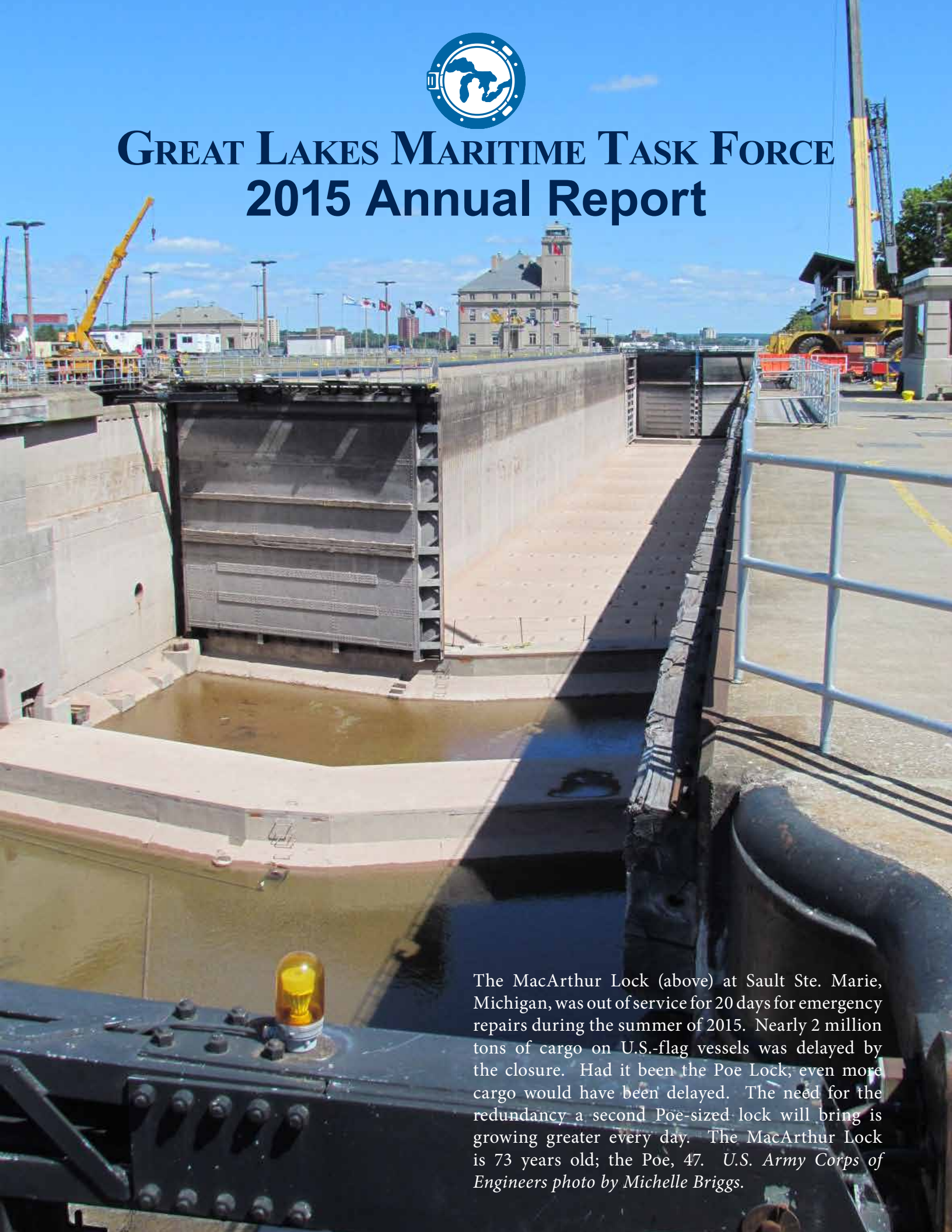




GREAT LAKES MARITIME TASK FORCE 2015 Annual Report



The MacArthur Lock (above) at Sault Ste. Marie, Michigan, was out of service for 20 days for emergency repairs during the summer of 2015. Nearly 2 million tons of cargo on U.S.-flag vessels was delayed by the closure. Had it been the Poe Lock, even more cargo would have been delayed. The need for the redundancy a second Poe-sized lock will bring is growing greater every day. The MacArthur Lock is 73 years old; the Poe, 47. *U.S. Army Corps of Engineers photo by Michelle Briggs.*

