



THE LAKER



The 2024 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

2024 was a good year for U.S.-flagged shipping on the Great Lakes. Despite a small downturn in iron ore shipments, the total remained above the five-year average. Limestone shipments also took a dip in 2024. Federal and state investments in port facilities allow more efficient loading of bulk cargo at several locations, but more still needs to be done to modernize the Great Lakes Navigation System.

While some progress has been made on the U.S. Coast Guard (USCG) icebreaking front, huge challenges remain for the aging fleet of 140-foot icebreaking tugs and the sole heavy icebreaker. The USCG and Canadian Coast Guard claim a one Coast Guard approach to Great Lakes icebreaking. Just look at this year's effort between December 21st and January 15th when the Canadian Coast Guard's two Great Lakes icebreakers either sat at the dock in Thunder Bay, Ontario or worked only two Canadian boats in Canadian waters. The USCG needs Great Lakes icebreaking resources now and cannot wait another ten or 15-years. The Canadian Coast Guard needs to do its fair share in the shared waterways now and in the future.

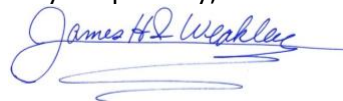
In October 2024, the U.S. Environmental Protection Agency (U.S. EPA) published its final rule implementing the Vessel Incidental Discharge Act (VIDA). Currently, no technology exists for Lakers to effectively treat ballast water. The EPA recognized this and does not require existing Lakers to install costly, ineffective and counterproductive equipment. In a bow to Transport Canada's regulations and lobbying efforts, the EPA requires "new Lakers" to install the equipment. The LCA and our members will continue to work with government and academia to test technology and find a solution. Installing equipment that does not operate in the Great Lakes is irrational. Transport Canada considers vessels to be "deemed compliant" with systems that do not meet the discharge standard, providing a feel good approach to regulations. The Canadian government regulates ballast water discharges in U.S. waters, creating an embargo on U.S. Lakers and preserving both Canadian and U.S. exports for Canadian-flagged vessels.

The new large navigational lock in Sault Ste Marie, Michigan continues to progress towards completion in 2030. With work starting on the lock chamber and Congress continuing to fund the lock, confidence continues to grow that this mega project, vital to the North American economy, will be completed on time. The project has received \$2.231 billion in appropriations, improving system resiliency and efficiency.

Unfortunately, dredging continues to be an issue with dredged material management costs skyrocketing, leaving some federal channels choked with sediment. Further complicating the issue is the lack of a sustainable Canadian plan to dredge their side of the shared waterways. Canada claims they can only dispose of their dredged material in U.S. confined disposal facilities (CDF's) and do not plan on dredging until 2027 or 2028. Canadian material consumes the limited space available to the U.S. Army Corps of Engineers (USACE) as CDF's continue to fill up rapidly. As dredging becomes cost prohibitive due to shrinking state regulated dredging timeframes, lack of competition, and dredged material management fees, the future could include more trucks on roads and rails in backyard residential areas or even worse, port and facility closures.

Finally, I want to give a shout out to the many employees of our member companies. Although LCA members are the ships, people give those ships life. Without the sailors and the office staff supporting them, there would be no Lake Carriers' Association, no Great Lakes Navigation System, and no North American Manufacturing. We do what we do because of you. We remain dedicated and grateful!

