbor, a position that it has enjoyed for several years earning it the nickname ‘Steel City.’ Burns Harbor

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Short Sea Shipping

by Albert S. Jacquez, SLSDC Administrator



Short sea shipping is a topic getting more attention with each passing year as traffic congestion on roads and rail increasingly has transportation planners explore viable alternatives. A fixture for almost a decade in Europe with its long coastline and dense population, short sea shipping has been implemented as a vital marine transportation mode, especially in northern France and Germany and the neighboring Benelux countries. Now, short sea shipping is garnering interest as never before between the world's two largest trading partners – Canada and the United States.

The term takes its name from the short distances that are involved in movement of people and cargos from port to port within one country or in adjoining or nearby ones. Interest is usually keenest where highways are busiest, and on the Great Lakes St. Lawrence Seaway System, that means Highway 401 from Quebec City to Windsor. Because the infrastructure costs of building new highways or adding lanes to existing ones is so high – \$32 million per lane mile by one estimate – states, provinces, and federal governments are eager to find less expensive ways to move cargo and passengers.

The Great Lakes St. Lawrence Seaway has long served as an essential economic conduit for both nations' goods, yet it has seen traffic tonnage diminish since the late 1970's. As government officials strive to reduce road and rail congestion, lower exhaust emissions, save energy and

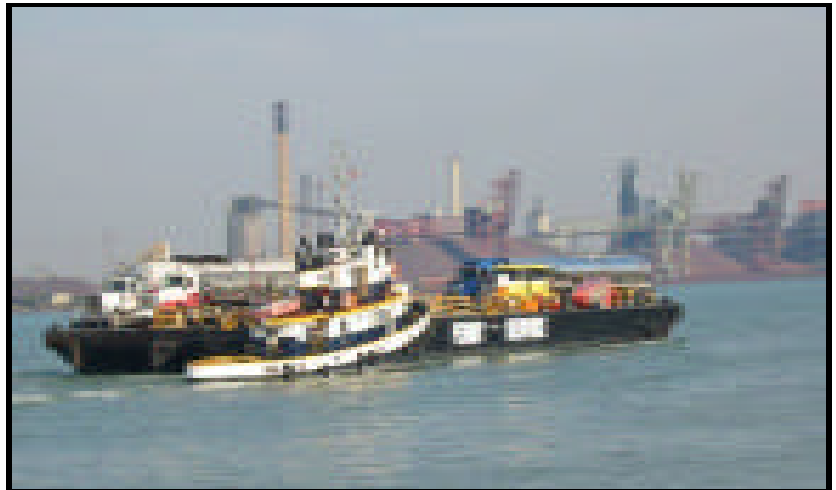
cut accidents without breaking the budget, they are increasingly turning to the marine option.

Transport Canada Minister Collette has noted that "short sea shipping has the potential to be part of the solution to border transportation challenges." As security has tightened at border crossings in a post 9/11 world, both partners seek to find innovative solutions to ensuring safe, secure transit of cargo in an efficient manner. In an address to the Chamber of Maritime Commerce's board of directors earlier this year in Toronto, Mr. Collette cited five reasons short sea shipping opportunities should be pursued: reducing greenhouse gas emissions, alleviating road congestion, promoting inter-modalism, facilitating trade, and making better use of Canada's marine capacity.

Canada's economy is deeply dependent upon its southern neighbor as most of its exports – more than 81 percent – move here yearly. In 2002 more than \$382 billion in Canadian goods and services were exported to the United States, and automotive products were a significant portion of that traffic. The trade is far from one-way as many U.S. states, especially ones in the Great Lakes

communities bordering Ontario and Quebec, count Canada as their major export partner.

Short sea shipping is not just a topic of academic discussion. Perhaps the best-known example in the Great Lakes St. Lawrence Seaway System in action today is the Detroit-Windsor Truck Ferry. It is a tug-barge operation that moves 18-wheelers, oversize project cargo and vehicles of every description from RVs to SUVs from one side of the Detroit River to the other. The 20-minute ferry ride saves time for truckers who circumvent the heavy traffic commonplace on the Ambassador Bridge or Windsor Tunnel.



