

**STATEMENT OF JAMES WEAKLEY,
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SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION
OF THE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
Friday May 29, 2020**

“The Status of the U.S. Maritime Supply Chain During the COVID-19 Pandemic”

The below testimony for the record focusses on questions posed by Congressman Gallagher (R-WI) and directed towards Jennifer Carpenter, President of American Waterway Operators during the May 29, 2020 “Hearing on The Status of the U.S. Maritime Supply Chain During the COVID-19 Pandemic.” Specifically, they address two single points of failure faced by Great Lakes Shipping: the U.S. Coast Guard Cutter *Mackinaw* and the Army Corps of Engineers’ locks located in Sault Ste. Marie, Michigan (Soo Locks).

Since 1880, Lake Carriers’ has represented the U.S.-flag Great Lakes fleet, which today can move more than 90 million tons of cargos annually that are the foundation of American industry, infrastructure, and energy: iron ore, stone, coal, cement, and other dry bulk materials such as grain, salt, and sand. Now more than ever, the economic recovery and our national security depend on a reliable and resilient Great Lakes maritime transportation system that stretches over 1,600 miles from Duluth, MN to the Saint Lawrence Seaway.

Great Lakes Icebreaking

The USCGC *Mackinaw* (WLBB-30) is the only “heavy” icebreaker operated by the U.S. Coast Guard on the Great Lakes. When the locks at Sault Ste. Marie (Soo Locks) opened on March 25, 2020, the *Mackinaw* was the only icebreaker assigned to Whitefish Bay, above the Soo Locks in Eastern Lake Superior, to assist Lakers exiting winter maintenance shipyards and sailing to loading ports. In one of the mildest ice seasons since 1973, the first commercial vessel to transit the Soo Locks, the *H. Lee White*, became beset in the ice because the *Mackinaw* alone could not cover the large area and did not escort the *H. Lee White* to the ice edge.

Had *Mackinaw* been unavailable due to a maintenance issue or a COVID-19 outbreak, the situation would have been much worse, if not catastrophic. The remaining USCG fleet of much less capable icebreaking tugs and buoy tenders could not have replaced the capability of the *Mackinaw*. We badly need a second icebreaker as capable as the *Mackinaw* in the Great Lakes, both for system resiliency and to meet the current needs of commerce. The U.S. Coast Guard does not have the resources to adequately manage more than one heavy ice area at a time. Heavy ice conditions on the Great Lakes typically occur in Whitefish Bay, Duluth/Superior Harbor, the St. Marys River, the Straits of Mackinac, the Detroit/St. Clair River, the Western Basin of Lake Erie, and Buffalo, NY.

During three out of the past six years, the U. S. Coast Guard has been unable to keep Great Lakes waterways consistently open to commercial navigation when ice challenges commercial vessel traffic. The ice season typically runs from December through April when 15 percent of Great Lakes tonnage is moved, replenishing stockpiles of important materials for the U.S. economy. From January 15th to March 25th each year, the Soo Locks and most of our vessels enter a winter maintenance period. We need to ensure that customer commodity stockpiles can last through the outage and replenish them when vessel traffic can again move. During the winters of 2014 and 2015 the U.S. economy suffered losses of over \$1 billion and 5,800 jobs because of this lack of effective Great Lakes icebreaking. In 2018, another \$1 billion and 5,000 jobs were lost due to inadequate icebreaking on the Great Lakes.

The U.S. Coast Guard simply does not have enough icebreaking resources on the Great Lakes to be able to maintain the 1,600 miles of open lake, connecting waterways, and rivers. In 1979, the U.S. Coast Guard operated fourteen icebreakers on the Great Lakes. Now, in 2020, that fleet has dwindled to nine. Not only has the quantity of the icebreaking fleet diminished, so has the capability as smaller icebreakers replaced larger, more capable ships. More than half of the U.S. Coast Guard Great Lakes icebreaking fleet also has buoy tending duties, which often conflicts with the icebreaking mission at the beginning and end of ice seasons. This has put a strangle hold on vital winter commerce, endangered sailors, sliced open ships, grounded vessels and weakened the U.S. economy. Coast Guard icebreakers are also used for flood relief to break ice dams that form in rivers connecting or emptying into the Great Lakes. During this unprecedented period of high water levels, icebreaking resources will be stretched even thinner.

