BROOKINGS

QUALITY. INDEPENDENCE. IMPACT.

International Climate Policy Research Agenda

A Concept Note Submitted to the Government of Norway by the Global Economy and Development Program at Brookings
October 2011

The Challenge

At the climate summit in Cancun in 2010, more than 190 governments adopted the goal that the average global temperature should not increase by more than 2°C from pre-industrial levels. To achieve this goal, global emissions must be more than halved from their current levels by 2050, yet UN climate negotiations seem unlikely to produce an agreement within the next few years that will put us on track for achieving the necessary emission reductions. The International Climate Policy work program in the Global Economy and Development program at Brookings builds on the view that the UN process needs to be supplemented by additional international initiatives to mitigate and adapt to climate change, and that these need to move beyond the realm of environmental policy to embed climate concerns into development and growth policies. Stakeholders have turned to "bottom-up" approaches to climate policy, looking for innovations at the global, national, regional, and local levels. These approaches are also being defined in ways that are more central to broader growth and sustainable development agendas under a "green growth" framework, and the upcoming Rio+20 meetings may define a work program for the international community that goes beyond the climate debate. In any case, to support the type of transformation needed to both help economies and societies move to a low-carbon and climate resilient future, the most promising "bottom-up" initiatives will need to scale up and eventually converge.

The Research Agenda

Brookings research will examine the ways in which international institutions, policies, and financial flows—bolstered by partnerships—can evolve to extend the reach and impact of "bottom-up" action while also supporting eventual global climate agreements. It will build on Brookings's expertise on climate policy as well as its track record of research on the effectiveness and governance of multilateral institutions. The work program will focus on strategies for supporting emerging and developing countries, and will concentrate on two main themes: climate finance; and innovation and technology. Current research in the Global Economy and Development program is focused mainly on mitigation, but will evolve over the coming year to incorporate issues of climate adaptation and resilience.

Climate Finance. In Copenhagen, Climate negotiators pledged $100 billion/year in climate finance by the year 2020, and in Cancun they agreed to set up a Green Climate Fund to channel part of these funds. While these decisions were critical for the successful outcome of the Cancun

climate meetings, their implementation will be difficult. Securing public funding will be challenging given the fiscal situation in advanced economies, and scarce resources will need to leverage private finance in a significant way. Contributing countries will want assurances that funds will be used effectively, at the same time that recipient countries are looking for the means to gain significant control over their use outside of the current development finance architecture. Brookings research aims to influence the development of the international financing framework, by:

a) Advocating for a coherent design of the institutional framework for climate finance, including in the design of the Green Climate Fund;
b) Shaping the debate on the effectiveness of climate finance, the centerpiece of which would be the creation of a Quality of Climate Finance index (QuCF) that would result in an annual assessment of the quality of all official climate finance flows. The index will allow contributors and recipients to benchmark performance, while fostering learning and driving institutional improvements); and
c) Elevating the debate on options for using public finance to leverage the private sector, and in particular private capital. This would include contributing to ongoing international initiatives, like Norway's Energy+ Initiative, the United Kingdom's Capital Markets Climate Initiative, as well as to emerging debates in the United States on the role of private capital.

Innovation and technology development. Over the next quarter-century, over 95 percent of the growth in global emissions will occur in the non-OECD economies. Investment flows in these countries into the energy sector will dwarf those in all other world regions. In this context, innovation in these countries could become a fount of new ideas, approaches, and engineering solutions that could hold the key to addressing climate change. And new approaches and technologies could also help the least developed countries leapfrog to low-carbon and climate resilient growth and poverty alleviation strategies. The research agenda would:

a) Investigate past successes and failures in domestic technology innovation policy—including from the biggest emerging economies such as China, India, Brazil, South Korea, Indonesia, Mexico, and South Africa—and search for applications for other middle income and least developed countries;
b) Evaluate options for institutional and governance structures for international collaboration on technology innovation, research, and development, including the proposed Technology Mechanism, but also extending to other potential structures that build on successes in other domains (like agriculture and pharmaceuticals); and
c) Consider how other policy domains (like trade-based policies and the development of urban-centered innovation systems) could contribute to the climate and green growth innovation agenda.

Work Program Overview

The Global Economy and Development's International Climate Policy work program will produce independent, high-quality research and policy recommendations for policymakers, private sector leaders, civil society, academics, media, and other stakeholders in the United States and around the world. Building upon the core strengths of Brookings—authoritative,

independent, and non-partisan research, a depth of practical expertise, and unparalleled convening power—the research and high-level dialogue activities will provide the analytical foundation and discussions that can catalyze public debate on critical climate policy issues. The work program will be supported by analysis papers, policy memos, and proceedings of meetings.

The work program will be carried out by an accomplished team of scholars, many of them with direct experience in the management of climate strategy and global institutions, including Global Economy and Development Vice President and Director Kemal Derviş; Deputy Director and Senior Fellow Homi Kharas; and Senior Fellow Katherine Sierra. The program will draw upon and complement the work of other scholars from the broader Brookings program areas, including Senior Fellow and Director of the Energy Security Program Charles Ebinger and Managing Global Order Director Bruce Jones. It will leverage several specialized Brookings research efforts, including the African Growth Initiative and the Latin America Initiative, as well as draw upon scholars associated with the China, Middle East, and India programs. The team will build bridges with the Norwegian research community with collaborative research with and through secondments from the newly established research center, CICEP, which will carry out a new Norwegian inter-disciplinary program, Strategic Challenges in International Climate Policy.

Timeline

During the first year of the work program (December 2011 – June 2012), Sierra and colleagues would focus on the international architecture for climate finance, including analysis and outreach to help shape thinking for the design of the private sector facility of the Green Climate Fund. The scoping for the Quality of Climate Finance (QuCF) index would be carried out during this period as well. On the innovation and technology agenda, policy work will focus on making the case for action as an input to Rio+ 20.

Deliverables would include at least two policy briefs and a working paper for the Quality of Climate Finance Index. Depending on the availability of complementary financing (under discussion with other partners), the work on international architecture for R&D would be carried out during this period, resulting in a working paper and policy brief. Brookings also envisions planning and organizing, in partnership with the Embassy of Norway, a high-level event in February of 2012 that will provide a forum for Minister of Environment Erik Solheim to provide comments and to meet with experts and policymakers on internal climate finance and renewable and sustainable energy issues.

