

Good Evening IJC Commissioners and the General Public.

My name is Kirk Jones and I am here tonight representing Canada Steamship Lines, a CSL Group Inc. domestic division. My function at CSL is that of Director, Marketing and Transportation Services. In this role, it is my functional responsibility to work with both St. Lawrence Seaway Authorities and the IJC as it relates to our vessel movements and the carriage of Canadian and United States commodities outbound and raw materials inbound to our customer's facilities.

Canada Steamship Lines is also a member of the Canadian Ship-owners Association. CSL operates 10 Self Unloading Bulker Carriers and 4 Gearless bulk carriers and have 4 asset purchases on our books awaiting delivery. CSL vessels move approximately 17 million of the total of 61 million tonnes of bulk commodities within the North American Heartland from all Canadian Ship-owners Association membership vessels, approximately 12 M tonnes which travel through the MLO section of the St. Lawrence Seaway.

CSL alone then, is responsible for the efficient movement of commodities over 8.1 Billion Tonne-Kilometers. That is an incredible amount of Marine Transportation efficiency, for which we are proud. Our customers include major Utilities, Agriculture, Mining, Steel and Resource companies in both the US and Canada. Without the movement of the materials we carry to and from them, major disruptions in industry as well as in the labour chain all the way back to the miner, farmer, dockworker and average North American will be felt.

We are however not happy that we are almost an invisible industry to most US and Canadian Citizens and just how much they unknowingly depend on Marine Transportation. Canadian Domestic Ships move commodities that touch each and every one of your lives from the light switch you turn on to the loaf of bread or pizza you eat today and the car you drove in to get to this meeting.

CSL and the CSA are very alarmed at the speed at which we view the IJC of moving toward a new Order of Approval that places Transportation (commercial navigation) second to other considerations after 50 years of development and efficiency engineering. Would anyone of you be alarmed if we changed the rules of playing hockey during the Stanley Cup Playoffs?

- **The Boundary Waters Treaty of 1909 makes the use of boundary waters for navigation a high priority, second only to domestic and sanitary use. We ask that this priority be respected.**

Since CSL officially opened the St. Lawrence Seaway with one of our vessels some 50 years ago – a tremendous amount of research, engineering and new construction has ensued- evolving from 250 foot “Canallers” to the 740 foot/78 foot beam “SeawayMAX” vessels of today. CSL alone has spent almost \$350 Million in Canada in the last decade purchasing, enlarging and renewing our fleet to new SeawayMax dimensions – with lifts now topping 30,000 MT per voyage – a far cry from the 5,000 MT lifts of the original “Canallers”.

The Canadian Ship-owners Association estimates that almost 1 Billion Canadian Dollars is to be spent renewing and upgrading the Canadian Fleet to meet the needs of Canadian and United States shipper interests in the next 6-10 years. This new change in Order may jeopardize the Return on Investment calculations for which all of these assumptions are based. The extreme outcome then could be the eventual phasing out of the Canadian Seaway Laker as we all know it today. Extreme! Possibly??. In the minimum, this new Order and any one of these new operating plans have the effect of diminished capacity, diminished productivity and major detriment to North American Consumers.

As indicated, this new Order of Approval would also allow a change in Operating Plan, on any given year, considering the issue of wet/dry lands on Lake Ontario primarily in the consideration. We have done a benchmark analysis of Plan 2007 (one of the least navigation obstructive plans) and if you were to have implemented this plan in 1963/64 during a “dry year”, after drawing down Lake Ontario 2 years out of 20 with no corresponding “wet years” to follow – it is estimated that productivity of the lakes fleet would fall by between 10 and 12% via simple loss of inches carried in draft. One inch equates to 130 Metric Tonnes of Cargo on an average laker, and up to two feet would be lost at times under this scenario. Blended over the year this is a 10% loss of productivity. **(and this is one of the least painful operating plans)**

For the sake of making a point.... lets take any one year with a 10% reduction in productivity and apply it across the broad number of other holistic considerations we ask you to consider:

- CSL would ship 1.2 Million tonnes less cargo within the Seaway
- The CSA would ship 5 million tonnes less cargo within the Seaway
- As all of the ships are currently fully tasked, with no room to lose productivity – major industry would lose the ability to ship about 1.0 Billion Dollars of US and Canadian Gross Domestic Product. (Assuming a low \$200 per MT commodity value)
- This equates to 28 days of the Seaway being closed. In a recent study authorized by both the Canadian and US Governments titled “The Great Lakes St. Lawrence Seaway Study” it is represented that the GLSLS offers shippers significant savings over other modes to the tune of approximately \$2.7 billion a year in transportation costs.