The Detroit-Windsor Truck Ferry crosses the Detroit River between Windsor, Ontario, and Detroit, Michigan on a scheduled 20 minutes basis. All customs clearances are completed on-site reducing customs delays. The truck ferry service saves time, fuel, maintenance and drive hours. (Photo from www.truckferry.com)

Marine transportation experts in industry and government are now talking about using integrated tug barges for moving lumber between Thunder Bay and Detroit. The mari-

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Lakes and Seaway Leading the Effort to Find Solutions to Non-Indigenous Species Issue

by James H. I. Weakley, President, Lake Carriers' Association



The problem of ballast water transport of non-indigenous species is worldwide and

a vexing one for sure. It is perplexingly true that we can send men into Space, but we cannot rid ballast water of exotics, at least not by means that are environmentally safe and economically feasible.

While many waterways struggle with this problem, the issue is of even greater importance on the Great Lakes St. Lawrence Seaway System. An estimated 37 million North Americans draw their drinking water from the Great Lakes. Sport fishing and other recreational uses of the Great Lakes and St. Lawrence River are important cogs in the region's economy. Perhaps nowhere else is a need for a solution more pressing.

Fortunately, the Lakes and Seaway have been a leader in the quest for a solution. When the ruff was discovered in Duluth/Superior Harbor, carriers of all flags implemented the

Voluntary Ballast Water Management Program developed by Lake Carriers' Association (LCA). Even though Duluth/Superior handles more than a 1,000 cargos in a typical year, the ruff has been largely confined to western Lake Superior. Only two other colonies have been identified, so it is little wonder that U.S. Fish & Wildlife Service terms the program "the cutting edge of technology."

Vessels entering from the oceans are required to exchange their ballast before arriving at Massena. While ballast exchange has recognized shortfalls, primarily that complete exchanges are impossible, our waterway was the first to require flushing of tanks as a means of reducing introductions.

LCA, in cooperation with the Northeast Midwest Institute, has engaged in pioneering research on filtration of ballast water. A prototype system was installed on the Canadian laker ALGONORTH and several tests were accomplished while the vessel was in actual operation. The filter system was then transferred to a barge moored in Duluth/Superior Harbor for more tests and refinements. Filtration proved promising enough that tests were then conducted on secondary treatments such as ultraviolet irradiation and hydrocyclones.

An improved filter system should be installed on a new FEDNAV vessel for testing in the not-to-distant future. This will move us a step closer to an eventual solution.

We must, however, be realistic in our expectations. Prevention of new introductions is the one attainable goal. Those exotics that have established themselves in Lakes and Seaway waters are, absent a natural predator, here to stay. In fact, seeing as so much of the system is interconnected, it is all but certain that they eventually migrate throughout the system. Despite our successes with the Voluntary Ballast Water Management Program, the ruff is migrating along the southern shore of Lake Superior. When it reaches the St. Marys River, the way is clear for a modern-day Diaspora.

I recently testified in Washington about legislation to stem the influx of non-indigenous species into U.S. waters. While no one identified the so-called "silver bullet", I can assure Great Lakes legislators are aware of our commitment and recognize our leading role.

Whatever solutions are found for this problem, much of the groundwork that led to those discoveries will have a Lakes/Seaway stamp on it.

A bill that would spend more than \$160 million to study and control zebra mussels and other unwelcome aquatic species passed a House subcommittee earlier this spring. The bill requires the Environmental Protection Agency to develop environmentally sound ways to control and eradicate invasive species. It also gives funding to the Coast Guard to reduce the threat from foreign ships that are suspected of depositing unwanted species into U.S. waters.



Zebra mussels are small, fingernail-sized, freshwater mollusks accidentally introduced to North America via ballast water from a transoceanic vessel. Since their introduction in the mid 1980s, they have spread rapidly to all the Great Lakes and an increasing number of inland waterways in the United States and Canada.

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Steel Here After All These Years

also earned a Pacesetter Award in 2002 (its sixth) for shipping more than 922,000 short tons through the Seaway, posting a three percent jump over previous year traffic.

The Ports of Indiana reentered the steel exporting business earlier this

year after a seven-year absence with shipments to China and Europe.

Stephen Mosher, port director for Burns Harbor, opened the new season this April before a VIP audience that included Rep. Peter Visclosky

to mark the shipment of 17,500 metric tons of steel coils from ISG Indiana Harbor, Inc., in East Chicago, Ind. to Europe onboard the *M/V MILO*.

"We followed that first steel export shipment in 2003 with another load of ISG steel (19,500 tons) to Antwerp in May, and we are confident it won't be the last as the U.S. steel industry shows it can compete in the world marketplace," said Mosher.