2015 Annual Report of Great Lakes Maritime Task Force

Dear Supporter of Great Lakes Shipping:

We hope the shade of H. G. Wells will forgive us if we paraphrase the title of one of his books to describe 2015, for in many ways, it was *The Shape of Things That Can Come*. Another near arctic winter significantly impacted navigation, and then a 20-day closure of the MacArthur Lock in late summer gave us an uninviting preview of the delays and disruptions that will come should a mechanical or structural issue incapacitate the Poe Lock for a lengthy period of time. If unaddressed, neither augers well for the future of Lakes/Seaway shipping.

The ARTHUR M. ANDERSON is the poster child for the 2015 ice season and the need for more icebreakers. Even though the vessel has an ice-strengthened bow and a steam turbine that can generate 7,000 horsepower, it sat immobile in Lake Erie, within sight of land, for 5 days in February. February is generally a quiet month on the Lakes, but a steel mill needed one more cargo of pellet fines moved from Conneaut, Ohio, to Gary, Indiana. It didn't happen.

The U.S. Coast Guard tried to free the beset ANDERSON, but the ice was too much for the 140-foot-long icebreaking tug dispatched to the scene. A more powerful Canadian icebreaker was able to free the vessel, but it was clear a voyage to Gary was out of the question. The vessel operator instead ordered the ship to winter lay-up, but what should have been a 50-hour voyage to Sturgeon Bay, Wisconsin, stretched out 10 days.

During the winter of 2013/2014, U.S.-flag vessel operators suffered more than \$6 million in ice damages. That was not the case in 2014/2015, but largely because many companies decided to delay sailing until ice conditions had eased. Several vessels that normally would return to service in late March did not sail until late April.

There still was some ice damage to vessels. In fact, the U.S. Coast Guard's newest and most powerful icebreaker, the MACKINAW, was out of service from March 29 until April 4 after suffering a casualty to its propulsion system, and although it did return to service, it was unable to operate at full strength and its missions were limited.

There is an upside to the struggle of the past two winters. Representative Candice Miller (R-MI) included a provision in the Coast Guard Authorization Act of 2015 that authorizes the Commandant to design and build a new icebreaker for Lakes service. The Senate's FY16 Homeland Security Appropriations bill directs the Coast Guard to conduct a mission analysis to determine if its current icebreaking fleet is sufficient to meet the needs of commerce going forward. Another heavy icebreaker is estimated to cost approximately \$200 million, but the Lakes delegation in Washington understands the need is real and the effort will keep gaining momentum in 2016.

It was not ice that closed the MacArthur Lock on July 29, but misaligned miter gates. The repairs stretched out 20 days and the cargos aboard U.S.-flag lakers delayed by the closure totaled more than 1.8 million tons.

The U.S. Army Corps of Engineers has a great team at the Soo Locks, and we acknowledge this is the longest outage in recent memory, but still, the MacArthur Lock is 73 years old, the Poe Lock, 47. At least in this instance, vessels that normally transit the MacArthur Lock can use the Poe Lock, so cargo was delayed rather than canceled. Poe-class vessels are too big to go through the MacArthur Lock, and they represent 70 percent of U.S.-flag carrying capacity on the Lakes, so a lengthy closure of the Poe Lock would slow trade to a trickle at best.

It's no secret that we need a second Poe-sized lock. Congress authorized twinning the Poe Lock at full federal expense nine years ago! What's stalled the project is a flawed analysis of the benefit/cost ratio.

Fortunately, that flawed analysis is going to be reviewed, in part because a Department of Homeland Security report forecasts catastrophic and nationwide impacts if the Poe Lock is incapacitated. The Corps has reprogrammed \$1.35 million for the re-evaluation and allotted 24 months for completion. We urge the Corps to complete the new analysis in not more than 18 months.

