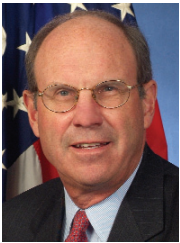




ADMINISTRATOR'S
COLUMN



Collister
Johnson, Jr.

*St. Lawrence Seaway 50th
Anniversary Celebration
Grunt Club Kick-Off*

In 2009, the U.S. - Canadian St. Lawrence Seaway will observe its 50th anniversary, celebrating half a century of serving global commerce with a safe and efficient transportation route connecting the five Great Lakes to the world. To commemorate this historic occasion, the Saint Lawrence Seaway Development Corporation is planning an

continued on page 2

In This Issue:

- Guest Columnist
- Great Lakes Region Makes the IMAX Theater
- Great Lakes Shipyard's First Foreign Sale of New Tug
- Essar Breaks Ground on New Great Lakes Region Steel Plant
- Melford International Terminal Receives Environmental Impact Statement Approval
- The Port of Oswego Authority Wins the SLSDC Pacesetter Award
- Upcoming Events

Great Lakes-Seaway Delegation Trip to Finland

Few of the world's inland seas compare more closely to the Great Lakes than the Baltic Sea. With nine countries along its coastline, the Baltic is an international waterway vital to the economic, social, and environmental health of each bordering country. Nowhere is this truer than in Finland, a country with a long and rich maritime tradition. In September of this year, Dr. Richard Stewart of the Great Lakes Maritime Research Institute led a U.S. and Canadian delegation to Finland, to explore these similarities and to establish closer relationships with representatives from Finnish industry, government, and academia. Craig Middlebrook, Saint Lawrence Seaway Development Corporation, Deputy Administrator, was a participant on this week-long trip, which proved to be a revelation, and he was anxious to share his thoughts with our stakeholders.

The surface area of the Baltic is 35 percent larger than the Great Lakes, but their water volumes are almost identical. The water of the Great Lakes is fresh, while that of the Baltic is brackish, but just like the Great Lakes, the Baltic is home to large cities (6 have metropolitan-areas with over 1 million people), as well as to environmentally sensitive natural areas. The challenges of balancing economic needs with environmental concerns in the Gulf of Finland would be familiar to any Quebecker or Minnesotan. The Baltic Sea is also home to a "sister" lock system to the Seaway: the Saimaa Canal—a binational waterway consisting of eight locks between Russia and Finland that links the Finnish interior to world markets 10 months of the year.



A Seaway-sized Unifeeder ship transporting containers to the port of Kotka.

In key ways, however, there are major differences between these vast inland seas, with the Baltic offering a model that many in the Great Lakes would seek to emulate. For example, the Baltic Sea is home to a vibrant short sea shipping industry, with regular feeder line and ferry services linking the major ports throughout the basin. This regularly scheduled service has been operating for over 30 years, during which time the short-haul movement of containers over water has become an integral part of the overall logistical supply-chain management for the region. The Great Lakes Seaway delegation met with such noted companies as Unifeeder and Finlines, which operate Seaway-sized vessels

continued on page 2

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

Seaway Compass



Administrator's Column, continued from page 1

anniversary celebration to be held next year in Massena, New York, home of the two U.S. Seaway locks. The dates for the anniversary celebration are July 10–12, 2009.

This year's Annual Stakeholder Reception (Grunt Club) event will be held in Montreal on Thursday, December 4th and will be co-hosted by Richard Corfe, President and CEO of the St. Lawrence Seaway Management Corporation and me. I know how much the Seaway's stakeholders look forward to this gathering, and this year's event will provide the launching of our year-long program of activities and events to commemorate the Seaway's opening in 1959. It would be gratifying to have a strong turnout.

The upcoming 50th anniversary celebration is not merely one of recognizing past accomplishments. The Seaway must also prepare to meet tomorrow's needs if it expects to remain relevant for the next half-century. I believe the Seaway is preparing for that new world now — by renewing aging infrastructure, by adopting new marine technologies that make the waterway safer for mariners and allow for transport of more cargo in existing vessels, by welcoming new project cargoes like wind turbines and gas and oil pipe for growing energy demand, by devoting

R&D dollars to the ballast water treatment effort to help the environment of the Great Lakes, and by utilizing the benefits of Highway H₂O and short sea shipping to improve supply chain management in North America. These collective efforts provide cause for celebration and underscore the theme of our 50th Anniversary — “A vital waterway—past, present and future.”

