

"STATE OF THE PORT ADDRESS"
PROPELLER CLUB OF DETROIT
DETROIT YACHT CLUB
APRIL 8, 2009

THANK YOU, TOM (KEANE). GOOD AFTERNOON LADIES AND GENTLEMEN. AS ALWAYS, IT'S A REAL PLEASURE TO BE HERE AND I'M HONORED TO AGAIN HAVE THIS OPPORTUNITY TO DELIVER THE "STATE OF THE PORT ADDRESS". WHILE IT HASN'T FELT MUCH LIKE IT SO FAR, I'M CONFIDENT THAT THE HELLISHLY LONG WINTER WE'VE ALL SUFFERED THROUGH IS ON ITS LAST LEGS.

WHEN WE MET HERE ONE YEAR AGO I SAID, "IT'S ALREADY BEEN AN INTERESTING YEAR AND IT LOOKS LIKE THE MONTHS TO FOLLOW WON'T DISAPPOINT EITHER." I ALSO SAID, "I'M SURE GREATER SURPRISES LIE AHEAD." LITTLE DID I KNOW! WE'RE CERTAINLY MIRED IN WHAT COULD GENEROUSLY BE CALLED "INTERESTING TIMES."

IT WASN'T THAT LONG AGO WHEN A MENTION OF THE "GREAT DEPRESSION" WAS JUST A VAGUE REFERENCE ABOUT THE 1930S OUR OLDER RELATIVES SOMETIMES BROUGHT UP. SADLY, WE'LL ALL HAVE SIMILAR RECOLLECTIONS AND STORIES TO TELL.

WITH THAT SAID, I'M NOT GOING TO DWELL ON WHAT ANY THINKING RESIDENT OF THIS FAIR STATE HAS KNOWN TO BE TRUE FOR A WHILE NOW: WE'VE HIT A ROUGH PATCH. OKAY, WE'RE SUFFERING THROUGH THE WORST ECONOMIC TIMES ANYONE HAS SEEN. BUT YOU CERTAINLY DON'T NEED ME TO TELL YOU THAT. YOU ALL READ THE PAPERS, ALBEIT ON LINE FOUR DAYS A WEEK IF YOU'RE A NEWS OR FREEP SUBSCRIBER. NATIONAL UNEMPLOYMENT FIGURES ARE WELL KNOWN. A DRIVE THROUGH VIRTUALLY ANY LOCAL COMMUNITY WITH ITS ENDLESS FOR SALE, FOR RENT, FOR LEASE SIGNS TELLS THE STORY WE ALL KNOW TOO WELL. I, FRANKLY, HAVE NO ANSWERS. I'M SIMPLY HERE TO SHARE A LITTLE OF WHAT I KNOW TO BE GOING ON, FROM THE PORT AUTHORITY'S PERSPECTIVE ANYWAY.

1ST SHIP

LIKE LAST YEAR, I'M HERE WITHOUT THE STAR ATTRACTION I GENERALLY USE TO WRANGLE AN INVITATION TO THIS LUNCHEON EACH YEAR: THE FAMED J.L. HUDSON TROPHY.

FOR THE 25TH TIME IN 30 YEARS, THE SEAWAY OPENED IN MARCH. DESPITE A RELATIVELY EARLY SEAWAY OPENING (MARCH 31 FOR BOTH THE MONTREAL/LAKE ONTARIO PORTION AND THE WELLAND CANAL), ESPECIALLY AFTER THE INTENSE WINTER WE HAD, THE FIRST "SALTY" IS NOT SCHEDULED TO ARRIVE IN DETROIT UNTIL APRIL 20. LAST YEAR THE SEAWAY OPENED A WEEK EARLIER AND THE FIRST SHIP ARRIVED HERE APRIL 16.

THE FIRST SALTY TO ARRIVE AT THE PORT OF DETROIT IS SCHEDULED TO BE FEDNAV'S "FEDERAL PRIDE." SHE SAILED FROM BRITAIN AND BELGIUM ON APRIL 3RD AND IS CARRYING AN EVER-RARER CARGO OF STEEL PRODUCTS. WORLD SHIPPING IS, AGAIN, THE VESSEL AGENT.