Our efforts to bring more dredging dollars back to the Lakes continued to bear fruit in 2015. The Corps was able to dredge 21 ports and waterways and remove 3.1 million cubic yards of sediment. The Corps' workplan for 2016 calls for dredging 25 projects and removing 3.4 million cubic yards.

We remain hopeful that the Vessel Incidental Discharge Act (S. 373) will be enacted and finally establish a uniform, federal ballast water standard.

We have another wish for 2016, that fair trade will again be the rule in steel imports. We believe in "May the best man win," but dumping steel into the U.S. market has cost the Lakes jobs and cargo. Trade in any commodity must be free but fair.

Very respectfully,





Thomas Curelli, President
Brian Krus, 1st Vice President
James H.I. Weakley, 2nd Vice President
John D. Baker, 3rd Vice President

The ARTHUR M. ANDERSON is the poster child for the 2015 ice season and the need for more icebreakers. Even though the vessel has an ice-strengthened bow and a steam turbine that can generate 7,000 horsepower, it sat immobile in Lake Erie, within sight of land, for 5 days in February.

2015 Annual Report of Great Lakes Maritime Task Force

Our Foundation

GLMTF has been dedicated to promoting all facets of shipping on America's "Fourth Sea Coast" since 1992. Our core values are:

-  The Jones Act, which requires vessels in domestic commerce be U.S.-crewed, U.S.-built, and U.S.-owned, must remain the bedrock upon which the United States builds its domestic maritime policy. A strong U.S.-flag merchant marine is vital for our national, economic and homeland security.
-  The Great Lakes Navigation System ("GLNS") must be dredged to project dimensions, otherwise it will be impossible to sustain and grow domestic and international trade through Lakes and Seaway ports.
-  The U.S. Coast Guard must build another heavy icebreaker for the Lakes and expedite modernization of the 140-foot-long icebreaking tugs by performing the work at Great Lakes shipyards.
-  The Poe Lock must be twinned as quickly as possible. Lack of redundancy has put our national economy at peril.

2016 Priorities

Adequate Funding for Dredging

Decades of inadequate funding for dredging have left 17 million cubic yards of sediment clogging Great Lakes ports and waterways. As a result, even now when water levels are mostly above long-term average, full cargos are not the norm. GLMTF was the driving force behind the Water Resources Reform and Development Act of 2014 ("WRRDA14") and its requirement that the federal government increase annual expenditures from the Harbor Maintenance Trust Fund ("HMTF") until they attain 100 percent of receipts by 2025. Now the challenge is to ensure this and future administrations implement the provisions of WRRDA14 that increase funding and include in the next WRDA a requirement that 10 percent of all HMTF funding go to the Lakes.

Federal Regulation of Ballast Water

Federal regulation of ballast water is a must if Lakes/Seaway shipping is to remain viable. The state-by-state regime that is evolving is an operational nightmare. For example, a grain cargo loaded in Superior, Wisconsin, bound for an elevator in Buffalo, New York, transits six states' waters: Wisconsin, Minnesota, Michigan, Ohio, Pennsylvania, and New York. If each state has its own unique requirements, waterborne commerce will come to a standstill.

GLMTF supports S. 373, The Vessel Incidental Discharge Act of 2015 in the 114th Congress. The bill establishes a uniform, federal standard for ballast water and other vessel discharges and recognizes that vessels such as lakers that confine their operations to a "geographically limited area" need not treat their ballast. Such legislation will protect the Lakes from new non-indigenous species while allowing waterborne commerce to continue uninterrupted.

Restore Redundancy at the Soo Locks: Twin the Poe Lock

Locks at Sault Ste. Marie, Michigan, have connected Lake Superior to the lower four Great Lakes since 1855. Redundancy has been a key factor in ensuring the free flow of cargo. The first lock named after Gen. Orlando M. Poe provided redundancy for the Weitzel Lock. The Sabin Lock mirrored the Davis Lock.