Congress has recognized that the U.S. Coast Guard is not adequately resourced for icebreaking on the Great Lakes and has twice authorized the construction of another icebreaker at least as capable as the current heavy icebreaker, *Mackinaw*. In addition, \$14 million has been appropriated to the U.S. Coast Guard to stand up an acquisition's program office focused solely on the procurement of another heavy Great Lakes icebreaker. Using the design of the *Mackinaw*, the project can begin immediately. In the first three to six months the design can be refreshed, shipyard planning can be completed, and long lead time equipment can be ordered. Steel cutting and fabrication can begin within one year after construction funding is appropriated. This "shovel ready" project can be built in the Great Lakes, with raw materials from the Great Lakes, and from steel milled in the Great Lakes. It will serve the Great Lakes region and our nation for generations. Construction of the icebreaker will likely create 1,044 jobs (350 direct shipyard jobs, 310 induced jobs and 384 indirect jobs). The project's estimated cost is \$162 million.

It is crucial that the U.S. Coast Guard is sufficiently resourced to perform the icebreaking mission on the Great Lakes. The U.S. Coast Guard needs additional icebreaking assets, including a heavy Great Lakes icebreaker, to ensure waterways remain open to meet the reasonable demands of commerce. This is even more important now as our nation's economy starts to recover from the pandemic. It would be devastating if that recovery was hampered because of the inability to move America's raw materials on the Great Lakes when they will be needed most. That could happen, if the demand for steel increases in the fall and winter before we have replenished the customer stockpiles. The situation could become dire if the spring resupply fails because of inadequate icebreaking next winter.

While the U.S. Coast Guard has cited performance measures that claim they are resourced adequately, those metrics do not reflect the requirement the U.S. Coast Guard is charged with by the executive order 7521 on domestic icebreaking, “to meet the reasonable demands of commerce.” The U.S. Coast Guard only reports to Congress the availability of what they call “Tier 1 waterways.” There are only four of them in the entire Great Lakes. They also only consider the waterway “restricted” if two vessels are simultaneously beset, the second because of the first, for twenty-four hours. Imagine being stuck on the highway because of snow and being told it doesn’t count unless another car is stuck with you for more than twenty-four hours. That is how the U.S. Coast Guard measures “the reasonable demands of commerce.” They simply measure what they are capable of doing based on existing resources. The Great Lakes Winter Commerce Act, H.R.5896, co-sponsored by representatives Gallagher (WI -08), Kaptur (OH-09), Dingell (MI-12) and Gibbs (OH-07) is a Great Lakes leap in the right direction. It defines “the reasonable demands of commerce,” codifies into law the Great Lakes icebreaking mission, creates reporting requirements, and gives clear Congressional direction to the Coast Guard on domestic icebreaking.

The COVID-19 pandemic economic impacts have been substantial to Great Lakes shipping. The demand for construction materials, including iron ore for steel production, has waned with mines and mills significantly reducing operations. However, these impacts are temporary and as the nation works toward recovery, we must focus on the most critical nodes of the supply chain to ensure the economy can rebuild efficiently and effectively. The Great Lakes are the heart of American industrial manufacturing, bringing jobs not only to the region but also to the nation. As the country rebounds from the economic hit of COVID-19, there will be increased demand for raw materials which are vital to rebuilding our economy and maintaining our national security. That demand may strike just as ice begins to clog waterways around the Great Lakes, slowing or even stopping the maritime supply chain and our economic recovery.

