INCREASING TRADE

Trade Mission to Brazil identifies commodity flows and trade opportunities

The binational Trade Mission to Brazil that Dick Corfe, President and CEO of the St. Lawrence Seaway Management Corporation (SLSMC), and I led in early October left us and 17 industry executives with positive impressions of increased trade possibilities. Trade specialists increasingly talk about BRIC, an acronym standing for Brazil, Russia, India and China—as four countries leading the world in robust economic growth. I can vouch for the 'B' in BRIC as a nation that the Great Lakes Seaway ports will be doing more business with in the near future.

The choice of Brazil for the 2007 trade mission was a logical one. The largest economy in South America boasts a population of roughly 190 million consumers, with encouraging signs of middle class growth. Brazil is riding an economic wave that bears close attention. Its economy is supported by rich mineral deposits, robust agriculture and increasingly sophisticated manufacturing operations. Since the last Seaway trade mission here a dozen years ago, much has changed and the pace of business has increased exponentially. Our purpose in meeting with diverse businesses and government officials was simple: to increase trade into and out of the Seaway.

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The first segment of our trip began in Rio de Janeiro where we met with Companhia Siderurgica Nactional (CSN) and toured the Port of Itaquai to see steel slab export movements. Brazil is a world leader in steel slab production, and CSN is the largest fully-integrated steel producer in the country with an annual output of more than five million tons. The Association for Brazilian Flag Shipowners briefed us on an upcoming boom in shipbuilding primarily for cabotage service. We, in turn, educated the Association about the Seaway and its available capacity, 99 percent reliability rate and highly trained employees—all of which provide shippers with peace of mind that their cargo is in the hands of experts.

Four ports were represented on our mission. Delegations from the Port of Duluth, Toledo, Hamilton and Sept-Iles had opportunities to explain their strengths and experience in handling specific cargoes. Duluth expressed interest in potential kaolin imports from the Amazonian region into the Lakes. Toledo focused on cement and sugar. Hamilton expressed interest in increasing semi-finished steel imports and handling project cargo. Sept-Iles, Canada's top iron ore port, made contacts with iron ore producers, including the world's largest iron ore shipper, Companhia Vale do Rio Doce (CVRD).

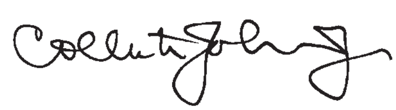
Brazil's reputation as one of the world's great storehouses of minerals and ores—gold, manganese, iron ore, copper, bauxite, coal, potassium and kaolin (China clay)—underscore its need for mining and construction equipment and parts. The United States is a major supplier of these products, and the Midwest is home to world renowned suppliers like Bucyrus, P&H and Caterpillar.

The trip to Sao Paolo, South America's largest city, included three days of meetings with port, agricultural and forestry industries. Delegates met with the Votorantim Group, which operates St. Mary's Cement and its four factories in the Great Lakes region. Toledo is eager to increase cement movement through its port.

One of the most interesting and potentially significant meetings occurred with the International Ethanol Trade Association (IETHA). With about 75 million people living within an eight hour drive of a Great Lakes Seaway port, the opportunity for low cost marine shipment of substantial quantities of ethanol to a region of high fuel consumption suggests the Great Lakes Seaway System may be a priority destination. Brazil leads the world in ethanol exports, and many market analysts foresee strong growth in this sector.

Other meetings included presentations by and to BRACELPA, the Pulp and Paper Association and Konlink International. Following the meeting with Konlink, it was announced that this company will ship bagged sugar to the Lakes in the near term. The delegation's last day involved a tour of the nation's largest port, Santos, where members viewed and were briefed on operations at the Termag Fertilizer Terminal and Rodrimar Salt and Fertilizer Terminal. Brazil's interest in potash imports to spur even greater production of sugar cane (for ethanol), soy beans, wheat and corn were noted.

Only the coming months will tell the true value that this trade mission has reaped in terms of additional business, influential contacts and invaluable business leads. For now, it has convinced me that Brazil is intent on moving up from its third place ranking among Seaway customers. To make this happen, we need to redouble efforts in identifying U.S./Canadian/Brazil commodity flows and capitalize on the trade opportunities identified. ■



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