However, redundancy has been lacking since 1969 when the new, 1,200-foot-long Poe Lock was opened. The Davis and Sabin Locks became obsolete and the MacArthur Lock cannot accommodate vessels longer than 767 feet, so 70 percent of U.S.-flag carrying capacity is restricted to the Poe Lock for which there is no back-up.

Congress recognized that a closure of the Poe Lock would slow the iron ore, western coal, and export grain trades to a trickle so approved twinning the lock at full federal expense in 2007.

Construction is stalled because a benefit/cost (b/c) analysis assumes the railroads could step in and move the cargos that had been delivered by vessels. That was not true when the analysis was performed in 2005 and is even less so in 2016.

Years of arguing that the b/c is flawed have finally borne fruit. The U.S. Army Corps of Engineers has reprogrammed \$1.35 million to fund an Economic Reevaluation Report that recalculates the b/c ratio. The analysis is projected to take two years, but given the risk of a failure of either or both of the aging Poe and MacArthur Locks, GLMTF urges the Corps to complete the review in not more than 18 months, for construction of the second Poe-sized lock is expected to stretch out 10 years as it is.

Keeping the Shipping Lanes Open During the Ice Season

The economic losses resulting from inadequate icebreaking resources continued to mount in 2015. U.S.-flag cargo movement during the first four months of the year plummeted 3.2 million tons compared to the long-term average. As a result, an estimated 1,970 jobs and \$355 million in business revenue were lost.

The impacts were even more severe during the winter of 2013/2014: 3,800 jobs and \$705 million in business gone forever.

Fortunately, Congress has taken an active interest in upgrading the U.S. Coast Guard's Great Lakes icebreaking fleet. Rep. Candice Miller (R-MI) included language authorizing the Coast Guard to design and build a new Lakes icebreaker in the House's Coast Guard Authorization Act of 2015. The Senate's Homeland Security Appropriations bill directs the Coast Guard to do a mission analysis and determine if its icebreaking resources are sufficient to meet the needs of commerce. The job and revenue losses of recent years are ample testimony that the answer is "No." The Lakes need another heavy icebreaker and modernization of the aging 140-foot-long icebreaking tugs must be accelerated, which can be easily accomplished by moving the work from an East Coast shipyard to Great Lakes shipyards.

Encouraging More Short Sea Shipping

A narrow exemption from the Port Use Tax for non-bulk cargo will remove the largest impediment to launching new cargo trades on ferries and other vessels on the Lakes. In addition to creating jobs, expanded waterborne moves 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.

Federal Funds for State Maritime Academies

The six State Maritime Academies (one of which is in Traverse City, Michigan) produce more than 70 percent of all new licensed officers, but federal funding for these institutions is at its lowest level in years. Congress must adequately fund these schools so they can supply ships' officers to meet the needs of commerce and national defense.

For a more in-depth review of these issues and more, visit www.glmtf.org

2015 Annual Report of Great Lakes Maritime Task Force

Senator Sherrod Brown (D-OH) Honored as Great Lakes Legislator of the Year

Ohio Senator Sherrod Brown (D) was named Great Lakes Legislator of the Year at a ceremony in Washington on October 1. The award is presented annually to a legislator who has helped advance shipping on the Great Lakes and St. Lawrence Seaway.

Brown was honored for his efforts to pass the Water Resources Reform and Development Act of 2014 that directs the federal government to increase outlays from the Harbor Maintenance Trust Fund and his commitment to adequate icebreaking resources on the Lakes. Ohio is the second-largest steel-producing state in the nation, so both issues are front-burner items for the Senator.

Iron ore is the primary ingredient in steel and Ohio mills get most, if not all, of their ore from ports on Lake Superior, so a second Poe-sized lock is also a priority for Senator Brown.

But perhaps nothing more qualified Senator Brown than his support for American labor, and in the world of maritime, that means the Jones Act. If there was a threat to that foundational law, Senator Brown would be at the forefront of efforts to preserve the Jones Act.



