



Seaway Compass

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Modal Shift Benefits: Determining Value

Determining a transportation system's value inevitably requires analyzing many factors to arrive at an accurate judgment of its strengths and weaknesses. Among the most obvious data to be reviewed include assessments of safety, efficiency, reliability, current and anticipated economic impact, environmental benefits and risks, and intermodal connections.

and analysis have taken on increased significance for a number of reasons. Significant freight growth throughout the '90s, growing public concerns about petroleum imports, air quality, traffic congestion, and the cost of infrastructure upgrades immediately stand out. The views of more and more industry and government policy leaders are converging towards a logical, cost-effective solution: moving freight and

growing problem for those seeking to accommodate a marked increase in vehicle traffic.

The calculus employed to determine when shifting traffic from one mode to another, say highway to water, defies simple cost comparisons, but clearly economic 'bottom lines' count. As Great Lakes communities scramble to provide limited funding for expensive road expansion to meet burgeoning traffic needs, the interest in moving cargo off asphalt and onto the continent's first highways—rivers, canals, and lakes—grows monthly.

Waterborne carriage offers many advantages over surface transport, as noted more than 200 years ago by the father of modern economics, Adam Smith. In the *Wealth of Nations*, Smith talked of the significant labor advantages to be saved by moving goods via ship instead of "broad-wheeled wagons attended by two men and drawn by eight horses." Today, wagons have long since given way to trucks able to deliver far more, faster

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(graphic from www.greatlakes-seaway.com)

A binational, U.S.-Canadian study is currently underway to establish the engineering, economic, and environmental challenges confronting Great Lakes St. Lawrence Seaway System infrastructure for the next half century. Its analysis and findings will help us build upon a groundbreaking modal shift study conducted by the Great Lakes Commission a decade ago which is now being revised.

Modal shift is a topic that once garnered little attention outside transportation professional circles. That is fast changing. Modal shift data

passenger traffic from congested surface transport modes—highway and rail—to underutilized marine waterways.

A recent U.S. Chamber of Commerce report on North American port and intermodal systems claims a 67 percent increase in domestic shipments, and a doubling of international trade can be expected by 2020. Other reputable studies are also suggesting that demographics and free trade initiatives are fulfilling their projected goal of generating more commerce. That good economic news presents a

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2003: A Year to Remember

by Albert S. Jacquez, SLSDC Administrator



The 2003 Seaway navigation year ended December 28 and Corporation employees immediately began winter maintenance projects

preparing for the upcoming season. Before moving too far ahead with this season's projects, a moment of reflection regarding the important work accomplished last year is a must.

The most valued asset that the Corporation can boast of after its work force is the superb relationship we enjoy with our Canadian partner, the St. Lawrence Seaway Management Corporation. Last year saw yet another strong link forged in a chain of cooperation that dates back to construction that began 50 years ago.

In 2003, the Transportation Minister of Canada and the United States signed a historic memorandum of cooperation in Washington, D.C., that has set in motion a binational study on the Great Lakes St. Lawrence Seaway System. The study will examine the economic, environmental and engineering requirements needed to ensure a healthy System for the long term.

The study got underway quickly on the heels of the signing ceremony. Working groups, management teams, and the executive level steering committee are working hard now to deliver a detailed report in 2005. The review will examine infrastructure needs over a 50-year span, determining what it will take to keep the infrastructure at its current level of reliability.

The Seaway Corporations' long history of cooperation has always focused on safety, efficiency, reliability and customer service. From the Seaway's beginning days, establishment of joint rules and procedures, coordination on safety issues like aids to navigation, and over time institution of enhanced vessel inspections for faster, more economical service in Montreal, have proven our customer focus.

In 2003, stakeholders saw implementation of the revolutionary marine navigation tool, the Automatic Identification System (AIS). The AIS is a testament to the Seaway's government-industry partnership, committed to providing safer, more efficient and secure transit in all weather conditions. We made use of AIS mandatory on opening day for commercial vessels, making the Seaway the Western Hemisphere's first waterway to offer this substantial navigation improvement.