During the second year of the work program (July 2012 – June 2013), Brookings anticipates completing the Quality of Climate Finance Index and focusing on an evaluation of the early outcomes of the numerous bilateral and multi-lateral private sector climate finance schemes that have been initiated over the past two to three years. The broader innovation and technology agenda would also be tackled during this period. However, the specific work program might be amended in consultation with the Government of Norway so as to take into account outcomes of the Rio+20 meetings.

Budget

The Global Economy and Development program at Brookings is seeking support from the Government of Norway of US$500,000 per year for two years to support activities undertaken from December 2011 through June 2012 and July 2012 through June 2013, and to allow Brookings's international climate policy program to significantly increase its reach. Support at this level from the Government of Norway would provide core funding for Global's work program and would allow Senior Fellow Sierra and her colleagues to be both comprehensive in scope and nimble in designing research topics. It would also help to leverage additional funding from other sources to deepen the research scope for discrete, project specific activities and deliverables. In this vein, Brookings is also pursuing funding from other non-governmental entities (such as private foundations), non-profit research institutions, and bilateral sources. Ultimately, the program aims to expand to an annual budget of approximately US$1 million per year, which would allow for the full range of activities.

Brookings envisages a long-term collaboration with the Government of Norway on international climate policy. As part of the above-mentioned work program, Brookings and the Government of Norway would meet twice a year to review the program outcomes to date and priorities for the future. This would allow the team, with colleagues from Norway, to make mid-course corrections in the work program in response to lessons learned from ongoing research, as well as to take into account emerging priorities in the international climate policy landscape.

BROOKINGS

Ministry of Foreign Affairs, Norway

Estimated Budget for Project on Climate Change
December 1, 2011 - June 30, 2013

	FY 12 12/1/2011 - 06/30/2012	FY 13 07/1/2012 - 06/30/2013	TOTAL BUDGET 12/1/2011 - 06/30/2013
Salaries & Fringe[a]	$ 237,896.31	$ 285,738.72	$ 523,635.03
Contracts & Honoraria[b]	40,000.00	41,000.00	81,000.00
Travel & Conferences[c]	31,495.00	36,495.08	67,990.08
Editing, Publishing, & Web[d]	22,099.38	26,884.38	48,983.77
ITS[e]	20,975.82	31,030.48	52,006.30
Other Direct Costs[f]	42,073.24	48,445.94	90,519.18
TOTAL DIRECT COSTS	**$ 394,539.75**	**$ 469,594.60**	**$ 864,134.35**
General & Administrative Expenses[g]	63,047.45	72,818.19	135,865.65
	$ 457,587.20	**$ 542,412.80**	**$ 1,000,000.00**

Footnotes:

(a) Total staff labor and benefits includes eleven months time for Katherine Sierra, one month each for Homi Kharas and Daniel Kaufmann, six and a half months for Joshua Meltzer, one month for the director of communication, one month for a financial manager, one and a half months for a project coordinator, and nineteen months for a full time research associate.

(b) Contracts and honoraria includes research costs for Nathan Hultman, Nigel Purvis, research consultants and an economist for climate index.

(c) Research travel and conference-related costs including participant travel and conference facilities, meals, A/V equipment, and other related expenses.

(d) Includes costs associated with layout, design, printing, and dissemination for online and print research products and activities.

(e) Includes costs for IT services and infrastructure directly related to the project.

(f) Includes costs for facilities, postage/shipping, express mail, messenger, copies, phone/fax, supplies, research materials and other miscellaneous costs directly related to the project.

(g) General and administrative charges allocated across the Institution for costs incurred for its management and administration.

Please Note: Effective July 1, 2012 (the start of Brookings's 2013 fiscal year), Brookings will change how it calculates the indirect costs that are allocated to projects in order to streamline and simplify internal allocations. While the indirect costs allocation methodology will change to accommodate a more streamlined internal allocation process, there will not be a material change to the total amount of respective allocation Brookings will be charging to a project. Because of this proposed grant period includes time in FY12, this budget applies both the previous and revised methodologies proportionately. For more detail on any of the allocations or methodology, please contact our Financial Manager, Dawn Byrne at dbyrne@brookings.edu

ROYAL MINISTRY
OF FOREIGN AFFAIRS

Brookings Institution
1775 Massachusetts Avenue
NW Washington
DC 20036
USA

Your ref.: Our ref.: QZA-13/0380 and 13/03832-2 Date: 4 June 2013

GRANT LETTER FOR QZA-13/0380 "Brookings - Framework Agreement 2013-2015

Reference is made to the application from Brookings Institution (the Grant Recipient) to the Norwegian Ministry of Foreign Affairs (the Ministry) dated 11 April 2013 regarding financial support to the above project.

The Ministry has decided to award a grant of NOK 13 500 000 (the Grant) to the Grant Recipient for the implementation of the project as it is described in the application. The framework agreement covers the years 2013- 2015. The grant will be disbursed as follows:

2013	NOK 4 500 000
2014	NOK 4 500 000
2015	NOK 4 500 000

Over the grant period 20% of the Grant shall be set aside for cooperation with Norwegian partners. The agreements entered into between Brookings and the Norwegian partners shall be attached to this framework agreement.

The Grant is provided subject to the acceptance of the conditions and procedures specified in this grant letter by the Grant Recipient. This grant letter together with the Grant Recipient's written acceptance shall constitute an agreement (the Agreement) between the Ministry and the Grant Recipient (the Parties).

The Agreement numbers shall be used in all further correspondence regarding the Grant, including requests for disbursement, invoice(s) and repayment of unused funds.

1. Purpose and implementation of the project

The Grant Recipient shall implement the Project as set out in the Agreement, and in the application, including any attachments, with any agreed adjustments (the Application).