Senator Sherrod Brown (fifth from left) accepts his 2015 Great Lakes Legislator of the Year Award from representatives of GLMTF in Washington, DC on October 1, 2015. Joining him were (l-r): Marcy Twete, ArcelorMittal; Tom Dower, ArcelorMittal; Jennifer Lindsey, U.S. Steel; Mark Burtschi, ArcelorMittal; John Rothrock, American Maritime Officers; Jim Weakley, LCA; Mark Barker, Interlake Steamship; Jim Patti, International Organization of Masters, Mates and Pilots; and Jeff Freeman and Beau Boulter, Fincantieri USA.

Past Recipients of GLMTF's Great Lakes Legislator of the Year Award

- 1998 – Sen. John D. Glenn (D-OH), Rep. Louis B. Stokes, (D-OH)
- 1999 – Sen. Spencer Abraham (R-MI), Rep. James L. Oberstar (D-MN)
- 2000 – Rep. David R. Obey (D-WI), Rep. Steven C. LaTourette (R-OH)
- 2001 – Rep. Peter J. Visclosky (D-IN), Rep. Jack Quinn (R-NY)
- 2002 – Sen. Mike DeWine (R-OH), Rep. Dave Bonior (D-MI)
- 2003 – Sen. George Voinovich (R-OH), Rep. Bart Stupak (D-MI)
- 2004 – Rep. Marcy Kaptur (D-OH), Rep. Vernon Ehlers (R-MI)
- 2005 – Sen. Debbie A. Stabenow (D-MI), Rep. Mark Green (R-WI)
- 2006 – Sen. Carl Levin (D-MI)
- 2007 – Rep. Dave Camp (R-MI)
- 2008 – Rep. Stephanie Tubbs Jones (D-OH)
- 2009 – Rep. Brian M. Higgins (D-NY)
- 2010 – Rep. Betty Sutton (D-OH)
- 2011 – Rep. Candice Miller (R-MI)
- 2012 – Rep. Bob Gibbs (R-OH)
- 2013 – Sen. Amy Klobuchar (D-MN)
- 2014 – Rep. Bill Huizenga (R-MI)

2015 Annual Report of Great Lakes Maritime Task Force

Overseas Liner Service to Cleveland Doubles Sailings in 2015



Photo courtesy Cleveland-Cuyahoga County Port Authority

Just one year after its 2014 launch, the Cleveland-Europe Express expanded from one to two ships trading between Cleveland, Ohio, and Antwerp, Belgium, and that produced a 500-percent increase in cargo in 2015. The Cleveland-Europe Express is the only direct, scheduled service that moves containerized and non-containerized cargo between the Great Lakes and Europe and has connected GLMTF member Cleveland-Cuyahoga County Port Authority with more than 30 countries across five continents. During its first year of operation, the Cleveland-Europe Express attracted mostly break-bulk cargos, but in 2015 containerized cargos increased significantly. The vessels are operated by the Dutch shipowner Spliethoff Group and the voyage from Cleveland to Antwerp takes about 13 days. In comparison, the longest domestic trade on the Lakes, Duluth/Superior to Buffalo, is about 74 hours.

Wisconsin Coal Dock Ships 500 Millionth Ton in December 2015

GLMTF member Midwest Energy Resources Company transshipped its 500 millionth ton of coal through its Superior Midwest Energy Terminal in Superior, Wisconsin, on December 15. The cargo was loaded into the 1,013.5-foot-long U.S.-flag laker PAUL R. TREGURTHA, flagship of another GLMTF member, The Interlake Steamship Company. The load totaled 67,348 tons and was delivered to the DTE Electric Company's power plant in St. Clair, Michigan. A pile of 500,000,000 tons of coal would rise one mile high from a base of 80 acres (the total coal storage pile(s) footprint for the Superior coal dock).



