



THE LAKER



The 2022 Annual Report of the Lake Carriers' Association



THE FLEET – VESSELS (and tonnage)

American Steamship Company (ASC)
 Williamsville, NY

AMERICAN CENTURY (35,923)
 AMERICAN INTEGRITY (35,652)
 AMERICAN SPIRIT (34,569)
 BURNS HARBOR (35,652)
 INDIANA HARBOR (35,923)

Andrie LLC
 Muskegon, MI

G. L. OSTRANDER (tug)/INTEGRITY (barge) (7,755)
 SAMUEL DE CHAMPLAIN (tug)/INNOVATION (barge) (7,609)

Armstrong Steamship Company
 Williamsville, NY

WALTER J. MCCARTHY, JR. (35,923)

Central Marine Logistics, Inc.
 Griffith, IN

EDWARD L. RYERSON (12,170)
 JOSEPH L. BLOCK (14,955)
 WILFRED SYKES (11,701)

Great Lakes Fleet
 Duluth, MN

ARTHUR M. ANDERSON (12,341)
 CASON J. CALLAWAY (12,309)
 EDGAR B. SPEER (34,620)
 EDWIN H. GOTT (35,592)
 GREAT REPUBLIC (12,158)
 JOHN G. MUNSON (15,179)
 PHILIP R. CLARKE (12,341)
 PRESQUE ISLE (tug/barge) (24,199)

Inland Lakes Management, Inc.
 Muskegon, MI

ALPENA (8,018)

Interlake Logistics Solutions
 Ludington, MI

UNDAUNTED (tug)/PERE MARQUETTE 41 (barge) (3,982)

Lake Michigan Carferry Service, Inc.
 Ludington, MI

BADGER (4,244)

Port City Marine Services, Inc.
 Muskegon, MI

BRADSHAW McKEE (tug)/ST. MARYS CONQUEST (barge) (5,827)
 CAROLINE McKEE (tug)/COMMANDER (barge) (6,719)
 PRENTISS BROWN (tug)/ST. MARYS CHALLENGER (barge) (5,333)

Soo Marine Supply, Inc.
 Sault Sainte Marie, MI

OJIBWAY (53)

Soo Maritime Services
 Sault Sainte Marie, MI

BIDE-A-WEE (90)
 HIAWATHA (90)
 HOLIDAY (90)

The Interlake Steamship Company
 Middleburg Heights, OH

DOROTHY ANN (tug)/PATHFINDER (barge) (11,810)
 HERBERT C. JACKSON (12,292)
 HON. JAMES L. OBERSTAR (16,284)
 JAMES R. BARKER (34,728)
 JOHN SHERWIN (15,995)
 KAYE E. BARKER (11,949)
 LEE A. TREGURTHA (14,671)
 MARK W. BARKER (15,507)
 MESABI MINER (34,728)
 PAUL R. TREGURTHA (36,360)
 STEWART J. CORT (32,930)

VanEnkevort Tug & Barge, Inc.
 Escanaba, MI

CLYDE S. VANENKEVORT (tug)/ERIE TRADER (barge) (17,772)
 DIRK S. VANENKEVORT (tug)/MICHIGAN TRADER (barge) (16,664)
 JOYCE VANENKEVORT (tug)/GREAT LAKES TRADER (barge) (17,002)
 LAURA L. VANENKEVORT (tug)/JOSEPH THOMPSON (barge) (14,545)



LETTER FROM THE PRESIDENT

The 2022 season continued to be a pandemic rebound year for U.S.-flagged Great Lakes shipping. The passage of the Infrastructure Investment Jobs Act spurred an increase in construction and development nationwide, which somewhat translated into an increased need for the raw materials shipped on the Great Lakes Navigation System.

2022 started a little slow as shipments of iron ore remained down year over year, while other commodities rebounded nicely. We ended on a strong note to close out the season on full throttle up until January 15, 2023, when the Soo Locks closed.

In September 2022, The Interlake Steamship Company welcomed the *Mark W. Barker* to the fleet with a christening ceremony in Cleveland. It is the first conventional Laker built on the Great Lakes in nearly four decades and the first to meet EPA's Tier 4 emission standards. It also features other innovations to provide greater cubic carrying capacity and the ability to move project cargos like wind turbine blades.

The construction of the new, large lock in Sault Ste. Marie, Michigan, remained on track despite increased costs associated with inflation and other economic and workforce factors. The deepening of the upstream channel has been completed, and the contract for the new lock chamber has been awarded. The new cost estimate has almost tripled, but Congressional support remains strong to see the project to completion over the next seven years.

