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**THE DEVELOPMENT OF SHORT SEA SHIPPING IN THE UNITED STATES**  
**SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION**  
**COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE**  
**U.S. HOUSE OF REPRESENTATIVES**

**STATEMENT OF GREGG M. WARD, VICE PRESIDENT**  
**DETROIT-WINDSOR TRUCK FERRY**

**FEBRUARY 15, 2007**

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It is a true honor to come before you today to speak about Short Sea Shipping.

On Earth Day 1990 the Detroit-Windsor Truck Ferry service was started by my father and me. We chose this start up date 16 years ago to symbolize our commitment to environmental stewardship and a belief that marine transportation can help reduce highway congestion, air pollution and the consumption of finite fossil fuels. The company operates a border crossing between Detroit, Michigan and Windsor, Ontario. Using a flat deck barge and a tugboat, trucks roll-on, cross the river and roll off again on the other side. We transport mainly hazardous material laden trucks that are restricted by US regulations from crossing the Ambassador Bridge and the Detroit-Canada Tunnel. The alternative legal crossing for these vehicles requires a detour of 165 miles. The types of hazardous materials crossing our facilities include flammables, acids, radioactive materials and explosives. We also move those transports too large or heavy for the other crossings. At times of significant congestion at the bridge, we provide surge capacity to vehicles carrying critical automotive freight. With a one-mile crossing of the Detroit River, we are natural extension of the highway.

My comments today will refer mostly to the Great Lakes region and as a point of reference, the Detroit area. Establishing a freight border crossing is filled with many obstacles and learning experiences. The challenges our company has faced and some yet overcome, may help chart a course for developing of Short Sea Shipping in the United States. I am cautiously optimistic about the opportunities to establish a robust, self-sustaining marine highway program. With regulatory coordination between the US Department of Transportation, Customs and Border Protection, and our neighbors North and South, Short Sea Shipping can develop into an important part of the North American Transportation System.

Short Sea Shipping is an opportunity to relieve congestion on certain highways, expand national highway freight capacity and potentially reduce travel times. Heavily congested routes along the coast and at border crossings can be served with marine alternatives to

keep freight moving and provide redundancy to critical infrastructure. Marine assets can be put into service in a relatively short period of time.

**NATIONAL SECURITY:** A tremendous amount of U.S. and Canada trade moves by truck mostly over bridges. In Detroit alone 10,000-12,000 trucks cross the bridge each day. Borders are vital conduits of trade as well as symbolic and economic targets for those who wish our nation harm. The loss of a single cross border bridge because of a terrorist action, serious accident or natural disaster would have a devastating and cascading affect on our national economy. The Department of Homeland Security national strategy to prevent, protect and respond to all hazards is integrally linked with the word recovery. For our nation to overcome any breakdown in the Northern border system there needs to be alternate systems in place for the seamless transfer of cargo and people.

Short Sea Shipping can add significant and immediate redundancy and resiliency to our transportation network. Within the Great Lakes, we can establish water routes parallel to North-South trade corridors and most obviously near fixed border crossings.

A recent DOT study confirmed short sea shipping has significant potential to carry hazardous material shipments. Removal of this cargo from high availability/high consequence critical infrastructure and trade corridors helps protect system integrity, improves anomaly detection for law enforcement and decreases potential public exposure.

**TRANSPARENCY:** Three Port Security grants have allowed our company to design and develop an advanced notification system software application for law enforcement to know all critical data elements of what is being moved before entry into the country. Even as a private company, our operations are transparent to law enforcement – from cameras in our terminals and offices to detailed customer and traffic information. The cycling of vessel arrivals allows enforcement authorities time to analyze vessel manifest and invoice data – which includes detailed driver, passenger, cargo and vehicle information, make critical pre-arrival decisions and physically examine 100% of all inbound and outbound transports. This high-level of security and domain awareness is not possible at fixed crossings. At the land border, law enforcement’s primary interaction with vehicles occurs after they have already crossed the bridge and tunnel.

**HIGHER LEVEL OF GOVERNMENT OVERSIGHT:** Another reason for dangerous cargoes to move by water is the higher level of government oversight. Unlike the privately owned and operated Ambassador Bridge, a private marine operator like the truck ferry is subject to extensive government oversight and actual physical inspection of vessels and facilities from both the United States and Canadian authorities. Soon the Transportation Worker Identification Card will add another layer of security to marine operations that is absent at the fixed border crossings.

**ENVIRONMENT:** The environmental benefits of marine transportation are immediate and well-defined by research. In 16 years of operation, our small truck ferry service has

removed tens of millions of miles off the route of hazardous material laden and oversize transports - reducing the risk of accidents, highway congestion, wear-and tear to roads, consumption of finite fossil fuels and air emissions. Operations are as simple as a parking lot on each side of the river and a floating platform to carry trucks across. Located on an industrial brownfield site, we are removed from population centers and close to the highway system. To expand the service requires only adding a second vessel, the terminal footprint remains the same.