Whether additional tonnage is likely however depends on at least one factor independent of shipping rates and market prices—the exchange rate. Mosher acknowledged that a weak dollar in comparison to the strong euro accounts for a significant chunk of suddenly appealing U.S. exports.

One thing unlikely to change irrespective of currency rate calculations is Burns Harbor's role as a magnet for steel. It imported 195,068 metric tons of steel slabs in 2002 and the new port director says they are on target to retain their number one ranking.

Detroit/Wayne County Port Authority has also seen export steel move from its Detroit Steel Company terminal, which has loaded about 50,000 metric tons of cold-rolled steel

coils this season onto three vessels destined for China.

Port Authority Deputy Director Steven Olinek said that in addition to routine cargo of European steel, his port handled 13,000 metric tons of



Stephen Mosher, Port Director, Ports of Indiana – Burns Harbor.

"...we are confident it won't be the last as the U.S. steel industry shows it can compete in the world marketplace," said Stephen Mosher.

steel from Canada. Last year Detroit handled more than 400,000 tons of steel, much of it destined for the nation's auto industry.

With midyear numbers not yet in, the three ports are experiencing conflicting views as to which way import steel traffic tonnage in 2003 will ultimately turn. But given the absence of exported steel last year, the plus numbers for this year are clearly a positive signal for the rest of the year.

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Short Sea Shipping

time container revolution that essentially bypassed the Great Lakes St. Lawrence Seaway System may see introduction of this lucrative business via integrated tug barges. Shipment of municipal waste is likely to become an increasingly sensitive yet unavoidable issue that requires cross-lake shipment discussions.

Freight movement is not the only potential commodity for short sea shipping. Passenger traffic, long restricted primarily to auto, air, and trains in the Great Lakes states and two Canadian provinces, is beginning to blossom. Interest in high-speed or

fast ferries is growing and demand is materializing into supply.

Canadian American Transportation System is expected to meet a spring 2004 service opening date for its fast ferry between Rochester, N.Y. and Toronto, Ont. The company will run two 90-meter catamarans at speeds up to 42 knots across Lake Ontario, delivering 774 passengers and 238 vehicles to their cross-lake destinations in two hours. The six daily round trips are expected to boost tourism and attendant spending on both sides of the border.

Other fast ferry operations are preparing to get underway or studies are being run to determine market support. Service between Milwaukee and Muskegon, Mich., is slated for next June, when Lake Express LLC starts operations. A new terminal in Bay View is to be built and the catamarans using it will transport 250 passengers and 46 cars from shore to shore in less time than sitting through a long movie. That will reduce traffic, accidents, and congestion on busy Chicago-area interstates and improve quality of life for tens of thousands residents.

The Port of Erie, Pa., has just invested in a \$7 million multipurpose terminal that can handle cruise ships and a fast ferry. Officials at that port are conducting a feasibility study for a ferry that would carry about 300 people and 75 cars between Erie and Port Dover, Ont.

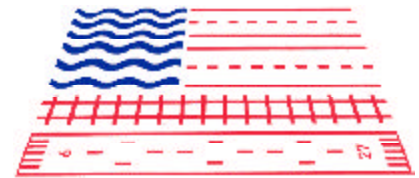
Yet another project in the works includes a hover craft style ferry for passenger service only between Toledo and Windsor.

Short sea shipping has been slow in coming to North America, but indications are that it is fast becoming a welcome addition to the ports and communities where it has arrived.

National Transportation Week

“We are fortunate in this country to have a transportation system that fosters economic growth, quality of life and virtually unlimited access to goods, services and destinations. This system is no accident. It came about through decades of planning and hard work on the part of transportation professionals in all modes. It is most appropriate that we take one week each year to celebrate the achievements that we have made in transportation and at the same time reflect on the challenges that lie ahead. National Transportation Week affords us an excellent opportunity to share this message with the American people and to work together across modes to look at our future.”

Secretary of Transportation, Norman Y. Mineta



National Transportation Week
May 11-17, 2003

How We Celebrated



On May 12 Albert Jacquez , Administrator, Saint Lawrence Seaway Development Corporation (SLSDC) traveled to Cleveland, OH to help celebrate National Transportation Week. The SLSDC, U.S. Coast Guard 9th District and Cleveland-Cuyahoga County Port Authority co-hosted a breakfast and panel discussion for an audience of Great Lake Seaway System stakeholders. The event highlighted the importance of the maritime industry in the Great Lakes St. Lawrence Seaway region, its past achievements and future challenges. Panelists included (left to right) W. Scott Parker, Deputy District Engineer for Project Management, U.S. Army Corps of Engineers Detroit District; Captain Randolph Helland, Chief, Marine Safety Division, USCG 9th District; James H.I. Weakley, President, Lake Carriers’ Association; Albert S. Jacquez, Administrator, SLSDC; and Gary Failor, Executive Director of the Cleveland-Cuyahoga County Port Authority.

