



ADMINISTRATOR'S COLUMN

Collister
Johnson, Jr.

Last September, the International Joint Commission and the Saint Lawrence Seaway Development Corporation hosted a historic forum in Detroit. The purpose of the Great Lakes Regulatory Forum on Ballast Water was to assemble a comprehensive cross section of stakeholders interested in the issues of ballast water treatment and Aquatic Invasive Species (AIS). Attending the meeting were representatives of six of the eight Great Lakes states'

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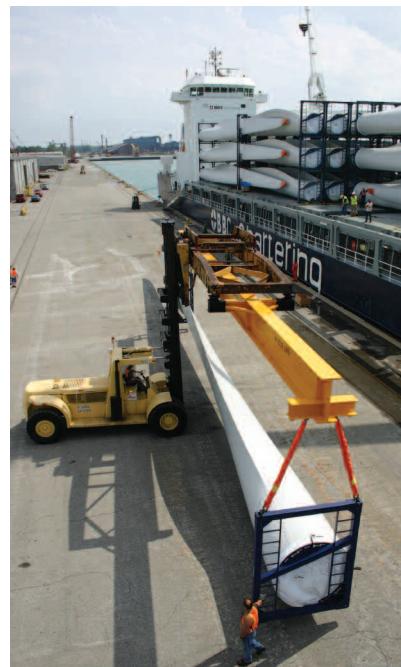
The best and worst of times could well describe the 2009 Great Lakes Seaway navigation season. The Seaway Corporation's 50th anniversary celebrations in Montréal, St. Catharines, and Massena in June and July marked the significant accomplishments of the waterway and highlighted the major infrastructure improvements that are ongoing in Ontario-Quebec and New York locks. The 50th anniversary celebration of the St. Lawrence Seaway attracted intensive regional and marine industry intensive publicity (see Fall 2009 *Seaway Compass*).

Meanwhile ports from Duluth to Sept-Îles posted bleak cargo tonnage totals in the first half of the season. Those numbers reflected the pounding that the steel, automobile and heavy manufacturing industries underwent for most of the 2008-9 sharp recession.

The determination to renovate aging locks and marine infrastructure continued amidst the difficult economic climate. The Saint Lawrence Seaway Development Corporation's (SLSDC) Asset Renewal Program obligated \$17.6 million for 21 projects in this first of a multi-year program. Three major projects started included maintenance dredging in the U.S. portion of the navigation channel, lock culvert valve machinery upgrades to hydraulic operation, and structural rehabilitation and corrosion prevention work on the Seaway International Bridge.

Self-mooring and self-spotting technology continued moving forward at the St. Lawrence Seaway Management Corporation alongside major infrastructure upgrades. Excellent news came at the end of the 2009 navigation season: policy consensus had been achieved in Canada on removal of the 25 percent customs duty on foreign-built ships. Implementation of the new policy appears to be imminent by spring 2010, and when in effect will permit Canadian shipowners to begin overdue fleet renewal. Rescinding the duty greatly increases the likelihood of feeder operations using Seaway-max containerships with hub ports in Nova Scotia. A major plank in the marketing efforts of the Seaway Corporations has been attracting container shipping, and this breakthrough offers the best hope yet of attracting low cost, foreign built vessels tailored to the System's needs.

The Seaway endured a 25 percent overall drop in tonnage to 36.9 million metric tons. With U.S. and Canadian steel demand anemic through June, iron ore,



Giant wind turbines components being unloaded at the Port of Indiana-Burns Harbor for one of the world's largest wind farms under construction in northwestern Indiana.

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



Seaway Compass



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environmental regulatory authorities as well as a number of U.S. governmental agencies including the U.S. Coast Guard (USCG), Environmental Protection Agency, National Oceanic and Atmospheric Administration (NOAA), National Park Service, and U.S. Geological Survey (USGS). In addition, representatives from the Canadian provinces of Ontario and Quebec, as well as Transport Canada and the Saint Lawrence Seaway Management Corporation were in attendance. Significantly, both the Canadian and U.S. shipping industries were well represented.

The meeting provided a forum for candid discussion surrounding the challenges of ballast water management, both operational and regulatory, in the shared goal of halting the ship-mediated spread of AIS in the Great Lakes. It allowed for direct communication between key stakeholders to share basic knowledge and to explore possible voluntary collaboration options, regardless of the current regulatory processes underway. The participation of so many key individuals in this dialogue and the willingness to exchange pertinent information contributed to the Forum's success.