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The purpose of the Project is research into the following areas of common interest:

A. NATIONAL SECURITY ISSUES

- **Iran's role in conflicts in Iraq and Afghanistan.** New diplomatic strategies for dealing with the challenges posed by Iran, particularly those focused on ensuring Iranian compliance with the Nuclear Nonproliferation Treaty; The future of Iran's energy sector.
- **Policy and ethics of new game changing technology of drones and cyberwarfare.** (Peter Singer was asked by the Norwegian Air Force to speak on this topic early in 2013).
- **Managing Illicit Economies.** Book project that will explore how to understand, suppress and manage several dangerous illicit economies around the globe in ways that enhance human security and human rights. The illicit economies to be studied include the smuggling of WMD materials to terrorist groups; the drug trade; maritime piracy; the smuggling of gems; illicit logging; illicit trade in wildlife; and trafficking in humans.
- **Transatlantic security:** Managing relations with Russia; Future of NATO and European Security.
- **Eastern Mediterranean Politics, Energy, and Security:** the implications of regional conflicts, energy discoveries, and internal political and economic changes on dynamics within the Eastern Mediterranean, including between Turkey and Israel, Israel and Egypt, Israel and Lebanon, and Cyprus and its neighbors on the Mediterranean littoral.
- **Asian Security.** Examining policy issues related to the Korean Peninsula, China-Taiwan, and Maritime Asia.
- Continued research on **Afghanistan/Pakistan,** including tracking security indicators and counter-insurgency activities.

B. GLOBAL ORDER ISSUES

- **Rise of Emerging Powers**. Two single author books, one on how to foster cooperation on areas of common interest and the other examining what geopolitical competition will look like in an age of global interdependence
- **High North and the future role of the Arctic Council.** Research will examine how non littoral states (China, India, Japan, South Korea, Brazil, etc.) that have concerns about how global climate change arising in the Arctic is affecting their economies be brought into the Arctic council as active players in discussions about the future of the Arctic while maintaining the full sovereignty of the littoral states. What mechanisms within the Arctic council would have to be strengthened to let the council play an enhanced role in the region's governance Expansion of Chinese mining and energy companies into Greenland and the Arctic/High North?
- **Maritime Security and Resource Competition in the Emerging Global Order**

C. HUMANITARIAN POLICY ISSUES

- **Dynamics of Humanitarianism. Examining** ways climate-change related phenomena such as extreme hazard events, the rise in sea levels, and environmental degradation, whether sudden-onset or gradual, both trigger displacement and affect those already

displaced. Work on this issue will also address the challenge of strategically engaging a diversity of actors within and beyond the humanitarian community in the pursuit of durable solutions to displacement.

- **Human rights and humanitarian affairs:** United Nations human rights system; Protection of civilians; Humanitarian system reform; the pursuit of accountability for human rights violations (to include book project on the right of return as a human rights norm).
- **Global democracy and human rights agenda for the 21st Century.** Analysis of key factors and voices– diplomats, businesses, parliaments, the media, civil society – that influence each emerging democracy's foreign policy. Building common ground among the emerging democracies that, with the more established democracies, will determine the fate of the global democracy and human rights agenda for the 21st century.

The expected results of the framework agreement are:

- High level dialogues on the emerging global order. This includes the annual Abu Dhabi Forum, a Copenhagen Forum (possibly relocated to Oslo) of senior foreign policy advisors, a dinner series on US strategy and the international order, roundtables, and public speeches by major figures.
- Briefings for the MFA
- Research cooperation with PRIO and NUPI (see attached MoUs)

In case of major deviations from the Application, such as changes to the budget, the goal hierarchy, the Grant Recipient's organisation and/or alterations to the implementation plan of more than three months, the Ministry shall be notified in writing in advance. The Ministry may stop disbursements of the Grant until these changes have been approved in writing.

The Grant Recipient shall ensure that no part of the Project is implemented in a way that is in contravention of UN conventions that Norway adheres to or of any UN Security Council resolution.

The Grant Recipient shall identify, assess and mitigate any relevant risks associated with the implementation of the Project and any potential negative effects of the Project on the environment, climate or gender issues. The Grant Recipient shall be familiar with UN Security Council resolution 1325 on women, peace and security (s/res/1325 (2000)), and implement the Project in a way that promotes the intentions of the resolution in the best possible way.

If the Grant Recipient is to transfer all or part of the Grant to a cooperating partner, the Grant Recipient shall enter into a written agreement with the partner. In these agreements the Grant Recipient shall require the partner to apply such administrative procedures that ensures compliance with the obligations of the Agreement, particularly with regard to reporting, audit, procurement and anti-corruption measures.

2. The Grant

The Grant shall be used exclusively to finance the Project, including indirect costs as described below, during the planned period 2013-2015 (the Support Period).

Statement to The New York Times from Martin S. Indyk, vice president and director of the Foreign Policy Program

Sept. 4, 2014

"The idea of conducting policy research on the Arctic was inspired by a series of workshops Brookings scholars held with State Department officials on issues related to international cooperation. In the course of those discussions, a senior State Department official highlighted the Arctic as a priority for the U.S. Government and noted that emerging institutional arrangements on the Arctic (such as the Arctic Council) were exemplars for other collective security issues. This generated new attention to the Arctic in other research at Brookings, including work on the geopolitics of energy scarcity supported by the John L. and Catherine T. MacArthur Foundation, and research involving the impact of climate change on displacement of indigenous people, supported by the Foreign Policy program's Director's Strategic Initiative Fund, which is funded by a consortium of individual donors. Norwegian framework agreements provide only partial funding for research areas listed within the agreements. In this case our records show that no Norwegian funding was used for the Arctic project. Funding came from the MaArthur Foundation, the Carnegie Corporation, the Government of Alberta, and an individual philanthropist (trustee David Rubenstein)."

CSIS | CENTER FOR STRATEGIC & INTERNATIONAL STUDIES

GLOBAL CHALLENGES IN THE ARCTIC

THURSDAY, MAY 7, 2009

CSIS
B1 CONFERENCE CENTER
WASHINGTON, DC

AGENDA

9:00a.m. **REGISTRATION AND COFFEE**

9:30 a.m. **WELCOME AND OPENING REMARKS**

Dr. John Hamre, *President and CEO, CSIS*
Ambassador Benson Whitney, *U.S. Ambassador to Norway*

10:00 a.m. **SESSION I: SOLIDIFYING SECURITY IN THE ARCTIC**

With the rapid decrease in the Arctic ice cap, new opportunities are opening both in terms of new shipping lanes and exploitation of petroleum, mineral and other resources. Much due to this, the security of the region is rapidly becoming a priority for a number of states and institutions. Do we need new instruments and a more efficient institutional framework for providing security for the Arctic? What role could NATO, the EU and the Nordic states play in ensuring security for the European High North? What are their capabilities? What are the implications of Russia's military posturing in the High North? Is Washington likely to develop a more comprehensive plan to help secure the Arctic?

