



In This Issue:

Guest Columnist

And the Winners Are...

Pacesetter Awards
Announcement for
2012 Season

Can We Compete?

Port of Green Bay Receives
Pacesetter Award

Port of Cleveland-Cuyahoga
Receives Pacesetter Award

Toledo-Lucas County
Port Authority Receives
Pacesetter Award

Port of Duluth-Superior
Receives Pacesetter Award

Connecticut Maritime
Association — Exhibition
and Conference

Cruise Shipping Miami

Great Lakes Seaway Ballast
Water Working Group
Released Ballast Water
Management Report

Nearing Halfway Point in
Modernization of U.S. Seaway
Infrastructure

Personnel News

Upcoming Events

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2013 Seaway Season Opens

The 55th season of the binational St. Lawrence Seaway officially opened for business March 22, 2013, in Montreal at St. Lambert Lock when Canada Steamship Line's (CSL) *M/V Baie St. Paul* moved into the lock headed upbound in ballast to Chicago for its first freight load. The Welland Canal section of the Seaway began its season simultaneously as the *M/V Cuyahoga* moved downbound from the Canadian Port of Hamilton to Cleveland with a load of pelletized slag from ArcelorMittal Dofasco destined to Essroc Cement.



Opening day at St. Lambert Lock in Montreal.

The new self-unloader, *Baie St. Paul*, is the first of several in CSL's line of new Trillium vessels that will be trading in the Lakes. The sleeker, more efficient and environmentally friendly vessels are welcome additions for owners, customers, and stakeholders. Rising fuel costs, tougher environmental standards, and competitiveness have catalyzed rare ship construction for this System last seen almost three decades ago.

U.S. and Canadian Seaway Corporations' senior management, along with CSL's president, and Cargill's chief executive presented remarks at the opening ceremony. Craig Middlebrook, Acting Administrator of the Saint Lawrence Seaway Development Corporation (SLSDC) hailed the waterway as a 'testament to the strength, durability and necessity of U.S.-Canadian collaboration.' He noted that his agency has spent more than \$82 million on rehabilitation of the two U.S. locks (Snell and Eisenhower) in Massena, N.Y. and expects to spend over \$175 million total on infrastructure renewal via the Asset Renewal Program upon completion of the decade-long project.

"The presence of the *Baie St. Paul* symbolizes one of the key reasons why we have a right to feel encouraged today for the coming season and beyond," said Middlebrook. "The optimism is based on significant public and private reinvestments... [in] the overall North American economy." Middlebrook singled out the Great Lakes Region as "at the center of an energy revolution."

continued on page 2

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

Seaway Compass



2013 Seaway Season Opens, continued from page 1

President Louis Martel touted his company's ship as "15 percent more fuel efficient than CSL's previous class of ships... and [they] will save approximately 750 tonnes of fuel per year, amounting to a yearly carbon emission reduction of 2,400 tonnes." Martel said the ship is the first of CSL's Trillium Class of vessels, which he characterized as setting "new standards in operational and energy efficiency, reliability and environmental protection."



The 2013 seaway navigation season opening in St. Lambert, Quebec. (Left to right) Terence Bowles, The St. Lawrence Seaway Management Corporation; Louis Martel, Canada Steamship Lines; Captain Jim Leaney, Chief Engineer; Jean Louis Girard; Jean Boily, Cargill's Baie-Comeau Grain Terminal; and Craig Middlebrook, Saint Lawrence Seaway Development Corporation.

Strengthening the Seaway's competitive position, touting marine transportation's environmental advantage, and exploring new trade routes were themes that Terence Bowles, The Saint Lawrence Seaway Management Corporation (SLSMC) President and CEO, addressed in upbeat remarks. Saying he expected tonnage totals in 2013 to exceed 40 million, he noted his organization's projected infrastructure investment of \$400 million in five upcoming years. Bowles pointed out that the largest Seaway vessels equipped with the 3D imaging Draft Information System can transport up to 400 additional tonnes of cargo per Seaway transit. "Marine transportation on the St. Lawrence Seaway provides a highly dependable and energy efficient means of moving cargo," he said, "boasting the lowest carbon footprint of any transportation mode."