Events planned for the weekend next July include historic and cultural activities that will help recreate the excitement of the Seaway's gala opening 50 years ago. The opening ceremonies will commence on Friday afternoon, July 10. Activities on Saturday will include a parade, picnic, concert and fireworks. Brunch and an Open House at the Eisenhower Lock Visitors' Center will wrap up the weekend's events on Sunday morning, July 12. There will also be exhibits and displays focusing on the history of the Seaway over five decades. A number of special marine vessels are expected to be on hand for the festivities as well as quite a few U.S. and Canadian dignitaries.

The Seaway's 50th anniversary celebration promises to be a memorable event. Save the dates on your calendar for next July so that you can participate in these historic and fun activities during the anniversary weekend. I hope to see a large number of the Seaway's friends, stakeholders, and supporters turn out next July for this very special occasion.

Great Lakes-Seaway Delegation Trip to Finland, continued from page 1

(400–1000 containers) throughout the Baltic. The prospects for growth in this trade are such that the Port and City of Helsinki are building a brand new container port (to open in November) in Vuosaari, 30 miles east of the current downtown port. The Vuosaari port project is a good example of how government, private industry, and environmental interests can unite to promote economic growth in the maritime sector, while doing so in a sustainable (i.e., environmentally sensitive) manner.



Ships along the Saimaa Canal.

Could the Great Lakes follow this model of short sea shipping feeder line service? After all, the vessel operators in the Baltic face some of the same challenges we do here: ice conditions, potential competition from surface modes, and overlapping/abutting regulatory regimes. The delegation found in Finland that to make this service a reality, favorable public policy has to be joined with clear economic need. Short sea shipping has a longer history in Europe than on our shores, but this tradition is kept relevant there by public policy that recognizes a robust intermodal approach to transportation logistics. One step in that direction for the Great Lakes would be the waiver of the Harbor Maintenance Tax on non-bulk cargoes. Moreover, the countries around the Baltic are very experienced in coordinating and harmonizing national policies that affect maritime commerce, through such organizations as the Helsinki Commission and the European Union. In the Great Lakes Seaway System, there have been great strides made in better coordination between the Canadian and U.S. Governments and between the U.S. Government and the eight Great Lakes States, but more work is needed.

Another area where the Finns are world leaders is in ice management. With similar climates, the Baltic and the

continued on page 3

Great Lakes-Seaway Delegation Trip to Finland, continued from page 2

Great Lakes are waterways where transiting in ice is a regular occurrence during certain times of the year. At the new Aker Arctic headquarters in Vuosaari, the delegation learned of the latest technological advances in the design of ice-class vessels. A meeting with the Finnish Technical Research Center (VTT) in Helsinki also proved particularly informative. The Finnish Maritime Administration has been using Automatic Identification System (AIS) technology since 2002 in its vessel traffic control centers. Building on this experience, the VTT has developed an innovative system called "IBNet" (Ice Breaking Net) to better manage the deployment of icebreakers and improve the transiting of vessels in ice conditions. The IBNet combines several key technologies, including AIS, weather satellite data, and water flow measuring devices to provide vessel traffic

controllers a comprehensive, real-time analytical tool that greatly improves their ability to control and direct vessels in ice. Both Sweden and Finland are currently using IBNet with their large fleets of icebreakers. You can learn more about this amazing new system at the FMA's website (www.fma.fi).

A few paragraphs can hardly do justice to what was learned by spending an intensive week among the Finnish maritime community. Suffice it to say that Dr. Stewart is (as he so often is) on to something worthwhile here in taking a closer look at "how they do it" over in the Baltic Sea. As commercial maritime navigation continues to evolve on the Great Lakes and in the Seaway, the recent binational trip to Finland provides several tangible guideposts on how our North American waterway can develop and improve in the future.

GUEST COLUMNIST

Richard Corfe, President and CEO, The St. Lawrence Seaway Management Corporation



Planning With a View to the Future

As we reach the Seaway's 50th anniversary, the world that we live in continues to change dramatically. Scarcely a decade goes by without some sweeping changes that virtually redraw the landscape within certain business sectors.

ATM cash machines and web-based bill payments have changed retail bank branches into a very different species. Abrupt swings in energy prices have caused automobile executives to rethink their entire product lineups. The rapid rise, and recent implosion, of the financial derivatives market is bringing about sweeping changes to our economy.

