

**WRITTEN STATEMENT FOR THE RECORD
CRAIG H. MIDDLEBROOK
DEPUTY ADMINISTRATOR
GREAT LAKES ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
U.S. DEPARTMENT OF TRANSPORTATION**

**HEARING OF THE
SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
UNITED STATES HOUSE OF REPRESENTATIVES**

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Chairwoman Napolitano, Ranking Member Rouzer, and Members of the Subcommittee, thank you for the opportunity to submit written testimony for the record regarding the Fiscal Year (FY) 2022 budget request for the Great Lakes St. Lawrence Seaway Development Corporation (GLS or Corporation) (*formerly the Saint Lawrence Seaway Development Corporation*). I am glad to present this information and to report on the activities of the GLS.

The GLS is a wholly owned government corporation within the U.S. Department of Transportation (USDOT) with its funding appropriated since 1987 from the user fee-based Harbor Maintenance Trust Fund (HMTF). Since its creation, the GLS has been funded through appropriations derived from user fees and not from the Treasury's General Fund. Prior to 1987, the GLS's funding was derived from tolls to commercial vessels transiting the St. Lawrence Seaway.

The GLS's mission is to operate and maintain the U.S. infrastructure and waters of the St. Lawrence Seaway, while performing trade and economic development activities designed to enhance the utilization of the Great Lakes St. Lawrence Seaway System. The GLS is primarily responsible for maintaining and operating the Eisenhower and Snell locks located in Massena, New York, and controlling commercial vessel traffic in areas of the St. Lawrence River and Lake Ontario. Since the opening of the St. Lawrence Seaway in 1959, the GLS has directly served commercial marine transportation stakeholders by providing a safe, reliable, and efficient deep-draft international waterway, in cooperation with its Canadian counterpart, the St. Lawrence Seaway Management Corporation (SLSMC).

Over its 60-year history, more than 3 billion metric tons of cargo valued at over \$450 billion has transited the St. Lawrence Seaway, including grain, iron ore, iron and steel, project cargoes, and other raw and bulk commodities. During the 2020 navigation season, nearly 38 million metric tons of cargo moved through the binational waterway.¹

A ship entering the St. Lawrence Seaway at Montreal, Canada, and transiting to Lake Erie crosses the international border 27 times while passing through the St. Lawrence Seaway's

¹ https://greatlakes-seaway.com/wp-content/uploads/2021/03/tonnage2020_12_en.pdf.

15 locks (2 U.S. and 13 Canadian). As a consequence of this geographic fact, when constructing the Seaway in 1954, the United States and Canada created a binational governance approach for the Seaway through an exchange of diplomatic notes, constituting a binding international agreement between the countries. It was and remains a bold, optimistic, unique, and effective governance approach; all other U.S. inland waterways are operated, maintained, and managed directly by the U.S. Army Corps of Engineers and the U.S. Coast Guard. Due to the geography of the St. Lawrence River and the importance of the sovereignty issues involved, however, the U.S. and Canadian Governments established a binational framework of civilian Federal oversight and control of this international waterway, which today is administered by the GLS and the Canadian SLSMC.

To carry out its mission, the GLS possesses legal authorities that distinguish it from other operating administrations at the U.S. Department of Transportation and from most other Executive Branch agencies. The Wiley-Dondero Act of 1954 (Seaway Act), which created and permanently authorized the GLS, incorporated authorities that were first put into law through the Government Corporation Control Act of 1945. The GLS was created as a government corporation to manage this public infrastructure asset and provide a direct service to customers – moving ships safely and efficiently through a binational waterway. The succinct and plain language of the Corporation’s enabling statute allows sufficient flexibility to manage its operations in a business-like manner. Some of the distinguishing attributes include the ability to make and carry out contracts or agreements as necessary to conduct business as well as the ability to acquire real and personal property and sell, lease, or dispose of such property. Together with its mission of providing 24/7 transportation services, these legal authorities help promote a culture within the GLS of accountability and customer service.