Moderator and Commentator: **Stephen Flanagan**, *Senior Vice President and Henry A. Kissinger Chair, CSIS*
Rolf Tamnes, *Director, Norwegian Institute for Defence Studies*
Steven E. Miller, *Director, International Security Program, Belfer Center for Science and International Affairs, Harvard University*

CSIS thanks Institute for Defence Studies (IFS) for their generous support and cooperation on the Geopolitics in the High North research program

12:00 p.m. **KEYNOTE ADDRESS AND LUNCHEON**

Introduction: **David Pumphrey**, *Deputy Director and Senior Fellow, Energy and National Security Program, CSIS*
Keynote Speaker: **Representative Jay Inslee (D-WA),** *Select Committee on Energy Independence and Global Warming*

1:00 p.m. **SESSION II: POTENTIAL PROSPECTS AND PITFALLS OF REGIONAL ENERGY RESERVES**

Rich in untapped oil and natural gas resources, many states view the Arctic as an opportunity to bolster their own energy security, and therefore a foreign policy priority. What are American, Russian and Norwegian energy aspirations for the region? What challenges – commercial, technical, environmental and political – confront development of Arctic energy resources and how will these influence the timing and scale of oil and natural gas production and delivery?

Moderator and Commentator: **David Pumphrey**, *Deputy Director and Senior Fellow, Energy and National Security Program, CSIS*
Arild Moe, *Deputy Director and Senior Fellow, Fridtjof Nansen Institute*
Andrew Kuchins, *Director and Senior Fellow, Russia Eurasia Program, CSIS*
Elizabeth Cheney, *Vice President of Corporate Support for Exploration and Production in the Americas, Shell Oil*

2:30 p.m. **COFFEE BREAK**

3:00 p.m. **SESSION III: ENHANCING ENVIRONMENTAL GOVERNANCE**

With the diversity of national and international institutions and agreements involved in Arctic governance, many states are concerned about the level of coherence and substantive stringency of regional standards for environmental protection. How can Arctic states enhance and streamline the complex institutional framework, established under UNCLOS, to ensure good Arctic governance? Can the 157 countries party to the UNCLOS convention cooperate to create better governance practices and to reorganize the institutions dealing with the new challenges facing the Arctic in the 21st century? What are the risks and benefits of a global approach to reform versus a regional approach to reform?

Moderator and Commentator: **Ambassador Jostein Mykletun**, *Special Adviser and High North Project Manager, Norwegian Ministry of Foreign Affairs*
Olav Schram Stokke, *Senior Research Fellow, Fridtjof Nansen Institute*
Brooks Yeager, *Executive Vice President, Climate Policy Center*
Sherri Goodman, *General Counsel and Corporate Secretary, CNA*

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4:30 p.m. **CLOSING REMARKS AND CONCLUSION**

6:00 p.m. **CELEBRATION OF NORWAY'S CONSTITUTION DAY**

Hosted by Ambassador Wegger Chr. Strommen

Reception followed by a performance by His Majesty the King's Guard with the Battle Color Detachment of Marine Barracks Washington

Location: *Marine Barracks Washington*
Main Entrance: 8th and I Streets, S.E.
Washington, D.C.

Please be sure to bring your invitation and ID for security purposes.
If you have not yet RSVPed, please notify Jamie Kraut by 12:00 p.m.

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CSIS | CENTER FOR STRATEGIC & INTERNATIONAL STUDIES

U.S. STRATEGIC INTERESTS IN THE HIGH NORTH

WEDNESDAY, APRIL 28, 2010

CSIS
B1 CONFERENCE CENTER
WASHINGTON, DC

DRAFT AGENDA

8:30a.m. **REGISTRATION AND COFFEE**

9:00 a.m. **WELCOME AND OPENING REMARKS**

Heather Conley, *Director and Senior Fellow, Europe Program, CSIS* (confirmed)
Professor Rolf Tamnes, *Director, Norwegian Institute for Defence Studies* (confirmed)

9:15 a.m. **KEYNOTE: U.S. CONGRESSIONAL COMMITMENT TO THE ARCTIC**

Introduction: **Dr. John Hamre**, *President and CEO, CSIS* (confirmed)
Keynote Speaker: **Senator Lisa Murkowski** *(R-Alaska)* (confirmed)

9:35 a.m. **SESSION I: UNCLOS – THE ARCTIC ARBITER AND U.S. INTERESTS**

Is it in the interest of the U.S. to ratify UNCLOS in light of developments in the High North? Do the benefits of ratification outweigh U.S. concerns? Is UNCLOS able to de-conflict potential provocative behavior by Arctic actors? What effect would accession to the treaty have for oil and gas exploration, increased Arctic shipping and the status of the Northwest Passage?

Moderator: **Ambassador Mary Beth West,** *Former Deputy Assistant Secretary for Oceans and Fisheries, U.S. Department of State* (confirmed)
Speakers: **Mead Treadwell,** *Chairman, U.S. Arctic Research Commission* (confirmed)
Scott Borgerson, *Visiting Fellow for Ocean Governance, Council on Foreign Relations* (confirmed)
John Bellinger, *Partner, National and Homeland Security Practice Group, Arnold & Porter LLP; Former* Legal Adviser, *U.S. Department of State* (confirmed)
Arne Fuglvog, *Legislative Assistant, Office of Senator Lisa Murkowski* (confirmed)

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11:00 a.m. **COFFEE BREAK**

11:15 a.m. **SESSION II: THE DEVELOPMENT OF THE U.S. SECURITY POSTURE IN THE ARCTIC – COHERENT OR CHAOTIC?**

Does the United States require a clear, coordinated security strategy to succeed in the region? Should the U.S. make it a priority to develop its capabilities and Arctic presence at the same pace as other Arctic states? What are the potential consequences if the U.S. does not develop such capabilities? Will the Coast Guard be capable of carrying out its search and rescue responsibilities? How will an increase in shipping activity in the Arctic region affect U.S. security interests?

