

# 2009 Annual Report



A host of dignitaries attended the groundbreaking for the coffer dams that precede construction of a second Poe-sized lock at Sault Ste. Marie, Michigan. Michigan legislators present were (r-l) Congressman Bart Stupak, Senator Carl Levin, and Senator Debbie Stabenow. Representing the U.S. Army Corps of Engineers were Brig. General John Peabody, Commander, Great Lakes and Ohio River Division, and Lt. Col. James Davis, District Engineer, Detroit District. Kirk Stuedle represented the Michigan Department of Transportation. A second Poe-sized lock is crucial to the nation's efforts to recover from this recession and then grow in the future. The locks at Sault Ste. Marie, Michigan, handle more than 80 million tons of cargo per year, and 70 percent of U.S.-Flag carrying capacity is restricted to one lock, the Poe.

Photo courtesy U.S. Army Corps of Engineers, Detroit District.

## *GREAT LAKES MARITIME TASK FORCE*



**Promoting Shipping on America's Fourth Sea Coast Since 1992**

# 2009 Annual Report of Great Lakes Maritime Task Force

Dear Supporter of Great Lakes Shipping:

2009 was a trying year for America, and the Great Lakes region in particular. As the nation's industrial heartland, the recession was particularly painful for shipping on our nation's Fourth Sea Coast. U.S.-Flag lakers saw their cargo total plunge 35 percent. Trade via the St. Lawrence Seaway was down 25 percent.

Thanks to Congress adding \$13 million to the Administration's proposed FY09 budget for Lakes dredging, another 2 million cubic yards of backlogged sediment will be removed from ports and waterways when all the projects are completed in 2010.

Nonetheless, the industries Great Lakes shipping serves – steel, power production, construction, heavy manufacturing... – are so basic to our way of life that we are confident we will weather this storm. That's why the June 30 groundbreaking for the coffer dams that precede construction of a second Poe-sized lock at Sault Ste. Marie, Michigan, pictured on the cover, is so important. After more than 20 years of planning and review, this project is moving forward.

Make no mistake, there is much work to be done before any ship moves through the new chamber. Congress has fully funded the coffer dams, but we still need \$490 million to build the lock. Such a sum is nearly impossible to get in one appropriation, given the current economic climate, but with legislators such as Dave Obey, Jim Oberstar, Bart Stupak, Carl Levin, Debbie Stabenow... dedicated to this project, we are confident the funding challenges will be met.

We – as a nation – do not have a choice. Seventy percent of the U.S.-Flag Lakes fleet's carrying capacity is restricted to the Poe Lock. If we lose that lock, the iron ore and western coal trades will collapse. With only one lock functioning, the vessels able to transit the MacArthur Lock (mostly Canadian and oceangoing) would face crushing delays. The American economy and national defense capabilities are at risk with every day that we have only one Poe-sized lock serving America's Fourth Sea Coast.

The economy could certainly use the jobs the project will generate. Construction is expected to take 10 years and have the economic impact of opening a new auto plant in the region.

Progress was again made on the dredging crisis. Thanks to Congress adding \$13 million to the Administration's proposed FY09 budget for Lakes dredging, another 2 million cubic yards of backlogged sediment will be removed from ports and waterways when all the projects are completed in 2010. When GLMTF began its effort to end the dredging crisis, the backlog totaled 18 million cubic yards. It is now down to 15 million cubic yards. Unfortunately, unless more funds are directed to the Lakes in FY10, the backlog will start to grow again.

The lock and dredging crisis almost became irrelevant in 2009. Air emission regulations proposed by the U.S. EPA threatened to eliminate 50 percent of U.S.-Flag lakers by 2015 without any evidence their emissions (which are well below those of trains and trucks) pose a threat to public health. Fortunately, a compromise brokered by Congressmen Obey and Oberstar provides industry some breathing room. Now, if the EPA will work with vessel operators, domestic and international, steps can be taken to lower emissions without costing our nation tens of thousands of jobs.