The deep degree of trust and operational cross-border interaction that has developed between the U.S. and Canadian Seaway entities over the past 62 years helps maintain a transit experience for Seaway users that is essentially seamless from a ship captain’s perspective. It is a remarkable achievement given the operational complexities and multiple jurisdictions that impact that transit.

The St. Lawrence Seaway directly serves an eight-State, two-province region that accounts for one-quarter of the U.S. gross domestic product (GDP), one-half of North America’s manufacturing and services industries, and is home to nearly one-quarter of the continent’s population.

Annual commerce on the Great Lakes Seaway System typically exceeds 180 million metric tons and serves U.S. farmers, manufacturing workers, miners, and commercial interests throughout the Great Lakes region. Virtually every type of bulk and general cargo commodity moves on the Great Lakes Seaway System, including iron ore for the U.S. steel industry; limestone for construction and steel industries; coal for power generation and steel production; grain exports from U.S. farms; general cargo such as iron and steel products and heavy machinery; and cement, salt, and stone aggregates for agriculture and industry. Additionally, the Seaway has emerged as a critical transportation route for the shipment of large components essential to the wind energy industry.

Maritime commerce on the Great Lakes Seaway System provides shippers with nearly \$4 billion in annual cost savings compared to the next least expensive mode of transportation.² The Seaway also produces significant economic benefits to the Great Lakes region. An economic impact study completed in 2018 concluded that maritime commerce on the Great Lakes Seaway System sustains over 237,000 U.S. and Canadian jobs, \$35 billion in economic activity, \$14.2 billion in personal income, and \$6.6 billion in federal, state/provincial, and local taxes each year.³

FY2022 Budget Request

For FY 2022, the President's Budget requests an appropriation of \$37.7 million from the HMTF to fund the GLS's operations and maintenance of the U.S. portion of the St. Lawrence Seaway, as well as capital infrastructure projects to rehabilitate and modernize the GLS's perpetual assets and associated equipment. The request represents a decrease of \$300,000 from the FY 2021 enacted level.

The budget request includes two programs – (1) Seaway Operations and Maintenance and (2) Seaway Infrastructure, which support the Administration's priorities of safety, job creation and economic growth, and transformational infrastructure investments.

The FY 2022 request for the GLS's Seaway Operations and Maintenance program is \$23.2 million to provide the GLS with the financial and personnel resources necessary to perform its operational, maintenance, and administrative functions, including lock operations, marine services, vessel traffic control, asset maintenance, ballast water management, safety and environmental inspections, and trade promotion and economic development.

This program budget request also includes \$1.5 million for the U.S. portion of operations and maintenance costs for the binational Seaway International Bridge. The GLS has an ownership interest with Canada in the binational South Channel Span of the Seaway International Bridge. Due to the pandemic and the associated cross-border restrictions currently enforced between the United States and Canada, paid car and truck traffic on the bridge has dramatically decreased by 80-90 percent of average levels, resulting in significant toll revenue reductions (70-75 percent). The request level was developed based on the assumption that the current bridge toll levels remain constant in FY 2022. Federal funding from the Canadian Government has kept the bridge open and operational since the start of the cross-border restrictions in March 2020.

For its Seaway Infrastructure program, the FY 2022 President's Budget includes a request of \$14.5 million for 11 infrastructure-related capital projects, including \$6.5 million for rehabilitation of the diffusers at Snell Lock used to dampen the flow of water when the lock is emptied; \$3 million to replace deteriorated and damaged concrete at Eisenhower Lock and Snell Lock; \$1.5 million to upgrade electrical distribution equipment at the GLS locks and maintenance facility; and \$1 million to upgrade the GLS's machine shop facility used to maintain the GLS's new Hands Free Mooring Technology.

