



STRENGTH IN NUMBERS

Although the beginning of the 2014 navigation season was not without its challenges coming off the harshest winter in 20 years, as the summer months have come and gone, we saw progressively increasing tonnage numbers and a great deal of activity at our U.S. ports. Here's a snapshot of what's been moving in the Great Lakes/St. Lawrence Seaway system and around the Lakes that accounts for this sustained comeback.

This season, the main growth commodities are general cargo, primarily iron and steel articles such as coil, plate and slabs, as well as aluminum and containers. For bulk cargo, growth has been in chemicals, liquid and dry, grain and salt.

Changes in power generation and auto production are affecting Seaway traffic. Rapid transition from coal to gas-powered generation is occurring in North America with most aging coal plants being replaced by new gas facilities delivering better environmental performances and fueled by abundant and cheap gas reserves. Integrated steel mills using coke are slowly being replaced by mini-mills so coal usage is dropping. Furthermore, auto production is rebounding from the 2008-09 recession and the CAFÉ standards coming into effect imply manufacturers will use more aluminum in vehicles to meet these standards. This is noteworthy because aluminum has been moved via barge from Quebec to U.S. ports including Oswego, Toledo and Detroit for almost a decade.

On another positive note, we are seeing ever-increasing shipments of high value cargo moving through the system. Historic shipments of 50 General Electric locomotives are moving through the St. Lawrence Seaway this season from the Port of Erie bound for the African country of Mozambique. This marks the largest project cargo operation in two decades at the port and is among the largest project cargo movements

in the system's history. The locomotives represent millions of dollars in value for the customer and hundreds of jobs for the Erie community. Other high value cargo being handled by Erie this summer includes a number of 180-ton electrical transformers arriving from The Netherlands and destined for use in upstate New York.

Cargo diversification is key to sustainable shipping. The new liner service at the Port of Cleveland is experiencing continued growth month over month, more than doubling its revenue in June compared to April and May. The Cleveland-Europe Express is drawing interest from new markets, now

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handling cargo from Iowa and adding shipments to countries in southeast Asia and the Middle East in addition to the European continent. At the Port of Toledo, diversified overseas trade in a number of inbound commodities such as sugar, pig iron and steel and outbound corn, soybeans and bulk materials has made for a positive difference this season. The growth of the Novelis automotive business in Oswego, New York has continued to fuel the growth of aluminum shipments through the Seaway, contributing to the diversity of the port's cargo base.

Project cargoes were the main story at U.S. ports in July. The Port of Muskegon is welcoming a number of shipments of wind turbine blades and nacelles from Germany.

The components are part of the second phase of the Beebe Community Wind Project in Gratiot County, Michigan.

The Port of Duluth is handling wind energy components as well. Since 2006, a total of 15 shiploads of wind energy equipment have crossed the Atlantic Ocean, sailed through the St. Lawrence Seaway and across the Great Lakes to Duluth.

At the Port of Indiana-Burns Harbor, total maritime tonnage through mid-summer was nearly 25 percent ahead of last year's volume with steel products leading the way. This bodes well as a sign of a strengthening regional economy, especially in the manufacturing sector.

Generally, salt, chemicals and steel are posting excellent tonnage numbers when compared to last year's figures. With regard to domestic laker traffic, iron ore shipments were up 12 percent in July and it was the best month for limestone tonnage in two years. Double the number of vessels from overseas countries as far away as Korea and Taiwan transited through the U.S. locks in July when compared to last year. Our ports handled high value cargoes including steel, wind components and machinery that arrived from 13 different countries.

Universally our ports and carriers believe the momentum will continue for the balance of the 2014 season. The Great Lakes/Seaway system exists because of and for economic activity. It is encouraging to see the steady upward trend and I look forward to a strong second half of the 2014 navigation season. ■

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