



## THE TIME IS RIGHT FOR SHORT SEA SHIPPING

**Containers are an area for growth and diversification in the system**

**T**he current world economy is suffering one of its worst contractions in memory, which has slowed the demand for the shipment of materials. Yet one cargo sector is cause for optimism and could be an area for growth and diversification in Great Lakes shipping in the near term and for years to come—boxes.

As the nation looks for ways to alleviate road congestion and find more fuel efficient ways to transport goods—containers in particular—turning to our waterways is a natural direction to take. Road and rail congestion cost the U.S. economy as much as \$200 billion annually. One cargo container on a barge means one fewer truck on a crowded highway. A 15-barge tow can contain as much material as 1,050 tractor trailers. A barge uses only one gallon of diesel to move a ton of cargo 576 miles. That same amount of fuel only moves a ton of cargo 413 miles by rail, and 155 miles by truck. The world container forecast through 2024 in TEUs shows a 186 percent increase in the next 20 years. Our marine highways are underutilized, so promoting them for container shipping just makes sense.

The opening of the Melford Terminal in Nova Scotia, and the expected container feeder operations that will likely result, could greatly affect the future prosperity of the Great Lakes Saint Lawrence Seaway System. The proposed deepwater container terminal and logistics park located on the Strait of Canso will serve as a transfer point for container traffic from Asia and the Indian sub-continent that is shipped to Eastern North America via the Suez Canal. Because the Strait is ice-free and has a water depth exceeding 70 feet, the terminal will be able to accommodate today's and tomorrow's mega container ships. The project will incorporate state-of-the-art intermodal infrastructure to achieve a fully integrated seamless system of port, rail and logistics centers. It is expected to have an initial capacity of 1.5 million TEUs annually. A

number of Great Lakes ports are currently looking to become distribution points for the container traffic generated from Melford.

Yet, the development and growth of short sea shipping is dependent on resolution of the legislative effort currently in the

tia, the legislation allows container cargo moving to Great Lakes ports from Melford to be exempt from the tax. This definition is significant because without it every Great Lakes port that seeks to be an inland distribution point for containers originating in



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U.S. Congress to eliminate the Harbor Maintenance Tax (HMT) for these shipping operations, both in the Great Lakes and along our coasts. The HMT is arguably the most significant impediment to making short-sea shipping competitive with other modes of transportation. A number of bills have been introduced in the new Congress that would remove the HMT for short sea shipping services. Most notably, H.R. 528, sponsored by Rep. John McHugh (R-New York), recognizes the importance of the Melford terminal to the equation. By defining the Seaway System to include Nova Sco-

Novia Scotia would suffer unfair discrimination compared to all other U.S. ports.

Passage of HMT exemption legislation is expected to jump-start growth in the use of our marine highways. Enhancing the short sea shipping industry will result in a significant expansion of container traffic, particularly for Great Lakes ports, and provide additional local jobs for the surrounding areas. The realization of this goal will result in significant environmental, economic and security-related benefits at virtually no cost to the U.S. Treasury. It will take a united maritime industry effort for this legislation to command the attention of Congress. I believe the time is right for achievement of this goal—the enactment of Harbor Maintenance Tax relief. ■

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