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REMARKS FOR
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Introduction

- Thank you for the kind introduction. It's a pleasure to be here today.
- The title of our panel implies that the transportation challenges we are faced with today are daunting - a "crisis", if you will.
- Well, rather than going through the litany of problems that have been identified, I prefer to look at it from the other perspective, from how we can be creative in providing solutions to some of these shortcomings in our nation's transportation system.
- The Great Lakes and our binational waterway, the St. Lawrence Seaway, are an underutilized, unique regional resource that could help tackle many national issues including reducing emissions, providing congestion relief, facilitating export promotion, and most significantly, increasing economic prosperity.
- I appreciate this opportunity to share with you my thoughts about the Great Lakes-St. Lawrence Seaway System today, and about where I think we can take it in the future.
- I believe it is time to feel encouraged about the Seaway System and about the Great Lakes commercial maritime sector.
- Why do I say that?
- I've been the U.S. Seaway Administrator for just over a year now, and as I have traveled throughout the lakes and the system, I've

seen the dynamic workings of this industry, the commitment of so many individuals, and the optimistic spirit of our stakeholder community.

- And yet there is so much untapped potential.
- Have you ever heard people refer to this area as the ‘Rust Belt’? The term Rust Belt, which I find offensive, is not reflective of our strength as a region. We don’t call the South the Sunstroke Belt. Frankly the term needs to be dropped and replaced.
- I like to call our Great Lakes region the “Opportunity Belt” because there is so much opportunity still awaiting us.
- *Forbes* magazine recently released its list of the “Best Opportunity Cities” in the U.S. Guess what? Cities from the Great Lakes occupy 8 of the top 10 slots and 12 of the 19 cities on the list. (*FYI - Fort Wayne, IN is #11 on the list*)
- “Opportunity Belt” is much more fitting for this region, and key to that opportunity is the water access into the manufacturing and agricultural hub of North America.
- At the U.S. Seaway, we are working to realize our region’s potential by:
 - Growing the strategic importance of the Great Lakes Region;
 - Expanding and diversifying the economy of the Seaway System;
 - Serving as a model of intermodal transportation connectivity; and
 - Maintaining a vibrant domestic and international maritime industry.

Shipping delivers prosperity to North America

- The Great Lakes St. Lawrence Seaway System extends from the Gulf of St. Lawrence at the Atlantic Ocean to the twin ports of Duluth-Superior, over 2300 miles.
- It provides direct access for inland and ocean-going vessels to dozens of U.S. and Canadian ports, including the ports of Cleveland, Toledo, Chicago, Burns Harbor, Green Bay, and Duluth.
- A vessel transiting the Seaway crosses the international border 27 times, making binational cooperation outright imperative. And we coordinate with the Canadian Seaway Management Corporation to make the transit experience seamless for our users.
- The Seaway allows for ease of maritime commerce from Europe and other destinations to our Great Lakes ports by providing a safe, seamless, and efficient transportation route.
- It is a United States and Canadian waterway that serves as a gateway to North America's agricultural and industrial heartland.

Seaway as an economic driver

- The Great Lakes Seaway System is a key driver of both the U.S. and Canadian economies, generating billions of dollars in revenue annually and sustaining hundreds of thousands of jobs in the region.
- An economic impact study that was released several years ago indicated that over 48,000 jobs in Indiana are supported by cargo moving via the marine mode through U.S. ports and the Seaway System.
- Personal income from those jobs measured at more than \$3.7 billion and business revenue related to that cargo activity added up to over \$7.9 billion in Indiana. Total related tax revenue amounted to over \$1 billion.

- These numbers clearly show the positive impact of our Seaway System operations to Indiana, and you can imagine the even larger impact of marine activity throughout the region.
- Bordering two countries, eight U.S. states and two Canadian provinces, the Seaway System supports the economic health of North America's industrial heartland and a consumer market of more than 100 million people.
- Electric utilities, steel mills, construction companies, mining companies, manufacturers, and farmers all depend on the 164 million metric tons of cargo delivered by Great Lakes vessels every year.
- And emerging market opportunities are positioning our waterway for even more future growth.

