



Proponent Testimony – Ohio Senate Resolution 59  
Great Lakes Maritime Task Force  
Energy and Natural Resources Committee  
September 20, 2017

Chairman Balderson, Vice Chair Jordon, Ranking Member O'Brien and members of the Senate Energy and Natural Resources Committee, thank you for allowing me to testify today in support of Senate Resolution 59 which urges the Federal government to upgrade the Soo Locks and the U.S. Army Corps of Engineers to expedite preparation of the Economic Reevaluation Report on building a second Poe-sized lock.

First a word about whom I represent today. Great Lakes Maritime Task Force (GLMTF) is the largest labor/management coalition ever assembled to promote waterborne commerce on the Great Lakes and St. Lawrence Seaway. We have been based in Toledo since our founding in 1992 and 24 of our 80 members are based in Ohio. Included among them are such major employers as ArcelorMittal, AK Steel, Cleveland-Cliffs, and The Interlake Steamship Company, and leading labor unions such as International Longshoremen's Association, United Steelworkers, American Maritime Officers, and International Association of Machinists & Aerospace Workers. A complete list of our Ohio members is included as Attachment A.

We thank Senators Dolan and LaRose for introducing S.R. 59. We also thank Senators Skindell, Hite, Brown, Wilson and Gardner for co-sponsoring S.R. 59.

The importance of the Soo Locks, especially the Poe Lock, to Ohio's economy cannot be overstated. Consider the following:

1. **All of the iron ore that feeds Ohio's blast furnaces must pass through the Soo Locks.** ArcelorMittal's Cleveland Works and AK Steel's Middletown Works receive all their iron ore from mines in Minnesota and Michigan. The only way that iron ore can get to the receiving docks in Cleveland and Toledo is via the Soo Locks. The railroads do not have the connections or rolling stock to move the 7 million tons of iron ore Ohio steelmakers receive in a typical year. The iron ore mine that shipped out of Escanaba, Michigan, on Lake Michigan, the only ore loading dock below the Soo Locks, has closed permanently.
2. **Most Ohio-bound iron ore passes through the Poe Lock, for which there is no back-up.** The most efficient vessels in the fleet are too large to pass through the MacArthur Lock, so Ohio's steelmakers are almost entirely dependent on the Poe Lock. If it was out of service, the iron ore trade would slow to a trickle.

3. **Without iron ore, there is no steel.** Iron ore is the primary ingredient in steel. On average it takes 1.5 tons of iron ore to make a ton of steel in a blast furnace. Add in other Lake-delivered raw materials and the production of one ton of steel requires 2.2 tons of cargo to move on our “Fourth Sea Coast.”
4. **Ohio’s steel mills and steel processors are a major economic force.** More than 22,000 Ohioans work directly in steel production and processing. Their annual wages total approximately \$1.34 billion. The total number of jobs generated by the state’s steel industry is 100,000. Steel’s total economic impact on Ohio is \$7.2 billion each year.
5. **Second Poe-sized lock authorized by Congress at full federal expense.** The Water Resources Development Act of 2007 authorized construction of a second Poe-sized lock at full federal expense. The latest cost estimate is \$580 million. Construction could take as long as 10 years. The lock will be constructed in the footprint of two locks built during World War One.
6. **Flawed benefit/cost analysis stalling project.** The U.S. Army Corps of Engineers’ (Corps) 2004 assessment of the project’s benefit/cost (b/c) ratio produced a ratio of 0.73. Since the ratio is below 1.0, the Administration cannot include the project in a budget.
7. **Corps overestimated railroads ability to absorb Poe Lock cargos.** The primary reason the Corps’ analysis produced a b/c ratio of 0.73 is the Corps assumed the railroads could move the cargo stranded by a failure of the Poe Lock and at no extra cost to the customer. That is not the case. First, the railroads do not have the rolling stock to handle the cargo that would be stranded and could not acquire the equipment quickly. Second, even if they could secure the additional rolling stock, the cost would be prohibitive. Third, many steel mills and utilities served by Poe-class vessels lack the ability to receive cargo by rail. The steel mill at the end of the navigable portion of the Cuyahoga River in Cleveland is a case in point. That mill is entirely dependent on U.S.-flag lakers to deliver its iron ore and fluxstone. It is also incorrect to assume the railroads could move Poe Lock cargos at no additional cost. The Corps of Engineers itself notes that Great Lakes shipping annually saves its customers \$3.6 billion in freight charges compared to the next least costly mode of transportation. Even if trains could meet Ohio steelmakers’ iron ore needs, there would be a significant increase in the cost of delivery.
8. **U.S. Department of Homeland Security says Poe Lock failure would cause national recession.** In 2015 the Department of Homeland Security (DHS) did a study on a 6-month closure of the Poe Lock. Titled “The Perils of Efficiency: An Analysis of an Unexpected Closure of the Poe Lock and Its Impact,” the report is an in-depth look at the ramifications of the Poe Lock being out of service for six months. The analysis finds a failure of the Poe Lock would quickly cripple the economy. Approximately 75 percent of U.S. integrated steel production would cease with 2-6 weeks of the lock failing. Roughly 80 percent of iron ore mining and nearly 100 percent of North American production of automobiles, appliances, heavy equipment and railcars would then shut down. Almost 11 million people in the U.S. and millions more in Canada and

