



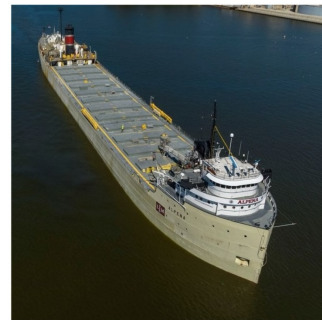
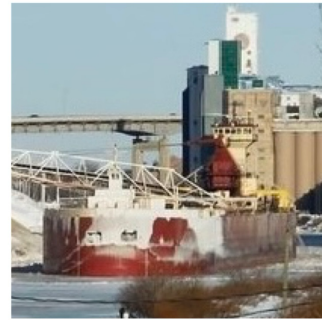
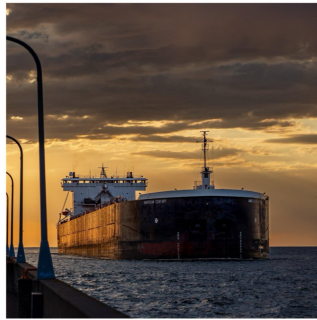
# THE LAKER



---

The 2023 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. VANENKEOVRT (tug)/MICHIGAN TRADER (barge) (16,664) JOYCE VANENKEVORT (tug)/GREAT LAKES TRADER (barge) (17,002)



# LETTER FROM THE PRESIDENT

---

2023 was a banner year for iron ore shipments on the Great Lakes. Despite early and numerous gale and storm wind events, early season shoaling in federal navigation channels and delays due to ice in late March, U.S.-flagged Great Lakes shipping companies pushed through with iron ore cargo numbers reaching the highest since 2019.

The economic importance of U.S. Great Lakes shipping was reinforced again this year with the July 2023 publication of *Economic Impacts of Maritime Shipping in the Great Lakes – St Lawrence Region* by Martin and Associates. The study found more than 147,000 jobs, \$26 billion in economic activity, and \$4 billion in taxes were tied to U.S. Great Lakes and Seaway shipping. The pilot light of North American manufacturing continues to be fueled by the U.S.-flagged fleet of Lakers and the men and women who expertly crew the vessels day in and day out.

While Great Lakes Navigation System infrastructure investment continues, costs have overwhelmingly risen with inflation, other market influences, and burdensome regulations. More powerful and frequent winter storms have caused significant shoaling along Lake Michigan and Lake Erie ports. Despite increases in U.S. Army Corps funding, the money only stretches so far and less is being done with more. Disposing of dredged material has, in some cases, increased by ten times causing some dredging projects to be canceled or delayed significantly.

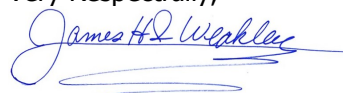
U.S. Coast Guard (USCG) icebreaking continues to limp along with several assets suffering casualties that have kept them at the dock during the height of ice, including the only heavy USCG icebreaker MACKINAW, which has not been mission capable in over a month. There is hope and the USCG has admitted they have a gap with icebreaking on the Great Lakes. The inclusion of \$55 million in the President's FY24 budget for construction funding for a new heavy Great Lakes icebreaker is a major step. However, the USCG still cites a 10-year construction timeline which is exactly the same as the construction timeline for the new large Soo Lock mega project.

The Soo Lock project continues to move forward with the largest phase of construction awarded for the lock chamber, which will begin in 2024. Due to major cost increases the contract award included options, which are not optional and must be funded. Any delay in funding will delay the completion timeline past the 2030 goal. Congress understands and continues to take steps to allocate the necessary appropriations.

The Vessel Incidental Discharge Act (VIDA) regulations still have not been finalized, which means another year of waiting for final guidance and two years after that for the USCG enforcement policy. LCA remains engaged and optimistic that VIDA regulations will be sensible and achievable for the most efficient and environmentally friendly mode of transportation for bulk cargo.

Finally, we continue to look for ways to streamline the process for mariner entry into the workforce and promotions in a reasonable time. USCG mariner credentialing is antiquated, which impacts sailor recruitment and retention. This year sea time requirements for Able Bodied Seaman advancement were cut in half through legislation. More needs to be done to expedite the issuing of credentials or U.S. shipping companies will lose more sailors.

