Hamilton Chamber of Commerce
St Lawrence Seaway

Issue:

Transport Canada and the U.S. Transportation Department signed a Memorandum of Cooperation on May 1, 2003 to promote the concept and benefits of short sea shipping and by extension ensure the ongoing success of the Great Lakes and St. Lawrence Seaway transportation system. Specifically, the document further enhanced bi-national collaboration on a comprehensive transportation study of the Great Lakes St. Lawrence Seaway waterway.

Background:

An opportunity exists to promote this study and pursue the benefits of increased trade as a result of the marine mode viability becoming further enhanced by the potential introduction of year round operation. At the outset the St. Lawrence Seaway Management Corporation (and its US counterpart the St Lawrence Seaway Development Corporation) should achieve coordination with the U.S. Corps of Army Engineers (USACE) run Sault Ste Marie locks which consistently open March 25th with operations continuing through January 15th each Navigation Season. Discussion is underway to extend the Canadian Season through January 7 at present with closure still approaching calendar year end.

The Great Lakes St. Lawrence Seaway System represents the world's largest inland waterway stretching some 3,700 Km inland. Over 150 million people live within an eight hour drive of a major port within the system, representing 45% of the combined U.S. / Canadian population.

The St. Lawrence Seaway's 2006 navigation season concluded on December 30th, capping an excellent year. Seaway traffic amounted to a total of 47.2 million tonnes, an 8.9% increase over 2005 results, and the best performance since 1999. Strong volume within the traditional bulk and break-bulk markets was complemented by a series of new and diversified cargo movements, partially due to short sea shipping activity.

Market development efforts, centered on the Hwy H2O campaign, brought in over 540,000 tonnes of new cargo movements over the course of 2006, contributing over $1.2 million in incremental revenue. These results represent an approximate 100% year over year increase in the volume of new cargoes coming into the Great Lakes / Seaway System, pointing to excellent momentum within efforts to attract new shippers to the system. Prospects for 2007 look strong, as the marine mode's un-congested channels and reliability, proximity to key markets, low greenhouse gas emissions and superior energy efficiency increasingly weigh in on decisions taken by logistics professionals.

On May 23, 2001, the Coastwise Coalition, testifying before the U.S. House Transportation and Infrastructure Committee's Subcommittees on Coast Guard and Marine Transportation quoted DRI-McGraw Hill, predicting growth in International Trade to North America will see an increase of 200 to 300% by 2020. Containerized

trade alone is expected to grow 100% by 2010 translating into an additional 11,000 container arrivals per day on each coast! Congestion on the road systems is predicted to add another tractor/trailer combination every 270 yards between Boston and Miami if other options are not identified and successfully developed to alleviate the predicted congestion.

Within the Seaway's existing locks and channels, the potential exists to accommodate a further increase of over 60% in cargo volumes. The future points to a Great Lakes / Seaway System - 'Hwy H2O' - playing a key role as a complement to heavily congested road and rail links within the intermodal cargo network.

The Seaway, an engineering marvel at its inception in 1959, is today yet again on the vanguard of technology. Improvements underway include the testing of a hands-free vessel mooring system, a vessel self-spotting system to enable crewmembers on the bridge to precisely judge their approach into a lock, and a sophisticated 3D charting system that provides an accurate model of the channel bottom, with the potential to enhance navigation and available vessel draft. The promise of these advancements, combined with satellite guided navigation (via AIS technology) instituted in 2003, makes the Seaway the most dependable transportation artery within the province, with a stellar uptime rating of 99.63% recorded over the course of the 2006 season.

With a navigation season that coincides with seasonal peaks in North American freight volumes, the St. Lawrence Seaway via short sea shipping holds the potential to greatly alleviate the congestion that is plaguing our road and rail systems. Given the superior energy efficiency of the marine mode on a tonne/mile basis and the potential to lower greenhouse gas emissions, short sea shipping is being examined by a number of retail chains. An added advantage to short sea shipping is the diversification of the supply chain, adding increased resiliency to a corporation's logistics network to guard against disruptions.

Marine commerce on the Seaway / Great Lakes is a key pillar within the North American economy, contributing more than $6 Billion annually in GDP and accounting for more than 65,000 direct jobs within the U.S. and Canada. Canadian flag vessel operators currently employ more than 3,000 Ontarians with annual payrolls exceeding $100M. Vessel operator expenditures within the Province of Ontario alone, including purchases and materials, exceed $350M annually. Downstream income and employment benefits from further development of the system is expected to generate an additional $400M in annual income, given total direct and indirect employment throughout North America increasing by some 8,000 jobs.

With increased awareness among the general population, and policy initiatives adopted to facilitate development of the Seaway's potential, the stated objective of alleviating congestion on the 401 is well within our government's reach.

RECOMMENDATIONS:

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Promote the Great Lakes St. Lawrence Seaway system potential with policy initiatives intended to consider utilization of the waterway for transportation of all commodities and particularly inter-modal traffic as an alternative to other modes.

2. Propose a cost sharing formula to work with U.S. administrators and the Canadian government providing contribution by Ontario toward the US$20M US Army Corps of Engineers Feasibility Study phase ensuring Ontario interests are considered in the next step in the Great Lakes St. Lawrence Seaway waterway review.
3. Provide appropriate funding to promote and develop this vital transportation resource and to establish its viability year round as a priority within all levels of government in order to secure the benefits the Great Lakes St. Lawrence Seaway system can provide industry and the citizens of Ontario into the future.