



**TESTIMONY FROM PAUL PATHY, PRESIDENT AND CEO, FEDNAV LIMITED**  
**HOUSE COMMITTEE ON COMMERCE AND TRADE / SENATE COMMITTEE ON**  
**COMMERCE**

**LANSING, MICHIGAN**

**OCTOBER 3, 2017**

Thank you, Mr. Chairman, for inviting us to raise the issue of maritime transportation and its importance for the State of Michigan.

My name is Paul Pathy and I am President and CEO of Fednav Limited.

Fednav is a private family company specialized in international marine transportation. We operate between 85 and 115 vessels around the world, transporting raw or semi-transformed commodities like grain, minerals, concentrates, alumina, and sugar. Our versatile, state-of-the-art fleet of ships have a mean age of less than 8 years old.

**Fednav in the Lakes**

Fednav is the largest international bulk ship operator in Canada, and more specifically, the largest international vessel operator in the Great Lakes. Our ships transport roughly 40% of the volume of cargo loaded and unloaded in Great Lakes ports for or from overseas countries. Year after year, Fednav vessels carry around 4 million tonnes of cargo in and out of the Great Lakes, from manufactured products to grain, fertilizers, minerals and other bulk products.

**FMT**

In addition to our shipping activity, Fednav operates, under the Federal Marine Terminals (or FMT) brand, 12 terminals in North America: 6 in the Great Lakes, 2 on the Eastern Seaboard and 4 in the Gulf of Mexico. In its 9 US terminals, Fednav employs directly 70 personnel and indirectly 700 longshoremen. These are specialized, high-paying jobs, on which depend our trade and commerce.

**Salties**

As I mentioned, Fednav is part of the oceangoing segment of marine transportation in and out of the Lakes. We take exports from the Lakes directly to world markets, without stopping in St. Lawrence ports to tranship cargo into larger vessels. We represent the ability for shippers to sell their products directly to markets, without costly unloading/loading activities. We also ensure that manufacturers in the Lakes are

FEDNAV LIMITED  
1000 de La Gauchetière Street West, Suite 3500  
Montreal, Quebec Canada H3B 4W5

T 514 878.6500

[www.fednav.com](http://www.fednav.com)

furnished with raw or semi-finished products. Our vessels are called *Salties* to distinguish themselves from other Lakes-suitable vessels, like the 1000-footer that my colleagues here own. Our vessels are certainly smaller, but they go further, bringing a complementary resource that serves the economy of Michigan and of the entire Great Lakes.

### **Economic impact of international transportation**

It may be useful to point out that shipping in the Great Lakes represents 227,000 jobs and tax revenues of \$5B annually. For the State of Michigan, international shipping brings close to \$100 M of business revenue, represents \$25 M in local purchases and injects close to \$20 M in federal, state and local taxes. International shipping enables businesses in Michigan to access world markets directly, importing the semi-finished products they need their manufacturing activities.

### **Important issues for Fednav**

#### **Harmonization of regulations**

Imagine driving your car each year from Detroit to Miami and having to deal not only with the speed limit change between states, but knowing that State Troopers have whole different sets of regulations and the authority to stop and fine you for varied and unrelated rules: size of your car's engine, fuel that it burns, emissions it releases ... And imagine that each year, you don't know beforehand how the rules will change or how they will be enforced.

That's how we feel, coming to the Great Lakes and navigating the regulations. A vessel coming into the Lakes will cross the international boundary 22 times, and will have to observe 12 jurisdictions—both countries, 8 states and 2 provinces. And this is without mentioning regulations in the numerous countries that the vessel had visited before entering the Lakes, the international regime from the IMO, and other bodies like the European Union.

Shipowners will comply with regulations. This is our day-to-day task and our license to do business. We do not mind regulations. We mind the lack of harmonization—the uncertainty, the multiplicity of different, the conflicting rules. With respect to the jurisdiction of state, provincial, and federal governments, we fail to understand how water released in Detroit is different from water released in Windsor.

We very much respect the role Michigan has always had as protector of the Lakes and we share the need to treat the Lakes' waters as a national treasure. We just wish that rules would be harmonized, and that the field would be level for all players.

#### **Ballast Water**

One case in point is ballast water. Fednav has been the leader in protecting the Lakes from introducing aquatic invasive species. We have installed seven ballast water treatment systems on our Lakes ships, and we have announced that four new vessels



will be fitted in the next two years with a USCG-approved system. We are also beginning to retrofit our current ships with treatment systems.

But not all shipowners are following Fednav's lead, and we suspect that this is partly because of the lack of certainty regarding local, national, and international regulations. A few years ago, 7 of the 8 Great Lakes states regulated ballast water discharge in various ways. Some states followed the USCG standard (which is the international standard), some required 100 times this standard, and one state even required 1000 times the standard. The State of Michigan is still requiring specific and unique treatment systems. This is the reason why shippers cannot export directly from Michigan ports (a ship loading cargo in Michigan will need to discharge ballast water. If the ship doesn't have a Michigan-sanctioned treatment system, this will be impossible).

We suggest this is why it has taken so much time to international marine carriers to install systems and try different technologies. We are pragmatic people. We will comply with any regulations, but we are seeking harmonization from regulators.

To sum up my remarks, I would respectfully suggest to the Michigan House and Senate to participate in consultation with neighbouring states, and with the federal government when it comes to legislate and regulate maritime transportation. This is for the benefit of Michigan businesses, and toward a more effective protection of the environment.

I would like to thank you for your kind attention.