10% or 28 days would incur loss to these shippers of approximately \$150 Million dollars.

- **Shut Highway 401 or CN Rail down for 28 days and see what happens to the ordinary Canadian.**

- The same GLSLS Study implies that we should be designing stronger policies and stronger alliances with road and rail...vis a vee - a stronger focus on short sea shipping to provide shippers and consumers with a cost-effective, timely and reliable means to transport goods. This New Order and New Operating Plan considerations moves away from that and in fact, is contrary to the new and announced 2.1 Billion Dollars that the Federal Government of Canada, and the Provinces of Quebec and Ontario plan to spend to promote an Atlantic Gateway.
 - **How can we have an Atlantic Gateway if from one year to another we can vacillate by 10% the total tonnes of our commitments?**

- The environment can be impacted as well...Losing 10% of marine transport to road and rail, calculates to an additional 41,000 tonnes of Green House Gas Atmospheric pollutants (NOx, PM, HC, CO) with the losses of efficiency **within the CSL Fleet alone.**
 - **The IJC needs to look more holistically at the entire environment rather than on this one particular environmental issue.**
- The GLSLS Study lists a number of environmental stressors to the environment at the time of building and now maintaining the St. Lawrence Seaway. This study, seemingly endorsed by both Governments, concludes that the existing regulations and governance mechanisms are likely adequate to manage navigation-related activities that affect the environment in the Great Lakes. Industry has gone beyond mandatory standards with our own efforts as individual companies and through the Green Marine Industry coalition. We have had progress and continue to endeavour on a number of fronts to further reduce these stresses:
 - Reduction of Sox and Nox
 - Reduction of cargo residue and elimination of toxic residue
 - Strengthening defences against negative ballast water issues such as VHS and AIS
 - Tonne-Kilometer efficiencies in new designs of hulls and engines
 - **THIS APPLICATION OF THE IJC ALONE HAS THE CAPACITY TO WIPE OUT CSL'S KYOTO GAINS OF 15% REDUCTION IN GLOBAL WARMING GASES IN THE LAST 10 YEARS.**

- We challenge the report's value on the commercial consequences of changing your Order and your Plan from the 1956 Order. The report suggests that commercial navigation will see a net gain from the changes. As you can see from the previous statements, they got it all wrong simply by focusing on costs versus productivity and/or revenue.
- If the report was fair, how do take accumulated data for the last 50 years and rationalize that it needs to be put into a 50,000-year algorithm for an entity that without reconstruction will last only another 50 years.
- For the record, CSL encourages the IJC to maintain STATIS QUO – **Plan 1958D with deviations**. The best of the worst in our opinions is plan D+ with the ability to deviate to protect commercial navigation interests (draft) but even then, the outcomes need to be re-concluded with accurate data and input from all forms of Government, Ship-owners, Shippers and the persons whose lives and livelihoods are dependent on the St. Lawrence Seaway.
 - **The ramifications of doing anything else all point to further hurting a North American Economy just barely kept buoyant by the commodity nature of our Global trades and shipments.**
 - **The shipping industry wants to see a solution that maintains current navigability to the extent possible, with a flexible and responsive mechanism to allow deviations as required if the weather does not cooperate. Neither Plan 2007 nor Plan B+ is better for commercial navigation than the current system.**
 - **Deviations must be allowed in ANY Operating plan or order to protect shipping in cases where a drop in the level could pose a risk to navigation. Past deviations for navigation have had minimal impacts on Lake Ontario levels.**

- **From a Transportation representative perspective, and also as a Canadian, as we witness water shortages in the world, it simply cannot be tolerable that we would consider a poorly quantified local concern to be more important than that of the irreparable damage we might do by draining, irreversibly, our fresh water into salt and the associated knock-on environmental and human problems this may cause; especially as we do not yet know the future affects of Global Warming.**

In closing, we wish to caution that Revenue is tied to profitability and a 10% loss of either certainly would place us in the Transportation business simply only for the fun of doing it.

Thank You for your Attention