The U.S. Coast Guard must work with Great Lakes shipping in finalizing its proposed ballast water regulations. There are no treatment systems that can handle the volumes and flow rates on lakers. It's not even certain the systems coming on the market will be truly effective on oceangoing vessels. The Coast Guard must do a Practicability Review of its Phase I standard before asking industry to commit hundreds of millions of dollars on ballast water treatment systems. It is even questionable whether treatment systems are needed on lakers. These vessels trade solely on America's Fourth Sea Coast. They have never introduced a non-indigenous species and those exotics that have taken root are spreading independent of commercial navigation.

As 2010 begins, there are signs the economy is strengthening. Great Lakes shipping is poised to meet increased demand. The issues that confront us are formidable, but not insurmountable. If we work together, our brightest days await us.

Sincerely,



Don Cree, President  
James H.I. Weakley, 1st Vice President  
John D. Baker, 2nd Vice President  
Pat O'Hern, 3rd Vice President

# 2009 Annual Report of Great Lakes Maritime Task Force

## Objectives

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Since its founding in 1992, Great Lakes Maritime Task Force has been dedicated to promoting all facets of Great Lakes shipping. Its core principles include:

-  Promoting a strong U.S.-Flag Merchant Marine founded on the Jones Act and its requirement that vessels in domestic commerce be U.S.-owned, -built, and -crewed.
-  Restoring adequate funding for dredging Great Lakes deep-draft ports and waterways, which will expand domestic and international trade through Lakes and Seaway ports.

## Positions

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### Ending the Dredging Crisis

Decades of inadequate dredging have severely reduced the efficiency of Great Lakes shipping. Lakers routinely leave the loading dock with 10 percent or more of their carrying capacity unused. These inefficiencies are jeopardizing hundreds of thousands of family-sustaining jobs and business growth. The Harbor Maintenance Trust Fund ("HMTF") has a surplus of nearly \$5 billion. If used for its intended purpose, the HMTF could easily provide the \$180 million the U.S. Army Corps of Engineers needs to remove the 15 million cubic yards of sediment that clog ports and waterways and so restore the Great Lakes Navigation System to project dimensions. Congress must pass legislation requiring the HMTF to spend what it takes in each year.

### Federal Regulation of Ballast Water

The U.S. Coast Guard has proposed Federal regulations that would require lakers to treat their ballast starting in 2016. However, there is no system even on the drawing board that can handle the flow rates and volumes on lakers. The Coast Guard must do a Practicability Review before requiring lakers to treat their ballast and exempt these vessels if systems are unavailable. The Coast Guard must also do a study to determine whether treating lakers' ballast has a positive benefit/cost ratio. Installing systems could cost at least \$385 million, yet lakers never leave the system, so have never introduced a non-indigenous species. Since the Lakes are interconnected, exotics spread independent of commercial navigation. The Coast Guard must also do a study to ensure the ballast water treatment systems coming on the market are viable on the oceangoing vessels that trade to the Lakes; otherwise, these regulations could effectively close the St. Lawrence Seaway.

### EPA Assistance for Meeting New Vessel Air Emission Standards

In 2009, the U.S. EPA finalized its new regulations on emissions from large oceangoing vessels. However, as proposed, they threatened to eliminate 50 percent of the U.S.-Flag Great Lakes fleet's carrying capacity. A compromise brokered by Congressmen Dave Obey (D-WI) and Jim Oberstar (D-MN) provides some temporary relief and will allow vessel operators to study their options. Re-engineing vessels is an expensive proposition, as much as \$22 million per hull, and can require a year or more of lead time. The U.S. EPA should provide grants to assist vessel operators with repowering these hulls, just as it has helped other industries comply with new regulations and standards.