Excellent service, affordable prices, marine expertise and access to key North American markets mean little if potential customers are unaware of them. Last year, both Seaway Corporations worked in unison, marketing the System. At trade development meetings, on a jointly led Trade Mission to Belgium and The Netherlands, and in daily outreach efforts to maritime industry worldwide, we trumpeted the Seaway competitive advantages. We also returned with invaluable 'best lessons' regarding short sea shipping, an initiative that has been slow in arriving but is catching on quickly.

Information is key to building a better Seaway. Our binational web site, www.greatlakes-seaway.com, continues to attract interested parties, proving that it has become *the* clearinghouse for marine stakeholders worldwide seeking System information.

Our System's economic impact, felt primarily in eight U.S. states and two Canadian provinces, is significant: more than \$6 billion revenue created, over 150,000 jobs supported, and roughly 200 million tons of cargo moved annually. We need to build upon these numbers as we continue to act as vital stewards of the marine environment we are entrusted to protect.

Challenges confront us. The 2003 season reflected a one percent decrease in the MO-LO sections of the Seaway. Significant tonnage increases in iron ore and petroleum of 13 and 29

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Seaway 2003 End of Year Traffic Results Montreal-Lake Ontario Section

| <u>Vessel Transits</u> | <u>2002</u> | <u>2003</u> | <u>Changes</u> |
|------------------------|-------------|-------------|----------------|
| Total Transits | 2,612 | 2,579 | -1.26% |
| Loaded | 1,818 | 1,734 | -4.62% |
| Ballast | 794 | 845 | 6.42% |
| Cargo | 30,002 | 28,878 | -3.77% |

Total System Availability: 98%
SLSDC Lock Availability: 100%

A Modern Seaway Needs A Sustained Outreach and Communication Strategy

by Gary L. Failor, Executive Director, Port of Cleveland



Fifty-year plans are difficult to sell in today's environment. The country and the world have become obsessed with

quarterly results and returns. Nowhere is this more apparent than in the maritime transportation community, which is soliciting lawmaker support of a long-range strategy for the Great Lakes St. Lawrence Seaway.

As the Corps of Engineers move forward with the Great Lakes Navigational Study on maintaining the Seaway for the next 50 years, and the United States and Canada continue to jointly review the recommendations, broad-based coalitions are needed to proactively communicate to our representatives in Ottawa and Washington, D.C., the importance of maritime transportation.

It is imperative that we find ways to demonstrate the value of the Great Lakes. This should not be a difficult task in a region that has 16 senators, 134 representatives and is comprised of 25 percent of the U.S. population and nearly 50 percent of the Canadian population.

The maritime community has a number of successes on which to build — construction of the modern Seaway, the partnership between the Canadian and U.S. governments, the

elimination of Seaway tolls, and most recently, our leadership role in advocating control of invasive species.

How did we reach these successful conclusions? We did so by forming broad-based coalitions. And now, another broad-based, binational coalition is needed to communicate at the federal, state, and local levels.

“It is imperative that we find ways to demonstrate the value of the Great Lakes.”

The coalition should include shippers, producers, environmentalists, ports, farmers, industry, and the citizens who benefit from the lower cost of steel production and the lower cost of exporting grain to hungry countries.

A well-organized coalition is necessary to ensure our continued ability to provide the most cost-effective form of transportation, which also happens to be the most environmentally friendly form of transportation. This coalition will help us safeguard the 100,000 jobs in the Great Lakes region that depend on low-cost maritime transportation that is critical to a region traditionally grounded in steel production, manufacturing and agriculture.



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2003: A Year to Remember

percent, respectively, helped offset tonnage deficits in grain, coal and steel. With steel safeguards now behind us, many analysts believe general cargo (more than 95 percent of which is iron and steel) will pick up and have a positive impact in 2004.

A recent Seaway marketing report pulls no punches. Winter closure, lock size, shallow channels, and limited infrastructure restrict vessels that can do business here. It suggests aggressively reaching out for new markets. We agree. Last year we conducted three container workshops and are determined to find niche markets where we can compete and grow.

Yes, 2003 was a year of mixed news. But the cardinal message it delivered was one of hope. The historic Great Lakes St. Lawrence Seaway System Study underway promises to change the System for the better. That made the season a success that we need to build upon in 2004.