Perhaps the most significant part of the meeting was the presentations made by the panel of scientists assembled by Dr. David Reid (NOAA). Without question, it was a prestigious gathering of scientists to discuss AIS problems in the Great Lakes. The panel included Dr. Sarah Bailey (Fisheries and Oceans Canada), Allegra Cangelosi (Northeast-Midwest Institute), Dr. Richard Everett (USCG), Dr. Hugh MacIsaac (Director, Canadian Aquatic Invasive Species Network), Scott Smith (USGS), and Chris Wiley (Transport Canada, Fisheries and Oceans). Among the worthwhile "takeaways" from this panel were the following:

- Given the implementation of ballast tank flushing and ballast water exchange mandated for all ocean going vessels entering the Seaway, coupled with the joint inspection process in Montreal, the Science Panel unanimously concluded that the current risk of future introduction of AIS into the Great Lakes Saint Lawrence Seaway System (GLSLSS) by ballast water of transoceanic ships is "very low".
- Since 2006, the year the enhanced ballast water regulations were implemented, there have been no new reported establishments of AIS into the System.

- If only high-risk freshwater species are considered, the discharge of transoceanic ballast water under current joint Seaway regulations appears, on average, to be meeting or exceeding the IMO D2 discharge standard.

The state regulators indicated their desire to work with the shipping industry on a ballast water treatment proposal to be funded under the newly enacted Great Lakes Restoration Initiative. The non-federal members of the group (now officially named the "Ballast Water Collaborative") are advancing a proposal in the near term to secure funding to conduct an AIS risk assessment on the Great Lakes, determine the applicability of existing ballast water treatment technologies in fresh water, and ultimately implement shipboard treatment systems to reduce the risk of AIS spread in the Great Lakes.

A second meeting of the Ballast Water Collaborative was held in Ann Arbor in December at which direct communication on complex technical and environmental challenges associated with the AIS problem continued. There was a consensus that uniform ballast water management regulations providing sound environmental protection will also provide clear direction, which is needed by the shipping industry. The group also reaffirmed its commitment to identifying near-term voluntary ballast water treatment projects to reduce risks associated with ships' ballast water discharges. The research needs enunciated by the group were shared with the Great Lakes Aquatic Nuisance Species Panel meeting being held in Ann Arbor. This resulted in some of the research priorities of the ANS panel being modified as well as two new priorities being added to the list.

In early January, a third session brought the group together for further discussion on how the Ballast Water Collaborative effort will complement, not compete with, existing efforts to find, support, and implement effective AIS risk-mitigation measures in the immediate and longer term. The group is focused on setting tangible goals and deadlines to achieve progress.

It will take the continued commitment of all the stakeholders to keep this effort moving forward. The AIS issue is critical for the entire Great Lakes community and as long as we think and act as a community, rather than as individuals with our own vested interests, I believe this group will be a productive force in achieving tangible results.

Recap of the 2009 Navigation Season, continued from page 1

limestone, coke and coal suffered double digit falls. Only grain among the big 3 Seaway bulk cargoes managed to post increases (7 percent) over the typical totals achieved in 2008. General cargo, the coveted iron and steel imports that historically provide the biggest dollar payback per ton at the Lake steel ports, plummeted. Less than 1 million metric tons entered the Seaway, a drop of 52 percent. Total commercial vessel transits, hardly surprisingly, slowed and ended 14 percent down.

U.S. Great Lakes Ports

The Twin Ports of Duluth-Superior, long the System's port tonnage leader, posted numbers in line with declining figures felt elsewhere. Overall tonnage dropped by a third from 2009, with iron ore, its chief cargo lagging by 57 percent. Coal and limestone also fell, but the port enjoyed welcome news with the bumper grain harvest that resulted in a 32 percent jump in grains handled.

The Twin Ports requested more than \$77 million in Transportation Investment Generating Economic Recovery (TIGER) funding last fall from the U.S. Department of Transportation for an intermodal project that costs \$157.7 million. If funded, the facility promises to double general cargo capacity at the port, replacing three bridges on I-35 and improving truck access to the port.