Moderator: **Caitlyn Antrim,** *Executive Director, Rule of Law Committee for the Oceans* (confirmed)
Speakers:
Amanda Dory, *Deputy Assistant Secretary, Strategy, Office of the Under Secretary of Defense for Policy, U.S. Department of Defense* (confirmed)
Stephen Carmel, *Senior Vice President, Maritime Services, Maersk Line* (confirmed)
Dana Goward, *Director, Assessment, Integration, and Risk Management, U.S. Coast Guard, U.S. Department of Homeland Security* (confirmed)
Dr. Lawson Brigham, *Deputy Director and Alaska Office Director, U.S. Arctic Research Commission; former Chair, Arctic Marine Shipping Assessment of the Arctic Council* (confirmed)

12:45 p.m. **LUNCHEON**

1:00 p.m. **KEYNOTE ADDRESS: U.S. ENGAGEMENT IN THE ARCTIC**

Introduction: **Dr. John Hamre**, *President and CEO, CSIS* (confirmed)
Keynote: **James Steinberg,** *Deputy Secretary of State* (confirmed)

1:30 p.m. **SESSION III: THE EVOLUTION OF ARCTIC SECURITY AND DEFENSE POLICIES: COOPERATIVE OR CONFRONTATIONAL?**

What does the recent military posturing of the Russian and other Arctic states' militaries mean for U.S. Arctic policy? Can the U.S. and Europeans enhance their cooperation substantively and on what terms? Are U.S. and Canadian interests in this area aligned in any way? What role can NATO play in the region and how would it effect cooperation with Russia? Will near-term collaboration translate into future goodwill when the riches become more immediate and the stakes are raised?

Keynote: **Espen Barth Eide**, *Deputy Minister of Defense, Norway* (confirmed)

Moderator: **Heather Conley,** *Director and Senior Fellow, Europe Program, CSIS* (confirmed)
Speakers: **Alexander Vershbow,** *U.S. Assistant Secretary of Defense for International Security Affairs, U.S. Department of Defense* (confirmed)
Vice Admiral Dean McFadden, *Chief of the Maritime Staff, Canada* (confirmed)

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Mikkel Vedby-Rasmussen, *Associate Professor, Department of Political Science, University of Copenhagen* (confirmed)
Pavel Baev, *Senior Researcher, International Peace Research Institute, Oslo* (confirmed)
Paal Sigurd Hilde, *Senior Fellow, Department of Norwegian Security Policy, Norwegian Institute for Defence Studies* (confirmed)

3:00 p.m. **CONCLUDING REMARKS**
Heather Conley, *Director and Senior Fellow, Europe Program, CSIS* (confirmed)

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A New Security Architecture for the Arctic

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A New Security Architecture for the Arctic

An American Perspective

By Heather A. Conley
Contributor: Terry Toland, Jamie Kraut, Andreas Osthagen
JAN 17, 2012

The Arctic will experience extraordinary economic and environmental change over the next several decades. Commercial, human, and state interaction will rise dramatically. More drilling for oil and gas in the region and growing shipping and ecotourism as new shipping routes come into existence are just a few of the examples of increased human activity in the Arctic. The melting of the Arctic ice cap is now exceeding previous scientific and climatic predictions. Arctic economics and an increasingly ice-free and hostile climatic environment are on a direct collision course, driving a clear need for a new paradigm to meet pressing security challenges that Arctic nations have thus far been unprepared or ill equipped to address.

Creating a twenty-first century security architecture for the Arctic presents the United States with a conundrum: U.S. Arctic policy must be given a sense of urgency and focus at the same moment that U.S. defense budgets are being reduced and U.S. military planners consider the Arctic to be "an area of low conflict." How does one economically and militarily square this circle? While there has been some discussion of the form and format of international Arctic security cooperation, the debate has often focused on what issues cannot be discussed rather than on those that must be addressed. Arctic stakeholders have yet to discuss seriously what collective security framework Arctic states should use to address the emerging security challenges in

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the region, despite signing legally binding agreements on international search and rescue and negotiating international agreements on oil spills and response. This report analyzes the drivers of change in the region, examines the key Arctic security actors and institutions, and explores the potential for a new security architecture for the Arctic.

Publisher CSIS
ISBN 978-0-89206-701-5 (pb)

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EVENTS

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JUN 25, 2014

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THE BROOKINGS INSTITUTION

THE ARCTIC: ENERGY, INDIGENOUS COMMUNITIES AND

THE ARCTIC COUNCIL

Washington, D.C.

Wednesday, April 17, 2013

Welcome:

MARTIN INDYK
Vice President and Director, Foreign Policy
The Brookings Institution

ALICE ROGOFF
Co-Founder, Arctic Circle

Introduction and Keynote Remarks:

CHARLES EBINGER
Senior Fellow and Director, Energy Security Initiative
The Brookings Institution

OLAFUR RAGNAR GRIMSSON
President
Republic of Iceland

KUUPIK KLEIST
Member of Parliament
Greenland

ARCTIC ENERGY GOVERNANCE:

Moderator:

CHARLES EBINGER
Senior Fellow and Director, Energy Security Initiative
The Brookings Institution

Panelists:

DAVID HAYES
Deputy Secretary
U.S. Department of Interior

MEAD TREADWELL
Lieutenant Governor
State of Alaska

ARCTIC DIPLOMATS FORUM:

Moderator:

DAVID STEVEN
Nonresident Senior Fellow, Managing Global Order
The Brookings Institution

Panelists:

PATRICK BORBEY
President
Canadian Northern Economic Development Agency

JULIE GOURLEY
Senior Arctic Official
U.S. Department of State

KLAVS HOLM
Ambassador to the Arctic
Kingdom of Denmark

CHRISTIAN SYSE
Deputy Secretary General, Ministry of Foreign Affairs
Kingdom of Norway

INDIGENOUS COMMUNITIES' VIEWS ON ARCTIC DEVELOPMENT:

Moderator:

ALICE ROGOFF
Co-Founder
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Panelists:

EDWARD ITTA
United States Arctic Research Commission

JIMMY STOTTS
Chair
Inuit Circumpolar Council

DALEE DOROUGH
Vice Chairperson
United Nations Permanent Forum on Indigenous Issues

Closing Remarks:

ADMIRAL GARY ROUGHEAD (USN, Ret.)
Annenberg Distinguished Visiting Fellow
The Hoover Institution

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P R O C E E D I N G S

MR. INDYK: Good morning, everybody. Welcome to Brookings. I'm Martin Indyk, the director of the Foreign Policy Program at Brookings. And we're very glad to have you here today to discuss an issue of great and growing importance -- the Arctic.