Seaway Opening

March 23 – Welland Canal

March 25 – Montreal/Lake Ontario

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Modal shift Benefits: Determining Value

and with one driver, but ships have adapted as well.

Ships and barges now are bigger, faster, more efficient than ever, and still boast nature's advantage of requiring only 10 to 20 percent of the energy needed to move freight by road. Less fuel burned means less cost per ton-mile registered. It means less pollution. These factors explain why bulk movements of iron ore, coal, petroleum, stone aggregate and grain occur whenever possible by ship or barge.

Waterborne movement is safer and more environmentally friendly than its sister modes. The Modal Shift Study examined 11 commodity movement scenarios of traffic moving 24.7 million tons. Marine commerce fared well in each. It noted that a 'vessel-to-rail' shift could result in 36 crossing accidents, 14 derailments and one train collision. Truck movements of traditional marine cargos would add more than 1,400 vehicles to the region's roads and potentially result in 141 more accidents with a quarter

involving potential for fatalities or serious injuries.

The modal shift report noted that vessel collisions, foundering/sinkings, explosions or fire are rare. No fatalities in commercial shipping on the Seaway have occurred in the last decade.

Hazardous materials such as chemicals and petroleum products move most often by water because of this proven safety record. Marine accidents make headlines primarily because they happen so infrequently. Stringent U.S.-Canadian safety inspections have kept substandard ships out of our System; meanwhile, improved marine navigation technology such as the Automatic Identification System have added an extra margin of safety for mariners, their cargo and the marine environment.

Our binational marine System moves on average about 200 million tons of cargo annually. If it were not available, moving that much cargo would require roughly 20,000 unit trains. Moving that amount on roads

would call for almost seven million 18-wheelers. There would be far more traffic accidents, congestion and pollution, and customers would pay more for higher freight bills. Fuel costs on both sides of the border would jump substantially, and commuting times would increase along with noise complaints.

Ton-miles are the unit of measure adopted by transportation engineers and logisticians for measuring fuel efficiency. Barges lead marine vessels in efficiency. Next in line are ships which outperform handily trucks or rail competition. Studies conducted in the U.S. and Canada document that a ship can move a metric ton of freight up to 500 miles on one gallon of fuel. Railroads require 2.2 gallons to match that feat, and trucks need 9.7 gallons.

For too long, an inaccurate, incomplete, and misleading viewpoint has flourished suggesting that marine benefits are fine only for ocean shipping or moving bulk cargo on lakes and rivers. Critics have suggested that it primarily benefits maritime stakeholders—carriers, agents, port and terminal personnel, mariners, freight forwarders, stevedores, and longshoremen. Isn't it time the other half of the story gets attention?

Cheaper transportation costs, cleaner air, less dependence on foreign oil, fewer accidents, and a vital means of restricting congestion accrue daily to the region's 100 million inhabitants. That's a story worth telling—and listening to.

Winter Maintenance Work



Pictured to the left is the upstream south culvert valve which was removed from the Snell Lock. The enormous structure is being held in the Lock Structure Maintenance Building while being prepared for blasting and painting.

Annual Grunt Club Meeting Montreal, Canada

In recognition of the Great Lakes St. Lawrence Seaway System stakeholders, the Saint Lawrence Seaway Development Corporation (SLSDC) hosted its annual reception on December 4, 2003, during the Grunt Club events in Montreal, Canada. More than 100 Seaway Stakeholders representing a cross section of the maritime community attended this annual event.



Left to right – Guy Véronneau, President of the St. Lawrence Economic Development Council and Albert S. Jacquez, Administrator, SLSDC.



Left to right – Carol Fenton, Deputy Associate Administrator, SLSDC; Rebecca McGill, Trade Development & Public Affairs Director, SLSDC and Rich Cooper, Chief Operating Officer, Port of Indiana.



Left to right – Adolph Ojard, Executive Director, Duluth Seaway Port Authority; Dan Hastings, Special Project, Port of Valleyfield, Quebec and Ron Johnson, Trade Development Director, Port of Duluth.



Left to right – Paul Pathy, Vice President, Federal Marine Terminal and Suzanne Bleau-Myrand, Marketing Manager, Fednav.