### Fast Tracking Second Poe-Sized Lock

Building the second Poe-sized lock at Sault Ste. Marie, Michigan, must be a key component of efforts to create jobs in

the Great Lakes region. The \$490 million project has been likened to opening an automobile manufacturing plant in Michigan's Upper Peninsula for a decade. A closure of the Poe Lock will slow the iron ore, western coal, and export grain trades to a trickle. The coffer dams are under construction. Now Congress must provide at least \$100 million to begin full-scale work on the lock itself.

### Adequate Coast Guard Icebreaking Resources

Most of the eight U.S. Coast Guard vessels on the Great Lakes with icebreaking capabilities are aged and in need of replacement. As a result, the House of Representatives has passed legislation authorizing \$153 million to build a twin to the icebreaker MACKINAW launched in 2006. The Senate must pass its companion bill (S. 1024). U.S.-Flag lakers can move as much as 20 percent of their annual total during periods of ice cover. Oceangoing vessels need to know the Coast Guard can keep the shipping lanes open; otherwise, they will not come late in the season for fear of being trapped over the winter.

### Short Sea Shipping

A narrow exemption from the Port Use Tax for non-bulk cargo will remove the largest impediment to launching cargo ferry services on the Great Lakes. A rebirth of such trades will ease congestion on the region's highways and rail lines and reduce air pollution from the trains and trucks that currently move these cargos.

### Great Lakes Maritime Research Institute (GLMRI)

The Great Lakes Maritime Research Institute is dedicated to enhancing environmentally-sustainable waterborne commerce. It is, for example, researching a ballast-free ship. However, uncertainty about its continued funding is hampering research efforts. GLMRI must become an imbedded program to ensure long-term funding.

### Federal Funds for State Maritime Academies

The six State Maritime Academies (one of which is in Traverse City, Michigan) produce more than two-thirds of all new licensed officers, but Federal funding for these institutions is at its lowest level in 15 years. Congress must adequately fund these schools so they can supply ships' officers to meet the needs of commerce and national defense.

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*For a more in-depth review of these issues and more, visit our Web site – [www.glmf.org](http://www.glmf.org).*



# 2009 Annual Report of Great Lakes Maritime Task Force

## GLMTF Briefing for Great Lakes Delegation Focuses Attention on Dredging Crisis' Impact on Limestone Trade

GLMTF hosted its 14th Annual Informational Briefing for the Great Lakes Congressional Delegation in Washington on April 2, 2009. Delivering the keynote address was Tom Buck, Chief Executive Officer of Carmeuse Lime and Stone. Headquartered in Pittsburgh, Pennsylvania, Carmeuse has more than 800 employees at its Great Lakes operations, which include a quarry in Calcite, Michigan, considered the largest in the world, and eight lime plants dependent on Great Lakes shipping.

Buck stressed that even though demand for limestone was not robust in 2008, Carmeuse's three Lakes-shipping quarries loaded 14,000,000 tons into Great Lakes freighters that year. The total would have been greater were it not for the dredging crisis.

"In June a vessel with a capacity of 28,300 tons loaded only 24,214 tons at our Calcite quarry," Buck noted. "In that instance the dredging crisis cost Carmeuse 14.4 percent of the vessel's carrying capacity, or 4,086 tons of limestone."

Things did not improve over the year. "Even as late as November the dredging crisis was taking a toll on Carmeuse. A vessel that should have taken on nearly 35,000 tons of aggregate

pulled away from our Cedarville quarry with only 30,123 tons in her holds. That lightloading cost Carmeuse and our customer more than 4,400 tons of product." Buck estimated that, in total, the dredging crisis cost Carmeuse 1,900,000 tons of limestone in 2008.

Buck urged Congress to end the dredging crisis by using the Harbor Maintenance Trust Fund for its intended purpose: dredging deep-draft ports and waterways. "We need approximately \$200 million to clear the dredging backlog. The Harbor Maintenance Trust Fund has a surplus approaching \$5 billion. It's time to put the Trust back in the Trust Fund."