The Toledo-Lucas County Port Authority ended up with roughly 10 million tons in 2009 versus its 11 million posting the previous season. Iron and steel cargo dropped almost 9 percent but iron ore tumbled 39 percent. With only nine salties all year, port officials focused on the future and let a contract for two mobile harbor cranes for \$6.5 million which Liebherr won. The port also received \$2M Clean Ohio Revitalization Grant for the Redevelopment of the Industrial Park at Beazer (see full article in this issue).

Burns Harbor found relief from the steel blues by attracting wind industry project cargo. The *BBC Amazon* unloaded 30 Danish power generators and 30 turbine hubs or nacelles at Burns Harbor on June 1 for the Meadow Lake Wind Farm in nearby Benton and White counties. Three weeks later a sister ship, the *BBC Rhine*, was unloaded by Federal Marine Terminals longshoremen. The 94 wind blades manufactured in the United Kingdom left the port by truck headed to a 26,000 acre site designed to house up to 600 turbines powering a quarter million homes.

The Port of Monroe worked throughout 2009 with industry and Michigan officials on a package that will result in a large manufacturing plant built on 38 acres it owns. Announcement in early January of a \$2.6 million federal grant from the stimulus bill was added to \$4.4 million in state tax credits—all adding up to mean that the Port will

be in a position to move the mammoth towers (up to 300 produced yearly) once VenTower construction is complete.

The Port of Erie welcomed a new tenant in December—Donjon Shipbuilding and Repair (DSR). The Lakes largest shipyard includes 4,000 feet of pier space and more than 200,000 square foot of production area, with fully enclosed fabrication and assembly buildings housing automated cutting, fabrication and coating equipment to build and maintain deck barges to ocean-going ships.

The Port of Green Bay suffered an 18 percent drop in cargo tonnage to 1.8 million tons but counted itself lucky when stacked against the drubbing that the U.S.-flagged lake fleet suffered—a 35 percent drop that surpassed totals only found during the Great Depression. Some 140 ships docked for trade, a drop from the previous year's 175. Treating roads frequently covered with snow, sleet and ice resulted in an increased demand for salt from Goderich, Ontario—a 22 percent jump for Green Bay over 2008 to nearly 300,000 tons.

The Port of Milwaukee reported that its traffic total for the year was down only 0.7 percent from the 2008 season. Their diversified cargo base—dry bulk and liquid cargoes, grain, steel, general cargo, and containers—is most appreciated when a core industry like steel experiences strong contraction in a deep recession. When the books closed on 2009 Milwaukee had chalked up a 22 percent increase in Seaway tonnage through its port providing encouragement about the upcoming season.



The Detroit/Wayne County Port Authority accepts an award from U.S. Department of Transportation Secretary Ray LaHood that will finish construction of a \$22 million Public Dock and Passenger Terminal that will allow Detroit and Southeast Michigan to host any Seaway-sized vessel wishing to call on the Port of Detroit, including the potential development of cross-border ferry service between the U.S. and Canada. (Left to right: Kirk Steudle, Director, Michigan Department of Transportation; Congresswoman Carolyn Kilpatrick; Senator Debbie Stabenow, Michigan; Senator Carl Levin, Michigan; U.S. DOT Secretary Ray LaHood; Curtis Hertel, Executive Director, Detroit/Wayne County Port Authority.)

Recap of the 2009 Navigation Season, continued from page 3

The Detroit-Wayne County Port Authority welcomed U. S. Department of Transportation Secretary Ray LaHood last October to announce \$7.1 M in federal stimulus funding for the new Public Dock & Terminal. Located on the downtown riverfront, the facility will increase public access and vitality. Construction was underway throughout 2009 and the building is scheduled for completion in February 2010. The offshore wharf and site work continue with completion expected by the end of summer.

Ontario's ports

Hamilton Port Authority officials believe that a short sea shipping container-on-barge service makes sense and launched the SEA3 initiative last July. The service runs twice weekly between Hamilton and Montreal. It boasts three distinct advantages: lower overall transportation costs for selected cargoes (especially heavy bulk and metals), better environmental performance than truck and rail, and social benefits like reduced road and rail congestion.

The Port of Thunder Bay has long been identified with grain exports. While that cargo is still important, the port is increasingly focused on high-value project cargoes serving the oil sands operations in nearby Alberta-Saskatchewan. In 2009, port stevedores unloaded three ships from Emden, Germany filled with huge blades destined for a wind farm in Bear Mountain, British Columbia.