THE 2009 SHIPPING SEASON

NOT SURPRISINGLY, IN A STATE HEAVILY DEPENDENT ON THE MANUFACTURING SECTOR NOW RAVAGED BY WORLDWIDE ECONOMIC WOES, THE OUTLOOK IN THE PORT OF DETROIT THIS YEAR IS BLEAK. NO ONE'S BUYING ANYTHING, SO NO ONE'S MAKING ANYTHING - SIMPLE ENOUGH. LAST YEAR'S INTERNATIONAL CARGO TOTALS GIVE A HINT OF WHAT TO EXPECT. IN 2007 DETROIT HANDLED 69 FOREIGN SHIPS CARRYING NEARLY 700,000 METRIC TONS OF CARGO. LAST YEAR WE SAW 58 VESSELS CARRYING LESS THAN 390,000 METRIC TONS. OVERALL SEAWAY TONNAGE IN 2009 IS EXPECTED TO BE DOWN BY ABOUT 10%. DETROIT'S NUMBERS WILL EASILY MIRROR THAT.

ON THE POSITIVE SIDE, LAST YEAR'S TONNAGE FIGURES INCLUDED 20 BARGE LOADS OF ALUMINUM AND OTHER METAL INGOTS FROM QUEBEC, DESTINED FOR LOCAL LONDON METAL EXCHANGE WAREHOUSES. THESE SHIPMENTS TYPICALLY ARRIVE BY RAIL, BUT INCREASED GREAT LAKES BARGE SHIPMENTS ARE EXPECTED THIS SEASON.

THEY SAY THE MISTAKES WE MAKE DURING THE PEAK TIMES PAVE THE WAY FOR THE DOWN TIMES AND THE GOOD DECISIONS WE MAKE DURING THE DOWN TIMES LEAD TO THE PEAK TIMES. I HAVE NOTHING BUT EMPATHY FOR THOSE SUFFERING NOW. BUT WE CAN EITHER "THROW IN THE TOWEL," OR KEEP WORKING TO ENSURE BETTER TIMES AHEAD. TWENTY YEARS AGO I WAS A YOUNG FATHER WORKING FOR THE VENERABLE STROH BREWERY COMPANY WHEN SEVERAL HUNDRED OF MY COLLEAGUES AND I WERE SHOWN THE DOOR. THE COMPANY WENT ON TO BE DISMANTLED...

I WANT TO TALK ABOUT POSITIVE THINGS, SO LET'S DO THAT...

OMNIBUS APPROPRIATIONS BILL

FEDERAL TRANSPORTATION REAUTHORIZATION BILL

FOR THE FIRST TIME SINCE GERALD FORD SERVED, WE HAVE A PRESIDENT FROM A GREAT LAKES' STATE. BESIDES BEING ABLE TO FIND US ON A MAP, I BELIEVE IT WILL BE GOOD FOR ALL OF US TO HAVE SOMEONE MORE CLOSELY IN TUNE WITH THE CONCERNS THAT INTIMATELY AFFECT US: THINGS LIKE NORTHERN BORDER ISSUES, OUR TRADE PATTERNS AND TRANSPORTATION SYSTEM AND THE STATE OF OUR MANUFACTURING SECTOR. WE'RE WORKING CLOSELY WITH THE DRC, MDOT AND SEMCOG AS WELL AS OUR CONGRESSIONAL DELEGATION TO ENSURE WE GET SIGNIFICANT ATTENTION ON THESE ISSUES.

PUBLIC DOCK AND PASSENGER TERMINAL

ADDITIONAL STIMULUS BILL INFORMATION

DWCPA EXPECTS TO RECEIVE \$8.5 MILLION TO FUND THE "ISLAND WHARF" PORTION OF ITS PUBLIC DOCK & TERMINAL. TOLEDO P.A. TO RECEIVE \$21 MILLION (SHIPYARD MODERNIZATION = \$15M).

THE FUTURE OF THE SEAWAY? AMERICA'S MARINE HIGHWAY PROGRAM (SHORT-SEA SHIPPING)

I MENTIONED LAST YEAR THAT FEDERAL EFFORTS ARE UNDERWAY TO MAKE SHORT-SEA SHIPPING MORE THAN MERE INDUSTRY BUZZ WORDS.