GLMTF also presented its Great Lakes Legislator of the Year Award to Congressman Brian M. Higgins (D-NY). Higgins represents Buffalo in the House of Representatives and his service on the Coast Guard and Marine Transportation Committee was vital in keeping Lakes shipping efficient. Higgins also supported the Water Resources Development Act of 2007 that called for accelerated dredging and full Federal funding for construction of a second Poe-sized lock at Sault Ste. Marie, Michigan.



Tom Buck, CEO of Carmeuse Lime and Stone, urged Congress to end the dredging crisis. In 2008, his company forfeited nearly 2 million tons of limestone because vessels cannot carry full loads.



Congressman Brian M. Higgins (D-NY, fourth from left) accepts his award as Great Lakes Legislator of the Year. Joining the Congressman were (l-r) Jim Weakley, Lake Carriers' Association; Kevin McMonagle, American Steamship Company; John Baker Jr., ILA Great Lakes District Council; Don Cree, American Maritime Officers; and Noel Bassett, American Steamship Company.



Congresswoman Kathy Dahlkemper (D-PA) addressed the gathering. Great Lakes issues are very important to the Congresswoman. Her district includes Erie, a major port and home to a shipyard.

Congressman Eric Massa (D-NY, right) engaged in a lengthy discussion with (l-r) Noel Bassett, American Steamship Company; Jim Weakley, Lake Carriers' Association; and Kevin McMonagle, American Steamship.



Congressman Mark H. Schauer (D-MI) follows Great Lakes issues very closely as Michigan boasts more ports than the other seven Great Lakes states combined.



Few legislators understand Great Lakes shipping as well as Marcy Kaptur (D-OH).







# 2009 Annual Report of Great Lakes Maritime Task Force

## Lost Inches, Lost Efficiencies



**Commercial vessels working the Great Lakes are leaving behind cargo virtually every time they load because of inadequate dredging of deep-draft ports and waterways. The map above uses select Great Lakes ports to illustrate how many inches of loaded draft the dredging crisis is costing the industry. Graphic courtesy U.S. Maritime Administration.**

## Impact of Dredging Crisis on Per-Trip Carrying Capacity Major Great Lakes Vessel Classes

Major Great Lakes Vessel Classes	Vessel Length (feet)	Per-Trip Carrying Capacity	Capacity Per Foot of Draft
	1,000	69,664	3,204
	806	34,720	1,752
	767	28,336	1,524
	730	27,558	1,380
	635	22,064	1,284
	501	13,776	852



# GREAT LAKES MARITIME TASK FORCE



## MEMBERSHIP BY STATE AND CITY

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### ILLINOIS

ArcelorMittal USA – Chicago ♦ CN – Chicago ♦ Chicago Port Council – Joliet  
Hannah Marine Corporation – Lemont ♦ Illinois International Port District – Chicago

### INDIANA

Central Marine Logistics, Inc. – Griffith ♦ Ports of Indiana – Indianapolis ♦ Rieth-Riley Construction Company - Goshen

### MICHIGAN

CMS Energy – Jackson ♦ Central Dock Company – Benton Harbor ♦ Detroit Edison - Detroit  
Detroit/Wayne County Port Authority – Detroit ♦ Dock 63 Inc. – St. Joseph ♦ Durocher Marine – Cheboygan  
Edw. C. Levy Co. – Detroit ♦ Int'l Assn. of Machinists & Aerospace Workers – Washington Twp.  
International Union of Operating Engineers Local 324 – Livonia  
The King Co., Inc. – Holland ♦ Lake Michigan Carferry Service, Inc. – Ludington ♦ Lakes Pilots Association – Port Huron  
Luedtke Engineering Company – Frankfort ♦ MCM Marine, Inc. – Sault Ste. Marie  
Michigan Maritime Trades Port Council, MTD, AFL-CIO – Algonac  
Pere Marquette Shipping Company – Ludington ♦ Ryba Marine Construction Co. – Cheboygan  
Sargent Companies – Zilwaukee ♦ Seafarers International Union – Algonac  
Soo Marine Supply, Inc. – Sault Ste. Marie ♦ Wirt Stone Docks – Bay City