It is, of course, a cool place, but it's warming, as we all know. And its warming is going to have profound consequences for all of us -- but, in particular, for the people of the Arctic region, and for the countries that share responsibility for the region.

It's in that context that I'm particularly glad to have the opportunity today to welcome President Grimsson of Iceland, and Premier Kleist of Greenland. Thank you, and all the other high-level officials who have agreed to join us for this conference on the Arctic.

Because of the Arctic melt, the potential for friction and the necessity for cooperation is growing. And here, in contrast to the competition between emerging and established powers in other domains -- you can imagine the cyber domain, or the domain of space, or the domain of the South China Seas -- we see that competition generates friction. But in the Arctic area, thankfully, at least up until today, what we see is a different phenomenon and, in many ways, an example to the rest of the world, of the way in which the potential in the Arctic area is spurring cooperation.

And that is what we intend to focus on today -- whether it be in the area of energy, maritime shipping, the impact on indigenous communities and, in

particular, the challenge of governance manifested in the Arctic Council, all of these things are on our minds today as we discuss these in a range of panels.

The United States will become chairman of the Arctic Council two years from now. Canada is about to take up its responsibility as the chairman. And it's in that context that we at Brookings decided that it was particularly important to start to focus on the issues in the Arctic, and get them on the agenda of the policy-making community here in Washington. I think it's fair to say that this has been a neglected area of concern, but it's time to focus attention on it.

In that context, the Energy Security Initiative in the Foreign Policy Program has taken the lead, not just in organizing this event, but in organizing our policy research on the issues involved with the Arctic. Together with our Managing Global Order Initiative, our Project on Internal Displacement, and our 21st Century Security and Intelligence Center, all of whom have a stake and an interest in this region, we will be developing policy papers, recommendations for the government. And, in many ways, this convening today will be an incubator of the ideas that we seek to promote in the policy debate in Washington.

I'm very glad that in organizing this event we have been inspired and partnered by Alice Rogoff Rubenstein, who has taken a leading role in promoting Alaska and the Arctic through her own conferences, The Arctic Imperative in Alaska, and now partnering us in Washington.

Alice is a pioneer in this area, and is joining with President Grimsson and others to put together the Arctic Circle, which is a new

organization that is going to promote Arctic issues. We're very glad to have had the opportunity to work with Alice and her wonderful staff.

So, I'd like Alice to come to the podium for a few minutes to explain to us what the Arctic Circle is about, and her interest and concern about the Arctic.

Alice. (Applause.)

MS. ROGOFF RUBENSTEIN: Thank you, Martin. You're very generous in your words.

Not knowing each of you in the audience, I wasn't quite sure how familiar you were with this map of the world, so I thought I'd put it up just for background.

This is, of course, the North Pole in the center, and the world looks quite different than it does on the standard Mercator map that we all grew up with in elementary school. And I apologize in advance for the fact that only Dutch Harbor and Iceland are the words there. This is a slide I used in a talk in Alaska last week.

The point of those two is that there is now an increasing consensus, as you'll be hearing from President Grimsson, that the shipping route that will become the dominant shipping route in as little as another 10 to 20 years, is what's now being called the "center route," which is, not surprisingly, the one that goes right straight over the North Pole. And Dutch Harbor is today the only deepwater port in Alaska, and that is the southern edge of the Bering Sea. And the straightest line from Dutch Harbor to another port on the European side

of the pole would be to the northern coast of Iceland. And that's why that's there as a hypothetical.

Now, one could, of course, argue that the very large white land mass next to Iceland, Greenland -- as Kuupik Kleist will be telling you -- is another enormously logical place for there to be, if not one, then several ports. So, with apologies to all whose thoughts are not shown, reflected on that map, at least it gives you a sense of the distance and the relative Arctic shore lines of the nations in question.

Coming back to Dutch Harbor for a second, the reason the Alaska community is particularly engaged at this moment in helping to advocate for the development of ports is that, other than Dutch Harbor, there is no Arctic port -- not in Alaska, and therefore not in the United States. And if you see where the coastline of Russia juts out closest to the coastline of Alaska, that is the Bering Strait, the Coast Guard, among themselves, refers to it as the "Bering Gate." It's a 50-mile wide, terrifically ferocious piece of water, with ungodly ocean currents, and weather systems that make themselves because it's such a force for nature. And the two Diomede Islands sit smack dab in the middle of the 50-mile strait. Little Diomede is American, Big Diomede is Russian. The Russians have plenty of people and patrols, and all kinds of military and commercial activity going on all along the Russian shoreline. To the extent we Americans are aware of it, we have nothing going on on the U.S. side of the shoreline. So that's the backdrop for why it is that we in Alaska have felt the need to start the dialogue in a much more focused way on the strategic needs of the U.S. in the Arctic -- which, for

this purpose, means primarily the Bering Sea, although the Arctic Ocean, the town of Barrow, Prudhoe Bay, they are all along the northern shore of that same piece of geography, and with not inconsequential roles to play in all of this development.

So, I won't bore you with any more geography lessons, but I will say this: We are delighted that Martin, and others, have chosen to have this conference here today. Be it energy security, or Arctic shipping, there are so many things that one could talk about, we could have been here all week, and put you all to sleep several times over.

But this is the most un-talked-about subject of the greatest strategic importance to the United States in the world that I am aware of today. It is not a hot spot. It is not North Korea, it is not even the Boston Marathon. But if we lift our heads up for even a short-term view of the long-term future, it is one glaringly big, complicated topic, and we are just delighted that all of you are willing to give us the better part of -- two-thirds of a day to hear about it.

I'm going to be back talking later with the group of panelists who, I think, in many respects, are the ones you are least likely to hear from in Washington. They are three good friends, all indigenous people from the northern part of Alaska. They have been through the war, so to speak, in the subject of development. Development is never easy, and it's never pretty, and they've got all kinds of battle-scars to show for it. But perhaps they'll be able to share some wisdom about what all of those lessons-learned will mean for the future.