Iron ore, coal and grain — bellwether bulk commodities that typically account for half or more of Seaway tonnage handled annually — will likely retain their predominant role, though cargo diversification is undeniably underway. Iron ore and coal as key ingredients for steel are essential for a fast-recovering automobile industry. Though thermal coal tonnage in the Lakes is dropping (Ontario's transition is nearly complete and older U.S. coal plants are closing as electric utility companies opt for cheaper gas generation plants), a bright spot has been U.S. exports of low sulfur coal to Europe. Poor U.S. wheat exports last year due to drought are, according to many, 'bound to get better since they can't get worse.'

Perhaps the brightest spot in the 2012 traffic ledger that the new season hopes to improve upon is general cargo performance. These mostly iron and steel commodities include slabs, coil, pig iron, and rebar, but they also involve high value machinery. Movement of gas turbines, electric transformers, hydrocrackers and outsized wind components like delicate wind blades, heavy towers, and nacelles and hubs demand experienced labor at port terminals. These are the most coveted cargoes because of the significant dollars they generate in U.S. and Canadian ports.

Will general cargoes in 2013 better the robust 10 percent increase posted last season? Time and the economy will determine that but if the old adage that the Seaway's traffic results are a good indicator of where the overall economy is heading the new season looks bright indeed.



HIGHLIGHTED GUEST

Terence Bowles, President and CEO, The St. Lawrence Seaway Management Corporation

Looking Forward to Exceeding 40 Million Tonnes in 2013



In 2012, Seaway tonnage increased by 4 percent to 39 million tonnes, exceeding our original forecast by 450,000 tonnes thanks in part to a late season surge in grain movements. With continued effort, I believe that we will exceed 40 million tonnes of cargo in 2013. We are encouraged by the upswing in growth within the Canadian and U.S. economies,

and the so-called soft landing that seems to be taking place within the Chinese economy.

Within our 2013 traffic forecast, we foresee a steady flow of grain roughly equivalent to the volumes experienced in 2012. Hopefully, U.S. grain farmers will experience relief from the very dry conditions that dogged their efforts last year.

Domestic iron ore shipments are expected to slightly increase in line with growing demand for steel products in North America, driven by a buoyant auto manufacturing

industry. If iron ore prices remain steady, exports of ore to overseas markets such as China should continue. Side by side with the exports of iron ore, we expect to witness continued exports to Europe of low sulphur coal originating from the Powder River Basin. We also foresee an increase in general cargo traffic as a strong manufacturing sector spurs demand for imported steel.

Looking beyond our current cargo markets, we are diligently pursuing new sources of business. As Bruce Hodgson shares elsewhere in this issue, our market development team will be focusing on findings gleaned from a competitiveness study released in February of 2013, in an effort to bring more cargo into our waterway.

What does the future hold? One of the best indicators can be found in the decision by shipowners to spend hundreds of millions of dollars over the course of the next five years to build state-of-the-art lakers that move exclusively within the Great Lakes Seaway System, and Seaway fitted “salties” that travel between ports in our system and ports overseas. Figuring prominently among these firms are familiar names such as Canada Steamship Lines, Algoma Central Corporation, Fednav, and Canfornav. The investment being made by these firms in Seaway purposed vessels is a very strong vote of confidence in the future of the St. Lawrence Seaway.

With 40 million tonnes of cargo set firmly in our sights as the 2013 season gets underway, we can say with confidence that the St. Lawrence Seaway remains an essential part of the North American transportation system. We are optimistic that the marine mode’s strong energy efficiency, low carbon footprint, and excellent reliability will continue to serve as a compelling value proposition to cargo shippers, and spur yet more growth in the years to come.

And the Winners Are...Pacesetter Awards Announcement for 2012 Season

The Saint Lawrence Seaway Development Corporation’s Acting Administrator Craig Middlebrook is pleased to announce that eight U.S. Great Lakes St. Lawrence Seaway ports have earned the Corporation’s annual Robert J. Lewis Pacesetter Award for the 2012 navigation season.

This award is presented to U.S. ports whose management, marketing, and operational excellence have resulted in an

increase in international tonnage shipped through the Seaway System when compared to the previous navigation season.

