Competitiveness of the Bi-national Great Lakes – Seaway

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U.S. - CANADA
Great Lakes – St. Lawrence Seaway
Bi-National Great Lakes region:

- Accounts for 1/3 of combined Cdn - U.S. output, jobs, exports
- GDP $5.8 trillion (2014 US$)
- 3rd largest economy in the world if it were a country
  - Only behind U.S. & China
U.S. - CANADA
Great Lakes - St. Lawrence Seaway

Longest deep-draft navigation system in the world

• 3,700 kilometers long

• 15 locks

• Thunder Bay to the Atlantic ... Elevation drop of 180 meters (600 feet)

• More than 100 commercial ports and docks

• 164 mt per year of cargo moved

• 60+ international markets
$35 billion in business revenue
227,000 jobs in Canada & U.S.
$4.7 billion paid in taxes

Iron ore from Minnesota, Michigan and Quebec is shipped between the U.S. and Canada for steel production.
Salt from mines in Michigan, Ohio and Ontario de-ice thousands of roads between Montreal, Chicago and Duluth, MN
Stone from Ohio and quarries along Lake Michigan goes to the Port of Windsor to help build the Rt. Hon. Herb Gray Parkway.
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North American trade — Automotive Industry

Aluminum from Quebec travels via barge to New York State to be further processed and used in the production of the Ford F-150
Cement from Ontario travels by ship to Cleveland, Ohio for commercial and residential construction.
Soft red wheat from Ontario and Quebec travels on ships to Mexican mills for use in baked goods.
Canola from Western Canada is railed to Thunder Bay and travels via ship to Mexico to be made into canola oil.
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About us

Unique bi-national, marine industry association:
Marine industry service providers + customers

Formed in 1959

160 + companies in U.S. & Canada

- 19 U.S. States
- 10 Canadian Provinces
- Marine service providers
  Ship owners, ports, terminals, stevedores and the St. Lawrence Seaway Corp, maritime law, insurance, chandleries and related companies
- Cargo shippers
  Steel industry, agriculture, construction, salt, fertilizer and mining sectors

Government chops 25% tariff on big ship imports

Canada waives import taxes on some ships

Government announces ship import duty waiver
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Turning Point – Fleet re-investments

Greener... safer... more efficient

- Energy efficiency
- Operational performance
- Environmental technologies
- Safety enhancements

Fleet re-investments
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2015 Study

$7.1 Billion in Capital Investments (2009-2018)
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Infrastructure Investment Survey (2009-2018)

$4 Billion in Ships

✓ $2.2-bn Cdn flag
✓ $334k US flag
✓ $1.4-bn Foreign flag
$1.2 Billion

in

Waterway Infrastructure
(Seaway, related)
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Infrastructure Investment Survey (2009-2018)

$1.7 Billion

in

Ports & Terminals
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Capitalizing on new investments

Costs - Competitiveness - Prosperity
Icebreaking

- Largely sole-sourced service suppliers
  - USCG, CCG
- Demands consistently outweigh supply
  - Assets (esp heavys)
  - Crew
  - Resources

NEED:
- More assets, resources
- Build/purchase new assets
- Source alternate/private sector suppliers
Ballast water

- Jurisdictional quagmire
  - EPA, USCG, Congress, States, Courts, IMO, TC, Provinces
- Rules in place that can’t be met
  - No approved/available technology

NEED:
- Bi-national harmonization or reciprocal agreements
- Practical, feasible, fair, cost-effective
  - Science-based
User fees

- Marine service fees
  - icebreaking, navigational aids
- Pilotage
- USDA APHIS Fees
- Downloading of port security expenses
- U.S. Harbor Maintenance Tax (HMT)
User fees

- Are services needed?
- Are fees that are collected being used for services provided?
- Is monopoly on supply of services appropriate or justified?
- Are fees appropriate and justifiable?
- Do users have ample voice and representation with the authority providing service and charging fees?
- Are there lower cost, better service options?
INVEST in infrastructure like ports, the Seaway, ice-breaking, aids to navigation

HARMONIZE regulations across federal and state/provincial borders

SCIENCE-BASED ENVIRONMENTAL RULES that are cost-effective

LOWER, FAIRER FEES, increased competition & efficiencies for government-mandated services
Thank You

Stephen J. Brooks