Safety and Reliability

² U.S. Army Corps of Engineers, Great Lakes Navigation System: Economic Strength to the Nation, January 2009.

³ *Economic Impacts of Maritime Shipping in the Great Lakes-St. Lawrence Region*, Martin Associates, July 2018.

The continued safety and reliability of the St. Lawrence Seaway is the foundation upon which we can promote and accommodate increases in maritime cargo. The Seaway is already one of the world's safest waterways and that safety record continues to improve. Over the past 25 years, the average number of international vessel incidents in the Seaway requiring GLS inspectors has decreased significantly. From 1996-2006, the average number of incidents was 19 per year. However, from 2007-2020, the average number of incidents declined to only 6 per year. This positive development can be attributed to several factors, including the U.S.-Canadian Enhanced Seaway Inspection Program, the use of the Seaway's Automatic Identification System (AIS) vessel traffic management technology beginning in 2002, the use of the Seaway's Hands Free Mooring system beginning in 2018, the well-trained and skilled GLS lock operations and maintenance staff, and a major fleet renewal program implemented by many of the Seaway's commercial carriers.

In addition, since the Seaway's opening in 1959, the GLS has consistently maintained a near-perfect reliability rate of 99 percent for commercial users of its locks in the U.S. sector of the waterway. During the 2020 navigation season (April 1-December 30, 2020), the GLS workforce ably operated and maintained the waterway and lock system at a reliability rate of 99.3 percent and lock availability rate of 99.96 percent, all while managing the impacts of the coronavirus disease 2019 (COVID-19) pandemic. This high mark of success is due primarily to the GLS's efficient management and operations of the locks and control of vessel traffic. Global customers from nearly 50 countries return each year to use the Seaway because of the waterway's strong safety record, efficient operations, and near-perfect reliability rate.

Environmental Stewardship

The GLS also ensures strict ballast water management efforts to prevent any new introductions of aquatic invasive species via commercial vessels entering Seaway waters. In 2008, the GLS and Canadian SLSMC implemented regulations jointly requiring all ships with no ballast in their tanks to conduct saltwater flushing of the empty ballast water tanks before arriving in the Seaway. The GLS, along with the U.S. Coast Guard, Transport Canada, and the SLSMC, formed the Ballast Water Working Group (BWWG) to enforce ballast water inspections of all vessels to ensure these regulations are carried out. The BWWG's annual summary report documents the Group's inspection results and findings.⁴ The report measures both the performance of the binational inspection team in inspecting the ballast tanks of incoming ocean vessels and the compliance by the oceangoing trade in meeting U.S. and Canadian ballast water management requirements.

In both cases, the results of the 2020 report are outstanding. In 2020, every ballast tank of every ocean vessel entering the Seaway was assessed – 10,628 ballast tanks on 536 vessel transits. The BWWG found that the compliance rate by industry in 2020 for low salinity non-compliant tanks was 98.2 percent.⁵ In those rare instances where salinity levels do not meet the standard, the ballast tanks are sealed and then re-inspected on the vessel's outbound journey to ensure that the

⁴ <https://greatlakes-seaway.com/en/commercial-shipping/transiting-the-seaway/ballast-water/>

⁵ https://greatlakes-seaway.com/wp-content/uploads/2021/03/2020_BW_Rpt_EN.pdf.pdf

tank was not used on its voyage in the Great Lakes. Since 2009, 100 percent of international vessels entering the Seaway have received a ballast water management exam.

The Great Lakes Seaway System has one of the most stringent inspection regimes in world. The effectiveness of the Seaway's ballast water inspection program has been publicly credited as a key factor in dramatically reducing the risk of introduction of invasive species into the Great Lakes. Since 2006, there have been only 2 new aquatic invasive species identified in the Great Lakes that the scientific community considers are possibly associated with ballast water, but the timing of introduction and actual source pathways are uncertain. This can be compared to 15 new aquatic invasive species that were identified from 1993-2006, the equivalent time period before the new regulations, which the scientific community strongly attributes to ballast water. The GLS is proud of its efforts in serving as an environmental gatekeeper to the St. Lawrence Seaway and will continue to perform these important inspections.