### MINNESOTA

Duluth Lake Port Storage - Duluth ♦ Duluth Seaway Port Authority – Duluth ♦ Great Lakes Fleet / Key Lakes, Inc. – Duluth  
Hallett Dock Company – Duluth ♦ Marine Tech, LLC – Duluth

### MONTANA

Montana Coal Council – Helena

### NEW YORK

American Steamship Company – Williamsville ♦ Gateway Trade Center, Inc. – Buffalo  
Maritime Port Council of Greater New York & Vicinity – New York City  
Port of Oswego Authority – Oswego ♦ St. Lawrence Seaway Pilots' Association – Cape Vincent

### OHIO

AK Steel – Middletown ♦ Buckeye Industrial Mining Co. – Lisbon  
Cleveland-Cuyahoga County Port Authority – Cleveland ♦ Cliffs Natural Resources, Inc. – Cleveland ♦ Corus – Warren  
CSX Transportation, Toledo Docks – Toledo ♦ Faulkner, Muskovitz & Phillips, LLP – Cleveland  
Flats Oxbow Association – Cleveland ♦ Grand River Navigation Company, Inc. – Avon Lake  
Great Lakes District Council, ILA, AFL-CIO – Cleveland  
ILA - Lake Erie Coal & Ore Dock Council – Toledo ♦ ILA - Local 1317 – Cleveland ♦ ILA - Local 1768 – Toledo  
The Interlake Steamship Company – Richfield ♦ Int'l Organization of Masters, Mates & Pilots – Cleveland  
Int'l Ship Masters Association – Brooklyn ♦ Ironhead Marine, Inc. – Toledo  
Lafarge North America – Streetsboro ♦ Lake Carriers' Association – Rocky River ♦ Lorain Port Authority – Lorain  
MEBA, AFL-CIO – Cleveland ♦ Midwest Terminals of Toledo, International, Inc. – Toledo  
Osborne Concrete & Stone Co. – Grand River ♦ Pickands Mather Lake Services Company, Inc. – Kirtland  
Toledo-Lucas County Port Authority – Toledo ♦ Toledo Port Council, MTD, AFL-CIO – Toledo  
United Steelworkers, District 1, AFL-CIO-CLC – Warrensville Hts.  
United Steelworkers, Local 5000 – Middleburg Hts. ♦ Wheeling & Lake Erie Railway Co. – Brewster

### PENNSYLVANIA

Carmeuse Lime, Inc. – Pittsburgh ♦ Erie Shipbuilding, LLC – Erie ♦ US Steel Corp. – Pittsburgh

### VIRGINIA

B+B Dredging Company – Portsmouth  
Norfolk Southern Corporation (coal docks in Sandusky, Ohio, and Ashtabula, Ohio) – Norfolk

### WISCONSIN

Bay Shipbuilding Company – Sturgeon Bay ♦ Brown County Port & Solid Waste Dept. – Green Bay  
City of Superior Planning Department – Superior ♦ Edward E. Gillen Company – Milwaukee  
Fox River Dock Co., Inc. – Green Bay ♦ Fraser Shipyards, Inc. – Superior  
Midwest Energy Resources Company – Superior  
The Port of Milwaukee – Milwaukee ♦ Western Great Lakes Pilots' Association – Superior

### GREATER WASHINGTON, DC

American Great Lakes Ports Assn. – Washington, DC ♦ American Maritime Officers, AFL-CIO – Washington, DC  
American Maritime Officers Service – Washington, DC ♦ American Shipbuilding Association – Washington, DC  
Int'l Brotherhood of Boilermakers – Fairfax, VA ♦ K&L | Gates – Washington, DC ♦ Transportation Institute – Camp Springs, MD

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