THE "GREAT LAKES SHORT SEA SHIPPING ENHANCEMENT ACT" WAS REINTRODUCED IN THE 110TH CONGRESS AS H.R. 981 BY CONGRESSWOMAN STEPHANIE TUBBS-JONES (D-OH) AND CONGRESSMAN PHIL ENGLISH (R-PA). IF ENACTED, THE LEGISLATION WILL EXEMPT SHIPPERS FROM PAYING THE U.S. HARBOR MAINTENANCE TAX ON NON-BULK CARGO TRANSPORTED ON THE GREAT LAKES ST. LAWRENCE SEAWAY SYSTEM, BETWEEN TWO U.S. PORTS, OR FROM A CANADIAN PORT TO A U.S. PORT. REASONABLE PEOPLE IN THE INDUSTRY AND IN THE LEGISLATURE RECOGNIZE THAT "WATER TRANSPORTATION, ESPECIALLY ALONG OUR COASTAL AND INLAND WATERWAYS IS A SENSIBLE, ECONOMICAL AND ENVIRONMENTALLY-FRIENDLY SOLUTION TO MANY OF OUR GROWING CONGESTION PROBLEMS." THIS LEGISLATION IS BACK ON THE BOOKS.

THOSE IN OUR INDUSTRY ARE COMMITTED TO TAKING PRO-ACTIVE STEPS TO RESOLVE THE PROBLEMS POSED BY AQUATIC NUISANCE SPECIES. WE SUPPORT A FEDERAL SOLUTION NOT THE PATCHWORK OF STATE LAWS FAVORED BY MANY. I THINK THE MAIN ACCOMPLISHMENT OF THE CURRENT SEAWAY ADMINISTRATION, HOWEVER, IS HAVING OBTAINED ADEQUATE CAPITAL FUNDING TO ENSURE SEAWAY AND GREAT LAKES INFRASTRUCTURE NEEDS ARE MET.

AS I SAID LAST YEAR THAT IT'S NO SECRET THAT THE GREAT LAKES/SEAWAY SYSTEM HAS BEEN HISTORICALLY UNDERFUNDED FOR INFRASTRUCTURE, MAINTENANCE AND DREDGING NEEDS COMPARED WITH THE OTHER U. S. WATERWAY SYSTEMS. THE FIVE-YEAR AVERAGE CAPITAL OPERATING AND MAINTENANCE EXPENDITURE ON THE U.S. SIDE OF THE SEAWAY IS 3X LESS THAN THE OHIO RIVER SYSTEM, 10X LESS THAN THE ILLINOIS WATERWAY AND 16X LESS THAN THE MISSISSIPPI RIVER SYSTEM. SINCE BEING BUILT IN 1959 FOR \$130 MILLION, ONLY \$47 MILLION IN CAPITAL EXPENDITURES HAVE BEEN INVESTED.

THE SIGNIFICANT NEWS TO REPORT IS THAT CONGRESS HAS APPROVED FULL FUNDING OF THE SLSDC'S \$31.8 MILLION ASSET RENEWAL PROGRAM. OF THAT, \$17.5 MILLION IS DEDICATED TO BEGINNING A MULTI-YEAR CAPITAL INVESTMENT PLAN TO REHABILITATE THE AGING SEAWAY LOCK INFRASTRUCTURE AND OTHER SEAWAY ASSETS. THIS IS REALLY GOOD NEWS.

RED BULL AIR RACE

JUNE 13/14

CRUISE SHIPS

CLELIA II
EFFORTS WITH CBP/G.L. EXEMPTION
MACKINAC ISLAND/SHEPLER

CAPE SHIPS

CROSS-RIVER PASSENGER FERRY SERVICE

WIND ENERGY

GOV. GRANHOLM'S FIRST EXECUTIVE ORDER OF 2009 ESTABLISHED THE MICHIGAN GREAT LAKES WIND COUNCIL. MY BOSS, DWCPA EXECUTIVE CUTIS HERTEL, HAS BEEN NAMED TO THAT COUNCIL.

SEAWAY 50TH ANNIVERSARY

JULY 10-JULY 12 MASSENA, NY

- SINCE ITS INCEPTION THE SEAWAY HAS TRANSPORTED OVER 2.5 BILLION TONS OF CARGO VALUED IN EXCESS OF \$375 BILLION
- I'VE MENTIONED THE INFRASTRUCTURE UPDATING PLANNED
- INCENTIVE PROGRAM BY SLSMC TO REDUCE TOLLS
- NO UNMANAGED BALLAST WATER ENTERS THE SEAWAY

THANK YOU FOR YOUR TIME AND ATTENTION. IF YOU HAVE QUESTIONS I'LL BE HAPPY TO ANSWER THEM.

STEVEN OLINEK
DEPUTY DIRECTOR
DWCPA