Poster Contest

The fifth grade class of Jefferson Elementary School celebrated National Transportation week by creating works of art. The theme – St. Lawrence Seaway...It keeps America Moving. The top three winners were awarded a \$100 savings bond.



Kayla Fetterley



Rachel Riley



Klarysa Paige

The Shipping Federation of Canada Celebrates 100th Anniversary

The Shipping Federation of Canada marked its 100th anniversary by inviting key players from the transportation sector to participate in a conference on the future of the maritime industry. The two-day conference, which was held in Montreal on April 30 and May 1, comprised of four round tables on the major issues facing the industry today, including the impact of global trends on ocean shipping, the role of intermodal alliances and partnerships, the challenge of doing business in a post 9/11 security environment, and the benefits of working towards a global maritime agenda.

Saint Lawrence Seaway Development Corporation, Associate Administrator, Sal Pisani participated in a round table entitled "Building a Global Maritime Agenda," which brought together senior representatives of the world's leading maritime associations to define and prioritize the key challenges facing the maritime industry on a global basis, with a view to formulating concrete, coordinated strategies for promoting the future competitiveness of the industry as a whole.

Left to right – Panel members Christopher Gillespie, Past President of the International Federation of Freight Forwarder Associations, and Sal Pisani, Associate Administrator, Saint Lawrence Seaway Development Corporation.



The Saint Lawrence Seaway Development Corporation (SLSDC) is now planning its 26th Trade Mission to Belgium and The Netherlands on October 3-11. Educational seminars, one-on-one meetings with current and potential customers, and port tours are planned. Maritime Industry Executives

interested in participating in the mission delegation should contact SLSDC, Director of Trade Development and Public Affairs, Rebecca McGill at (202) 366-0091 or rebecca.mcgill@sls.dot.gov

www.greatlakes-seaway.com

International Joint Commission Members Visit the Seaway



Recent Presidential appointees to the International Joint Commission visit the U.S. Seaway facilities as part of the Great Lakes St. Lawrence Seaway tour. Left to right – Russ Trowbridge, IJC Political Advisor, Irene Brooks, Commissioner, Allen Olson, Commissioner, Carol Fenton, Deputy Associate Administrator, Saint Lawrence Seaway Development Corporation (SLSDC), Luc Lefebvre, Chief of Operational Services, SLSMC, and Sal Pisani, Associate Administrator, SLSDC.

Port of Erie

New Passenger Vessel Terminal

Waterfront development began in Erie during the late 1790's as a result of a spectacular natural harbor, Presque Isle bay. With the development of the Port, the city of Erie became a shipping and fishing center. However, during the 1970's, things began to change. The 24-hour docks became quiet, the amount of products leaving the Port all but vanished, and the world's largest fresh water fleet was idled. Lake Erie was pronounced dead.

The reports of the lake's demise, however, were wildly premature. The 1980's saw a movement to clean up the Port of Erie, and in 1990, the tall ship Niagara was recreated to symbolize the rebirth of Erie and its waterfront. By 2000, the amount of investment in the waterfront was approaching \$100 million, with Marinas being built on piers once reserved for coal and ores and condominiums developing on a lumber pier. Parks, restaurants, a library and museum also took shape. However, the undertaking of this recreation would not stop there. Future plans conveyed a convention center, hotels, an intermodal

transportation center as well as the development of the newest Great Lakes' Cruise Passenger Vessel Terminal and passenger ferry service.

The site of the Passenger Vessel Terminal, the first of its kind in the Great Lakes, had originally been home to a massive grain elevator for nearly 100 years until it was razed in 1988. The terminal site was confined to a 300 long 75' wide section on the northeast corner of the Holland Pier which sat empty until ground was broken in 2001 for the terminal. To avoid the look of a potentially long and monotonous passenger vessel terminal, project architect Bill Weborg created an eye-catching structure with an undulating roof line, which serves to break up the mass without sacrificing the utility of the building.

