

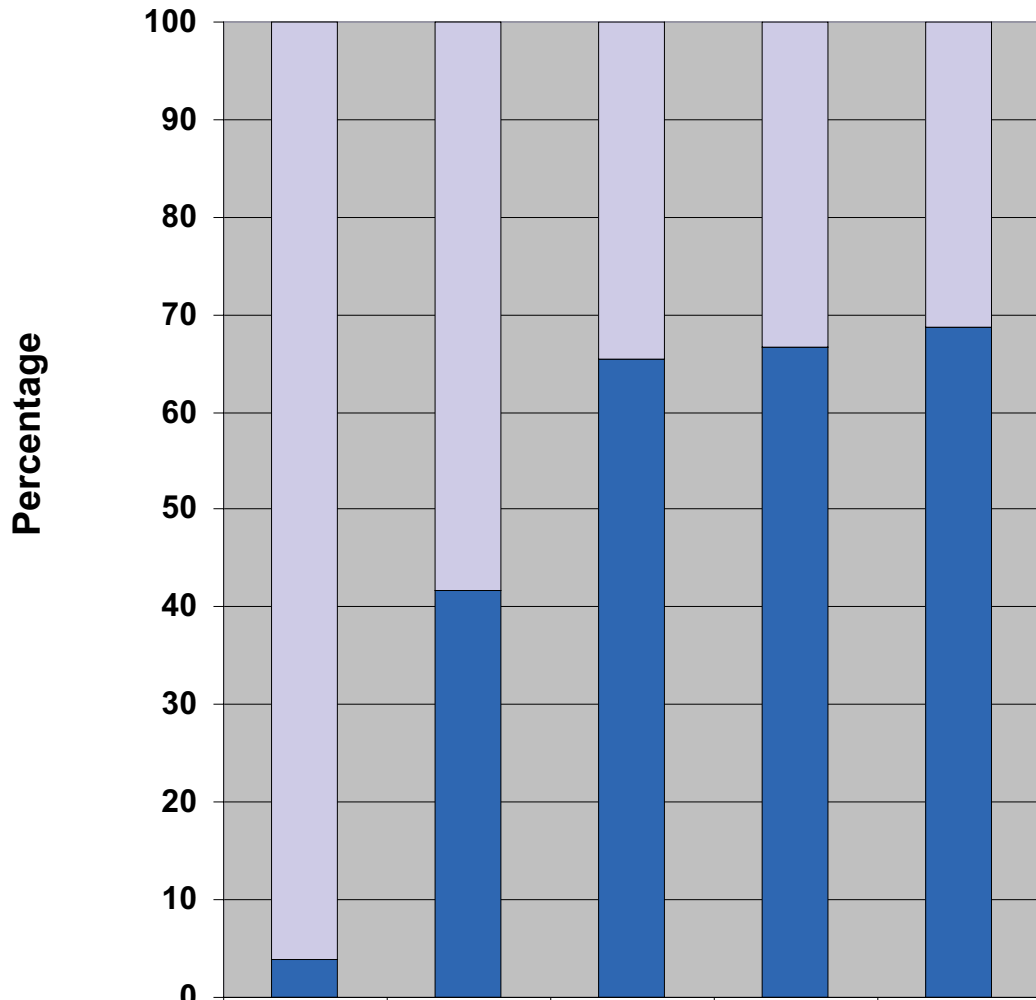


Lake Carriers' Association

2007 Position Papers

CONSTRUCTING A SECOND POE-SIZED LOCK AT SAULT STE. MARIE, MICHIGAN

SINCE THE FIRST POE-CLASS LAKERS ENTERED SERVICE IN 1972, VESSELS OF THIS SIZE HAVE COME TO DOMINATE THE U.S.-FLAG GREAT LAKES FLEET



	1972	1980	1990	2000	2007
Non-Poe-Class Carrying Capacity	96.1	58.3	34.5	33.4	31.2
Poe-Class Carrying Capacity	3.9	41.7	65.5	66.6	68.8



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The U.S. Army Corps of Engineers considers the Poe Lock at Sault Ste. Marie, Michigan (the "Soo"), the single point of failure that could cripple Great Lakes shipping. A lengthy closure would effectively idle most U.S.-Flag Lakers; the disruption in deliveries of iron ore and coal would jeopardize the nation's defense capabilities and utilities. Congress must appropriate funds to initiate construction of a second Poe-sized lock, at full Federal expense, as soon as possible.

Construction of the Poe Lock at Sault Ste. Marie, Michigan, in the 1960s enabled LCA's members to initiate a fleet modernization program that raised the standard to levels once considered unattainable. In the 12 years that followed the opening of the Poe Lock in 1969, no less than thirteen 1,000-foot-long supercarriers joined the U.S.-Flag Lakes fleet. With per-trip cargo capacities that approached 70,000 tons, they more than doubled the amount of cargo the largest ships had been able to deliver just a few years before. A number of existing vessels also were lengthened, and industries throughout the Great Lakes basin benefited from the economies of scale the Poe Lock made possible.

As Poe-class vessels came to dominate Great Lakes shipping – today approximately 70 percent of U.S.-Flag carrying capacity is restricted to the Poe Lock – industry realized that a failure of that one chamber would cripple the transportation system. Congress agreed and authorized a second Poe-sized lock in the Water Resources Development Act of 1986. The eight Great Lakes States agreed in principle to fund the local cost share, but then foreign steelmakers began dumping their excess production into the U.S. market at record levels.¹ The iron ore trade through the Soo Locks plummeted from 51.3 million tons to 38.8 million tons between 1997 and 2001. This decrease raised questions about the benefit/cost ratio of a new Poe-sized lock and required the U.S. Army Corps of Engineers to re-assess the project and to issue a Limited Re-evaluation Report (LRR). Released in February 2005, the Corps recommended construction should begin "as soon as possible."

The national defense role of shipping through the Soo Locks is undeniable. Five of the six U.S. iron ore loading ports on the Great Lakes are located on Lake Superior and annually supply the nation's steel mills the bulk

of their domestic requirements. While modern warfare utilizes hi-tech weaponry, tanks, troop transports, mortars, and other armament are still made of steel that traces its roots to iron ore mined in the Great Lakes region and shipped through the Soo Locks.

Shipments of clean-burning western coal to U.S. and Canadian utilities have continued to grow. In 2006, more than 21 million tons of low-sulfur coal transited the Soo Locks, most of which moved in Poe-class vessels.

The largest grain exporting ports on the Great Lakes, Duluth/Superior (Minnesota/Wisconsin) and Thunder Bay (Ontario), annually ship more than 300 million bushels through the Soo Locks. Loss of this export commodity could discourage overseas shipments to the Great Lakes, as vessels would have to leave in ballast, thus making the trade uneconomical.

In short, as the LRR reaffirms, a second Poe-sized lock is crucial to the continued viability of Great Lakes shipping and the United States' ability to defend its interests and citizens worldwide. Congress must authorize funds to initiate construction, at full Federal expense, as soon as possible.

¹ The eight Great Lakes States are (west to east) Minnesota, Wisconsin, Illinois, Michigan, Indiana, Ohio, Pennsylvania and New York.