Mexico would be unemployed and plunge the economy into a recession more severe than the “Great Recession” of 2008-2009.

9. **DHS study predicts huge spike in Ohio’s unemployment rate following failure of Poe Lock.** A 6-month closure of the Poe Lock would push Ohio’s unemployment rate to 17.2 percent, the highest since the Great Depression. The neighboring states of Michigan and Indiana would see their unemployment rates skyrocket to 22.6 and 22.0 percent respectively.
10. **20-Day outage of MacArthur Lock offers glimpse of impacts if Poe went down.** On July 29, 2015, a misalignment of the miter gates on the MacArthur Lock forced the Corps to close the lock and it remained out of service until August 17. During those 20 days, U.S.-flag lakers were delayed 77 times for a total of 6.5 days. The cargos delayed topped 1.8 million tons. Remember, it’s the smallest vessels that transit the MacArthur Lock. A 20-day closure of the Poe would have delayed at least three times as much cargo.
11. **Ohio’s environment would suffer if Poe Locks cargos were switched to land-based modes.** A Great Lakes freighter averages 631 miles on one gallon of fuel per ton of cargo carried. In contrast, a truck averages 91 miles on one gallon of fuel per ton of cargo and a freight train 553 miles on one gallon of fuel per ton of cargo. In one delivery the largest U.S.-flag lakers deliver more than 73,000 tons of cargo. It would take nearly 3,000 25-ton trucks to haul the same amount of cargo. It would take seven-plus 100-car unit trains to deliver the same amount of cargo. The amount of greenhouse gas emissions is also significantly lower in maritime transportation as compared to ground transportation. A cargo of 1,000 tons transported by truck emits over 537 percent more greenhouse gases than the same tonnage transported by a Great Lakes carrier. The same cargo carried by rail would produce 21 percent more greenhouses gases than if the cargo was transported by a Great Lakes carrier.
12. **Corps is reassessing b/c ratio.** The U.S. Army Corps of Engineers is preparing an Economic Reevaluation Report, which, if it properly reflects the facts, will produce a b/c ratio more than sufficient to include the lock in the Administration’s budget. In January of this year a study commissioned by the U.S. Treasury Department listed modernization of the locks at Sault Ste. Marie, Michigan, as one of the 40 American transportation and water “megaprojects” that could bring as much as \$1.3 trillion in national economic benefits. The system resiliency that a second Poe-sized lock will provide has an estimated net economic benefit of as much as \$1.7 billion, according to the study.
13. **Once the Corps has produced a valid b/c ratio for the project, the Administration and Congress must fast track funding and construction.** The project is shovel-ready. The Corps just needs the money to launch construction. At the peak of construction of the lock proper, 250 workers will be employed and in total the project will require 1.5 million man-hours. The project will use 60,000 tons of cement and 25,000 tons of steel, some of which surely will come from an Ohio steel mill.
14. **Great Lakes shipping is important to Ohio, period.** While this testimony focuses on building a second Poe-sized lock, I must say just a few words about Great Lakes/St.