So, at that point, I'll stop, hand the microphone to our ever-wonderful Charlie Ebinger, who's going to begin the program. (Applause.)

MR. EBINGER: Thank you very much, Alice, for the very kind words, and setting the stage for us.

Before beginning, I'd just like to make one other announcement because I think it's important, and that is to acknowledge that the work that Brookings has been doing in the Arctic has been in close association with the Hoover Institution, under former Secretary of State George Shultz. And we're very delighted to have, representing our partners out at Stanford today, Admiral Roughead and Ambassador Goodby and Deke Slayton. We're delighted you could join us, and we look forward to a continued close association on these issues.

And I'd also like to thank the very hard-working staff of Alice, and my own staff, for all the work they've done putting this session together.

It's my great pleasure to introduce our two keynote speakers today. And I will introduce both before President Grimsson speaks first, if I may.

President Grimsson is the fifth President of the Republic of Iceland, and was elected President in 1996. He is also the first, I believe, political scientist in Iceland, and has taught political science during the course of his career. Perhaps most interestingly, he was the minister of finance during the international financial crisis, from 1988 to 1991. And while often criticized at the time for the way Iceland dealt with the financial crisis, I think proof is in the pudding, and Iceland has clearly emerged, not only much stronger, but serves as

a model for one approach to dealing with the crisis that perhaps other members of the euro zone might want to look at.

He was a member of the Parliamentary Assembly of the Council of Europe from 1981 to '84, and again from 1995 to '96. And he was chairman, and later President of the International Organization of Parliamentarians for Global Action between 1984 and 1990, and served on the Council until 1996.

In recent years President Grimsson, I think it's fair to say, has become the leading voice on international dialogues, not only in the promotion of renewable energy -- seeing the complete change of Iceland from an overwhelmingly coal and fossil fuel-dependent economy, to one that today runs overwhelmingly on geothermal power. He is a forceful voice in many international fora on the need for the world to get serious about climate change and, if necessary, to take dramatic action to deal with the problems.

He has actively participated in the Clinton Global Initiative that has sought to help develop further clean energy projects in most of the continents of the world. And he has also been very involved in the Global Roundtable on Climate Change that he was involved in with Jeffrey Sachs, as the initiator. And they both met at Columbia University in Iceland and brought together representatives of nearly 100 European and American corporations, as well as experts, scientists, and opinionators.

He has participated in dialogues in different parts of the world on the restoration of land quality, climate change, combating desertification, and re-vegetating eroded land.

He is clearly a distinguished humanitarian, and a gentleman who we should all wish to emulate in his commitment to making sure that we pass world on to our next generation in good condition.

Kuupik Kleist is a remarkable man. When you consider that as a native Greenlander, that he went to Denmark to study at the age of 17, by himself, knowing not a word of Danish. And he went on to graduate from the universities with a degree in social work. And he has also taught journalism extensively in Nuuk, from 1988 to 1991.

In 1996, Mr. Kleist was appointed the director of the Foreign Office of the Greenland Home Rule government. He was a member of the Danish parliament from late November 2001 to 2007. And since 2007, he has been the leader of the IA political party in Greenland, pushing for increasing amounts of home rule, while recognizing that it would be premature to sever relations with Denmark, and he has tended, instead, to focus on critical issues in his home country related to alcoholism, domestic violence, and Greenland's unfortunately high suicide rate. And he has been a leader in dealing with all these issues in a very complex environment.

In June 2009, the Greenlandic Parliament elected Mr. Kleist as the fourth Prime Minister of Greenland, and it is a great honor to have him and President Grimsson with us today.

So, without further ado, President Grimsson, we'd love to hear your remarks. (Applause.)

MR. GRIMSSON: Thank you very much. Ladies and gentlemen, let me begin by thanking Brookings, and all of those who have come together to create this forum on Arctic dialogue in this important town -- helping, thus, to start the preparation for the United States to shoulder the presidency of the Arctic Council in two years' time in a successful way.

I was reflecting on it on the way here this morning, that almost 10 years ago I traveled to this city in the company of Wally Hickel, the former governor of Alaska, who served as a Secretary of the Interior in the Nixon administration, and had a distinguished record in American politics for over half a century. He was a visionary. He was dedicated to Alaska and the Arctic and the global commons. And we joined hands in this city 10 years ago or so, to try to put the future of the Arctic on the agenda of policy-makers, people in Congress, and the administration. And although Wally was a formidable force, and I tried to follow his example, we didn't have much success.

But that was not unique 10 years ago. The situation almost in every Arctic country was such that the future of this extraordinary part of the globe was very low on the list of concerns. Even in my first state visit to Russia 11 years ago, when I tried to engage then-President Putin in a dialogue on the Arctic, he referred me to the governors, the local people, in the remote northern parts of Russia, and pointed out that it would, perhaps, be more appropriate that I would discuss this with them.

When I, at about the same time, went to Sweden to try to talk to my good friend Göran Persson, then Prime Minister of Sweden, about the need

for the Nordic countries to get engaged in the Arctic, he was neither very interested nor enthusiastic about this prospect, and preferred to talk about some other issues in our meeting.

The government of Norway at that time was not really, either, engaged in this issue. And in my own country, Iceland, neither the parliament nor the political parties had really put this on the agenda. In Canada, it was also off the radar screen.

And I list this here this morning in order to indicate to all of us, and especially the U.S. audience, that the extraordinary pace of change that has taken place in the Arctic has not been driven by every Arctic being engaged for a long time in this area. It is, for all of us, a new situation, a new journey. It doesn't really have any political road map or any guidelines, or accepted philosophies or visions.

To that extent, I think, for institutions like Brookings, it is fascinating prospect, because there are not very many areas in the world where you can still have a great impact through your own thinking, deliberations, and participation in the policy-making process. In that sense, it is almost a virgin territory compared to many other areas -- but the difference is, that in recent years, the Arctic has become crowded.