The Seaway is not immune to change. In fact, we embrace it. Failure to do so will render our system out of step with the transportation realities of the day. Change is inevitable and in many ways, if carefully planned and proactively carried out, healthy to maintaining a business that is poised for future growth.

Recently, the Canadian St. Lawrence Seaway Management Corporation concluded a new three-year labor contract that allows for the implementation of significant changes to the way we provide our services. After 50 years of securing vessels in the lock chamber in a conventional manner, we are moving down the road to the "lock of the future". As a vessel enters a lock, self-spotting technology will monitor its approach and keep the master apprised of his progress into the lock chamber. Once stopped in the chamber, hands-free mooring devices will secure the vessel to the lock wall.

This 'lock of the future' holds the promise to open up our system to a wider variety of vessels from the world-wide fleet, improve vessel transit performance and transform jobs that were once focused on heavy manual labor into semi-skilled and skilled trades. With this approach in mind, we have already agreed to terms within our operating agreement with the Government of Canada that promote the application of technology to the current system, ensuring that we change as the world changes and remain a system that provides economic, environmental and social benefits to both Canada and the United States of America.

The architects of the Seaway, during the planning phases in the early 1950s, envisioned a waterway that would become a vibrant "highway" teeming with commerce for years to come. As we close out our first half century of operation and move into the next 50 years of this bi-national system, we have set the stage for a dynamic future in our agreements with both the Government of Canada and our trade union. Working together we will ensure the "sustainability" of Hwy H₂O™, our 21st century Seaway.

Great Lakes Region Makes the IMAX Theater



Left to right—John Benton, III, Associate Director, Smithsonian National Air and Space Museum, Collister Johnson, Jr., Administrator, SLSDC, Guy Saint-Jacques, Deputy Head of Mission, Canadian Embassy, Paul Globus, Science North, and Laurence Pathy, President & CEO, Fednav.

On September 17, 2008, the SLSDC was involved in facilitating the Washington, D.C. premiere of the *Mysteries of the Great Lakes* IMAX at the Smithsonian's National Air and Space Museum. Approximately 150 guests, including U.S. and Canadian Great Lakes stakeholders, Congressional staff members, Great Lakes environmental interest groups, port directors, and other Seaway stakeholders attended this special event. The event was sponsored by Fednav Ltd. Our goal was to educate Members of Congress about the importance of the Great Lakes St. Lawrence Seaway System and to promote its vitality and relevance.

The movie showcases the amazing geography, ecology, science, and history of the Great Lakes and provides the viewer with an appreciation of the need to strive to preserve, protect, and restore the Great Lakes for the benefit of future generations.

Great Lakes Shipyard's First Foreign Sale of New Tug

The Great Lakes Shipyard, an affiliate of The Great Lakes Towing Company, recently started manufacturing tugboats and barges for the marine industry in its new state-of-the-art shipyard facility in Cleveland, Ohio.

The first tugboat to be constructed in a U.S. domestic shipyard on the Great Lakes for foreign buyers was sold to Electriaa S.A. of San Pedro Sula, Honduras, Central America. The "HandySize" tug was delivered to Honduras in September 2008, and will be used in the Port of Puerto Cortes, a principal port located on the north coast of Honduras.

This is the first tugboat ever built in Cleveland for foreign buyers, and it is the second to be built in Cleveland since 1931. The first tug was completed and sold in April of this year to Tugz International L.L.C.

There is no doubt that the weakened U.S. dollar was a contributing factor for the Central American buyers. U.S. domestic yards traditionally have higher costs than



overseas shipyards. The buyers did indicate that design quality and cost were a factor and Cleveland's Great Lakes Shipyard was competitive with such international tug building centers as the Netherlands and Turkey.

(Reprinted from www.seafarers.org.)

Essar Breaks Ground on New Great Lakes Region Steel Plant

Essar Steel Hodigs Ltd., a steelmaking subsidiary of the Essar Group of Mumbai, India has broken ground on a revolutionary new steel product making facility in Nashwauk, MN near Hibbing, MN and less than 90 miles from the Seaway Port Authority of Duluth, the highest volume port on the Great Lakes.

Minnesota Governor Tim Pawlenty joined Essar executives for the groundbreaking on the new facility which is slated to be the first mine-to-steelmaking plant in North America. The new facility will include an iron ore pellet plant, a direct reduced iron (DRI) plant and a steel mill. The new facility's output is pegged at 2.5 million tons per year. At this level of production the plant is expected to



employ 700 workers. Construction of the facility will employ nearly 2,000 construction workers.