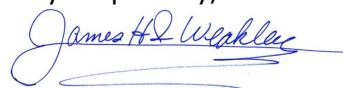
Once again, the winter ice caused delays to cargo shipments. LCA-represented ship captains reported delays waiting for icebreakers of more than three days in eastern Lake Superior in March and more delays in December in western Lake Erie and the Detroit River. Hope remains that the Great Lakes can be a reliable winter navigation route. The passage of the U.S. Coast Guard (USCG) Authorization Bill included significant legislation to improve the transparency of delays incurred by the shipping industry during the winter months, proposed better metrics, called for a Government Accountability Office study and authorized \$350 million for a new heavy Great Lakes icebreaker. It is time to provide the hard-working men and women of the USCG with the resources necessary to meet their mission mandates.

Another year passed without a final rule from the U.S. Environmental Protection Agency (EPA) on the regulations implementing the Vessel Incidental Discharge Act (VIDA). The impacts to vessels for ballast water treatment remain unclear as does the USCG enforcement posture. Further complicating this issue is Transport Canada's regulation of ballast water discharged by American-flag Lakers in the U.S. waters of the Great Lakes, if the ballast water originated in Canada.

This year, we welcomed Debra DiCianna, our new Director of Environmental and Regulatory Affairs. She not only filled the void created when Tom Rayburn sailed into retirement, she took the lead on this year's annual report. You might notice a new look and feel to the document. With her extensive experience in government, industry and environmental consulting, she provides our members with insight and expertise.

People, people, people remain the key to success. The maritime community is not immune to the labor shortage facing all industries. Sailors are the heart and soul running the ships that bring critical raw materials which fuel the North American industrial base. COVID-19 only spotlighted the importance of our critical workforce. Thank you to all the men and women who have kept commerce moving during a very challenging time. You are the pilot light of North American manufacturing.

Very Respectfully,



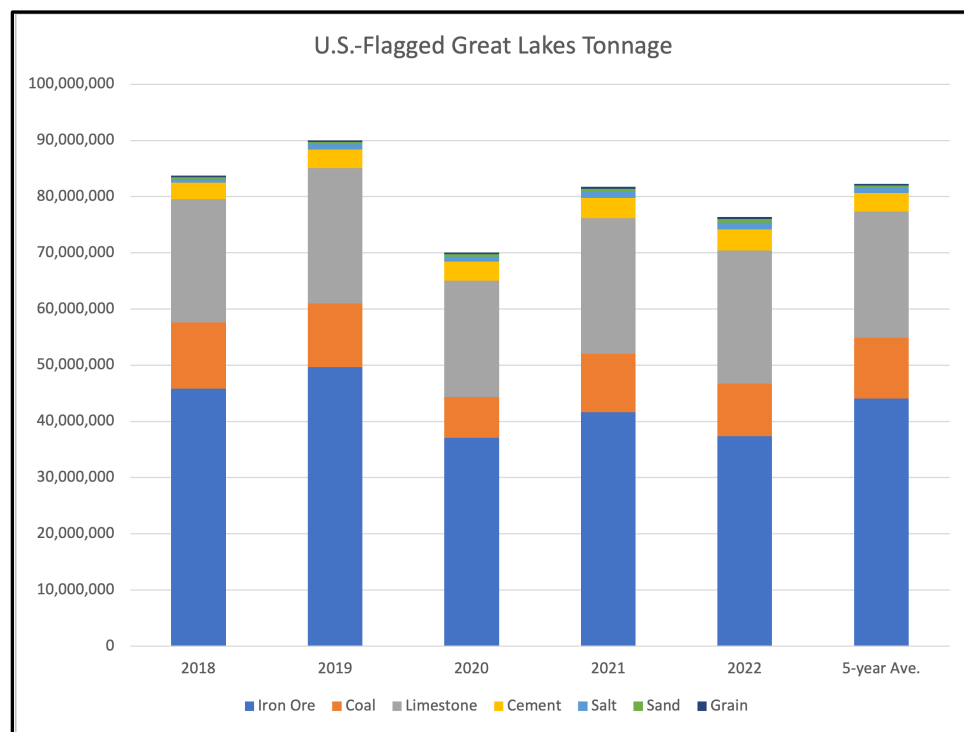
Jim Weakley

2022 CARGO TONNAGE

2022 was a challenging year. The U.S.-Flagged Great Lakes fleet moved 76 million tons of cargo in 2022, a 6.6 percent reduction when compared to 2021. The annual total reduced the fleet's 5-year average by 2.3%.

Shipments of sand significantly increased by 30.7%, while cement and salt shipments increased by 3.8% and 5.9%, respectively. However, shipments of all other commodities decreased in 2022. Iron ore cargoes totaled 37.4 million tons, down 10.2% percent from 2021. Coal was also down by 10.2%. Limestone slightly dipped 1.8% and salt cargoes were off by 5.9%. Grain shipments decreased 2.6%.