Very Respectfully,



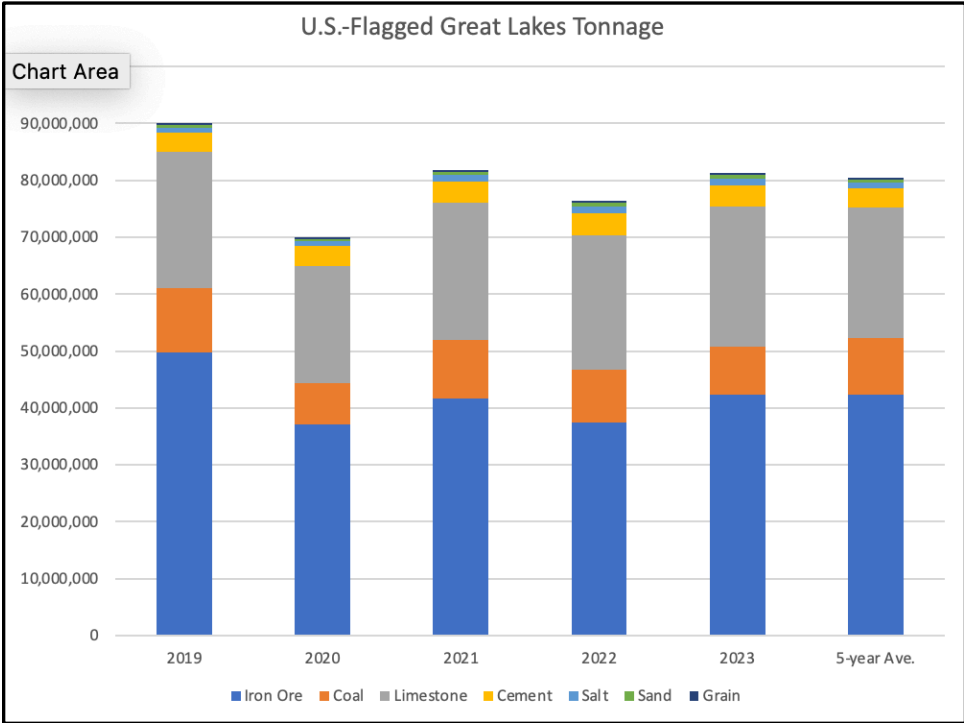
Jim Weakley

# 2023 CARGO TONNAGE

2023 was a year of improved cargo numbers. The U.S.-Flagged Great Lakes fleet moved 81.4 million tons of cargo in 2023, a 6.5 percent increase in comparison to 2022. The 2023 total was above the fleet's 5-year average by 1.2%.

Shipments of iron ore significantly increased by 13.4%, while sand and limestone shipments also increased by 12.4% and 3.9%, respectively. However, shipments of all other commodities decreased in 2023. Grain, coal, and salt continued their downward pattern decreasing by 11.8 %, 9.7%, and 5.8%, respectively. Cement dipped slightly by 0.4%.

Commodity	2019	2020	2021	2022	2023	2018-2022 Average
Iron Ore	49,683,474	37,060,018	41,651,189	37,387,824	42,384,289	42,317,388
Coal	11,318,946	7,255,435	10,352,685	9,300,838	8,400,833	10,008,847
Limestone	24,086,722	20,694,823	24,141,410	23,704,683	24,631,568	22,917,738
Cement	3,288,509	3,441,467	3,612,012	3,748,705	3,732,534	3,404,808
Salt	923,476	866,354	1,162,396	1,230,538	1,158,665	928,668
Sand	413,040	411,165	500,055	653,695	734,591	494,217
Grain	289,728	314,849	366,154	356,503	314,513	317,396
TOTAL	90,003,895	70,044,111	81,785,901	76,382,786	81,356,933	80,389,061



# EFFICIENT AND DEPENDABLE NAVIGATION SYSTEM

## Icebreaking

The LCA has worked for decades to ensure the USCG has the resources needed to perform their domestic icebreaking mission and these actions are close to becoming reality. The new heavy Great Lakes icebreaker (GLIB) has been authorized to the 2020 estimated cost of \$350 million, \$55 million in construction funding was included in the FY24 President's budget, and the USCG is "fully committed" to the acquisition of this vital national asset. As of the publication of this report, the LCA is optimistic that the upcoming federal budget includes appropriations for the GLIB. Time is the issue. The USCG has publicly stated that it will take ten years from the first appropriation of construction funding to deliver the asset that is needed today. In comparison, the Soo Lock mega project with a price tag of \$3.2 billion will also take 10 years from start to finish. Meanwhile, the aging fleet of smaller USCG icebreakers (over 40-years-old) are facing continual casualties, which prevent them from sailing when they are needed most – the ice season.