And the winners are:

- Cleveland-Cuyahoga County Port Authority
- Port of Duluth-Superior
- Green Bay, Brown County Port & Solid Waste Department
- Ogdensburg Bridge and Port Authority
- Port of Milwaukee
- Port of Oswego Authority
- Ports of Indiana-Burns Harbor
- Toledo-Lucas County Port Authority

Can We Compete?

To compete; the origin of the word “compete” is Latin; to seek together, to come together, agree to be suitable.

Through our HWY H₂O initiatives such as workshops and conferences we have had the opportunity to gain valuable insights into existing and potential markets. Often, as we have explored cargo opportunities with our stakeholders, a recurring question would arise; can we compete for this business? As markets have become more global and have continued to change over the last number of years we concluded that it was time to see if we could compete, so The St. Lawrence Seaway Management Corporation and the Saint Lawrence Seaway Development Corporation commissioned a Competitiveness Study of our existing and potential business.

After a detailed RFP process, CPCS was chosen to complete the study. They reviewed a number of strategic areas, ranging from business growth opportunities to commodity markets, shipper routing decision factors and total transportation costs. They utilized public and private data sources and relied extensively on consultations with shippers and carriers. They received a very strong response. Our thanks to all who participated.

CPCS has provided us with a detailed study of the Seaway’s business, drivers of our business growth, Seaway routing cost competitiveness, and opportunities to improve the Seaway’s competitive position. Although they recognize that there are factors that the Seaway has limited control over such as the geographic location of cargo with respect to end markets, macro-economic factors such as global economic cycles, shipper supply chain requirements, and the structural and institutional context within which the

Seaway competes, they conclude that our System has available capacity and the opportunity for business growth. Most importantly, the study highlights the fact that the competitiveness of Seaway routings could be impacted upon, but that *this is a team sport*. All stakeholders need to be a part of the solution if we are going to compete.

Even though they point out that the System is very competitive on the movement of grain, coal, coke, iron ore, steel, and petroleum for certain markets, it faces challenges in specific markets for these commodities. For example, we are now seeing grain moving to Europe via the West Coast, a routing that we would not have considered competition two years ago. We also have new opportunities, such as the movement of project cargoes from the Midwest into Europe, for which we have often said; “we can’t compete”. The study concludes and recommends that:

- Seaway routings do offer clear cost advantages for many commodities, origin-destinations;
- There are many factors the Seaway can’t control; related efforts should focus on preparing for future scenarios and seizing related opportunities;
- The role for HWY H₂O is to continue actively promoting business growth for the Seaway and all transport chain partners;
- The competitiveness of Seaway routings is a team sport; more can be done to improve the competitiveness the Seaway offers, but supply chain partners need to work together to succeed in driving collective business growth.

Can we compete? Yes, we already are! Our opportunity for growth is to harness our combined strengths. We look forward to working with our partners as we continue to develop and implement our business growth initiatives.

Port of Green Bay Receives Pacesetter Award

Acting Administrator Craig Middlebrook presented the 2012 Robert J. Lewis Pacesetter Award to the Port of Green Bay. This is the 10th time that the Port has received this prestigious award.

During the 2012 navigation season the Port of Green Bay achieved a 35 percent increase in international tonnage from 61,000 mt in 2011 to 82,000 mt in 2012.

The movement of ethanol from Green Bay to Montreal and pig iron from Quebec to Green Bay were the two commodities accounting for the increase in international tonnage. Both products were moved by Canadian Lakers.



Saint Lawrence Seaway Development Corporation Acting Administrator Craig H. Middlebrook (center) presents a 2012 Seaway Pacesetter Award to the Port of Green Bay. Accompanying Mr. Middlebrook are (left to right): Neil McKlowskey, Harbor Commission President; Dean Haen, Port Director; Troy Steckenbach, Brown County Executive; and U.S. Congressman Reid Ribble.

Port of Cleveland-Cuyahoga Receives Pacesetter Award

On April 8, 2013, Rebecca Spruill, Director of Trade Development, presented the 2012 Robert J. Lewis Pacesetter Award to the Cleveland-Cuyahoga County Port Authority. This is the 11th time the port has won this award.

Last year the Port of Cleveland achieved a 7 percent increase in its international tonnage from 302,047 tons in 2011 to 323,308 tons in 2012.

