STATEMENT FOR THE RECORD
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BEFORE THE
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COAST GUARD
UNITED STATES SENATE

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Chairman Begich, Ranking Member Snowe, Members of the Subcommittee, I am David A. Balton, the Deputy Assistant Secretary of State for Oceans and Fisheries. I am pleased to be here today to discuss with you how we work with our fellow Arctic nations to promote and advance our economic interests in the Arctic region.

As you know, the frozen areas of the Arctic are melting and thawing, and this phenomenon is triggering ever-increasing public interest in this little-known and mysterious area of the world. We have all heard much lately about the oil and gas deposits in the off-shore areas of the Arctic, including Alaska, and though we hear less about other kinds of human activity in the Arctic such as increases in shipping and tourism. These things are happening now. We must be prepared to manage Arctic economic activity in ways that both secure our economic interests and also protect the environment. It is in part for these reasons that we reviewed and updated our Arctic policy in 2009.

United States Arctic Region Policy

On January 9, 2009, the past Administration released an updated and revised U.S. Arctic Region Policy for the first time since 1994. Shortly after the current Administration came to office, it reaffirmed that this policy remains in effect.

The impetus to update the Arctic Region Policy arose from the many changes that have taken place in the Arctic over the previous 15 years, including growing interest in the region's economic assets. The policy sets forth seven areas of policy:

- National Security and Homeland Security Interests
- International Governance
- Extended Continental Shelf and Boundary Issues
- International Scientific Cooperation
- Maritime Transport
- Economic Issues, Including Energy
- Environmental Protection and Conservation of Natural Resources

Arctic Resource Potential

The Arctic regions of Russia, the United States, and Norway contain the largest amounts of discovered Arctic oil and gas resources. Russia has 75% of known oil reserves and 90% of known gas reserves, and likely contains the vast majority of undiscovered resources of oil and gas. Russia ships up to 140 million barrels of oil per year along the Arctic Russian and Norwegian coasts. Norway transports up to 180 million barrels of oil and gas condensate per year from Norwegian Sea platforms. The potential for oil and gas in the areas of possible U.S. extended continental shelf is still largely unknown, but has the potential to be

significant. Russia also holds vast non-energy mineral deposits and engages in significant mining activity in the Arctic.

U.S. Government agencies are actively involved in sharing our experiences in the area of oil and gas management with Russia, which continues to express interest in cooperation in Chukchi Sea oil and gas activities. Russia also holds vast non-energy mineral deposits and engages in significant mining activity in the Arctic. The Russian Government, the Geological Survey of Canada and the United States Geological Survey have jointly mapped pan-Arctic mineral potential. The United States and Canada are conducting research to develop technologies to characterize Arctic methane hydrate deposits with a long-term goal of potential production of methane. Research is also underway in the United States, Canada, Norway, Germany and other EU countries on the methane hydrate role in terms of seafloor hazards and global climate change. The United States and Canada also plan to cooperate on the regulatory process of the proposed Alaska natural gas pipeline.

The National Ocean Policy for the stewardship of the ocean, our coasts, and Great Lakes established by President Obama in 2010 recognizes the Arctic as a national priority. Implementation of this policy will address environmental stewardship needs in the Arctic Ocean and adjacent coastal areas through the identification of better ways to conserve, protect, and sustainably manage Arctic coastal and ocean resources, effectively respond to the risk of increased pollution and other environmental degradation on humans and marine species, and adequately safeguard living marine resources. The policy stresses collaborations and partnerships and communicates to other Arctic Nations the commitment of the United States to support science based decision-making and an ecosystem-based

approach to managing human activities at sea, including using tools, consistent with international law, such as coastal and marine spatial planning.

The Arctic Council

The Arctic Council is the main forum we use to advance our economic, environmental and other Arctic interests with the Arctic nations. The Arctic Council also gives us a forum in which the indigenous peoples living in the Arctic collaborate on many issues of concern. The Council has been very successful for the United States in that we have led or co-led many of its important projects including the 2004 Arctic Climate Impact Assessment, the 2008 Arctic Oil and Gas Assessment, and the 2009 Arctic Marine Shipping Assessment. In May 2011, Secretary Clinton signed an agreement on Aeronautical and Maritime Search and Rescue Cooperation in the Arctic, the first-ever legally binding agreement negotiated under the auspices of the Arctic Council. This agreement is key to supporting economic development activity in the Arctic, where infrastructure and support services for search and rescue are sparse.

Secretary Clinton also joined with her colleagues in creating a Task Force on oil spill preparedness and response, which the United States will co-chair with Russia. This Task Force is an excellent opportunity to join with our fellow Arctic nations to prepare for offshore oil exploration and development so that if a spill does happen, we will be better-positioned to address it. We will include the lessons learned from the Deepwater Horizon spill as we develop an international instrument on oil spill cooperation in the Arctic, where coordination of international efforts would likely be critical to mounting an effective response. The United States has recently proposed a new Arctic Maritime and Aviation Infrastructure Initiative which, if agreed by the other seven Arctic Council

members, would examine the current state of Arctic infrastructure, how it measures up to current and future economic development needs, and recommend to governments what infrastructure investments they should consider in order to support sustainable economic development in the region such as oil and gas development, shipping, and tourism.