Infrastructure Modernization

The locks, channels, and accompanying infrastructure of the St. Lawrence Seaway owned and maintained by the GLS are "perpetual" transportation assets that require periodic and regular capital reinvestment in order to continue to operate safely, reliably, and efficiently. After 50 years of continuous operation with only minimal capital reinvestment, Congress approved the authorization and funding for the GLS's infrastructure renewal program beginning in FY 2009. The start of the program marked the first time in the Seaway's 50-year history that a coordinated effort to repair and modernize the U.S. Seaway infrastructure had taken place.

From FY 2009-2020, the GLS spent \$179 million on 59 infrastructure-related projects. Major infrastructure projects completed over that time period included maintenance dredging in the U.S. portion of the Seaway navigation channel, lock miter gate and culvert valve machinery upgrades, culvert valve replacements, hands-free mooring installation at the locks, gatelifter upgrades, miter gate rehabilitation, and tugboat replacements, as well as various other structural and equipment repairs and/or replacements. The GLS's infrastructure investments over the past decade demonstrate our country's commitment to the long-standing agreement to jointly operate and maintain the St. Lawrence Seaway with Canada.

The GLS Seaway Infrastructure program is developed annually by Corporation engineering, maintenance, lock operations, and policy staff following annual winter preventative maintenance work and inspections. This capital planning process ensures that aging machinery, equipment, and parts are rehabilitated/replaced; that buildings for employees and the public, grounds, and utilities are sufficiently maintained/refurbished; and that commercial trade continues to move on the Seaway safely and without interruption or delays.

Trade and Economic Development

The statute that created the GLS provided general authority for the Corporation to undertake trade and economic development activities, and this is an important aspect of our mission. In recent years, Congress has provided additional funding for the GLS to expand this program. The GLS devotes resources to trade and economic development activities aimed at increasing

commercial trade through the St. Lawrence Seaway and improving economic conditions in the eight Great Lakes States. The primary benefit is the stimulation of U.S. and Canadian port city economies through increased maritime industry activity, including services and employment to support maritime commerce. In 2015, the GLS designated a Great Lakes Regional Representative who leads this value-added service for the wider stakeholder community.

Initiative activities include facilitating new trade for Great Lakes Seaway System ports, conducting trade research and analysis to assist Great Lakes Seaway System stakeholders in identifying cargo trends and new business, participating in joint marketing efforts with our Canadian counterparts, promoting the Seaway System to prospective customers, and assessing the economic impact of Great Lakes Seaway shipping.

The GLS's trade and economic development activities were instrumental in the 2014 launch of the first regularly scheduled international liner service to a U.S. port on the Great Lakes since the 1970's. Working directly with Great Lakes Seaway System ports, the GLS helps identify ways to increase tonnage traffic in traditional Seaway cargoes as well as in diversifying the types of cargo moving through their port.

Additionally, the GLS has been instrumental in the growth of international cruising activity in the Great Lakes. In January 2020, Viking Cruise Line announced its Great Lakes itineraries and the construction of two Seaway-sized cruise ships. The first ship will conduct its maiden voyage in May 2022. This adds to the nine other cruise vessels that have itineraries in the Lakes. The GLS continues to work with U.S. Customs and Border Protection to find ways to streamline passenger processing and bring more cruise vessels to more ports in the Great Lakes. Stakeholders and customers alike are realizing the benefits from a modernizing vision of the Great Lakes Seaway System and the added value the GLS and Great Lakes/Seaway ports are providing to their communities and to the region.