The Port of Cleveland completed the construction of over one mile of new railroad track in 2012, a \$4.5 million investment in its infrastructure and its largest project in over 10 years. The new track provides rail service to the Port's entire general cargo operation, and to both Class 1 railroads that service the Port including CSX and Norfolk Southern. They doubled the number of railcars handled in 2012 compared to 2011 due to the completion of this project.



Saint Lawrence Seaway Development Corporation Director of Trade Development, Rebecca Spruill presented the award to Marc Krantz, Chairman of the Port of Cleveland's Advisory Board.

Toledo-Lucas County Port Authority Receives Pacesetter Award

On April 25, 2013, Saint Lawrence Seaway Development Corporation (SLSDC) Advisory Board Member Dr. Arthur Sulzer presented the Robert J. Lewis Pacesetter Award to the Toledo-Lucas County Port Authority for their increased international cargo shipments during the 2012 navigation season.

The port registered 3.4 million metric tons (mt) of cargo during the 2012 navigation season, moving shipments of



SLSDC Advisory Board Member Dr. Arthur Sulzer (left) presented the Robert J. Lewis Pacesetter award to Paul Toth, the President and CEO of the Toledo-Lucas County Port Authority.

aluminum, pig iron, bulk fertilizer and grain, which saw a 36% increase over 2011 numbers. This is the port's 12th Pacesetter Award.

Port of Duluth-Superior Receives Pacesetter Award

On May 8, 2013, Acting Administrator Craig Middlebrook presented a 2012 Robert J. Pacesetter Award to the Port of Duluth for their 20 percent increase in international tonnage through the St. Lawrence Seaway System during the 2012 shipping season.

The port's breakbulk terminal saw a surge in general cargo shipments in 2012, attributable in large part to companies rushing to complete wind energy development projects before the Production Tax Credit expired.

This is the port's 12th Pacesetter Award.



Acting Administrator Craig Middlebrook (L) presented the Pacesetter Award to Jonathan Lamb, vice president and general manager of Lake Superior Warehousing Co., Inc. and Fred Shusterich (R), president, Midwest Energy Resources Co. (MERC) — operators of two of the terminals that contributed significantly to the Port's 20 percent increase.

Connecticut Maritime Association — Exhibition and Conference



For the first time, the office of Trade Development showcased the Great Lakes St. Lawrence Seaway System at the Connecticut Maritime Association's (CMA) 28th Annual Exhibition and Conference in Stamford CT, on March 18–20, 2013. The event drew more than 2,500 participants that represented a wide range of industry experts from the maritime community.

The goal for participating in the CMA was to raise the profile about the shipping opportunities in the Great Lakes Seaway System and provide marketing information to those who stopped by the information booth. The Great Lakes Seaway System information booth was abuzz with visitors throughout the entire three days. Many who stopped by requested information about Great Lakes ports, industry associations and location of bunker facilities, others just wanted to learn more about the Seaway System because they had never done business in the Lakes. Some of the most enjoyable conversations that took place were visitors taking a stroll down memory lane; pointing out on the Great Lakes map the location where they grew up on the Great Lakes, or talking about the times they transited through the locks and into the Lakes onboard foreign flag ships. The most memorable conversation was with an elderly gentleman that told the story of his brother who sailed on the third commercial vessel to ever transit the Seaway System in 1959.

Cruise Shipping Miami

The Saint Lawrence Seaway Development Corporation (SLSDC) again participated in the world's most prestigious cruise industry trade show. Formerly called Seatrade, Cruise Shipping Miami (CSM) was held March 11–14, 2013, bringing together senior decision makers from the industry. Parallel to the trade show, CSM runs an exceptional conference program, where aspects of the cruise industry are placed under a microscope and discussed by industry insiders and the media.

The Great Lakes presence at the trade show is organized by the Great Lakes Cruising Coalition (GLCC). This year CSM was supported by Tom Rausch, ship inspector for the SLSDC, Paul Pepe, Manager for Tourism and Port Security

Officer from the city of Thunder Bay, Noreen Cartwright representing the Ontario Government's Ministry of Tourism and GLCC Executive Director Stephen Burnett.

Despite the global issues with market economies CSM was well attended and the GLCC was able to meet several cruise partners, some of whom are currently committed to Great Lakes Cruise programs. Notable amongst the visitors were planners from the expedition segment of the industry and several planners from the five star premium segment of the business.

