

**ADMINISTRATOR BETTY SUTTON
REMARKS FOR
INTERNATIONAL LONGSHOREMEN'S ASSOCIATION
WINTER MEETING
TAMPA, FLORIDA
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Introduction

- Good morning. It's a pleasure to be here today at your winter meeting. Thank you, John, for the invitation. You are all my long-time friends and I feel right at home.
- I have known John Sr. for many years and have such high esteem for him and for the ILA and the hardworking longshoremen they represent.
- John has been a supporter of SLSDC trade promotion programs since the early 1980s and is such a pillar of the Great Lakes St. Lawrence Seaway community.
- Over the years, John has made so many important contributions to the viability of our entire Seaway System and I just want to thank him and acknowledge his efforts and his dedication.
- I appreciate this opportunity to share with you my thoughts about the Great Lakes St. Lawrence Seaway System today, and about where I think we can take it in the future.
- I believe it is time to feel encouraged about the Seaway System and about the Great Lakes commercial maritime sector.
- Why do I say that?
- I've been the U.S. Seaway Administrator for about seven months now, and as I have traveled throughout the lakes and the system,

I've seen the dynamic workings of this industry, the commitment of so many individuals such as you Great Lakes ILA members, and the optimistic spirit of our stakeholder community.

- And yet there is so much untapped potential.
- The theme of President Obama's State of the Union address last month was "Opportunity for All."
- Well, I like to call our Great Lakes region the "Opportunity Belt" because there is so much opportunity still awaiting us.
- I've spent a good deal of time visiting with our own stakeholders and with our Canadian partners and shipping community, with representatives of both countries' fleets, with organizations and industries served by Great Lakes/Seaway vessels, and with officials from government agencies and non-governmental organizations.
- I've tried to visit and tour as many of our System's ports to see firsthand how their ingenuity and resourcefulness are at work every day keeping our Great Lakes Seaway System strong and growing.
- In a short time, I have gained an appreciation of how important relationships and partnerships are in the Great Lakes Seaway System.
- I marvel at how closely two countries can work together to operate and maintain this large and complicated international waterway in a safe and seamless manner.
- More people need to know this, and not just in Washington. I think we need to do more to educate the general public about the

importance and the efficiencies of using the marine mode to move goods.

- We all need to be leaders in this regard.

Seaway as an economic driver

- The Great Lakes-Seaway System is a key driver of both the U.S. and Canadian economies.
- It supports the economic health of North America's industrial heartland and a consumer market of more than 100 million people.
- Electric utilities, steel mills, construction companies, mining companies, manufacturers, and farmers all depend on the 164 million metric tons of cargo delivered by Great Lakes vessels every year.
- I'm sure most of you are already familiar with the infrastructure investments, technological innovations, and new ships that are transforming the Seaway.
- I'd like to address the economic development side of the Great Lakes Seaway System – the emerging market opportunities that are positioning our waterway for future growth.
- The resurgence of manufacturing and energy development – both renewable and traditional energy – are transforming the North American landscape.

- The Seaway is uniquely situated to support both of these major developments to the benefit of this entire region.
- With half of Canadian manufacturing and one-fifth of U.S. manufacturing based in our region, the Great Lakes-St. Lawrence Seaway is closely aligned with manufacturing trends.
- Without the Seaway providing entrance to the interior of North America, the steel necessary for our manufacturing centers would have to travel a less direct and much longer route to its destination, and costs would rise. Those costs would then be passed on to the consumer.
- It will be a priority of mine to work with all Great Lakes Seaway System ports, with the ILA, with terminals, carriers, and with other stakeholders to promote and advance new and innovative economic development programs focused on increased trade and job creation.
- The Seaway has lots of spare capacity. We are a waterborne HOV land and I will be working to increase utilization of the Seaway System.

New market opportunities and the energy revolution

- Our users are always looking for new market opportunities, and they've been successful in finding them.
- There's a lot of creativity out there!