The Governor's office says that the State of Minnesota is putting up nearly \$72 million worth of bonds to support infrastructure projects associated with the plant.

The Essar Group has become a major player in recent years in the Great Lakes steel market with their purchase of the former Algoma Steel plant in Sault Ste. Marie, ON and the purchase of the former Minnesota Steel's assets in Nashwauk, MN last October. The new mine-to-mill facility in Minnesota which is expected to be completed within five years, will solidify Essar's strong position in the Great Lakes region steel market and very likely result in more steel industry cargoes for Great Lakes and Seaway vessels.

Melford International Terminal Receives Environmental Impact Statement Approval

Melford International Terminal Inc. (MITI) has been given environmental approval, with conditions, from the Governments of Canada and Nova Scotia, clearing the way for the next phase in the development of the container terminal, intermodal rail facility and logistics park on the Strait of Canso in the Municipality of the District of Guysborough.

"Having obtained this approval is a significant accomplishment," said Hugh B. Lynch, Chairman of MITI. "People in the global shipping and transportation industry understand the significance of this regulatory approval. It shows that we have done our homework, it triggers an exciting next stage for this project, and gives us tremendous momentum."

Warden Lloyd Hines of the District of Guysborough, which includes Melford, said "This is great news. Council has worked hard to create winning conditions for this project. We congratulate MITI on achieving this major milestone."

With regulatory approval in hand, MITI is able to formally purchase the land at the site, secure a building

permit and finalize operator and rail service agreements. At the same time, MITI will be able to establish construction timelines, complete detailed design, and continue the worldwide marketing campaign for the project.

Melford management has given the EA approval and conditions a preliminary examination and are pleased with the document. Melford indicated the conditions are what was expected and do not see any that are believed to be onerous. Company officials have signed off on the approval and will now develop a plan and schedule to comply with all conditions.

MITI CEO Robert Stevens said, "The Melford project is a private-sector initiative that is a modern reflection of the global trading economy and while the current state of upheaval in world financial markets has created uncertainty, it has not changed the viability of the project."

"The bottom line is that our partners and others in the industry agree this project makes sense now and in the years to come," says Stevens. Today's economic challenge actually reinforces that the shipping and transportation industry needs what Melford has to offer: reduced costs, greater efficiencies, enhanced security, and reduced environmental impact in a container terminal operation.

The Port of Oswego Authority Wins the SLSDC Pacesetter Award

The Robert J. Lewis Pacesetter Award is presented annually to U.S. Great Lakes Seaway ports that register an increase in international cargo tonnage shipped through the St. Lawrence Seaway when compared to the previous year.

During the 2007 navigation season, the Port of Oswego shipped more than 182,000 metric tons of cargo through the St. Lawrence Seaway system. This is an increase of more than 220 percent from the previous season.



This is the 10th time the Port of Oswego Authority has received this award since the program started in 1992 and the fourth consecutive year.

*Left to right—
Collister Johnson, Jr.,
Administrator, SLSDC,
presents the award plaque
to Christopher Dain,
Chairman of the Board.*

Upcoming Events

December

December 1–4

AAPA's 4th Annual Quality Partnership Initiative Project Managers Workshop and Dredging Focus Group Meeting

Ponce, Puerto Rico

Contact: www.aapa-ports.org

December 4

Seaway Binational Annual Stakeholder Reception
Montreal, Canada

Contact: Rebecca McGill; (202) 366-0091,
rebecca.mcgill@dot.gov

December 5

74th Grunt Club Annual Dinner
Montreal, Canada

Contact: <http://www.gruntclub.org/Events.asp>

January 2009

January 15

Chamber of Marine Commerce Annual Meeting
Toronto, Ontario

Contact: Linda Jeannotte; (613) 233-8779, ext. 4
ljeannotte@cmc-ccm.com

February

February 25–26

Great Lakes Marine Community Day
Cleveland, OH

Contact: www.greatlakes-seawayreview.com

March

March 16–19

Annual Seatrade Exhibition
Miami, FL

Contact: Rebecca McGill; (202) 366-0091,
rebecca.mcgill@dot.gov

May

May 20–21

Green Tech 2009
Toronto, ON

Contact: www.Green-Marine.org/activities