The 2023 National Defense Authorization Act funded the Government Accountability Office (GAO) to provide recommendations on USCG icebreaking fell short by stating that average cargo numbers dropped one percent for every one percent of ice cover increase and not addressing a well-respected economic firm's finding on the significant economic impacts due to lack of USCG icebreakers in the winters of 2014, 2015, and 2018 where over 10,000 jobs and \$2 billion were lost. The GAO acknowledged that the USCG was not transparent in their mission performance goals by claiming success when vessels were stuck for multiple days. More transparent metrics by the USCG and shipping are needed for an efficient Great Lakes marine transportation system in the winter. The USCG's tiered waterway system for measuring success is not only ridiculous but also perfidious. The Duluth/Superior harbor, the largest Great Lakes port by tonnage, is afforded a lower USCG designation than a fishing port in the northeast, and hence, less deserving of federal icebreaking.

The LCA will continue to support funding and an expedited timeline for the new USCG GLIB. The LCA will also continue to document the numerous delays due to a lack of USCG and Canadian icebreakers on the Great Lakes. The emphasis the USCG places on the U.S. and Canadian cooperation on the Great Lakes is a façade. U.S. taxpayers supplement and enhance the dominate Canadian cross border competition through "shared" icebreaking resources; however, the numbers don't add up. Two Canadian icebreakers on the Great Lakes versus seven USCG icebreakers, as well as two USCG buoy tenders help when able. The Canadian Coast Guard services their ports and their vessels while leaving the USCG to do the work for both countries where the border crosses trade routes. This is not an equitable situation and is a disadvantage to U.S.-flagged Lakers and American taxpayers.

## Soo Locks

Nearly all domestically produced high strength steel is made with iron ore that transits one large lock in Sault Ste. Marie, Michigan. The U.S. Army Corps estimates within six weeks of an unscheduled Poe Lock outage, 75 percent of our nation's high strength steel production would cease. It is a perilous dance with time as construction of a second large lock is underway with major funding still required.

Construction on a new lock has commenced with upstream channel deepening completed and the rehabilitation of the upstream approach wall is scheduled for completion in the summer of 2024. The contract for the lock chamber has been awarded and work will commence this year with hopes for completion in 2030. Changing market conditions and inflation have increased costs by 300% to \$3.2 billion. Full funding of the new lock construction is critical to Great Lakes commercial maritime transportation to ensure completing the new lock by 2030.

# ENVIRONMENTAL DEVELOPMENTS

---

2023 was a busy year for interacting with government agencies for the development of environmental requirements and regulations. The U.S. Environmental Protection Agency (EPA) started the year with announcing that a supplemental notice for the Vessel Incidental Discharge National Standards of Performance (VIDA) would be published in the Fall to request additional information and solicit for comments in specific areas, but then little interaction occurred related to ballast water until mid-year. Ballast water sampling as part of the Great Waters Research Collaborative was also slow to start. In May, the LCA escorted the U.S. EPA on board two 1000-footers – the AMERICAN CENTURY and the MESABI MINER.

To fill the lull in ballast water discussions, the Great Lakes – St. Lawrence Seaway held meetings regarding the Great Lakes Green Shipping Corridor Network (GSCN) in April, August, and September. The Great Lakes GSCN was developed as part of the Green Shipping Challenge that encourages ports, companies, and other parties in shipping to develop a pathway to limit greenhouse gas (GHG) emissions. The LCA has been active in the GSCN meetings and discussions to ensure that Lakers and the Great Lakes are properly described. Unfortunately, the GSCN efforts were quiet for the last quarter of 2023. The LCA is also the lead in the Blue Sky Maritime Coalition Great Lakes Green Shipping Corridor work stream to focus efforts to ensure sufficient data is collected on options and impacts. Progress regarding GHG emissions discussions is slow.