Current Issues

COVID-19 – The GLS is happy to report that we were able to operate the entire 2020 navigation season (April 1- December 31, 2020), without any positive cases of COVID-19 impacting our workforce, even though the majority of our Massena-based operational employees reported to the worksite every day. During the winter maintenance cycle, the GLS was impacted by several positive cases of COVID-19; however, additional remedial measures implemented quickly reduced the transmission of COVID-19 and the winter maintenance was completed in time for the opening of the 2021 navigation season on March 22.

Seaway International Bridge – The U.S. and Canada share the ownership, management, and operation of the Seaway International Bridge. The bridge is the only U.S. federally owned international border crossing bridge and is co-owned by the GLS and the Canadian Federal Government through its Canadian Federal Bridge Corporation, Ltd. (FBCL). The bridge is managed by the Seaway International Bridge Corporation (SIBC), on behalf of the U.S. and Canadian owners.

Due to the COVID-19 pandemic and the associated cross-border restrictions currently enforced between the United States and Canada, paid car and truck traffic on the bridge has dramatically decreased to 10-15 percent of average levels, resulting in the financial inability of the bridge to function self-sufficiently. To date, the Canadian Government has provided federal funding to supplement the reduced bridge tolls to ensure the bridge safely remains open.

Water Levels – Water flows and levels can significantly impact the safe and efficient operation of navigation in the Seaway. If Lake Ontario outflows reach a certain level, it becomes unsafe for commercial navigation to transit through the Seaway. In 2019, Lake Ontario experienced record high water levels and flooding to shoreline communities due to unprecedented precipitation in the region. The 2021 shipping season has not been similarly affected by water level issues, as Lake Ontario is currently in drought conditions.

Lake Ontario water outflows are regulated by the International Joint Commission (IJC) and its International Lake Ontario St. Lawrence River Board (Board) is the entity that manages the outflow rates. Outflows are governed by a water regulation plan, Plan 2014, which the IJC and the Board implemented in January 2017 after many years of interagency and binational discussions regarding the prioritization of uses for the boundary waters. The GLS and the Canadian Seaway have worked closely with the IJC and the Board over the past several years to ensure that the priority rights of the Seaway and commercial navigation established by the U.S. and Canadian Governments in the Boundary Waters Treaty of 1909, reaffirmed by both countries in their concurrence of Plan 2014, and reiterated in the accompanying joint U.S. and Canadian Government documents, including the Supplementary Order of Approval, continue to be respected.

Pilotage – All international vessels entering the Great Lakes St. Lawrence Seaway System are required by U.S. and Canadian regulations to have a certified vessel pilot on board to assist the vessel's captain in navigating the vessel. The oversight of pilotage services is a state-regulated activity everywhere in the United States, except for the Great Lakes, where pilotage is regulated by the U.S. Coast Guard Office of Great Lakes Pilotage pursuant to the Great Lakes Pilotage Act of 1960.

In addition to overseeing the three U.S. pilot districts in the Great Lakes Seaway System, the U.S. Coast Guard also establishes the rates that the U.S. pilots may charge for the provision of their services to vessel owners. Changes in the rate adjustment methodology have been controversial and have been met with criticism and litigation from various U.S. and Canadian commercial navigation stakeholders. The availability and cost of U.S. pilotage services in the Great Lakes Seaway System are crucial components of the Seaway's safety and economic competitiveness. It is essential that the availability of Great Lakes Seaway System pilots be maintained in a manner that ensures safety while promoting the competitiveness of the waterway.

The GLS remains dedicated to safely and efficiently operating the U.S. portion of the St. Lawrence Seaway while also promoting the economic benefits of the marine mode, attracting new cargoes to the Great Lakes Seaway System, and leveraging technology and innovation to enhance the system's performance and safety. Over its more than 60-year history, the GLS has

been a model of binational partnership, ensuring that this international waterway is one of the safest and most reliable transportation routes in the world. With the investments being made in the St. Lawrence Seaway by the United States and Canada, it will remain so for many years to come.

Thank you again for the opportunity to submit this statement for the record.

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