Commodity	2018	2019	2020	2021	2022	2017-2021 Average
Iron Ore	45,804,433	49,683,474	37,060,018	41,651,189	37,387,824	44,037,586
Coal	11,816,332	11,318,946	7,255,435	10,352,685	9,300,838	10,815,179
Limestone	21,961,050	24,086,722	20,694,823	24,141,410	23,704,683	22,487,427
Cement	2,933,346	3,288,509	3,441,467	3,612,012	3,748,705	3,291,594
Salt	460,577	923,476	866,354	1,162,396	1,230,538	896,128
Sand	493,128	413,040	411,165	500,055	653,695	438,605
Grain	259,745	289,728	314,849	366,154	356,503	293,561
TOTAL	83,728,611	90,003,895	70,044,111	81,785,901	76,382,786	82,260,080



RESILIENT NAVIGATION SYSTEM

Icebreaking

A two-pronged approach is underway to correct years of neglect to the USCG's domestic icebreaking mission. First, correct a lack of transparency surrounding the efficient movement of commercial vessels on the Great Lakes during the winter months. Second, add more resources to the USCG icebreaking fleet to ensure cargo moves efficiently, remove ice jams to prevent coastal flooding, and, most importantly, keep our sailors safe. We cannot continue to suffer the economic impacts and job losses associated with an unreliable marine transportation system stymied by an annual climate event...ICE.

A large success this year was the passage of the National Defense Authorization Act (NDAA) which contained portions of the Great Lakes Winter Commerce Act in the USCG Authorization Bill. It requires the USCG to comment on a Government Accountability Office (GAO) review of USCG reporting of icebreaking success or failures and the icebreaking fleet mix. The Bill also authorized full funding for construction of another heavy Great Lakes icebreaker. The bi-partisan legislation had broad national support led by the Great Lakes Congressional Delegation. In addition, the USCG fully supports the construction of the new icebreaker, which is a major step forward. The work to stop the flooding of homes and businesses or lost jobs and billions in economic activity is far from over with a USCG timeline for acquisition of the desperately needed icebreaker at 11 more years...we can do better!



Soo Locks

The new large navigational lock in Sault Sainte Marie, Michigan, remains the nation's most important infrastructure project currently under construction. Full funding for the lock was thought to be achieved in 2022; however, unanticipated cost increases have almost tripled the funding needed. The Water Resources Development Act (WRDA) of 2022 passed with provisions to authorize funding to a new level, and Congress is poised to see the project to completion.

The increase in cruise ships on the Lakes and the push to increase container cargo will continue to stress the locks. The current Poe Lock, the new Poe-sized lock, and the smaller MacArthur Lock are clearly needed for a resilient navigation system.



Soo Locks photo courtesy of Central Marine Logistics Facebook page.

INFORMED GOVERNMENT DECISIONMAKING

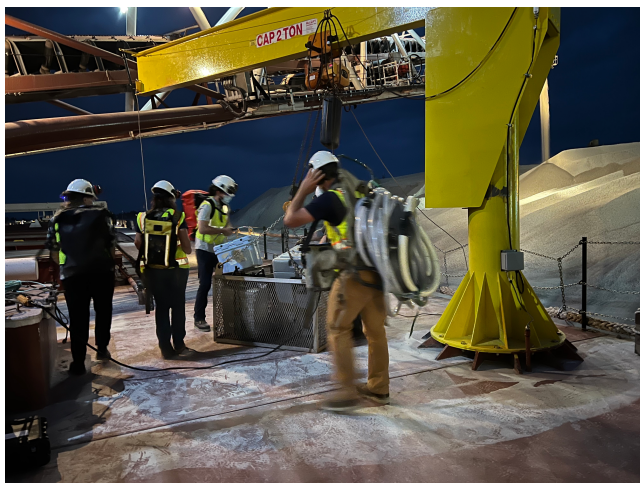
2022 has been a year of waiting, anticipating, and preparing for possible new requirements on the Great Lakes fleet. The U.S. EPA has not published the final Vessel Incidental Discharge National Performance Standards, but on January 19, 2023, U.S. EPA sent a mass email providing an update on the proposed Vessel Incidental Discharge National Standards of Performance. The U.S. EPA announced that it is developing a Supplemental Notice to the proposed Vessel Incidental Discharge National Standards of Performance. The goal of the Supplemental Notice is to provide clarification on the proposed rule, share new ballast water data received from the U.S. Coast Guard, and discuss regulatory options being considered for the final rule. The U.S. EPA plans to make the Supplemental Notice available for public comment in Fall 2023 and estimates that the final rule addressing comments will be published in Fall 2024. The U.S. EPA announcement further delays the USCG regulations implementing the standards until 2026 or possibly later.