- Last fall, the Port of Cleveland announced a new nonstop direct Express Ocean Freight Service to begin in April that will run between Cleveland and major European ports.
- I guarantee you'll be hearing a lot about the CEE-Way, that's C-E-E Way, for Cleveland Europe Express. The SLSDC has been assisting the Cleveland Cuyahoga County Port Authority with administrative and logistical details as we approach the maiden inbound voyage of this service April 9.
- The Cleveland Europe Express will transport high value containerized and breakbulk cargo between the port of Cleveland and Antwerp, Belgium on a Dutch Spliethoff vessel with service set for at least one run a month and options for doubling if traffic is found.
- Businesses are always looking for ways to be more competitive and to gain an edge in the global market; this new service will help companies do this by moving their goods and supplies faster, cheaper, and greener.
- And it will increase utilization of the Seaway System - providing new economic development opportunities, and jobs, throughout the region.
- This is just one example of capitalizing on opportunity.
- The future holds exciting new possibilities for the Seaway System!

- The Great Lakes region is at the epicenter of a radically changing energy landscape, and the Seaway will play a key role in the transportation decisions accompanying these changes.
- While iron ore, coal, grain, and steel still rule the tonnage roost, high value project cargoes are increasingly entering the System in the energy and mining industries.
- And many of the ports on our bi-national system handle components for the wind industry. The Seaway makes that possible.
- On another energy front, I don't think a day goes by that you don't see a headline about the shale gas revolution that is catalyzing the manufacturing industries.
- The development of shale gas resources is proving to be pivotal to North America's manufacturing expansion and "reshoring" movement.
- The Great Lakes region possesses the manufacturing resources, skilled workforce, and world-class transportation infrastructure to be a significant player in this energy transformation.
- Commercial navigation stands to benefit from these developments in a number of ways.
- As the essential part of the logistics chain supplying the energy industry with the components needed for the exploration and development of oil, gas, and wind, commercial vessels – and those skilled workers that load and unload this specialized equipment – will benefit directly from the continued growth of this sector in the Midwest.
- Furthermore, the energy revolution means cheaper and more secure energy to revitalize manufacturing in the region.

- When energy costs come down, manufacturing industries that rely on large amounts of energy can reduce their production costs.
- As products manufactured in the Great Lakes region become more price attractive, they will increasingly find their way to world markets in the cargo holds of commercial ships.
- It also means better environmental performance, as more vessels begin to utilize gas and thereby reduce their emission of greenhouse gases.
- Let's take a moment to look at the marine industry's environmental performance because we really do have something to talk about here that is important to the general public...
- ...and the general public needs to know about it!

Environmental benefits of the marine mode

- Marine shipping is the most energy efficient mode of transportation. Let me share three illustrative facts...
- Great Lakes ships can carry vast amounts of cargo long distances and use significantly less fuel than both trains and trucks. On average, vessels are **7 times** more fuel-efficient than trucks and **1.14 times** more fuel-efficient than trains.
- Ships also have the smallest carbon footprint compared to trucks and trains. Rail and trucks would emit **19 percent** and **533 percent** more greenhouse gas emissions respectively if the three modes carried **the same cargo, the same distance**.

- And lastly, if we were to eliminate Great Lakes shipping and move all the cargo currently handled by Great Lakes vessels – an additional **7.1 million truck trips** would be required. The resulting additional highway maintenance costs are calculated to be **\$4.6 billion** amortized over a 25 year period.
- Think about that number in terms of our already over-crowded highways.

Safety Performance of the Marine Mode

- The safety record of the marine mode is a critical component of why water transport is desirable over land-based alternatives in certain circumstances.
- Goods and commodities are going to move; the question is HOW are they going to move?
- Moving them safely and efficiently on the water is often the best alternative for the environment, and for consumers.
- Compared to other ways of transporting goods, shipping is the absolute clear leader in terms of public safety.
- These facts are going to be documented in a new study to be released next week that will confirm the safety aspects of marine shipping.
- We need to keep working to get the word out about our vast maritime resources, to keep communicating how important those resources are to economic development, and to keep telling our good story of safety, efficiency, and cost-effectiveness.