Photo by Chris Mazzella



GREAT LAKES MARITIME TASK FORCE



MEMBERSHIP BY STATE AND CITY

ILLINOIS

ArcelorMittal – Chicago ♦ Calumet River Fleeting Inc. – Chicago ♦ TPG Chicago Dry Dock, LLC – Chicago
The Chicago & Western Great Lakes Port Council, MTD, AFL-CIO – Joliet ♦ CN – Homewood
Illinois International Port District – Chicago ♦ International Union of Operating Engineers Local 150 - Countryside

INDIANA

Central Marine Logistics – Griffith ♦ Ports of Indiana – Indianapolis

MAINE

International Association of Machinists & Aerospace Workers (IAMAW) District Lodge 4 – Lisbon Falls

MICHIGAN

Central Dock Company – Benton Harbor ♦ Consumers Energy – Jackson ♦ DTE Electric – Detroit
Detroit/Wayne County Port Authority – Detroit ♦ Dock 63 Inc. – St. Joseph ♦ Durocher Marine – Cheboygan
Edw. C. Levy Co. – Detroit ♦ Grand River Navigation Company – Traverse City ♦ IAMAW District Lodge 60 – Coopersville
International Ship Masters' Association – Berkley ♦ The King Co. – 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 ♦ Moran Iron Works – Onaway
Pere Marquette Shipping Company – Ludington ♦ Port of Monroe – Monroe ♦ Ryba Marine Construction Co. – Cheboygan
Seafarers International Union of North America – Algonac ♦ Soo Marine Supply, Inc. – Sault Ste. Marie
Verplank Dock Co. – Ferrysburg

MINNESOTA

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 ♦ IAMAW – Lancaster
Maritime Port Council of Greater New York/New Jersey & Vicinity – New York City ♦ Port of Oswego Authority – Oswego
Rand Logistics, Inc. – New York City ♦ St. Lawrence Seaway Pilots' Association – Cape Vincent

OHIO

AK Steel Corporation – West Chester ♦ American Maritime Officers, AFL-CIO – Toledo
Cleveland-Cuyahoga County Port Authority – Cleveland
Cliffs Natural Resources, Inc. – Cleveland ♦ Consumer Energy Alliance – Columbus
CSX Transportation, Toledo Docks – Toledo ♦ Faulkner, Hoffman & Phillips, LLC – Cleveland
Great Lakes District Council, ILA, AFL-CIO – Cleveland
The Interlake Steamship Company – Middleburg Hts. ♦ ILA - Lake Erie Coal & Ore Dock Council – Toledo
ILA - Local 1317 – Cleveland ♦ ILA - Local 1768 – Toledo ♦ IAMAW District Lodge 54 – Columbus
IAMAW Local Lodge 1943 – Middletown ♦ Int'l Organization of Masters, Mates & Pilots – Cleveland
LafargeHolcim – Streetsboro ♦ Lake Carriers' Association – Rocky River ♦ Lorain Port Authority – Lorain
Osborne Concrete & Stone Co. – Grand River ♦ Tata Steel – Warren
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.

PENNSYLVANIA

Carmeuse Lime, Inc. – Pittsburgh ♦ Donjon Shipbuilding and Repair – Erie
IAMAW District Lodge 65 – Sayre ♦ IAMAW District Lodge 98 – York
United States Steel Corporation – Pittsburgh

VIRGINIA

Norfolk Southern Corporation (coal docks in Sandusky, Ohio, and Ashtabula, Ohio) – Norfolk

WISCONSIN

Bay Shipbuilding Co. – Sturgeon Bay ♦ Brown County Port & Resource Recovery Dept. – Green Bay
City of Superior Planning Dept. – Superior ♦ Fraser Shipyards, Inc. – Superior
Midwest Energy Resources Co. – Superior ♦ Western Great Lakes Pilots' Association – Superior

GREATER WASHINGTON, DC

American Great Lakes Ports Association – Washington, DC ♦ American Maritime Officers Service – Washington, DC
International Brotherhood of Boilermakers – Washington, DC
K&L Gates, LLP – Washington, DC ♦ MEBA, AFL-CIO – Washington, DC ♦ Transportation Institute – Camp Springs, MD

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