Lawrence Seaway shipping and Ohio in general. As illustrated by Attachment B, in 2015 (the last year for which complete data is available), Ohio's Lake Erie ports shipped and received 35.7 million tons of cargo. That's the equivalent of 3.1 tons for each resident of the Buckeye State. The 14.2 million tons of iron ore received will make enough steel to manufacture 17.7 million automobiles. That many vehicles represent 30,000 days of production at an auto plant. The 10.8 million tons of limestone shipped and received, some coming from an Ohio quarry, will build 27,000 homes or 125 miles of highway. In addition to twinning the Poe Lock, Congress needs to adequately fund dredging of Great Lakes ports and waterways, build another heavy icebreaker for Lakes service, establish a uniform, federal discharge standard governing ballast water, and maintain the Jones Act as the foundation of America's domestic waterborne commerce policy.

Thank you for the opportunity to address this committee/subcommittee today.

## Attachment A

### Ohio Members of Great Lakes Maritime Task Force

AK Steel Corporation, West Chester  
American Maritime Officers, Toledo  
ArcelorMittal, Cleveland  
Cleveland-Cliffs Inc., Cleveland  
Cleveland-Cuyahoga County Port Authority, Cleveland  
Consumer Energy Alliance – Midwest, Columbus  
CSX Transportation, Toledo Docks, Toledo  
Faulkner, Hoffman & Phillips, LLC, Cleveland  
Great Lakes District Council – ILA, Cleveland  
ILA Lake Erie Coal & Ore Dock Council, Rossford  
ILA Local 1317, Cleveland  
ILA Local 1768, Millbury  
The Interlake Steamship Company, Middleburg Heights  
IAMAW Local 1943, Middletown  
International Organization of Masters, Mates & Pilots, Cleveland  
LafargeHolcim, Streetsboro,  
Lake Carriers' Association, Rocky River  
Lorain Port Authority, Lorain  
Osborne Concrete & Stone Co., Grand River  
Tata Steel, Warren  
Toledo Port Council, Toledo  
Toledo-Lucas County Port Authority, Toledo  
United Steelworkers, District 1, Warrensville Hts.  
United Steelworkers, Local 5000, Middleburg Hts.

**Attachment B**

**2015 CARGO MOVEMENT THROUGH OHIO'S LAKE ERIE PORTS**

PORT	PORT TOTAL	CARGO	TONS	DREDGING BACKLOG (cubic yards)
TOLEDO	<b>8,495,000</b>	Iron Ore	3,112,000	<b>1,009,000</b>
		Coal	2,029,000	
		Grain	974,000	
		Limestone	906,000	
		Salt	482,000	
		Cement	210,000	
		Other	782,000	
SANDUSKY	<b>1,614,000</b>	Coal	1,397,000	<b>1,345,000</b>
		Other	217,000	
MARBLEHEAD		Limestone	2,951,000	Privately Maintained
HURON	<b>338,000</b>	Limestone	338,000	<b>308,000</b>
LORAIN	<b>979,000</b>	Limestone	734,000	<b>649,000</b>
		Salt	128,000	
		Other	117,000	
CLEVELAND	<b>13,697,000</b>	Iron Ore	7,820,000	<b>1,833,000</b>
		Limestone	2,880,000	
		Cement	797,000	
		Salt	1,253,000	
		Other	411,000	
		Other	536,000	
FAIRPORT HARBOR	<b>1,570,000</b>	Limestone	1,045,000	<b>1,027,000</b>
		Salt	525,000	
ASHTABULA	<b>3,909,000</b>	Coal	1,511,000	<b>785,000</b>
		Iron Ore	261,000	
		Limestone	1,674,000	
		Other	463,000	
CONNEAUT	<b>4,130,000</b>	Iron Ore	3,045,000	<b>646,000</b>
		Coal	800,000	
		Limestone	241,000	
		Other	44,000	
<b>Total</b>	<b>35,732,000</b>			<b>7,602,000</b>

Source: 2015 Waterborne Commerce of the United States-Part III, Great Lakes. Dredging backlog from report by Detroit District USACE.

G:\GGN\WORDDOC\Ohio Senate Poe Lock Testimony 092017 - Final.docx