2014 Navigation Season Outlook

- As we look ahead to the 2014 shipping season, I believe it will be a good one for the binational waterway as the U.S. and Canadian economies continue to strengthen.
- The success of the new CEE Way liner service in Cleveland will be a tremendous boost for the entire Great Lakes - St. Lawrence Seaway System.
- Wind components look to rebound smartly after a difficult year last season with most of the activity headed to Ontario and Great Plains states.
- Much of the Canadian grain bountiful harvest last year was delayed due to weather and inadequate rail car availability; vessels will begin to move wheat through Seaway locks to Quebec ports early this spring.
- Another good piece of news is that Congress has addressed Great Lakes dredging needs in legislation that is expected to be signed into law very soon.
- The Water Resources Reform and Development Act is in final House/Senate conference negotiations.
- This bill, for the first time ever, treats the Great Lakes as a 'system'. This will allow the Army Corps of Engineers to provide more money for dredging (from the Harbor Maintenance Trust Fund) for Great Lakes ports, big and small.

- It is a much more equitable allocation of dredging money for our Great Lakes ports, helping to assure we aren't shortchanged in the future.
- In addition, both the U.S. and Canadian Seaway Corporations are continuing with our programs to rehabilitate and modernize our lock and channel infrastructure.
- On the U.S. side, we are about half way through what is expected to be a 10-year Asset Renewal program.
- The 61 projects included in the long term plan are estimated at \$190 million and address various needs for the two U.S. Seaway locks, the Seaway International Bridge connecting Ontario and New York, maintenance dredging, operational systems, and Corporation equipment.
- Last year, we spent \$14.2 million on this work and it continues even now, around-the-clock, as we prepare to open in just two weeks.
- Likewise, the Canadian Seaway has spent \$270 million over the last five years and is projected to spend another \$400 million in the coming years on infrastructure and new technologies.
- Together, when both programs are finished, both Seaway organizations will have spent over $\frac{3}{4}$ of a billion dollars on renewing and modernizing our infrastructure – a sizable investment in any context.

- And also a signal by the U.S. and Canadian governments of a long-term public commitment to Great Lakes Seaway shipping.
- In fact, President Obama recently outlined his vision for investing in America's infrastructure with a \$302 billion, four year surface transportation reauthorization proposal.
- His plan includes a new, \$10 billion multimodal freight grant program for rail, highway and port projects to strengthen American's exports and trade.
- At the same time, Transportation Secretary Anthony Foxx announced that \$600 million will be made available to fund transportation projects around the country under the latest round of DOT TIGER grants. (Transportation Investment Generating Economic Recovery)
- This funding presents an opportunity for governors, mayors, and other local leaders to partner with the federal government to help improve the nation's road, rail, transit, and port systems, as well as multi-modal projects that connect these varying types of transportation modes.
- Funds are going to be made available to specifically support regional transportation planning, including freight and port planning.
- Demand for TIGER funds has been overwhelming, but those of us in the Great Lakes can and should be applying for these grants that can make a big impact in our region.

Conclusion

- All of this gives me reason to be encouraged and optimistic! Wouldn't you agree?
- The facts and figures I've mentioned are impressive, but alone, they can't tell the whole story of the importance of the maritime industry and the potential of our binational waterway. We also need to do that.
- If more people understood, really understood, how vitally important the Great Lakes Seaway System is to their standard of living and quality of life, we would be in an even stronger position today to realize the potential of our waterway.
- This is a role that I view as one of my major priorities - raising the profile of the Great Lakes Seaway System and elevating the role of maritime transportation.
- I will be working to promote the importance and advantages of Great Lakes commercial shipping to regional public officials, other stakeholders, and prospective users of the Seaway System in an effort to increase awareness, seek inclusion in state transportation freight plans, and generate new commerce throughout the waterway.
- The new ships, technology innovations, infrastructure investments and environmental advantages of shipping ensure that we are poised for a bright future.
- With reference to the Great Lakes area, the May 2013 Bank of Montreal Special Report noted: "...the region accounts for 28

percent of combined U.S. and Canadian economic activity. By comparison, the region's output ranks ahead of Germany, France, Brazil, and the United Kingdom, and it would rank as the **fourth largest economy in the world if it were a country**, behind only the U.S., China, and Japan. Quite simply, the economic importance of the region can't be overstated."

- I know we'll all be working closely to keep our maritime industry strong and always moving forward.
- With all of you, I look forward to a safe and successful navigation season.
- I will be happy to answer any questions you may have.