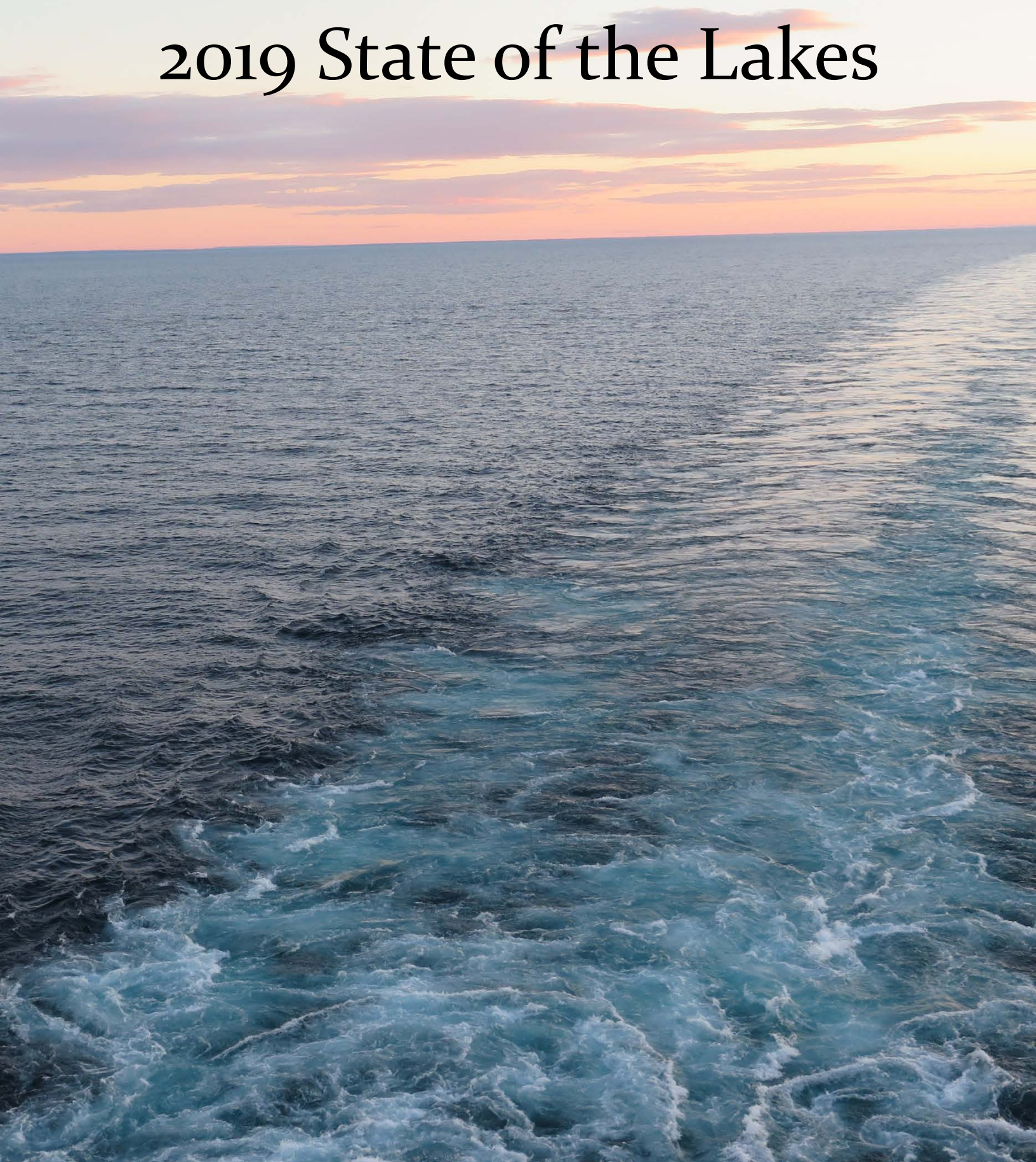


# **Lake Carriers' Association**

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## 2019 State of the Lakes





# Helping the U.S. fleet navigate the Great Lakes since 1880

## **Members:**

**American Steamship Company**  
*Williamsville, New York*

**Andrie Inc.**  
*Muskegon, Michigan*

**Central Marine Logistics, Inc.**  
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## **Staff:**

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*President*

**Thomas Rayburn**  
*Director of Environmental and Regulatory Affairs*

**Katherine Gumeny**  
*Office Manager/Treasurer*

**Harold W. Henderson**  
*General Counsel*

*Since 1880, Lake Carriers' has represented the U.S.-flag Great Lakes fleet, which, today, can move more than 90 million tons of cargo annually and is the foundation of American industry, power, and construction: iron ore, limestone, coal, cement, and other dry bulk materials such as salt, sand and grain.*

### **What a difference a year makes ....**

The passage of the Vessel Incidental Discharge Act (VIDA) promises uniform regulation of discharges from vessels, importantly – ballast water. A new lock at Sault Ste. Marie, Michigan (the “Soo”) is close to being built. Funds were appropriated for the design of a new heavy icebreaker for the Lakes. This year sees record funding by the U.S. Army Corps of Engineers (Corps) for the maintenance and operation of the Great Lakes navigation system (GLNS). 2018 was a good year for commercial maritime on the Great Lakes.

### **Uniform regulation for vessels:**

VIDA’s passage is a milepost long in coming. As we’ve routinely stressed, uniform regulation of vessel discharges is paramount to the operation of the fleet. Two federal agencies and eight states all regulating in completely different ways created an unworkable patchwork quilt. The U.S. Environmental Protection Agency and the U.S. Coast Guard (USCG) will jointly regulate vessel discharges, which may continue to include Great Lakes-specific requirements. VIDA’s uniform regulation to “smooth the waters” for the fleet and to protect the Great Lakes ecology is good news for all.