Arctic Fisheries

The Department of State and other agencies are also working to advance our interests in the proper management of fisheries that may expand into the Arctic region. Over the past few years, two significant developments in the United States have encouraged us to take action on this matter. First, in 2008, Congress passed a Joint Resolution calling on the United States to work with other Arctic nations to develop one or more agreements for managing fisheries that may expand into new areas of the Arctic Ocean. Second, the United States took the unprecedented step of closing the portion of the U.S. Exclusive Economic Zone north of Alaska to new commercial fisheries – essentially because we do not yet have sufficient science and understanding of these Arctic ecosystems to manage new fisheries there appropriately.

We have regularly engaged the other Arctic nations on this subject, both bilaterally and multilaterally. Last month, thanks primarily to the National Oceanic and Atmospheric Administration, the United States hosted a meeting of scientists to consider steps to improve our collective understanding of the marine environment in the Arctic so as to better predict when and where new fisheries may be possible. On a broader note, we are seeking agreement that nations should not authorize their vessels to fish in the high seas portion of the central Arctic Ocean until there is an adequate international mechanism in place for managing fisheries in that area.

International Science Cooperation

We are benefitting from the increased investment in science during the International Polar Year (2007-2009). The intensified IPY science and education activities, coordinated by the U.S. National Science Foundation on behalf of many US agencies, invigorated international science cooperation in polar regions. These enduring international science partnerships, that are fostered under science and technology agreements coordinated by the State Department as well as memoranda of understanding between research entities in the U.S. and foreign partners, advance diplomacy in the Arctic region. Moreover, joint international science activities leverage the U.S. ability to achieve understanding of the environment that underpins our economic activities in the Arctic.

Law of the Sea Convention

Finally, we could significantly advance our economic interests in the Arctic by joining the Law of the Sea Convention.

The Law of the Sea Convention provides the basic legal framework applicable to such activities, including the rules applicable to navigation, the determination of the outer limits of the continental shelf, fishing, environmental protection (including in ice-covered areas), and marine scientific research.

Unfortunately, the Convention remains a key piece of unfinished treaty business for the United States.

Of course the Convention's provisions are highly favorable to U.S. national security interests, because navigational rights and freedoms across the globe for our ships and aircraft are vital to the projection of sea power.

In addition, the Convention's provisions are highly favorable to U.S. economic interests, in the Arctic and elsewhere.

First, the Convention provides the legal certainty and predictability that businesses depend upon.

Second, it sets forth rules that promote and protect their interests.

- The Convention gives coastal States an exclusive economic zone (EEZ) extending 200 nautical miles offshore, encompassing diverse ecosystems and vast natural resources such as fisheries, energy, and other minerals. The U.S. EEZ is the largest in the world, spanning over 13,000 miles of coastline and containing 3.4 million square nautical miles of ocean—larger than the combined land area of all fifty states.
- The Convention also gives coastal States sovereign rights for the purpose of exploiting and managing resources of the continental shelf, which can extend beyond 200 nautical miles if certain criteria are met. The United States is likely to have one of the world's largest continental shelves, potentially extending beyond 600 nautical miles off Alaska. Only as a Party could we take advantage of the treaty procedure that provides legal certainty and international recognition of the U.S. continental shelf beyond 200 nautical miles.
- The Convention provides a mechanism for U.S. companies to obtain access to minerals of the deep seabed in areas beyond national jurisdiction.
- The Convention guarantees the ability to lay and maintain submarine cables and pipelines in the EEZs and on the continental shelves of other States and on the high seas.

- The Convention secures the rights we need for commercial ships to export U.S. commodities and protects the tanker routes through which half of the world's oil moves.
- The Convention is the foundation upon which rules for sustainable international fisheries are based.

More broadly, U.S. accession is a matter of geostrategic importance in the Arctic, in terms of both symbolism and substance. We are the only member of the Arctic Council that is not a Party. We are the only State bordering the Arctic Ocean that is not in a position to fully secure our continental shelf rights. We need to be a Party to the treaty to have the level of influence in the interpretation, application, and development of law of the sea rules that reflects our maritime status. We need to be a Party to the treaty to fully claim our rightful place as an Arctic nation.

The United States has been an Arctic nation since the Alaska purchase in 1867. Although many Americans do not think about our country in connection with the Arctic, those of us in Alaska and in Washington, D.C. think about it a lot, and we are working hard to preserve this beautiful, pristine place, increase its resilience, and protect our important interests there.