Very Respectfully,



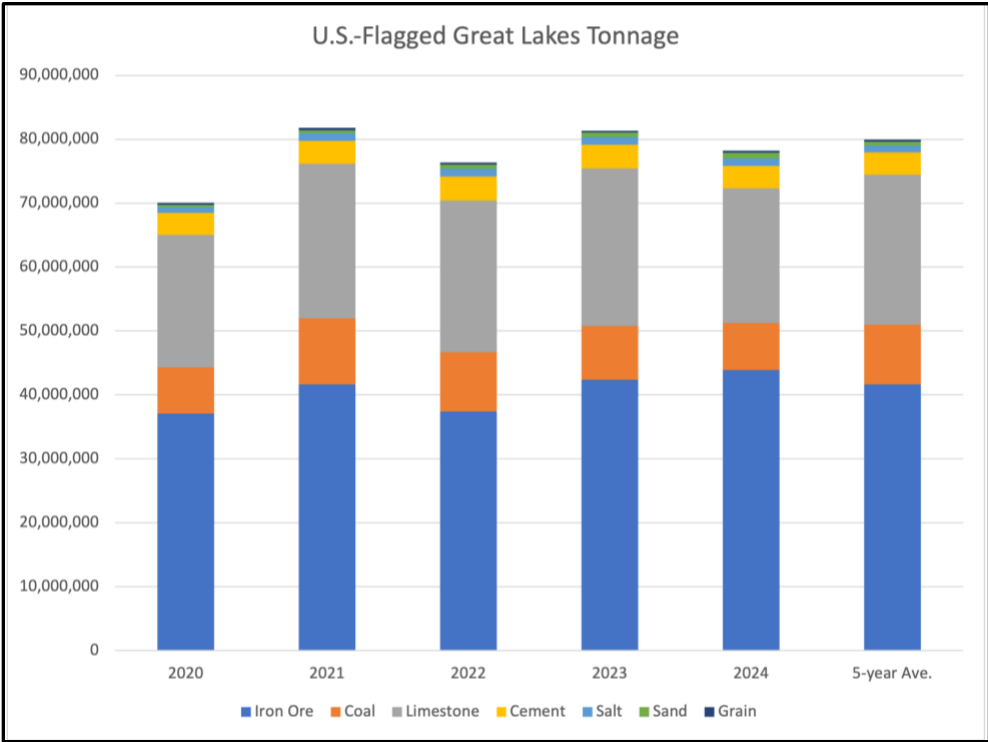
Jim Weakley

2024 CARGO TONNAGE

The U.S.-flagged Great Lakes fleet moved 78.2 million tons of cargo in 2024, a 3.9 percent decrease when compared to 2023. The 2024 float was 2.1 percent below the fleet’s 5-year average.

Sand, salt, and iron ore shipments increased by 15.2 percent, 5.8 percent, and 3.6 percent, respectively. Grain cargos decreased by less than one percent to 312,345 tons. Coal and limestone had the most significant decreases by 12.7% and 14.5%, respectively. Cement shipments decreased by 6.3%.

Commodity	2020	2021	2022	2023	2024	2019 – 2023 Average
Iron Ore	37,060,018	41,651,189	37,387,824	42,384,289	43,917,892	41,633,359
Coal	7,255,435	10,352,685	9,300,838	8,400,833	7,335,025	9,325,747
Limestone	20,694,823	24,141,410	23,704,683	24,631,568	21,062,713	23,451,841
Cement	3,441,467	3,612,012	3,748,705	3,732,534	3,497,443	3,564,645
Salt	866,354	1,162,396	1,230,538	1,158,665	1,225,424	1,068,286
Sand	411,165	500,055	653,695	734,591	846,102	542,509
Grain	314,849	366,154	356,503	314,513	312,345	328,349
TOTAL	70,044,111	81,785,901	76,382,786	81,356,993	78,196,944	79,914,737

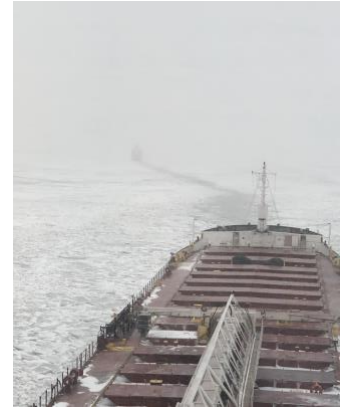


EFFICIENT AND DEPENDABLE NAVIGATION SYSTEM

Icebreaking

Progress was made with the USCG's icebreaking performance measures with the addition of Duluth/Superior Harbor, Green Bay, and Whitefish Bay in Lake Superior being added to the Tier 1 icebreaking priorities list. This should improve transparency with reporting the success or failure of USCG icebreaking, but it is still not comprehensive enough to show overall "system" performance.

The USCG finally requested construction funding for the new, fully authorized heavy Great Lakes icebreaker (GLIB) including \$55 million in the Fiscal Year (FY) 2024 President's Budget Request. Unfortunately, the appropriation was cut down to \$20 million. Despite several Congressional testimonies from the USCG Commandant and senior staff committing to build the new GLIB, no funding was requested in FY 2025. Meanwhile, the construction timeline in a 2021 USCG Congressional Report for the GLIB slipped even further by at least two years. With a ten-year construction estimate, the Coast Guard will not have this desperately needed icebreaking resource until at least 2034...if progress occurs this year. The 140-foot icebreaking tugs continue to age well beyond the 40-year life with their 1970's era engines and main motor becoming increasingly unavailable.



