

February 2, 2016

By email to maritimecomments@cglslgp.org and dnaftzger@cglslgp.org

David Naftzger, Executive Director
Conference of Great Lakes and St. Lawrence Governors and Premiers
Attn: Maritime Comments
20 North Wacker Drive, Suite 2700
Chicago, Illinois 60606

Re: *Comments on the draft of the Strategy for the Great Lakes-St. Lawrence River Maritime Transportation System (released on January 4, 2016)*

Dear Dave:

The Council of Great Lakes Industries (CGLI) offers these comments on the draft Maritime Transportation System Strategy (MTS Strategy) that was released for public comment on January 4, 2016. CGLI is a binational non-profit organization representing the common policy interests of Canadian and US industrial organizations from the manufacturing, utilities, transportation, natural resources, and trade sectors that have investments in the Great Lakes region. The mission of CGLI is to promote the growth and vitality of the region in harmony with its human and natural resources (sustainable development).

CGLI commends the leadership of the Conference of Great Lakes and St. Lawrence Governors and Premiers (CGLSLGP) in launching the Great Lakes-St. Lawrence Maritime Initiative as well as the follow-up work done, in great measure by the drafting committee, to frame the MTS Strategy. CGLI appreciates the opportunity to serve on the CGLSLGP Maritime Advisory Committee and to provide comments on the draft Strategy.

CGLI applauds the MTS Strategy for recognizing the importance of growing the regional economy and supporting its industrial core, while promoting sustainability. CGLI enthusiastically welcomes the recognition that the Strategy gives to maritime shipping regarding its environmental performance. Maritime shipping is a particularly environmentally-friendly and efficient mode of transport, and it is important to bring awareness and recognition to this fact but also to reward the efforts and investments that the industry is making towards this end.

The MTS Strategy should describe short- and long-term commitments of the States and Provinces to continue to support and fund the Regional Maritime Entity (RME). The Great Lakes-St. Lawrence maritime transportation system (MTS) is a critical element of the region's infrastructure and provides both opportunity and risk to regional industry. The MTS connects consumers, products, and industries all over North America and serves as a portal to the global supply chain. Regional industry sees the improvement of the MTS as very good for regional business.

CGLI recognizes the importance of a regional focus in the planning, funding, and management of the regional maritime system. The RME, a single unit charged with the regional

coordination of the MTS, is a critical element of the successful and effective implementation of the MTS Strategy. We are concerned, however, that the Strategy fails to describe long-term or even short-term commitments from the States and Provinces to continue to fund and support the RME. Obtaining these commitments and acknowledging them in the Strategy would ensure the continuity of the RME and increase the likelihood that the Strategy will be implemented effectively.

The draft MTS Strategy should include a table of proposed implementation actions that identifies the organizations charged with the effort and establishes the estimated timeline and cost. We recommend a table because a tabular presentation of the actions proposed in this document will be helpful to quickly and easily understand the responsibilities of each stakeholder group, as there are over 45 proposals included in the document.

We suggest that the strategy establish the estimated costs and a timeline for implementation of each action so that the actions proposed in the Strategy can be prioritized in order of importance. Prioritization will be needed for implementation and is supported by the Strategy itself, which states that “[t]his finalized Strategy reflects the region’s consensus on steps to improve the MTS. Some steps are near term and more easily achieved while others are aspirational and will require additional time and effort.” In the prioritization process, a number of constraints should be taken into consideration, such as the estimated cost and implementation timeframe for each proposed action. Without this level of detail the Strategy may be perceived as merely aspirational.

CGLSLGP should consider an executive agreement between the US and Canada to cooperatively manage the MTS, in addition to evaluating the potential of a treaty. CGLI understands the importance and supports the establishment of a long-term fully binational entity charged with improving the competitiveness of the MTS and the multimodal transportation corridor it supports. One important milestone in the draft Strategy for creating the binational entity is the development of recommendations for a potential treaty between the US and Canada to cooperatively manage the MTS.

CGLI suggests the substitution of the phrase “international agreement” for the word “treaty” in this recommendation. Using the term “international agreement” allows the possibility of using an executive agreement, a treaty, or some other type of agreement between the US and Canada. Allowing flexibility in the type of agreement that will be pursued might expedite the process of creating the entity without compromising the outcome. For example, while a treaty might require approval by advice and consent of both legislatures, another type of agreement might require only agency-level approval. Moreover, as you know, an international agreement has some precedent in the Great Lakes region in the Great Lakes Water Quality Agreement.

The Strategy should recommend a thorough assessment of costs and fees charged to move cargo through the MTS. To position the MTS as a competitive means of transportation within the region, for both bulk and non-bulk cargo, but also within international markets, an evaluation of marine transportation charges is needed. The purpose of such evaluation would be to (1) establish the relative costs for different modes of transportation; (2) ensure the consistency of costs and fees across the MTS, and (3) help level the playing field between Great Lakes and St. Lawrence River ports and international competitors, which will be needed to compete for core or new international markets. With regard to evaluating relative costs across different modes of marine transportation, it is clear that the marine and land modes of transport are generally complementary. However, in some cases like short sea shipping they compete.

Identify and evaluate incentive programs that encourage modal shift while minimizing congestion and increasing transportation efficiency. Efficient and competitive maritime transportation is critical to economic growth in the region and depends in part on the degree to which maritime and inland transportation modes are effectively integrated. A number of programs in other countries have been implemented to incentivize a modal shift to improve integration and efficiency. Examples include PAREGES in Quebec and the Marco Polo Programme in the European Union. Although we recognize the uniqueness of the GLSLR region, we suggest an assessment of programs that have been successful elsewhere to determine whether a regional effort that promotes and incentivizes alternatives to land transport would help to enhance the MTS.

According to the International Maritime Organization (IMO) and the International Chamber of Shipping (ICS), around 90% of global trade is carried by vessel. Page 1 of the strategy indicates “The maritime sector is global in nature and accounts for 80% of global trade.” CGLI suggest revising that data point according to reflect the references from the IMO (<http://www.imo.org/en/KnowledgeCentre/ShipsAndShippingFactsAndFigures/TheRoleandImportanceofInternationalShipping/Documents/International%20Shipping%20-%20Facts%20and%20Figures.pdf>) and ICS (<http://www.ics-shipping.org/shipping-facts/shipping-and-world-trade>).

Ensure industry engagement and representation to continue to improve the MTS. CGLI applauds the proposal put forward in the draft MTS Strategy to create a non-governmental industry body to advise both the RME and State and Provincial maritime teams. Consideration should be given to regional organizations that already exist in an effort to avoid duplication of efforts. In particular, a subset of the well-established and long-serving Great Lakes Maritime Task Force could be considered for this purpose.

We appreciate the opportunity to provide input to this important Strategy and to continue working collaboratively with the Advisory Committee to finalize it. Furthermore, we look forward to remaining engaged in this effort to see the final Strategy implemented in the near future. This work is of critical importance to the region’s economy in general and in particular to the regional industry that makes use of the MTS. We welcome the opportunity to discuss specific issues related to the comments presented herein with you or to answer any questions that you and/or the drafting committee might have.

Respectfully,

COUNCIL OF GREAT LAKES INDUSTRIES



Ana Sirviente, PhD, Program Development Director



Kathryn A. Buckner, President