The GLCC hosted an information session and reception with seventeen senior managers engaged in global cruising. This format allowed the GLCC to engage in focused discussions concerning the expansion of the Great Lakes Cruise Trade.

Great Lakes Seaway Ballast Water Working Group Released Ballast Water Management Report

In March, the Great Lakes Ballast Water Working Group (BWWG) released its 2012 Summary of Great Lakes Seaway Ballast Water Management report.

The mission of the BWWG is to harmonize ballast water management efforts between the U.S. Coast Guard, Transport Canada, the Saint Lawrence Seaway Development Corporation, and the St. Lawrence Seaway Management Corporation.

In 2012, 100 percent of ships bound for the Great Lakes via the St. Lawrence Seaway from outside the Exclusive Economic Zone received a ballast tank exam. A total of

6,974 ballast tanks were assessed during 386 vessel transits. Vessels that did not exchange their ballast water or flush their ballast tanks were required to either retain the ballast water and residuals on board, treat the ballast water in an environmentally sound and approved manner, or return to sea to conduct a ballast water exchange.

In 2012, all 36 vessels that did not exchange ballast water before entering the St. Lawrence Seaway chose to retain their ballast on board. Each vessel was then checked for compliance when it departed the system.

This is the fourth consecutive year that agencies that comprise the BWWG ensured the examination of 100 percent of ballast tanks entering the Great Lakes via the St. Lawrence Seaway. In February 2012, the BWWG released its 2011 summary report.

The BWWG anticipates continued high ship compliance rates for the 2013 navigation season.

Nearing Halfway Point in Modernization of U.S. Seaway Infrastructure

New Lock Ice Flushing System and Miter Gate Rehabilitation Highlight 2013 Winter Work

In March 2009, the U.S. Saint Lawrence Seaway Development Corporation (SLSDC) began its multi-year Asset Renewal Program (ARP) to rehabilitate and modernize the U.S. St. Lawrence Seaway infrastructure in Upstate New York. The ARP addresses various needs for the two U.S. Seaway locks (Eisenhower and Snell) located in Massena, N.Y., the Seaway International Bridge connecting New York and Ontario, maintenance dredging, operational systems, and SLSDC facilities and equipment.

In the ARP's first four years, the SLSDC spent \$66 million on 43 separate ARP projects. For the current federal fiscal year (FY 2013), ARP expenses are estimated at \$16 million. In comparison, only \$47 million in capital expenditures had been invested in the U.S. Seaway locks from their opening in 1959 to the start of the ARP. Over the past seven years, the SLSDC and The St. Lawrence Seaway Management Corporation (SLSMC) have spent nearly \$500 million on asset renewal efforts. These significant investments clearly demonstrate the commitment of the United States and Canada to the long-term health and vitality of the Great Lakes St. Lawrence Seaway System, complementing similar investments being made by many other Seaway System stakeholders, including ports, terminals, and carriers. Many of the lock-related improvements being made at the Canadian Seaway locks are also addressed in the SLSDC's ARP.

To date, SLSDC ARP projects funded and completed in the program's first four years have included maintenance dredging in the U.S. portion of the navigation channel, structural rehabilitation and corrosion prevention work on the Seaway International Bridge, gatelifter upgrades, upstream miter gate rehabilitation at both locks, as well as other structural and equipment modernization projects.

In March, the SLSDC completed its busiest winter work period since the start of the ARP. The 2013 winter work presented SLSDC staff and contractors with the most crucial, difficult, and labor intensive project activity since the ARP began, and contractor crews worked around-the-clock in order to complete the work. SLSDC staff and contractors worked collaboratively to ensure that timelines were kept and milestones were met at every step along the way to get these important projects completed safely

(no lost man-hours due to injuries during the 10-week timeframe) and on time prior to the Seaway's opening on March 22, even against harsh winter conditions.

The 2013 ARP winter work concentrated on three major projects:

Installation of an ice flushing system at Snell Lock

This new \$13 million system will allow for safer and more efficient transit of vessels through the U.S. Snell Lock when ice conditions are present, causing less wear-and-tear on the lock infrastructure and machinery. The SLSDC's Eisenhower Lock has had an operational ice flushing system since the late 1970s.