Another issue is that the Federal Maritime Commission may not make a determination on the impacts of discriminatory Canadian requirements until the U.S. EPA finalizes Laker requirements for carriage of ballast water management systems (BWMS). Ballast water issues will continue to plague Lakers for some time.

LCA members and staff have been actively educating the U.S. EPA and other regulators as well as working with the Great Lakes Research Collaborative (GWRC) research projects to demonstrate problems with BWMS, the difficulty of operating BWMS on Lakers, and the impacts to Lakers' operation. Multiple visits occurred on ships, but no data has been made available.

Canada continued to attack U.S.-flagged Lakers in a new area by proposing new Marine Safety Management System Regulations that have the potential for costly impacts to Lakers.

In the air emissions area, the Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII) regulations entered into force at the beginning of 2023. On September 26, 2022, the USCG announced via the Coast Guard Maritime Commons blog that "vessels solely operating on the Great Lakes are not subject to Chapter 4" of MARPOL Annex VI. This action made Lakers not need to be concerned with these items – for the time being.



The COP26 Clydebank Declaration introduced the shipping world to a new term to respond to Greenhouse Gases emissions – "Green Shipping Corridors". The LCA is being proactive to ensure the concerns of Lakers are sufficiently considered by being the lead for the Blue Sky Maritime Coalition Great Lakes Green Shipping workflow.

The LCA continues to emphasize the importance of the Great Lakes fleet to the U.S. EPA and USCG to minimize regulatory burdens. We also oppose the unintended consequences of modal shift, resulting in increased pollution and greenhouse gas emissions.

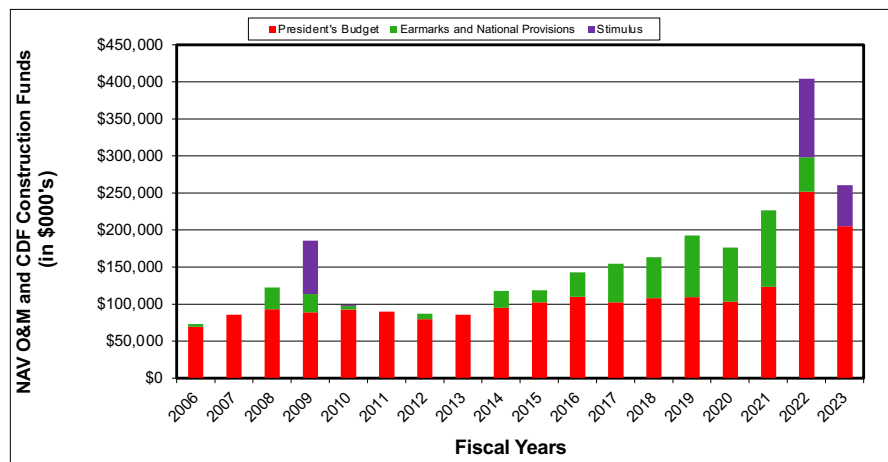
CONTINUED INVESTMENT

Continued Federal investment in dredging and navigation structures is a huge win for the Great Lakes Navigation System (GLNS). The graph below illustrates the progress made with U.S. Army Corps of Engineers funding and the release of funds from the Harbor Maintenance Trust Fund (HMTF), which is assessed by an ad valorem tax on the value of the shipped cargo.

Recognizing the value of bulk raw materials shipped on the Great Lakes is low, Congress took the necessary step to ensure a minimum of 13 percent of the HMTF would be distributed to the GLNS on an annual basis. This recognition illustrates the national importance of the Great Lakes maritime economy.

Although funding has reached a more palatable level than in years past, increased dredging costs associated with the necessity to place dredged material in designated areas will continue to stress the funds allocated. There will be a continuous need to maintain and supplement the funding to ensure waterways remain passable and efficient.

Great Lakes Navigation Funding History



WINTER MAINTENANCE - INVESTMENT

In the 2022 winter layup period, LCA members invested more than \$83 million in their vessels moored in New York, Ohio, Wisconsin, and Pennsylvania. The investments translate into jobs for hundreds of workers in these Great Lakes states.

- Wisconsin shipyards received \$41 million in work,
- Ohio \$37 million,
- Pennsylvania \$4 million, and
- New York \$1 million.

Work on vessels ranged from engine and navigation system upgrades to steel replacement on the hulls and decks. Iron ore hauled from Lake Superior ports by U.S.-flagged Lakers made into steel in Indiana, Ohio, and Pennsylvania, and then becomes part of the large self-unloading ships.

For over 140 years, the Lake Carriers' Association has represented the U.S.-flagged Great Lakes fleet. Our members move the iron ore that is the pilot light of America's manufacturing economy, stone and cement that build America's infrastructure, grain that feeds the world, and cargos that support the energy needs and economy essential to American prosperity.



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