**SURGE CAPACITY:** The experience of September 11 proved the value of redundancy in cross-border transportation options. In particular, the merit of cross border marine links was evident by the success of the Detroit-Windsor Truck Ferry in helping to avert post 9/11 plant closings in the automotive industry.

With back ups at the Ambassador Bridge and the Blue Water Bridge exceeding 14 hours, it was incumbent on logistic managers to identify and implement alternative transportation plans for meeting the just-in-time requirements. Beginning September 11, the auto companies used the ferry to carry low risk/critical freight across the border as well. Working cooperatively, automotive companies and suppliers, transporters and the truck ferry managers were able to prioritize shipments based on need. The impromptu ranking assessment was as simple as which production line would be halted or which plant would close without a shipment. That shipment was then moved to the front of the line.

General Motors, in a letter to US Customs following September 11, stated, “The Detroit-Windsor Truck Ferry became our only alternative that would enable General Motors to continue operation of the Detroit/Hamtramck Assembly Plant.” (Over 3,400 employees)

At the border, diverse crossing options are essential if manufactures are to continue operations during crisis. The marine industry is a viable substitute for a portion of the traffic that moves on rubber down the highway.

## **CHALLENGES:**

### **THE SINGLE MOST IMPORTANT IMPEDIMENT TO THE DEVELOPMENT OF SHORT SEA SHIPPING IN THE UNITED STATES IS THE HARBOR MAINTENANCE FEE (HMF)**

The HMF applies, with limited exceptions, to domestic and foreign marine cargo unloaded at a U.S. port, including waterborne cargo arriving from our NAFTA partners. The HMF is not assessed on the harbor or port, nor is it assessed on the vessel’s operator or owner. The tax is set on the value of the cargo, and is to be paid by the shipper or importer of the cargo.

Not subject to the HMF is domestic highway freight and imported cargoes arriving in the U.S. by a land border - highway, bridge or tunnel.

So when you think of SSS as a viable transportation alternative, you must consider the added cost element of the HMF. The tax is \$125 for every \$100,000 in (domestic) merchandise or import value. Because of the HMF, the seamless diversion of traffic from congested highways and bridges to waterborne services will be unlikely, expensive and require extraordinary coordination among the carrier, shipper and import community.

To use a SSS carriage alternative, the highway carrier must contact every shipper with freight in the trailer to seek permission to subject each shipment to the HMF at the expense of the shipper or importer. The domestic shipper/importer will calculate the added cost (HMF) of shipping by water and make a business decision whether the time and money saved on the congestion avoidance route (SSS) is worth the added tax and document filing obligation. If it agrees to incur the added costs associated with the HMF, the domestic shipper/importer will need to declare accurately the shipment contents and value of the merchandise shipped. Shippers of freight and carriers are business operators, not social engineers. They make shipping decisions based on convenience, price and service.

For example, most of freight transports crossing the truck ferry from Canada are empty hazardous material shipments which are still subject to the National Hazardous Materials Routing Registry restrictions. These empty transports have zero declared value, so they are not charged the HMF. Depending on the value of the hazardous material shipment, it is sometimes less expensive for shippers to detour 4-5 hours and 165 miles to a bridge than take the 20 minute crossing of the truck ferry and pay HMF. Even during severe border congestion at the Ambassador Bridge, some companies remain idling in long queues, to the detriment of the environment and transportation efficiency, instead of diverting to the truck ferry for a scheduled crossing of the river. Time and again the coordination and cost burden of the HMF are identified as the problem.

**Unless the issue of the Harbor Maintenance Fee is addressed, a robust SSS system will not develop in the United States.**

**APHIS:** US Department of Agriculture, Animal and Plant Health Inspection Service will begin in March 2007 requiring payment of Agriculture and Quarantine Inspection fees from commercial vessels, trucks and railroad cars entering the United States from Canada. Because we operate a truck ferry service, APHIS AQI fees are collected twice – once on the vessel (\$490.00) and then again on the truck (\$5.25). If a truck crosses a bridge or tunnel, the fee only applies to the truck (\$5.25).

## **BINATIONAL ISSUES**

**Canada Customs:** A serious challenge to developing Short Sea Shipping within the Great Lakes region will be the Canadian government policy of charging any new international marine operation the full cost recovery of customs services. These identical services are provided to bridges and tunnels without charge. Until late 2005, the Detroit-Windsor Truck Ferry was the only freight border crossing in Canada subject to these fees. It was only after extensive litigation that our company no longer pays these fees which

averaged about \$10 for every truck transported by ferry. Any new operation is subject to these same fees - only at a higher rate.

