



## FUND IT, FIX IT, GROW IT

### Growing the Seaway with container service

**W**hen I took over the job as Administrator of the Saint Lawrence Seaway Development Corporation nearly three years ago, I tried to boil down our strategic plan for the Seaway into six words: "Fund It, Fix It, Grow It."

The "Fund It" part of the plan has succeeded. The "Fix It" part is underway. We now have in place an Asset Renewal Program consisting of more than 50 projects at a cost of approximately \$165 million which will rebuild and rehabilitate all Seaway assets over the next 10 years.

Now comes the hard part: "Grow It." Since its inception 50 years ago, the

er service between the Port of Hamilton and Montreal. This partnership between the port and McKeil Marine cleverly skirts some of the barriers that have impeded such service in the past:

- Tug/barge service avoids the 25 percent duty requirement that would apply to container ships under Canadian cabotage laws.
- Focusing on "heavy" containers relieves the railroads of cargo which they would prefer not to carry in the first place.
- By forming its own marketing company—Sea3—the port is better able to manage supply and demand.

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Seaway has been an essential and effective conduit for the transport of bulk commodities throughout the system. But times are changing. The recent economic crisis will probably produce structural changes in the industrial base of the Midwest. The old adage of "steel in-grain out" may not be as relevant for the Great Lakes Saint Lawrence Seaway System (GLSLS) as it was in the past. Shipment of bulk commodities tends to ebb and flow with the state of the economy. It is difficult to consider growth of a system which is dependent on the vagaries of the business cycle.

So how does the Seaway capture growth?

The first place to start is to focus on the one sector of maritime transport which is indisputably growing, and that is containers. Most experts predict that container traffic will continue to grow at roughly 7 percent per year (after recovery from the recent economic downturn). Is there an opportunity for the waterborne transport of boxes within the GLSLS?

One indication that this may be so is the recent initiation of tug/barge contain-

We here at the Seaway are spending an extensive amount of time conducting due diligence on the possibility of container service through the Seaway. There is no question that the obstacles are formidable, and the consensus of industry experts is that it will not happen.

But that is what they said to the Wright brothers. That is what they said to the people who predicted that smallpox could be eradicated in our lifetime. That is what they said to the folks who said that everyone in the world would be able to communicate instantly with anyone else using electrons.

By the end of this year, we hope to have answers to the questions surrounding container service within the Great Lakes Saint Lawrence Seaway System. ■

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