The Windsor Port Authority saw the number of vessels docking at its port drop nearly 13 percent to 1,941. Those ships delivered almost 4.9 million metric tons of cargo, a modest drop of 6 percent. Aggregates and other dry bulk cargoes accounted for the lion's share with petroleum showing an increase while general cargoes sank.

Laurentian ports

The Port of Montreal saw a 14 percent fall in container traffic to about 1.2 million TEUs. Overall, its volume of 23.8 million metric tons reflected just under a 12 percent fall from its record year in 2008. As in several other ports, grain was seen as the diamond in the coal bin sparkling with potential (17 percent to more than 220,000 mt through Nov. 30) when other commodities looked decidedly drab.

The Port of Québec saw its lucky streak end as last year's 21 percent fall in cargo tonnage dropped below its 2008 performance, the first time the port has failed to show improvement over the preceding season since 2001. Officials attributed the depressed numbers to a declining

steel industry and flat demand for dry bulk cargoes. Good news was not absent. As anyone visiting the city in summer and autumn could attest, cruise ship business was up 4 percent attracting 118,000 enthusiasts and many millions of dollars to the city.

The Port of Trois-Rivières welcomed a unit train of grain for its elevators in the last days of the season, resulting in year-end totals of 2.6 million metric tons—fairly even with 2008. The port's continuing progress on its multi-year \$146 M port renovation plan over the next decade made it a successful period.

The Port of Sept-Îles began \$100 million in infrastructure upgrades on its property in December in preparation for ramped up shipments of iron ore to China beginning spring 2010. A new rotary car dumper, stacker-reclaimer and conveyor system built by Consolidated Thompson Iron Mines will result in the port's ability to handle the 400,000 tons of iron ore expected to move from the Lake Bloom mine to the port monthly. Eight million tons of that company's ore is slated to ship through the port next year, half of it to the Wuhan Iron and Steel Company, an investor in the major project.

The 2009 season for Highway H₂O ports clearly was a difficult one, reflecting the worldwide economic downturn that impacted port traffic globally during the sharp 2008–9 recession. Good news, however, increasingly has begun to replace the bad as a slow turnaround for North America and European Union economies got underway with the third quarter and appears to be strengthening as the fourth quarter tallies in varied industries trickle in. The most important achievement that will be remembered as time provides dispassionate focus on the painful tonnage results will be the less noticed yet enduring infrastructure improvements being made daily and the far-reaching policy changes that may forever change the look of this unique waterway.



HIGHLIGHTED GUEST

Dale Bergeron,
*Associate Professor, Maritime
 Educator, Minnesota Sea Grant,
 University of Minnesota Duluth*



On September 24, 2009, the Saint Lawrence Seaway Development Corporation and the International Joint Commission co-hosted an information-sharing forum on ballast water issues in the Great Lakes St. Lawrence Seaway System. The forum was held in Detroit, Michigan, facilitated by staff from

Minnesota Sea Grant and the Great Lakes Commission, and attended by representatives from State and Provincial Governments (Minnesota, Wisconsin, Illinois, Ohio, Michigan, New York, and Ontario) U.S. and Canadian federal agencies (U.S. Coast Guard, U.S. Environmental Protection Agency, U.S. National Park Service, National Oceanic and Atmospheric Administration, U.S. Geological Survey, Transport Canada, Fisheries and Oceans Canada); senior executives from the U.S.-flag Laker, Canadian-flag Laker, and international fleets; and the leading academic ballast water researchers from Canada and the United States.

The following is an assessment from the Detroit Ballast Water Forum meeting:

If there is a common thread in discussions on ballast water as a vector for Aquatic Invasive Species (AIS), it is that we must communicate better. How we deal with AIS problem will impact the current and future social, environmental, and economic well being of the Great Lakes. The issues are complex and often intertwined.

The forum in Detroit was not about rule-making or performance standards, but the opportunity to collaborate on actions that could move us forward.

By the end of the meeting participants understood that both the U.S. and Canadian fleets face distinct disadvantages in addressing proposed ballast water treatment requirements:

- Great Lake vessels operate in a freshwater environment.

- Great Lake vessels are built for freshwater trade, rapid loading and unloading of bulk cargos, rapid ballasting and de-ballasting, and are likely to make many more port-calls than the average "Salty," (shorter transit times).

- The binational Great Lakes fleet (120 vessels) represents only a small fraction of the "ballast water treatment systems market" [BWT Vendors are concentrating on the 80,000+ vessels primarily operating in salt water.]