Installation of an ice flushing system at Snell Lock. This required removing approximately 1,600 cubic yards of concrete from the upstream miter gate sill, installing seven galvanized steel pipes, placing new concrete, and returning the gate sill back to its original geometry.

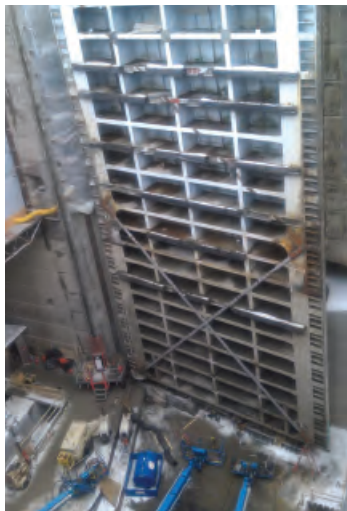
This winter's work included removing approximately 1,600 cubic yards of concrete from the upstream miter gate sill, installing seven galvanized steel pipes, and placing new concrete, returning the gate sill back to its original geometry. Installation is scheduled for completion during the 2013 navigation season, without disrupting navigation, and is expected to be fully functional during the final weeks of the season, when ice conditions are typically present.

Rehabilitation of the downstream miter gate at Eisenhower Lock

After completing miter gate rehabilitation to the upstream (westbound) gates at both U.S. locks over the past two winters, the SLSDC's 2013 efforts focused on the downstream gates, with two leaves each 90 feet tall and weighing approximately 300 tons, approximately twice the height and weight of the upstream gate leaves. The SLSDC had earlier awarded funds in 2011 for this project totaling \$3.6 million, which included services for parts and rehabilitation work to the downstream gate at Eisenhower Lock.

continued on page 8

Nearing Halfway Point in Modernization of U.S. Seaway Infrastructure, continued from page 7



Rehabilitation of the downstream miter gate at Eisenhower Lock. A major part of the rehabilitation work was to replace the embedded wall quoin. This is a strip of steel that is embedded in the concrete lock wall. Its purpose is to absorb the millions of pounds of force generated by the water pressure acting on the gate.

The rehabilitation work included disconnecting the two gate leaves from their anchorage assemblies and replacing worn and/or damaged components including miter and quoin contact blocks, pintles, rubber seals, and diagonals to insure proper functioning of the miter gates.

Modernization of the valve operating machinery at both locks

This winter's upgrades to the Seaway lock culvert valve operating machinery completed this \$9 million multi-year ARP project. Work this winter included modernizing the electro-mechanical operating machinery for the south side filling and emptying valves at both Eisenhower and Snell Locks with a modernized hydraulic system. The machinery for the north side valves at both locks was replaced last winter.

For more information on the SLSDC's ARP, visit: <http://www.greatlakes-seaway.com/en/management/slsdc/asset/index.html>

Personnel News

After more than 13 years with the Great Lakes United, Jennifer Nalbone has accepted a new challenge with the New York State Attorney General's Office. She left her position in March.

Mary Ellen Ashe will be Acting Executive Director.

Stephen Brooks is now the President of the Chamber of Marine Commerce (CMC). Previous President, Raymond Johnston, became the Executive Vice President.



Mr. Brooks joined the CMC in 2006 after 13 years working in government and political operations on Parliament Hill. As Vice President of Government Affairs with the CMC, he has been an effective advocate on many important files on behalf of the marine transportation industry.

Jonathan Daniels, Executive Director of the Port of Oswego, New York has been named Executive Director of the Port of Gulfport, Mississippi and will take the helm in mid-June.

He will be greatly missed — we wish him well!

As of print date an acting executive director has not been named.

Upcoming Events

June

June 27-28

Maritime Economic Development Workshop
Chicago, IL

Contact: <http://www.aapa-ports.org/Programs/seminarschedule.cfm?itemnumber=18637>

July

July 17-19

Port Security Seminar and Exposition

Baltimore, MD

Contact: <http://www.aapa-ports.org/Programs/seminarschedule.cfm?itemnumber=18639>

October

October 9-10

Indiana Logistics Summit

Indianapolis, IN

Contact: <http://www.indianalogistics.com/summit>