**Canadian Icebreaking Fees:** The Detroit-Windsor Truck Ferry is in litigation with the Canadian government over icebreaking fees. To make a one-mile crossing of the Detroit River, (which has the international boundary in the middle) the Canadian government charges a \$3,100 transit fee for ice breaking services. These fees are capped at three transits a month per vessel. It does not matter if there is ice in the river or the fact that our privately owned truck ferry service is not legally eligible to receive dock to dock icebreaking transit assistance. Further, ice breaking in the Detroit River is a shared responsibility of the United States Coast Guard and the Canadian Coast Guard. Thus we are being charged fees by Canada for icebreaking services conducted by the United States government and funded by US taxpayers. During the four month ice season, these fees equal about \$17 a truck transported.

**Signage:** On the Canadian side of the border, directional signage to the ferry exists on highways as well as county and local roadways. These signs identify the U.S. hazardous material restrictions at the border and provide excellent trailblazing to the truck ferry terminal. On the U.S. side of the border before the entrance to the bridge and tunnel, not a single sign exists on the state, county or local roadways providing information on the US National Hazardous Materials Route Registry restrictions or the alternate hazardous material crossing of the Detroit-Windsor Truck Ferry.

## **HAZARDOUS MATERIALS**

The final and most important challenge to the Detroit-Windsor Truck Ferry is the lack of transparency for hazardous materials crossing the border between Detroit and Windsor. Security of movement and the safety of infrastructure are imperiled without continuous and effective situational awareness of hazardous material. Unfortunately there is no coordinated regional policy for the enforcement of existing regulations when they apply to a privately owned bridge.

To illustrate this point please consider the following:

- Since 1929, hazardous material routing restrictions have been in place to restrict certain hazardous materials from crossing the Ambassador Bridge and Detroit-Canada Tunnel. [Attachment A – National Hazardous Materials Route Registry for Detroit]
- The Detroit-Windsor Truck Ferry was established in 1990 to eliminate the circuitous detour route trucks took when transporting restricted cargoes to avoid the local bridge and tunnel.
- Following September 11, 2001, the Detroit media showed video footage of 13,000 gallon fuel tankers and trucks with hazardous materials illegally crossing the Ambassador Bridge – a critical lifeline for the US economy.
- The National Hazardous Materials Route Registry is enforced by the State in which the restrictions take place. However the Michigan Department of

Transportation wrote to me on October 18, 2001 about the restriction of hazardous materials on the Ambassador Bridge and said, *“The state does not have jurisdiction concerning the transport of hazardous materials across a privately owned bridge, that is the responsibility of the private owner/operator.”* The letter went on further to state, *“Jurisdiction over transport of hazardous material across a city street may either be under the jurisdiction of the MSP (Michigan State Police) and/or local enforcement agencies such as the City of Detroit.”*

- According to media reports, the Ambassador Bridge, a privately owned and operated international border crossing, informed the Michigan State Police it does not have “the authority to determine what crosses a private piece of property.” [Attachment B]
- USDOT legal council states the Hazardous Material Regulations apply to private bridges. [Attachment C]
- The Ambassador Bridge distributes letters allowing certain privileged companies to transport restricted hazardous material across the bridge in contravention of the routing restrictions. [Attachment D] The Michigan State Police state these letters are illegal. [Attachment B]
- For hazardous material restricted routes throughout the US, highway signage is used to inform the commercial vehicle operators of route restrictions. No such signs are in place at the Michigan border crossings. Only one such sign exists on the Ambassador Bridge, seen by trucks after toll collection. [Attachment E]
- In Canada there is no signage on the plaza of the Ambassador Bridge notifying truckers with hazardous materials that the facility is route restricted. On the Canadian side of the border there are no toll booth operators to stop a vehicle from illegally crossing the bridge with restricted hazardous materials.
- In Canadian law there is no hazardous material routing restrictions at the border however in Windsor, Ontario signage has been installed to inform drivers of the US restrictions. [Attachment F]
- From the FMCSA Guide to Developing an Effective Security Plan for Highway Transportation of Hazardous Materials. Part D En Route Components: “Explosives, poisons, and flammables all represent significant potential consequences for weapons conversion in a tunnel scenario. Long-span bridges, such as suspension bridges, are targets for both their iconic and economic value.”
- In December 2001, the Ontario Ministry of Transport reported to the media that over 9,000 hazardous material vehicles a year illegally crossed the privately owned bridge. [Attachment G]
- In the March 2006 GAO report, Review of Undeclared Hazmat Entering the United States, according to officials, undeclared hazmat shipments occur for two main reasons: (1) Lack of knowledge: Domestic and foreign shippers may be unfamiliar with hazmat regulations and laws. (2) Economics: Shippers may not declare hazmat to avoid additional costs. This generally occurs because declared hazmat shipments require special placarding, packaging, additional training, carrier surcharges, and insurance.

