



SHOWTIME OR SHOWSTOPPER?

Short Sea Shipping in the Great Lakes Seaway System

Short Sea Shipping in the Great Lakes Seaway System offers many advantages that have long been acknowledged, yet have failed to materialize because of an inability to effect change in existing regulations and legislation. Growing congestion and a mandate from the National Freight Transportation Policy calling for the reduction or removal of statutory, regulatory and institutional barriers to improved freight transportation performance may have begun to change that situation.

The House Transportation and Infrastructure Committee Coast Guard and Maritime Transportation subcommittee recently held a hearing on Short Sea Shipping. Short Sea Shipping, defined as commercial waterborne transportation that does not transit an ocean, is essential. Why? Trade is increasing but with it, surface congestion. Undersecretary of Transportation Jeffrey Shane told Congress that "we expect the demand for both freight and passenger transportation to increase by about two-and-half times over the next 50 years."

Improved freight performance is just what several entrepreneurs in the Lakes see in Short Sea Shipping. The Great Lakes Feeder Lines, a new start up company, hopes to transship containers through the Seaway from Montreal, Quebec, to Canadian and U.S. ports. Hannah Marine is exploring carrying grain on tug barges through the Seaway to Wilmington, N.C. In addition, a great deal of interest has centered on cross-lake freight movement of trailers from Canadian to U.S. ports, an operation dubbed MarineLink.

Seaway Marine Transport, working with Armstrong Trade and Logistics Advisory Services and the Ports of Hamilton, Oswego, Maitland and Erie, seek to connect the marine and trucking modes by initiating a year-round cargo ferry service between the ports of Hamilton and Oswego on Lake Ontario and Ports Maitland and Erie on Lake Erie. Long-distance trucking is being compromised by hours of work legislation, border crossing delays, 24/7 gridlock, and

inability of government to build roads, bridges and border crossings fast enough because of the staggering costs. Cross-lake ferries like MarineLink can serve as a solution to these problems.

MarineLink calls for ferrying trailers (without drivers or the truck cabs) on a ro-ro vessel capable of carrying from 60 to 120 trailers per crossing, depending on the mix of 40-, 48- and 53-foot trailers. No public funding is involved. The taxpayer will benefit if it succeeds through more efficient service, reduced air emissions, lowered fuel imports, less road traffic and a lower road repair bill.

Why does so much traffic move by truck when maritime transport could be an alternative? A big reason for this is the Harbor Maintenance Tax (HMT).

About 70 percent of the \$580 billion annual commerce between the U.S.-Canada, the world's largest trading relationship, moves via trucks. Most traffic crosses at key border points, and two of the busiest are the Ambassador Bridge linking Detroit-Windsor and the International Bridge between Buffalo-Niagara Falls, Ont.

Why does so much traffic move by truck when maritime transport could be an alternative? A big reason for this is the Harbor Maintenance Tax (HMT). This tax on all cargo imported into the U.S. through commercial maritime navigation does not apply to cargo imported over land. Little wonder U.S.-Canadian shippers think pavement, not water, when taxes apply to the maritime sector.

It's noteworthy that since there is no appreciable Short Sea Shipping on the Great Lakes, the HMT produces virtually no revenue for the U.S. Treasury from this region.

Consequently, if the tax was removed or waived for Great Lakes Short Sea Shipping, there would be no appreciable loss of revenue to federal coffers.

The second barrier restraining development of marine options in the Lakes is the U.S. Customs and Border Protection (CBP) 24-hour advance notice required for cargo arriving by water. There is no question that advance notice of imported goods serves a vital national interest. To ensure adequate security at our borders, CBP has adopted a policy that requires shippers importing cargo into the U.S. to provide information on what they are importing prior to the shipment's arrival at a border crossing. In the case of a truck trailer, a shipper must provide CBP with advance notice of only one hour prior to arriving at the border crossing. For shipments moving by rail the notice requirement is two hours, but for a similar shipment moving into the U.S. via water, where there is no driver onboard, CBP requires at least 24 hours advance notice. While advance notice for imported goods is absolutely needed to protect our country, truck ferries cannot practically operate where 24 hours advance notice is required for waterborne commerce but not for other modes.

Only time will tell whether Short Sea Shipping's moment has arrived. We need to work cooperatively and innovatively more than ever to adapt today's changed economic challenges into prosperous opportunities. For a modal shift to occur here, changes must be made in the Harbor Maintenance Tax and the CBP 24-hour rule. No time is better than now. ■

COLLISTER "TERRY" JOHNSON, JR.
Administrator
Saint Lawrence Seaway Development Corporation