### **Canadian regulation is anything but “harmonized”:**

On the other hand, Canada is challenging the U.S.-flag fleet’s ability to export American goods to Canada by not only regulating where and how ballast water is discharged, but also by regulating its uptake. This is frustrating considering that for years Canada has called for “harmonized” regulation on the Lakes. This is not a workable plan for the shared use of the GLNS.

### **New large lock at the Soo a reality:**

The Corps took a fresh look at what a new large lock at the Soo really means to the region and the nation. In doing so they recalculated their flawed benefit to cost ratio and determined that the new lock is critical and immediately fundable. Then the Corps put \$32 million into their 2019 Workplan to move the project forward; Michigan added \$52 million to the pot; and in the President’s 2020 budget an additional \$75 million was requested for the new lock. Serious work is taking shape.

### **New icebreaker desperately needed:**

Congress has given the USCG \$10 million over the past three years toward a new heavy Great Lakes icebreaker, a twin to the MACKINAW. The winters of 2017-2018 and 2018-2019, relatively mild years, are proving that a new heavy breaker is critical to get the fleet moving in the spring and to keep it sailing throughout the ice season when 15% of annual cargoes are being moved on the Lakes. 2018 saw five of the nine U.S. icebreakers out of action at the critical time of spring breakout. In

spring 2019, in normal ice conditions, three U.S. breakers were out of action and both of the Canadian breakers suffered casualties. This exacerbated cargo movement resulting in deliveries of iron ore falling 26% off March’s 5-year average and 39% from March 2018. Fast tracking the new icebreaker is critical. We need the USCG to understand that though they are doing a yeoman’s effort with the aging vessels they have, additional resources are critical for even normal ice conditions on the Lakes.

### **Corps’ funding for the Lakes at record levels:**

The Corps’ funding for the operation and maintenance of the GLNS has been steadily climbing since the enactment of the Water Resources Reform and Development Act of 2014. This year the GLNS is receiving \$191 million in funds that are reducing the 13 million cubic yard dredging backlog, fixing navigational structures like breakwaters, modernizing the 50-year old Poe and 76-year old MacArthur Locks in the Soo, upgrading the Corps’ equipment, and completing other operational and maintenance projects throughout the Great Lakes.