Binational Seaway Personnel News

Shipping Federation of Canada Appoints New President



Michael Broad, a well-known and active member of the maritime community, was appointed President of the Shipping Federation of Canada, effective January 1, 2004.

Mr. Broad was formerly President of B&K Shipping Agency Ltd., a maritime agency based in Montreal. He is extensively familiar with the Federation and the many issues with which it is involved, having served as a member of the Board of Directors since 1987 and as Chairman of the Board from 1997-98. He is the current President

of Mariners House of Montreal and a past President of the Grunt Club.

New IMO Secretary-General

The election of Efthimios Mitropoulos of Greece to the post of the Secretary-General of the International Maritime Organization was confirmed on November 27, 2003. He will serve the Organization as its Secretary-General for an initial four-year term, starting January 2004. He succeeds following the retirement of William O'Neal on December 31, 2003. Mr. O'Neal is a former President and CEO of the St. Lawrence Seaway Management Corporation.

New Minister of Transport



The Honorable Tony Valeri was appointed Minister of Transport on December 12, 2003.

Mr. Valeri is a member of the following cabinet committees: Operations; Priorities and Planning; Domestic Affairs; Canada-U.S.; Security, Public Health and Emergencies; and Expenditure Review.

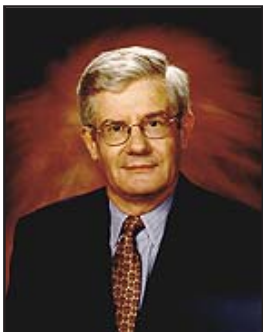
Prior to his appointment as Minister of Transport, Mr. Valeri was an active member of the House of Commons. He was appointed Parliamentary Secretary to the Minister of Finance in July 1997 and completed his term in September 1999.

Before entering federal politics, Mr. Valeri was president of Canadian Financial Group Ltd.

IN MEMORIAM

Danny L. Duprey, former executive director of the Ogdensburg Bridge and Port Authority (OBPA), died on November 24, 2003 at his home. Mr. Duprey was employed by the OBPA for 30 years, serving as executive director for the last 19 years. He retired in 2002. Mr. Duprey was recognized as a driving force behind the OBPA's economic development.

New President for St. Lawrence Economic Development Council



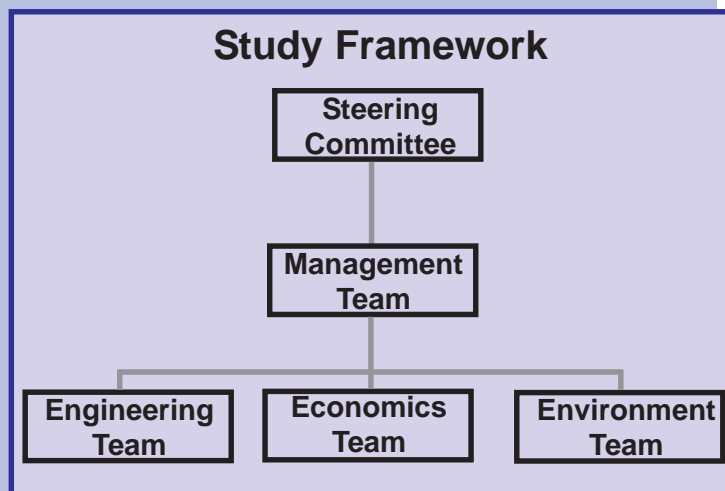
On September 30, 2003, Guy Véronneau became President of the St. Lawrence Economic Development Council (SODES). Established in November 1985, the SODES is a nonprofit organization mandated to protect and promote the economic interests of the St. Lawrence.

Over the years, Mr. Véronneau has held several senior executive positions in operations management and international marketing for leading manufacturing companies, most recently President and CEO of the St. Lawrence Seaway Management Corporation.

Great Lakes St. Lawrence Seaway Study Update

The Steering Committee set up to oversee the process of the Great Lakes St. Lawrence Seaway Study met recently with the co-chairs of the project management team in November. The Steering Committee is comprised of seven U.S. and Canadian members representing the following agencies: US Army Corps of Engineers, US Department of Transportation, Saint Lawrence Seaway Development Corporation and the St. Lawrence Seaway Management Corporation, US Fish and Wildlife Service, Transport Canada, and Environment Canada. The Steering Committee's role is to oversee the work of the Study's Project Management Team.