Resurgence of manufacturing and the energy revolution

- The resurgence of manufacturing and energy development in the Great Lakes region are transforming the North American landscape.
- Overall, last year's shipping season was noted for increases in shipments supporting the manufacturing and energy related sectors and we are seeing those trends again this year.
- The Institute for Supply Management recently reported that manufacturing in the United States grew in August at its fastest rate since 2011. Furthermore, the report noted that manufacturing activity has climbed for 15 straight months.
- With so much of U.S. and Canadian manufacturing based in our region and fed in large part by Indiana's robust steel industry, the Great Lakes-St. Lawrence Seaway is closely aligned with these trends.

- Without the Seaway providing entrance to the interior of North America, the steel necessary for our manufacturing centers would have to travel a less direct and much longer route to its destination, and costs would rise. Those costs would then be passed on to the consumer.
- Furthermore, the Great Lakes region is at the epicenter of a radically changing energy landscape. The Seaway will play a key role in carrying out the transportation decisions accompanying these changes.
- While iron ore, coal, grain, and steel still rule the tonnage roost, high value project cargoes are increasingly entering the System in the energy and mining industries.
- And many of the ports on our bi-national system handle components for the wind industry. The Seaway makes that possible.
- Our region possesses the manufacturing resources, skilled workforce, and world-class transportation infrastructure to be a significant player in this energy transformation.
- Commercial navigation stands to benefit from these developments in a number of ways.
- As the essential part of the logistics chain supplying the energy industry with the enormous equipment and components needed for the exploration and development of oil, gas, and wind, commercial vessels will benefit directly from the continued growth of this sector in the Midwest.
- Furthermore, the energy revolution means cheaper and more secure energy to revitalize manufacturing in the region.
- When energy costs come down, manufacturing industries that rely on large amounts of energy can reduce their production costs.

- As products manufactured in the Great Lakes region become more price attractive, they will increasingly find their way to world markets in the cargo holds of commercial ships.
- All of this translates into jobs. As manufacturing grows and strengthens, Indiana's unemployment rate falls. And, the Great Lakes St. Lawrence Seaway System supports manufacturing and agriculture.
- The resurgence of manufacturing and the energy revolution are clearly impacting people's lives in Indiana and throughout the Great Lakes.
- As a highly reliable, safe and efficient waterway, the Seaway is uniquely situated to support both of these major developments to the benefit of this entire region.
- We have lots of spare capacity. We are a waterborne HOV lane and I will be working to increase utilization of the Seaway System.

Environmental and social advantages of trade on the Great Lakes

- Let's take a moment to look at the maritime industry's environmental performance because we really do have something to talk about here that is important businesses and to the general public.
- Marine shipping is the most environmentally efficient and socially responsible mode of transportation.
- Maritime moves cargo cheaper, greener, and faster.
- Great Lakes ships can carry vast amounts of cargo long distances and use significantly less fuel than both trains and trucks.
- According to the January 2013 study *Environmental and Social Impacts of Marine Transport*:

- The Seaway-size fleet is **24 percent** more fuel-efficient rail and **531 percent** more fuel efficient than truck.
- Ships also have the smallest carbon footprint compared to trucks and trains. Rail and trucks would emit **19 percent** and **533 percent** more greenhouse gas emissions respectively if the three modes carried **the same cargo, the same distance**.
- From a capacity standpoint, one Seaway-size vessel can carry the same amount of goods as 301 rail cars or 963 trucks *in a single trip*.
- Think about that in terms of our already over-crowded highways!

Maritime shipping is safe

- Furthermore, the safety record of the marine mode is a critical component of why water transport is desirable over land-based alternatives in certain circumstances.
- The innovative and multi-layered safety procedures used throughout the Great Lakes Seaway System account for an enviable safety record.
- Goods and commodities are going to move; the question is HOW are they going to move?
- Moving them safely and efficiently on the water is often the best alternative for the environment, and for consumers.
- Compared to other ways of transporting goods, shipping is the absolute clear leader in terms of public safety.
- Given these advantages, what can we be doing to increase the use of our waterway?

