



BEFORE THE SENATE ENERGY & NATURAL RESOURCES COMMITTEE  
Proponent Testimony on Senate Resolution 59  
September 20, 2017

Chairman Balderson, Ranking Member O'Brien and members of the Senate Energy and Natural Resources Committee, my name is Keith Lake and I am the Vice President of Government Affairs for the Ohio Chamber of Commerce. I am here today to testify in support of Senate Resolution 59, which urges the President and the Congress of the United States to support plans to upgrade the Soo Locks at Sault Ste. Marie, Michigan.

The Ohio Chamber is the state's leading business advocate, and we represent nearly 8,000 companies that do business in Ohio. Our mission is to aggressively champion free enterprise, economic competitiveness and growth for the benefit of all Ohioans.

Ohio businesses are dependent on an efficient and reliable freight transportation system. These networks provide reliable connections to customers and access to many markets, ensuring dependable, cost efficient and timely deliveries of raw materials and finished goods.

Ohio's freight delivery system is made up of many types of infrastructure, including roads, waterways and ports, railroads and air transport. They are interconnected and together form a multimodal network.

Though it's located in Michigan, the Great Lakes-St. Lawrence Seaway navigation system is a crucial part of this network, and it is especially critical to Ohio's manufacturing, mining and agricultural sectors.

Every year, more than 160 million metric tons of raw materials, agricultural commodities and manufactured products are moved on the Great Lakes-St. Lawrence Seaway system. Nearly 40 million of those tons of cargo are handled at

Ohio's nine Great Lakes ports. Great Lakes-Seaway shipping supports 227,000 jobs in the United States and Canada – with over 28,000 of those jobs in Ohio.

The Soo Locks at Sault Ste. Marie, Michigan were constructed and are maintained by the U.S. Army Corps of Engineers. They enable ships to bypass rapids on the St. Marys River and allow for the movement of essential raw materials from Lake Superior to the lower Great Lakes.

There are two parallel locks operating at the Soo: the McArthur Lock, built in 1943, and the 47-year-old Poe Lock. 70 percent of all tonnage moved in U.S.-flag vessels funnels through the Poe Lock, because it alone can accommodate the largest vessels. The dependency on the Poe Lock to move the majority of commodities has led the Army Corps of Engineers to call it “the Achilles’ heel of the Great Lakes Navigation System.” It has also similarly been called the “weak link” in Great Lakes commerce.

Though there has never been a long-term failure of the Soo Locks, the Department of Homeland Security’s (DHS) Office of Cyber and Infrastructure Analysis, in an October 2015 study, forecast the catastrophic potential consequences that loom should there be an unexpected failure of the Poe Lock.

According to the report, “One of the Nation’s most economically vital systems, the iron mining - integrated steel production - manufacturing supply chain is potentially one of the least resilient to disruption. The Poe Lock...is a potential single point of failure in this supply chain.” There is no bypass for ships around the Soo Locks, and limited capacity to move goods by alternative means; neither trains nor trucks could fill the void if the Poe Lock failed for any period of time.

The analysis finds that a failure of the Poe Lock would quickly cripple the economy. Approximately 74 percent of U.S. integrated steel production would cease within two-to-six weeks of the lock failing. In Ohio, only 36 percent of our steel manufacturing production would remain operational. 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 completely for almost 10 months.

Almost 11 million U.S. jobs would be lost and the economy would be plunged into a recession more severe than the “Great Recession” of 2008-2009. Frighteningly, it projects that Ohio’s unemployment rate would jump to 17.2 percent, with job losses of approximately 826,000 people. Ohio would lose \$86 billion in GDP.

During the summer of 2015, emergency repairs closed the 73-year-old MacArthur Lock, the smaller of the two locks, for 20 days. Nearly 2 million tons of various cargos were delayed. Had the Poe Lock suffered a similar outage, however, the delays and cascading ramifications would have been much greater.

As the DHS study concluded, “In terms of an impact to the North American economy, it is hard to conceive of a single asset more consequential than the Poe Lock.” Clearly, with so much economic activity vulnerable should the Poe Lock be forced to shut down even temporarily, having just one lock with no legitimate backup is not only insufficient, it is dangerous.

Recognizing this, Congress has twice – most recently in 2007 – authorized a second Poe-sized lock to provide redundancy at the Soo. However, funds for its construction have not been appropriated.

Our federal officials must be reminded and encouraged to fund a new lock to mitigate any unforeseen closures that would disrupt shipping and jeopardize our economic security. Senate Resolution 49 provides such encouragement, and that is why the Ohio Chamber urges your support of this resolution. Thank you.