On October 18, 2023, the U.S. EPA published a supplemental notice to the 2020 VIDA proposal. The 2023 supplemental notice continued the stance that BWMS were not required for existing Lakers but proposed the definition of a “New Laker” based on a vessel’s construction date after the effective date of future USCG VIDA implementation regulations. Due to the lack of technologies that can reliably operate in the Great Lakes, U.S. EPA is considering an equipment standard for New Lakers. In short, this would require New Lakers to install BWMS but not achieve the discharge standards. The comment period closed on December 18, 2023. The LCA submitted extensive comments agreeing with the concept of a separate requirement for “New Lakers” but disagreed with the definition and the proposed requirements. The U.S. EPA is expected to publish the final VIDA performance standards by Fall 2024.



In December, the LCA also visited Ottawa to discuss with Transport Canada their impending September 8, 2024, deadline for installation of BWMS on vessels that only uptake ballast water in Canadian waters. Due to the impasse, the LCA will be requesting that the Federal Maritime Commission move forward with the LCA petition in 2024.

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

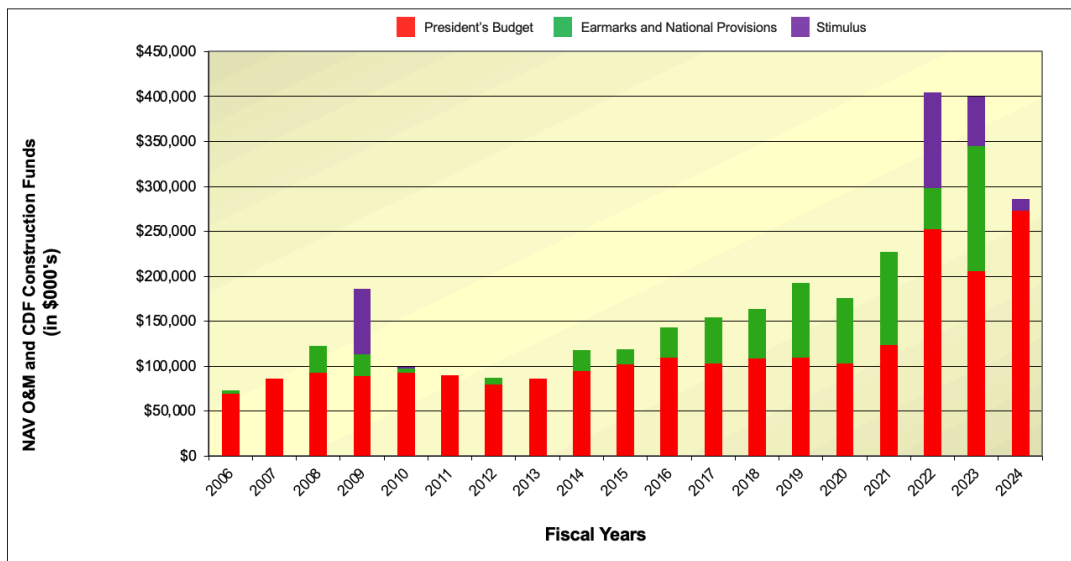
# INVESTING IN THE GREAT LAKES

The Great Lakes Navigation System (GLNS) continues to receive significant funding – especially with the growth of Earmarks and National Provisions dollars. The U.S. Army Corps of Engineers (USACE) 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, is depicted in the graph below.

Congress has taken the necessary step to ensure a minimum of 13 percent of the HMTF will be distributed to the GLNS on an annual basis. This recognition illustrates the national importance of the Great Lakes maritime economy.

While significant funding has been allocated, increased dredging costs due to contracting and material disposal costs are limiting the amount of work that can be accomplished. New methods may need to be explored (i.e., improvements in contracting) to ensure waterways remain passable and efficient.

## Great Lakes Funding History



## WINTER MAINTENANCE - INVESTMENT

In the 2023 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 is 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.



**Staff**

James H.I. Weakley, President

Eric Peace, Vice President

Debra DiCianna, Director of Environmental & Regulatory Affairs

Katherine Gumeny, Office Manager and Treasurer

Robert Burger, General Counsel

25651 Detroit Road, Suite 102 – Westlake, OH 44145 – (440) 333-4444

info@lcaships.com – www.lcaships.com -  @lcaship