New market opportunities

- Our users are always looking for new market opportunities, and they've been successful in finding them.
- There's a lot of creativity out there! And it is prompting potential users to take a fresh look at using the Seaway.
- The Cleveland Europe Express is a great example of combining ingenuity across a combination of cargoes, including containers, breakbulk freight and project cargo.
- I was in Cleveland in April to welcome the first vessel of the new liner service that is providing scheduled, reliable, nonstop direct freight service between the Port of Cleveland and Antwerp.
- This new service offers companies an opportunity to be more competitive and gain an edge in the global market by moving their goods and supplies faster, cheaper, and greener.
- The success of the new CEE Way liner service in Cleveland is important for the entire Great Lakes - St. Lawrence Seaway System.
- And it will increase utilization of the Seaway System – providing new economic development opportunities, and jobs, throughout the region.
- This is just one example of capitalizing on opportunity.
- It is a priority to me to work with all Great Lakes Seaway System ports, terminals, carriers, and businesses in the region to promote and advance new and innovative economic development programs focused on increased trade and job creation.

The SLSDC is preparing for the future

- This is a period of unique infrastructure investment and technological innovation that, together with the investment in dozens of new environmentally-friendly ships, is transforming the Seaway.
- As Administrator, I am happy to report that, like many Great Lakes ports including Burns Harbor, we are investing in infrastructure and preparing for the next generation of Seaway System use.
- Our Asset Renewal Program (ARP) is a multi-year, \$190 million investment plan to rehabilitate and modernize our locks and infrastructure.
- Likewise, the Canadian Seaway has spent \$270 million over the last five years and is projected to spend another \$400 million in the coming years on infrastructure and new technologies.
- Together, when both programs are finished, both Seaway organizations will have spent over $\frac{3}{4}$ of a billion dollars on renewing and modernizing our infrastructure – a sizable investment in any context.
- And also a signal by the U.S. and Canadian governments of a long-term public commitment to Great Lakes Seaway shipping.
- In fact, President Obama outlined his vision for investing in America's infrastructure with a \$302 billion, four year transportation reauthorization proposal.
- That legislative proposal, the GROW AMERICA Act, is a long-term plan for increasing transportation investments to keep pace with growing demand.

- The plan includes a new, \$10 billion multimodal freight grant program for rail, highway and port projects to strengthen American's exports and trade.
- The new grant program would build on the work the Department of Transportation is doing to develop a National Freight Strategic Plan to help guide freight investments for many years to come.

Importance of maritime

- All of this gives me reason to be encouraged and optimistic!
- The facts and figures I've mentioned are impressive, but alone, they can't tell the whole story of the importance of the maritime industry and the potential of our binational waterway.
- If more people understood, really understood, how vitally important the Great Lakes Seaway System is to their standard of living and quality of life, we would be in an even stronger position today to realize the full potential of our waterway.
- Raising the profile of the Great Lakes Seaway System and elevating the role of maritime transportation is something I am committed to doing.
- I am working to promote the importance and advantages of Great Lakes commercial shipping to regional public officials, businesses in the region, and prospective users of the Seaway System in an effort to increase awareness, seek inclusion in state transportation freight plans, and generate new commerce throughout the waterway.
- The new ships, technology innovations, infrastructure investments and environmental advantages of shipping ensure that we are poised for a bright future.

Conclusion

- In conclusion, the St. Lawrence Seaway plays a critical role in moving North American products to local customers and those around the world.
- Indiana's multimodal strength is enhanced by access to the Seaway.
- Not only does the Seaway provide a cost-effective, efficient and safe route for cargo to be transported globally, it allows the ports the ability to be nimble when responding to changing customer needs due to such events as crop disasters or fluctuations in world markets.
- The flexibility of the Seaway, as shown over the past 55 years, is a testament to its continuing viability to support businesses, and jobs, throughout the Great Lakes.
- With reference to the Great Lakes area, the May 2013 Bank of Montreal Special Report noted: "...the region accounts for 28 percent of combined U.S. and Canadian economic activity. By comparison, the region's output ranks ahead of Germany, France, Brazil, and the United Kingdom, and it would rank as the **fourth largest economy in the world if it were a country**, behind only the U.S., China, and Japan. Quite simply, the economic importance of the region can't be overstated."
- The SLSDC is committed to helping keep our region thriving.
- Thank you all for your attention.