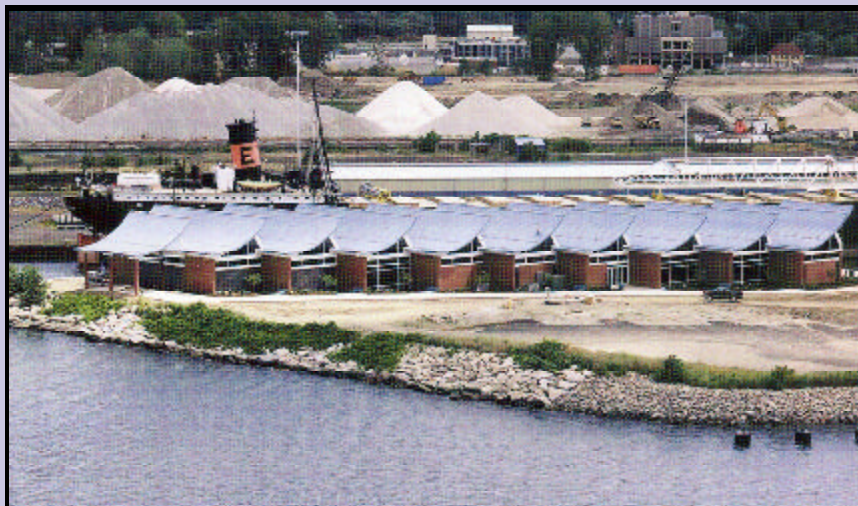
When the Port Authority planned for the terminal in response to a growing cruise boat industry on the lake and cross-lake passenger ferry service, the architects were charged

with two goals: design a terminal that was unique and yet complemented the character of the city and its relationship with the water. The architects also had to contend with the rigid design requirements of the U.S. Bureau of Immigration and Customs Enforcement who would occupy the building, a narrow lot, and a tight budget of exactly \$3,000,000. The architects met this demand and melded the water and Erie's industrial heritage into a wonderful, welcoming, and world-class terminal – a new portal to Pennsylvania's Great Lakes port.

The new terminal serves as a gateway to down town Erie and Northwest Pennsylvania. Presque Isle State Park is only a stone's throw from the terminal.

The Port Authority has plans for a large public art piece to be installed at the tip of the pier. Historic photos of Erie's waterfront will be inside the terminal, as well as interpretive panels to keep Erie's maritime heritage alive for future generations.

There is no better sign of Erie's rebirth than it's new, state-of-the-art Cruise Boat Visitors Terminal.



Port of Erie's new Cruise Boat Visitors Terminal

Upcoming Events

September

- 7-8 **Halifax Port Days 2003** – *Halifax, NS*
Info: (902) 426-8222; www.portofhalifax.ca
- 9-10 **Saint Lawrence Seaway Development Corporation's Trade Development Meeting** – *Chicago, IL*
Info: (202) 366-0091; www.greatlakes-seaway.com
- 16-18 **Seatrade London International Maritime Convention**– *London, UK*
Info: www.seatrade-london.com
- 16 **21st Century Logistics Symposium** – *Indianapolis, IN*
Info: 800-232-PORT; www.indianalogistics.com
- 23- Oct. 3 **2003 American Association of Port Authorities (AAPA) Annual Convention** – *Curacao, Netherlands*
Info: (703) 684-5700; email: info@aapa.ports.org

October

- 1-3 **Great Lakes Commission 2003 Annual Meeting** – *Chicago, IL*
Contact: Michael J. Donahue at mtonahue@glc.org or (734) 971-9135
- 3-11 **Saint Lawrence Seaway Development Corporation's Trade Mission** – *Belgium and The Netherlands*
Info: (202) 366-0091; www.greatlakes-seaway.com
- 28 **Québec Marine Day** – *Québec City, QE*
Contact: Marc Gagnon at MarcG@portquebec.ca or (418) 648-4572
- 29-30 **U.S. Maritime Security Expo** – *New York City, NY*
www.maritimesecurityexpo.com

November

- 20 **St. Lawrence Day** – *Montréal, QE*
Contact: Marc Gagnon at MarcG@portquebec.ca or (418) 648-4572

The Saint Lawrence Seaway Development Corporation (SLSDC) is a wholly owned government corporation created by statute May 13, 1954, to construct, operate and maintain that part of the St. Lawrence Seaway between the Port of Montreal and Lake Erie, within the territorial limits of the United States.

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