- Vendors with International Maritime Organization (IMO) approval will not necessarily choose to have their systems examined for fresh water use.

- Voluntary measures to reduce risk beyond Best Management Practices (BMP) implementation, like use of active substances, must be vetted — a lengthy and costly process by the U.S. Coast Guard (USCG) and Environmental Protection Agency (EPA).

- Industry access to USCG programs such as Ship Board Technology Evaluation Program (STEP) (to test on-board systems) is limited by state regulations that conflict with exemptions the federal program must provide.

Although the U.S. Federal Government (USCG/EPA) is making rules on Ballast Water standards and treatment, the uncertainty of the process and final regulatory outcomes (and the short period for the regulations, 5 – 10 years) creates a chilling effect on maritime investment.

- Fleet operators cannot plan 40-year investments with such short-term uncertainty (the 5 – 10 year window).

- The current regulatory environment (threat of legal action) impedes the ability of state/federal regulators and industry representatives to work toward practicable solutions.

- Development of ballast water technology is rapidly increasing; causing more uncertainty regarding short-and long-term investments and inhibiting industry planning and purchasing.

State actions are moving Federal regulations forward. However, the "patchwork" regulatory creates confusion, costs, and unanticipated consequences for states, the federal government, international trading partners, and the maritime industry.

The meeting concluded with participants suggesting that the Ballast Water Collaborative be continued, noting the value of shared perspectives. It was decided that a core group representing diverse interests would continue working cooperatively to identify strategies for AIS risk mitigation, short- and long-term.

Port Authority Receives \$2 Million Clean Ohio Revitalization Grant For the Redevelopment of the Industrial Park at Beazer

The Toledo-Lucas County Port Authority has been awarded a \$2 million Clean Ohio Revitalization Fund (CORF) grant from the State of Ohio to complete the remaining environment remediation and demolition activities at the former Industrial Park at Beazer, also known as the former Toledo Coke site, located at the Port of Toledo.

The Port Authority anticipates that the Beazer site has the potential to create numerous construction jobs and also host hundreds of new manufacturing and seaport jobs once the remediation and development is complete. This approximately 32-acre property offers redevelopment opportunities to combine large scale manufacturing and shipping to help avoid the difficulties of moving oversized loads. Possible end users include agriculture, alternative energy markets, automotive, plastics, glass, and other manufacturing markets. The Port Authority purchased this property in 2004 for \$900,000 to facilitate the land cleanup and to incorporate this valuable property into its seaport operations.

In addition to the \$32 million CORF grant, a 40% match — \$1,383,632 — has been committed to the property redevelopment in funds provided to the Port Authority through a Housing and Urban Development Economic Development Initiative grant and an Ohio Department of Development Shovel Ready grant. With

these grants, the Port Authority completed environmental assessments and funded construction of a road and installation of water, sanitary and storm sewer systems into the property.

"This project is an excellent example of local, state and federal political subdivisions bringing resources together to redevelop a former brownfield," said Paul Toth, President and CEO of the Toledo-Lucas County Port Authority. "We were able to bring forward a collaborative top notch proposal that, once completed, will present excellent job opportunities for the region into the future."

The property is adjacent to the Port Authority's 181-acre Ironville Docks Development, a former Chevron facility. Ironville Docks is undergoing a massive transformation following an \$18 million public-private partnership investment in new rail lines, seaport improvements and other developments funded in part by a \$5 million State of Ohio Job Ready Sites grant. Both the Ironville Docks and Beazer properties will be leased to companies with business models that include needs for marine commerce and both properties are currently being marketed to prospective tenants.

The property has superior rail, highway and water access and is zones for heavy industrial development. It is located adjacent to the Norfolk Southern Class 1 railroad and has a marine dock that, once improved, can accommodate large ships for convenient access to international markets via the Great Lakes St. Lawrence Seaway. The site is also on a designated heavy haul truck route into Michigan and Canada with nearby interstate access to I-75, I-280 and I-80/90.

2009 Annual Stakeholder Appreciation Reception

In honor of Great Lakes St. Lawrence Seaway System Stakeholders, the Saint Lawrence Seaway Development Corporation and the St. Lawrence Seaway Management Corporation co-hosted their annual reception during Grunt Club week in Montreal, Canada on December 3, 2009 at the InterContinental Montreal Hotel. Both corporations were very pleased that more than 150 stakeholders from throughout the Seaway System attended the event.