Following September 11, 2001, it became clear the agenda of those with the intent to do harm to our nation anticipated the use of hazardous material laden vehicles as weapons of

destruction. It is not difficult to imagine how those with the intent to do harm to an important trade corridor could exploit the absence of authority and the lack of a consistent hazardous material policy to permanently disable this critical NAFTA transportation link. One cannot assume that our enemies have taken this modus operandi off their agenda. Protection of our international borders requires a consistent enforcement plan based upon transparent rules and regulations.

### **Canada: International Bridge and Tunnels Act**

Until recently the Canadian government as well had no clear authority to regulate matters concerning approvals for the constructing new, or altering existing, international bridges or tunnels; approvals for changes in ownership, operation or control; and issues about maintenance, operations, safety and security.

To resolve this problem, the Canadian government recently enacted into law the **International Bridge and Tunnels Act**. This legislation provides the federal government with legislative authority to ensure effective oversight of the existing 24 international vehicular bridges and tunnels and nine international railway bridges and tunnels, as well as any new international bridges or tunnels built in the future. The Minister, through the governor-in-council, has the power to regulate the safety, security, operation and use of international bridges and tunnels. The Minister will have the authority to issue an emergency directive in response to a potential threat to the safety or security of any international bridge or tunnel. To help protect the safety, security and efficiency of the transportation system, Ministerial approval will be required for transactions that result in changes in ownership or the operation of any international bridge or tunnel.

In the United States there is no similar authority or oversight when it comes to privately owned international border crossings. This is a danger for our national security. Even after September 11, 2001, our company, a transporter of dangerous cargoes across the border, has not been formally interviewed to ask how we finance operations, who beneficially owns our company or what other companies do we control and operate. As these questions have not been asked of our company, I guarantee you there has not been any vetting of other privately owned border crossings.

This Congress should consider the dire national consequences of not having a clearly defined authority over our international borders.

### **CONCLUSION**

The value of a Short Sea Shipping system in the United States, particularly at the northern border, is integrally linked to the condition and vulnerability of our aging transportation infrastructure. Again referring to the Detroit-Windsor border, about 25% of our nation's trade with Canada, our largest trading partner, crosses a bridge built in 1929. Over \$300 million in trade is trucked each day across the Ambassador Bridge. If

that facility failed, there is no ready replacement plan; the economy of the entire United States will be harmed.

When a section of the I-495 Beltway around Washington DC closes, traffic snarls and delays abound, but the system continues to operate through the use of secondary roads that absorb the temporary excess traffic demand. At the U.S. and Canada border, this will not happen. If the Ambassador Bridge closes, US bound freight would have to divert either 100 miles to the nearest international bridge crossing in Sarnia, Ontario or 250 miles to Fort Erie, Ontario. Such delays would cripple the automotive industry, its suppliers and our economy overnight.

To mitigate this risk, we must build, without delay, a versatile and flexible multimodal transportation system that includes Short Sea Shipping. The Congress of the United States is being asked today to take a leadership role in this necessary expansion of our transportation network. The following actions are required:

1. Support the reintroduced Great Lakes Short Sea Shipping Act, H.R. 981, to exempt shippers paying the Harbor Maintenance Tax on non-bulk shipments on the Great Lakes and St. Lawrence Seaway System between a port in Canada to a U.S. port. This is the most critical action to be taken for development of Short Sea Shipping in the Great Lakes region.
2. Enforce the Hazardous Material Routing Restriction at the Detroit border and select the Detroit-Windsor Truck Ferry as the prescribed route for high-risk and hazardous materials. The public depends on government to enforce rules and regulations that are put in place to protect people, property and commerce. The continued inconsistent application and enforcement of the NHMRR weakens the overall regulation and emboldens those who wish to harm our nation.
3. End preferential tax treatment of land border crossings. This practice protects incumbent operations, discourages competition and reduces the development of alternative modes of transportation. Be it crossing a lake or an inland river, a Short Sea Shipping vessel should be seen for what it is, a valuable extension of the highway, replacing bridges and tunnels where not practicable.
4. Harmonize NAFTA border security, safety and tax policies so there is a consistent and equitable regulatory framework for freight entering this country by either land or marine.
5. Demand from all operators of international border crossings transparency, accountability and compliance with federal security priorities.

With a border transportation system unable to recover from catastrophe, we leave our jugular exposed to the enemies who gather, prepare and plan to destroy our nation. The establishment of a sustainable marine highway system is not only desirable - it must become a national security priority.

Thank you for this opportunity to appear before you today.