The USCG contracted with a research company to study the domestic icebreaking mission across the nation, including the Northeast. The study's goal is to inform what resources are needed and where resources should be allocated – even though the USCG leadership already decided. During a March 2024 Senate Field Hearing in Green Bay, the USCG Commandant stated that the East Coast will get three more icebreakers on top of the current fleet and have a replacement for each USCG ship on the Great Lakes.

The LCA focus is forcing transparency for mission performance, expediting the construction of the GLIB, and pushing forward a plan to replace the 140-foot tugs. A concerted Congressional effort by the Great Lakes delegation is needed based on the lack of USCG movement.

Soo Locks

Nearly all domestically produced high strength steel is made with iron ore that transits the large navigational lock in Sault Ste Marie, Michigan, the Poe Lock. Within 2-6 weeks of an unscheduled Poe Lock outage, 75% of our nation's high strength steel production would cease. A six-month unscheduled outage would result in 11 million jobs lost and \$1.1 trillion economic impact.

The new large navigational lock in Sault Ste Marie (Soo), Michigan is critical to our national economic security. The only lock capable of accommodating the largest U.S.-flagged vessels is the Poe Lock, which makes our U.S. economy dependent on a single piece of infrastructure. The supply chain would break bringing the nation to its economic knees. The importance of the USACE navigation facility in the Soo cannot be overstated.

Progress on the new lock has been extraordinary with construction contracts being completed on time to keep the project on schedule. Congress has done their part with providing funding through appropriations, but funding must continue for the new lock to stay on schedule for completion in 2030.

The final push to complete the project requires additional funding which must be requested by the USACE and approved through the appropriations process. LCA will continue to make the new Soo Lock a national infrastructure priority to ensure construction completion remains on schedule for 2030.

ENVIRONMENTAL DEVELOPMENTS

2024 was a year filled with waiting, submissions, and decisions regarding environmental regulations and discussions with governmental agencies. The LCA and its members engaged in many ways to increase information and understanding of U.S.-flagged Laker operations.

During the 2024 Winter Lay-up Period, the LCA visited member vessels to assess hulls for biofouling and understand how ships are maintained during the Winter lay-up period. The information gathered supports LCA discussions with the U.S. Environmental Protection Agency (U.S. EPA) and the USCG.

From July through August, three member companies volunteered to be in the Smithsonian Environmental Research Center (SERC) annual ballast water tank sampling. LCA members have participated in this annual event for four years. In 2024, the sampling was expanded from the Duluth area to include the Lake Erie ports of Cleveland, Sandusky, and Toledo. Ballast water sampling as part of the Great Waters Research Collaborative was more active. Three LCA member vessels participated with numerous sampling events in 2024.

In February 2024, the LCA requested that the Federal Maritime Commission (FMC) proceed with the LCA Petition No. P1-20, "Investigation into Conditions Created by Canadian Ballast Water Regulations in the U.S./Canada Great Lakes Trade". Independent of LCA's request, the FMC opened a separate investigation into the trade under a different authority. Both investigations focus on the use of ballast water regulations to shift cargo from American to Canadian Lakers. The investigations looked at regulatory content, different Canadian exemption processes, and impacts of the regulations. Canadian Lakers control over 90% of the binational trade on the Great Lakes. Transport Canada regulations require the installation of ballast water management systems (BWMS) but do not require Lakers using the BWMS to meet the numeric discharge standard required by the International Maritime Organization's (IMO) Ballast Water Management Convention. Canada is signatory to the Convention but the U.S. is not. Transport Canada also regulates discharges in U.S. ports by U.S. Lakers, if those vessels call on Canadian ports. The regulations force Americans from the binational trade and ensure that all U.S. exports leaving our Great Lakes ports are carried by Canadians. Transport Canada also had a well-established process to grant exemptions and had been using it for Canadian vessels for several years. No such process existed for Americans until the FMC initiated investigation that put pressure on Transport Canada. Unfortunately, damage to American carriers



had already been done. Although the FMC closed the second investigation, the one initiated by the LCA remains open and we remain hopeful that the FMC will conclude that the Canadian regulations unfairly discriminate against American Lakers.