Stakeholders eagerly wait in line to attend the 2009 SLSDC Stakeholder Appreciation Reception.

Harbor Maintenance Tax Legislative Update

We are seeing some recent momentum in Congress on legislation that could go a long way toward removing the barriers to container shipping in the Great Lakes. Legislation originally sponsored by Cong. John McHugh (who has now moved on to become the Secretary of the Army) was reintroduced by Cong. Brian Higgins at the end of July, H.R. 3486. Since then, over three dozen members of Congress from both parties (including the Ranking Member of the House Ways and Means Committee, Rep. Dave Camp and the Ranking Member of the House Transportation and Infrastructure Committee, Rep. John Mica) have signed on as cosponsors of this bill which would exempt short sea shipping operations from the Harbor Maintenance Tax (HMT).

The provisions of the legislation include a waiver of the HMT nationwide for short sea shipping operations and a change in the definition of the eastern boundary of the Seaway System to include Nova Scotia (where container shipping opportunities will be centralized). A litany of maritime trade associations and labor organizations has endorsed this legislation and the word is spreading. The Great Lakes and St. Lawrence Cities Initiative passed a resolution endorsing the legislation. In addition, Senator Debbie Stabenow (D-MI), has reintroduced her bill from last year which exempts short sea shipping operations in the Great Lakes from the HMT. The new bill number is S. 1509.

Waiver of the Harbor Maintenance Tax on all but bulk cargo would spur growth in the use of marine highways. The SLSDC is continuing its work to advance short sea shipping operations as part of the Department of Transportation-wide effort to mitigate transportation congestion.

2009 Navigation Season Comes to a Close

The 750-foot, Canadian-registered vessel JW SHELLEY completed its transit of the U.S. Seaway Locks in Massena, N.Y., on December 28 at 4:54 p.m., and cleared the Montreal-Lake Ontario section of the binational waterway at 7:56 a.m. on December 29. The vessel entered the waterway destined for Hamilton, Ontario, in ballast. The Montreal-Lake Ontario section of St. Lawrence Seaway officially closed December 29, ending the binational waterway's 51st navigation season at 274 days.

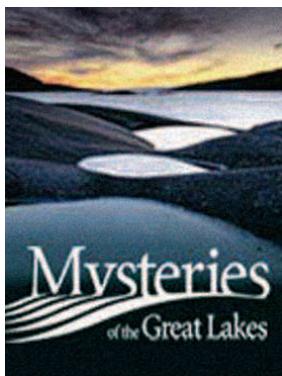


JW SHELLEY closes the 2009 navigation season.

Mysteries of the Great Lakes Update

The *Mysteries of the Great Lakes* DVD is proving to be a very popular item!

Theatres, educators, and individuals are requesting



You can order copies from Science North, Dallas Peloquin at Peloquin@sciencenorth.ca or call (705) 522-3701 ext. 377.

Seaway Personnel News



Peter Raskind

Peter Raskind has been named as the Interim President and CEO of the Cleveland-Cuyahoga County Port Authority.

As the former Chairman, President and CEO of National City Bank, Mr. Raskind brings strong leadership and executive experience to the organization.

Mr. Raskind is expected to hold the interim CEO position for at least three months, while the

Port reviews its priorities and chooses a permanent chief executive.

The Green Marine Management Corporation announced the appointment of **Mr. David Bolduc** to the position of Executive Director of the Corporation. Green Marine Management Corporation was formed in 2008 to oversee the development and management of the Green Marine Environmental Program. Mr. Bolduc will be responsible for all aspects of the administration and strategic development of Green Marine and provide support for the Green Marine CEO Steering Committee, the St. Lawrence and Great Lakes' Environmental Committees.

Upcoming Events

March

March 22–23

American Association of Port Authorities, Spring Conference
Washington, D.C.
Contact: www.aapa-ports.org

April

April 6–7

North American Marine Highways & Logistics Conference
Linthicum Heights, MD
Contact: www.joc.com/conferences

May

May 4–6

Harbors, Navigation and Environment Seminar and GreenPort Americas 2010
Charleston, South Carolina
Contact: www.aapa-ports.org

May 18–20

5th Breakbulk Europe Transportation Conference & Exhibition
Antwerp, Belgium
Contact: Kahlia Wilkins; 760-294-5563 or kwilkins@joc.com