### **Commercial maritime a driving force in regional economy:**

I also would like to draw your attention to the economic study completed by Martin Associates last year on the impacts of commercial maritime to the Great Lakes economy. Some of the data is presented on the next page but the gist of it is: the Great Lakes commercial maritime industry’s impact on each state is significant, including driving jobs with good salaries, paying taxes to support local, state, and federal governments, and having a large economic impact on the U.S. states.

### **Looking to 2019:**

LCA will continue to advocate for the industry on matters that keep the most efficient and environmentally friendly form of transportation in operation on the Lakes; focus on implementation of the 2018 “wins;” remain involved, supportive, and active with partner organizations such as the Great Lakes Maritime Task Force, American Maritime Partnership, Great Lakes Seaway Partnership, Great Lakes Commission, Thunder Bay National Marine Sanctuary, Great Lakes Panel on Aquatic Nuisance Species, the Great Lakes and St. Lawrence Governors and Premiers, and American Great Lakes Ports Association; and, as always, *keeping the safety of the mariners first and promoting the environmental and economic benefits of maritime shipping in the Great Lakes.*

Jim Weakley  
President



**Did you know ....**

*On the Lakes:* Annually about 160 million tons of cargo, valued at \$15 billion, moves on the Great Lakes in commercial ships. The U.S.-flag Great Lakes fleet moves between 80 and 90 million tons of those cargoes on vessels as long as 1,000 feet and carrying more than 70,000 tons each trip.

**Commercial Great Lakes maritime trade creates:**

**147,464**  
U.S. jobs  
with **\$10.5**  
**billion** in  
salaries



**\$4.6 billion**  
local, state  
and federal  
taxes



**\$28 billion**  
regional  
business  
revenue



**\$35 billion**  
Great Lakes  
economic  
impact

**And did you also know ....**

*Through the Soo:* Each year about 76 million tons of cargo valued at \$5.8 billion, transits the navigational locks operated by the U.S. Army Corps' of Engineers in Sault Ste. Marie, Michigan requiring about 10,000 lockages of vessels upbound headed to ports in Minnesota, Wisconsin, the Upper Peninsula of Michigan, and Ontario and downbound loaded with cargoes such as iron ore, coal, and grain for the steel mills, power generation plants, and international destinations.

**Want to know more? Visit us online at: [www.lcaships.com](http://www.lcaships.com)**

# The greatest ships on the Great Lakes

## Cargoes moved in 2018:

U.S.-flag lakers carried 83.7 million tons of cargo, slipping 2.3% compared to 2017. Iron ore cargoes totaled 45.8 million tons, just about even with 2017 but were up 4% over the 5-year average. That the iron ore cargoes pulled even with 2017 is noteworthy; the delays that resulted from heavy ice in March and April had the trade 16% off 2017's pace at the end of April.

In fact, U.S. and Canadian Coast Guards continued to break ice in Whitefish Bay at the eastern end of Lake Superior and the St. Marys River that connects Lake Superior to the lower four Great Lakes into May of 2018.

December was a strong finish to 2018 with ore, limestone, and coal all up over 2017 at 16%, 31%, and 19.5%, respectively.

After the Soo Locks closed in mid-January 2019, the U.S. fleet headed to winter layup for \$70 million worth of maintenance and upgrades to their vessels in shipyards throughout the Great Lakes.

For complete monthly and annual cargo data, visit us online at:  
[www.lcaships.com/reports](http://www.lcaships.com/reports)

# 2018

U.S.-flag Dry-bulk Tonnage Shipped on the Great Lakes

Iron Ore  
45,804,433

Limestone  
21,961,050

Coal  
11,816,332

Cement  
2,933,346

Salt  
460,577

Sand  
493,128

Grain  
259,745

**TOTAL**  
**83,728,611**





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