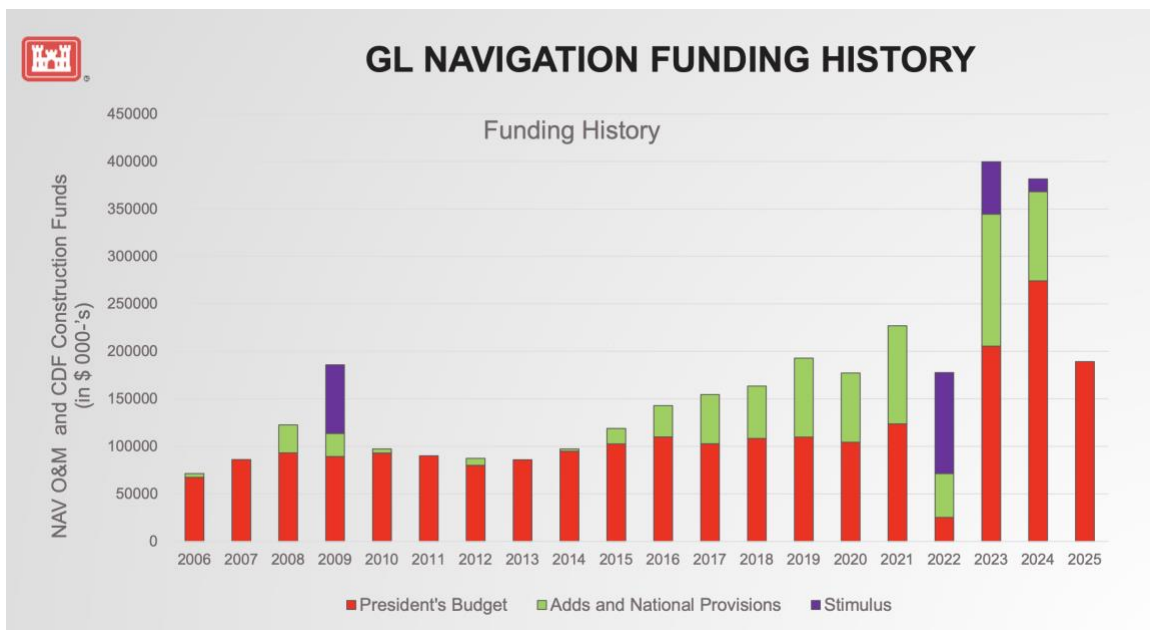
On October 9, 2024, the U.S. EPA published the long awaited Vessel Incidental Discharge National Standards of Performance (VIDA) final rule covering 27 discharges. The final rule excluded all existing Lakers from achieving the ballast water performance standards because the technology does not exist to allow them to. The VIDA final rule stated that "New Lakers" (construction completed after the USCG VIDA enforcement rules are in place) would be required to install and operate a BWMS. The Canadian Government lobbied for this equipment standard because it would be consistent with their "deemed compliance" standard and claimed it would create harmonized regulations.

INVESTING IN THE GREAT LAKES

The Great Lakes Navigation System (GLNS) funding in 2024 had a significant increase in President's Budget funding but that was offset by a decrease in Stimulus and Adds and National Provisions funding. The USACE Great Lakes Navigation Funding History (i.e., release of funds from the Harbor Maintenance Trust Fund, an ad valorem tax on the value of the shipped cargo) is depicted in the graph below. The USACE also estimates a decrease in funding from the President's Budget in 2025.

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.



WINTER MAINTENANCE - INVESTMENT

In the 2024 winter layup period, LCA members invested more than \$120 million in their vessels moored in Ohio, Wisconsin, Pennsylvania, and Michigan.

- Wisconsin shipyards received \$55 million in work,
- Ohio \$39 million,
- Pennsylvania \$19 million, and
- Michigan \$7 million

Major investments were made to improve habitability onboard the vessels including wireless communications. State-of-the-art electronics were refreshed including navigational computers and propulsion control systems. Hull plating was also replaced with steel made from iron ore that was shipped by the vessels to steel mills during the season.

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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