Sault Sainte Marie Locks

The navigational locks in the St. Marys River in Sault Ste. Marie, Michigan, the “Soo Locks,” are the second single point of failure of the Great Lakes commercial maritime trade. According to a 2015 Department of Homeland Security Study, “The Perils of Efficiency,” 11 million U.S. jobs and \$1.1 trillion in gross domestic product depend on the largest lock at the Soo, the Poe. Had the Poe Lock been unable to reopen for an extended period of time after its winter maintenance program, the impacts of COVID-19 on the North American supply chain would have been expedited and even more devastating. The Midwestern steel manufacturing plants would not have been able to resupply their iron ore stockpiles. Blast furnaces would have been banked. Automobile and heavy manufacturing’s raw material supply crisis might have preceded the impacts of COVID-19 and the drop in demand and economic activity.

The Poe was completed and opened for traffic in 1969. This lock heralded in a new era of Great Lakes shipping, allowing for the construction of the U.S.-flag 1,000-foot long self-unloading vessels, so called “footers.” These 13 footers revolutionized the Great Lakes supply chain for steel, energy production, construction, and a host of other business sectors reliant on the dry bulk cargos moved by water on the Great Lakes. These footers are the longest vessels in the U.S. commercial fleet and are as long as an aircraft carrier along the waterline. The footers

replaced anywhere from three to seven existing Great Lakes vessels each, and are each capable of carrying 75,000 tons of iron ore from the mines accessible only from Lake Superior, and therefore completely reliant on the Poe Lock. Over ninety percent of our cargo moves through the Poe. It is truly the single point of failure of the Great Lakes Navigation System.

Realizing this, Congress authorized in 1986 the construction of a new large lock to match the dimensions of the Poe to add redundancy to this vital economic artery. However, funds were not appropriated to construct the lock for decades. In 2007, WRDA reauthorized the new large lock at 100 percent federal cost share. The U.S. Army Corps of Engineers (Corps) was told to begin the process of design and construction. Unfortunately, the Corps balked and instead released a flawed cost benefit analysis claiming that the benefit-to-cost ratio was below 1.0. Industry, and many federal and state legislators, strongly disagreed and voiced their concerns that the Corps had rolled weighted dice to meet their purposes and not the public interest.

In 2016, the Corps relented and reevaluated the cost benefit analysis. This second time, with public inclusion, the construction and operation of a new large lock was found to be strongly justified and necessary for America's economic and security strength. The benefit-to-cost ratio nearly tripled. Design and construction would finally move forward.

The State of Michigan jumpstarted the new lock in 2018 for the Corps by infusing the project with \$52 million of their own funds. The Corps added some monies from their FY '18 discretionary work plan funds. In FY '19, the President, Congress, and again with the Corps' discretionary funds, the project was fully funded to the maximum extent that could be utilized. The Corps refers to this as "efficient funding." In FY '20, the President placed into his budget request \$123.2 million for this project. While substantial and greatly appreciated, this request falls short of efficient funding for FY '21 by \$50 million.

The project is moving forward. Deepening of the upstream approach channel began this spring. Design work on the lock chamber is nearing completion. Industry has been engaged to help and refine the design. Upgrades to bring the new lock into the 21st Century are being integrated into the design like hands free mooring that will mean that the entire Great Lakes and St. Lawrence Seaway will be one of the, if not the most, efficient inland navigation systems in the world.

With efficient funding, the project can be completed and the new lock opened in as few as seven years. This is a \$922 million critical U.S. infrastructure project. The Corps estimates that the project will create 1,240 jobs annually, including 600 direct jobs, 210 indirect jobs and 430 induced jobs. It will require more than 735,000 tons of domestically quarried construction stone, 35,000 tons of American-made cement and 20,000 tons of American-made steel. According to the Corps, the Great Lakes Navigation System creates at least \$3.9 billion in transportation rate savings. Without the second Poe-sized lock, the system lacks resiliency and is dependent on a single point of failure.

Conclusion

Resiliency of critical infrastructure in the Great Lakes maritime transportation system, including icebreaking assets and the locks in Sault Sainte Marie, MI, is paramount to the recovery of the U.S. economy and future overall health of our nation. We need a second *Mackinaw* class icebreaker and a second Poe-sized lock. Those are our two single points of failure before COVID-19 and today, so the sooner we complete these projects the safer our economy will be.