

The St. Lawrence Seaway: A Model of International Partnership and an Engine for Economic Growth

Duluth Rotary Club Duluth, MN - October 18, 2012

Craig H. Middlebrook Acting Administrator

Saint Lawrence Seaway Development Corporation - U.S. DOT

The St. Lawrence Seaway: A Model of International Partnership founded on...



... the primacy of Transportation Logistics



Prime Minister St. Laurent



President Eisenhower



Rotary International Scholarship Recipient 1984-85





The Unique Geography of the Seaway ...



... has produced a unique Binational Trade Corridor

- Integrated Vessel Traffic Control System
- Joint Seaway Vessel Inspections in Montreal
- Combined Ballast Tank Inspections
- Jointly issued Seaway Rules and Regulations
- Coordinated Infrastructure Reinvestment Programs
- Promote the GLSLS as a Single System/Market



A Vital Link to the Heart of North America

Strategic Location

Cost Effectiveness

Reliability



Strategic Location

- The Great Lakes St. Lawrence Seaway System is the largest inland waterway in the world and links the world's two largest trading partners.
- This maritime trade corridor stretches 3,700km/2,300m from Duluth to the Gulf of St. Lawrence.
- Over 150 million people reside within 8 hours of the GLSLS System.
- The region represents the commercial, industrial, and agricultural heartland of Canada and the United States.
- 80 percent of the North American steel production.
- 25 percent of the Canadian and 7 percent of U.S. agricultural output based in the region.
- The waterway lies at the heart of the most concentrated road and rail network in the world.



Seaway Snapshot

- Opened in 1959 52 Years of Operation
- 423m/681km long (Montreal Lake Erie)
- Annual Transits: 4,200 vessel transits from over 50 countries (2011)
- Bulk-Commodity System (Grain, Iron Ore, Steel)
- 2011: \$4.2 billion = value of cargo shipped through the Seaway

- 15 Locks (2 U.S. & 13 Canadian)
- Season: March to January
- Annual Tonnage: 38m tons (2011)
- Major Overseas Markets:
 N. Europe, N. Africa, S. America
- 1959-2011: 2.6 billion metric tons of cargo, valued at \$375 billion has moved through the St. Lawrence Seaway



A vessel transiting the Seaway crosses the international border 27 times between Montreal and Lake Erie.

2002-2011 Seaway Traffic: A Harbinger of the Overall Economy





The Economic Impacts of the Great Lakes – St. Lawrence Seaway System



Transporting over 164 million metric tons & saving shippers \$3.6 billion in transportation costs every year

Great Lakes-Seaway Navigation System Economic Impacts — 2010 (USD)

	In the United States	In Canada	Combined Economic Impact
Employment (Direct, Induced and Indirect)	129,000 jobs	98,000 jobs	227,000 jobs
Economic Contribution (Business Revenue)	\$18.1 billion	\$15.4 billion	\$33.5 billion
Personal Income (Wages & Salaries)	\$9.7 billion	\$4.4 billion	\$14.1 billion
Federal Taxes State/Provincial and Local Taxes	\$1.7 billion \$1.0 billion	\$1.3 billion \$0.6 billion	\$3.0 billion \$1.6 billion
Total Taxes Paid	\$2.7 billion	\$1.9 billion	\$4.6 billion















(total U.S. 203,325,000)

PORT of DULUTH-SUPERIOR Economic Impacts

Exhibit II-1	Economic Impacts of the Port of Duluth-Superior	Y.
Jobs		6600
Direct		2,985
Induced		5,755
Indirect		2,770
Total		11,510
Personal Incor	ne	
Direct (1,000)		\$142,662
Re-spending / Local consumption (1,000)		\$325,854
Indirect (1,000)		\$77,186
Total (1,000)		\$545,701
Business Revenue (1,000)		\$1,489,809
Local Purchases (1,000)		\$146,280
State Taxes (1,000)		\$58,117
Federal Taxes (1,000)		\$98,226
Total Taxes (1,000)		\$156,343
Note: Totals may	not add due to rounding	





Commodity Tonnage Handled for Minnesota (total 30,160,000)







Commodity Tonnage Handled for Wisconsin

(total 33,241,000)

Strategic Location

- Iron ore, coal, grain, steel and stone aggregate are still the primary Seaway cargoes (94 percent).
- However, increasingly high-value **project cargoes** are transiting the Seaway due to the energy and mining industries.
 - Wind components (turbines, towers, blades, nacelles)
 - Hydrocrackers, pressure vessels, generators
 - Pipe (oil and gas)
 - Mining and construction machinery
 - Train locomotives
- Import-export cargoes are changing routes to reflect global resource needs:
 - Minnesota/Michigan iron ore to Quebec for transhipment to China
 - Coal exports to Europe reflecting Ontario move to green energy
 - Steel exports to Macedonia
 - Seaway grain exports surge when Mississippi River high water/barge rates peak



Fastest Growing Cargo Sector



North Dakota



UNITED STATES ANNUAL AVERAGE WIND POWER

The "Saudi Arabia" of Wind

Cost Effectiveness







Overall, the GLSLS offers shippers an average savings of \$14.80/ton in transportation and handling charges compared to the next-best, all-land transportation alternative. For the [annual] period reviewed, the GLSLS System saved shippers a total of \$3.6 billion [U.S.] in transportation and handling charges that they would otherwise have incurred had they used other modes of transportation. (updated in 2009)



267 TRAIN CARS

Cost Effectiveness



0.14 MILE



1,153 LARGE SEMIS



Reliability

- Despite a harsh climate, the Seaway has an unparalleled reputation for reliability.
- 99.5 percent availability rate in 2011.
- 99.6 percent availability rate in 2012 (through Sept.).
- Due to a rigorous maintenance program, vessel incidents and infrastructure malfunctions are extremely rare.



The Asset Renewal Program

A Serious Commitment to Reinvesting in the Seaway's Infrastructure

52 Projects -- \$172,000,000

2009-2018







An Unprecedented Infrastructure Recapitalization

Since the ARP began in 2009, the President and the Congress have agreed to more than double the SLSDC's annual budget.

- Average SLSDC Budget 2004-2008: \$15.9 million
- Average SLSDC Budget 2009-2012: \$32.2 million

Annual Appropriated Funds for ARP Projects

- Fiscal Year 2009: \$17.6 million for 21 projects
- Fiscal Year 2010: \$16.3 million for 25 projects
- Fiscal Year 2011: \$15.7 million for 20 projects
- Fiscal Year 2012: \$15.6 million for 23 projects
- Fiscal Year 2013: \$16.0 million for 28 projects

(President's Request)



Reliability – Carrier Fleet Renewal

Canadian Laker Fleet Renewal

Canada Steamship Lines (Trillium Class Vessels)



Algoma Central Corporation (Equinox Class Vessels)





International Fleet Renewal

Fednav Ltd.



Canfornav, Inc.



Leverage the Seaway's Strengths

- Strategic Location
- Cost Effectiveness
- Reliability







Thank You !

Many of the reports and other data sources mentioned in this presentation can be found on the Seaway's website:

www.greatlakes-seaway.com





Craig H. Middlebrook Saint Lawrence Seaway Development Corporation U.S. Department of Transportation