The Management team is now complete and has met several times, most recently in January. Now that the Engineering, Economics, and Environmental Teams are established they will move forward to conduct their portion of the study.



Great Lakes Shipwrecks Become Underwater Museums

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Like tourists in an underwater museum, divers in the Great Lakes explore shipwrecks searching for remnants of clothes, containers of food or even floating human remains.

Divers say it's becoming a popular hobby to journey into the thousands of schooners, steamers and other sunken ships embedded in the depths of the Great Lakes. "It's kind of like exploring a haunted house underwater," said Michael Haynes, who teaches diving lessons in Menomonee Falls. "You start to imagine what it was like aboard that ship. You're touching history."

Although shipwrecks are often associated with oceans, the Great Lakes hold an estimated 6,000 to 10,000 sunken ships. About 1,000 Great Lakes shipwrecks have been identified, and about 10 new ships are discovered annually.

Divers say the five Great Lakes are one of the top places in the world to see shipwrecks because their frigid freshwater preserves ships better than the ocean's corrosive saltwater.

More than a century ago, the Great Lakes served as the nation's freeways, teeming with ships carrying people and goods throughout the Midwest. Not every ship reached its destination.

Paul Creviere Jr., author of "*Wind Gales and Tattered Sails*," said most Great Lakes wrecks are 19th- and early 20th- century commercial ships. Creviere said storms, fire and human error caused most wrecks. Sometimes, he said, captains intentionally sunk aging ships to collect insurance money. He said much of the iron, wood, beer, butter and other cargo often stayed with a ship's wreckage.

"A shipwreck is like a crime scene," Creviere said. "If you know how to read the clues, you have a drama right in front of you."



Upcoming Events

March

- 15-18 **20th Annual Seatrade Cruise Shipping Convention** – *Miami Beach, FL*
Info: (609) 452-2800; info@cruiseshipping.net; www.cmaconnect.com
- 22-24 **19th Annual International Shipping Conference and Exhibition** – *Stamford, CT*
www.cmaconnect.com
- 23 **Opening of the Welland Canal**
www.greatlakes-seaway.com
- 24 **Ontario Marine Day** – *Toronto, ON*
Info: Jim Campbell (613) 233-8779, ext. 2
- 25 **Opening of the Montreal/Lake Ontario Section**
www.greatlakes-seaway.com
- 30-31 **Maritime Homeland Security 2004** – *Miami Beach, FL*
Info: 1-800-882-8684; info@idga.org

April

- 29 **Windsor Marine Night** – *Windsor, ON*
Info: Nancy Wiseman, WPA@portwindsor.com; (519) 258-5741

May

- 3-4 **2004 Great Lakes Commission Semi-Annual Meeting** – *Cleveland, OH*
Info: Mike Donahue at modonahue@glc.org

June

- 1-3 **2004 Canada/New England Cruise Symposium** – *Bar Harbor, ME*
Info: Stacy Kennedy (514) 842-6776; www.cruisemaineusa.com
- 2-4 **World Canals Conference** – *St. Catharines, ON*
www.worldcanals2004.com
- 4-11 **Saint Lawrence Seaway Development Corporation's 27th Binational Trade Mission - Posidina 2004** – *Athens, Greece*
Info: www.greatlakes-seaway.com
- 9 **Chamber of Maritime Commerce Annual General Meeting** – *Montreal, QC*
- 26-28 **1st Annual Hamilton Port Authority Port Days** – *Hamilton, ON*
Info: Brent Kinnaird (905) 525-4330, ext 249; bkinnaird@hamiltonport.ca

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.

The SLSDC Office of Trade Development and Public Affairs publishes the *Seaway Compass* bimonthly. Questions, comments, suggestions or submissions for future editions should be addressed to the editor at the following address:

SLSDC-Trade Development and Public Affairs
U.S. Department of Transportation
400 7th Street, S.W., Room 5424
Washington, D.C. 20590
1-800-785-2779 or (202) 366-0091
(202) 366-7147 Fax
www.greatlakes-seaway.com