April 21, 2017

Mr. Douglas Lamont
Performing the duties of Assistant Secretary of the Army (Civil Works)
108 Army Pentagon
Washington, DC 20310-0108

Lieutenant General Todd T. Semonite
Headquarters
U.S. Army Corps of Engineers
441 G Street NW
Washington, DC 20314-1000

Dear Mr. Lamont and General Semonite:

As Governors, the economic security of our states is of paramount concern. The Great Lakes region and the nation as a whole continue to rely on the manufacturing industry for economic success and growth. Any incident that impacts the Soo Locks could have a devastating impact on a major economic base for the United States, as well as curtailing any positive growth in the manufacturing sector. It is crucial, therefore, that we make necessary investments in the critical infrastructure that will help sustain and accelerate this growth.

The Soo Locks, located in Sault Ste. Marie, Michigan, have come under increased scrutiny in recent years, including a landmark study by the U.S. Department of Homeland Security, in which they were described as “the Achilles’ heel of the North American industrial economy.” As a single point of failure for the entire U.S. integrated steel industry and the domestic manufacturing industries that rely on steel products, the Soo Locks are a unique asset with an outsize impact on the entire U.S. economy. In fact, out of all 240 lock chambers maintained by the Corps, the Soo Locks rank fifth in tonnage, handling 57 million tons of commerce annually, and rank first in consequence, as the 30-day economic consequence of a closure equates to $160 million.

As the U.S. Army Corps of Engineers works toward completion of its Economic Reevaluation Report (ERR) for the Soo Locks Modernization Project, we wanted to underscore the importance of the asset for the security of the entire North American economy. Indeed, the U.S. integrated steel industry, which is efficiently clustered in the Great Lakes region, is a critical component of our national economy. As a snapshot of this industry cluster, facilities in Indiana Harbor, Burns Harbor, and Gary Works Riverdale alone are responsible for 54% of U.S. integrated steel production.

Without a functioning Poe-size lock at the Soo Locks, it is highly likely that the entire U.S. integrated steel industry and its reliant industries will grind to a halt within weeks. This includes 100% of the North American automobile, appliance, construction equipment, farm equipment, mining equipment, and railcar production industries. A disruption at the aging Poe Lock would result in catastrophic unemployment throughout the continent, including up to 11 million job losses, and could trigger a severe economic recession throughout North America.

The Soo Locks highlight the complexities of one of the Nation's most economically vital systems, the iron mining - integrated steel production - manufacturing supply chain. Because the success of the U.S. integrated steel industry is so heavily reliant on proximity to raw materials and waterborne transport of bulk commodities, it is likely impossible to transfer industry assets from one region to another within the U.S. Therefore, it is crucial that the Corps consider the Regional Economic Development (RED) benefits in its National Economic Development (NED) benefit analysis. It is clear that considering RED along with NED is, in this case, not a matter of perspective, but rather, a necessity.

We appreciate the Corps' ongoing efforts to maintain the aging Soo Locks to ensure they remain in working condition, and for the ongoing ERR, as it is clear the Corps recognizes the importance of this asset. As such, we urge you to also recognize the unique relationship between the Soo Locks and the national economy by including the RED analysis as part of the NED analysis.

Sincerely,



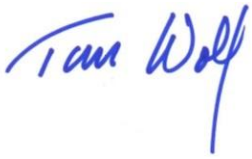
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