We are no longer alone in our interest and concerns. And as a reflection of that fundamental change, I will tell you that in every meeting I have in the last 18 months had with the leaders of India, China, South Korea, Singapore, the first item they brought to the agenda was the Arctic. I was, a few

weeks ago, in India for a meeting both with the Prime Minister and the foreign ministers and others. I have been to India for over 30 years, talked about many things, but this is the first time that they bring the Arctic to the table. And, as I pointed out to them, it's kind of paradoxical, in terms of global politics, and especially the Himalayan region, that, whereas China and India cannot get together and sit at the same table to talk about cooperation with regard to the Himalayan glaciers, they both now want to sit at the Arctic table and have a lot of arguments for their justification.

So I thought this morning I will try to take you very briefly to the field of action that is now in play in the Arctic -- the vibrant activity and interest and politics and economic transformation that the United States will have to deal with in its presidency.

We are, however, fortunate, when we come to this paying field, that it has taken on an enormous positive transformation. This area, as Alice put there up on the screen, was for over half a century, as we all remember, the most militarized region in the world, with military bases, installations, submarines, aircraft -- almost every existing military technology being employed and placed in the Arctic region. But, with the end of the Cold War, we were able within a few years to transform this confrontation into what I consider the most successful example of positive international cooperation in the 21st century, because the Arctic Council has brought Russia, the United States and Canada, and the Nordic countries together into a constructive engagement, and a new treaty-making organization, with a search and rescue agreement being signed anew

two years ago, and Hillary Clinton becoming the first Secretary of State of this country to attend a meeting of the Arctic Council. It was, if I may say so in this town, high time that the Secretary of State would arrive at the meetings of the Arctic Council and join the Russian colleague, who always has attended every meeting. And I hope John Kerry will not let us down by being absent at the upcoming meetings of the Arctic Council -- and with the Law of the Sea -- which, although the United States has not signed it -- has served as an additional legal framework for positive rulemaking and dispute-settling within the Arctic.

So when we analyze the field of action which now exists in the Arctic, it is encouraging to acknowledge that we already have a successful institutional framework, where the Arctic Council has proved, through its track record, that it is a useful instrument. It has developed a very interesting culture of decision-making, partly due to the fact that there are only eight countries at the table, but also being more democratic than any other formal intergovernmental organization, by allowing the indigenous organizations of the people in the Arctic who have lived there for over thousands of years to have their own representation in this dialogue.

But although we have this positive framework it is important to recognize that in every Arctic, and the leading economic players on the European continent, and in Asia, there is now a complete transformation -- especially due to the fact that this new ocean is opening up. For the first time in human history we will witness the creation of a new ocean. With the melting of the Arctic sea

ice, and the implication for fisheries, weather patterns, the climate, and ocean-shaping.

That is why China is now already preparing the cargo ships that they intend to use to sail across the center route that Alice mentioned before, starting already this decade, you are seeing the ice-free summer months because of the shorter distance between China and Europe and America, the new Arctic Ocean will provide. Last summer, the research vessel Snow Dragon, the icebreaker owned by the Chinese Polar Institute, sailed from Shanghai to Iceland -- the first time in history a Chinese vessel goes across the northern route to an Arctic country.

The main purpose of that expedition was not imperial interest, but to examine how the melting of the Arctic sea ice is creating extreme weather patterns in China a few months later. And I don't know how much the U.S. media has reported on the destruction, the damages, the hardships that the people in the northern part of China suffered from these extreme weather patterns -- symbolized, for example, by the fact that almost 180,000 cattle froze to death out in the field, a destruction on the scale, if not greater, than Storm Sandy caused in this country a few months before; a storm which, I have sometimes said, brought together President Obama and Governor Christie in a political embrace. But it is worth noting that it took the melting of the Arctic sea ice to bring together that political partnership in this great country.

Russia, President Putin, who told me 10 years ago that I should only talk with the governors if I wanted to discuss Arctic issues and regional

people, especially the indigenous people, has now taken center-seat on the Arctic issues, calling, in Russia, in the last three years, two Arctic conferences, first in Moscow, then in Arkhangelsk, and in both of those he gave the keynote speech -- quite remarkable indication of the transformation of the political priorities that Russia now gives to this issue. And in order to understand it, you should put Obama into this equation, if, in the last three years, the President of the United States had twice given the keynote speech at an Arctic conference. You all know that has not happened.

And Sweden, Finland, Norway, and my own country, Iceland, all the Nordic countries have now made it a key pillar of their foreign policy to engage in the Arctic development. Even the government of Norway, having supported the new Secretariat of the Arctic Council up in Tromsö, in order to make Norway the administrative center of the new Arctic Council cooperation, choosing, fortunately, our distinguished Icelandic civil servant to head that new secretariat on Arctic issues.

And then, of course, Greenland which, in the beginning of this transformation in the 1990s was still an integral part of the Danish governmental system, has now obtained, as you will hear, a self-government status, and becoming a playing field for a great number of international cooperations. And political leaders in other parts of the world who have realized that Greenland is perhaps the home to the greatest untapped reservoirs of minerals, oil, gas, and other valuable resources for the 21st century.

And Canada, seven years ago, decided to make the Arctic issues a top priority in the speech, the policy-making crown speech that the Prime Minister published in the beginning of the Parliamentary session.

So, in this evolution which has taken place in the last 5 to 10 years, unfortunately -- I say it as a friend -- the U.S. has still to catch up with the others. And that is imperative, not just because of the interest of the United States, and because of the future of the Arctic, but because within two years the United States will take on the leadership of this cooperation.

The Arctic Council, as I have indicated, is not an ordinary international organization where the chairmanship is merely a formality. It is constructed in such a way that the rotating presidency of the Arctic Council requires active leadership from each country. That is the tradition and the operational culture of the Arctic Council. Sweden has been very proud of its last two years, although it has failed in formulating how the Arctic Council will deal with the applications from China, India, South Korea, Singapore, Germany, or other European countries.

But that doesn't change the fact that within two years we will all be watching very carefully what will be the priorities, what will be the projects, what will be the issues, what will be the agreements, what will be the treaties that the United States puts on its list of priorities for its chairmanship of the Arctic Council.

Singapore has now got an Arctic Ambassador. There's a special division in the Ministry of Foreign Affairs in Singapore dealing with Arctic issues. They are already sending the ambassador around the Arctic countries, looking

for a location to build what they call a "global harbor," preparing themselves to become the Singapore of the Arctic, as well as the Singapore of Asia.

It's a strange existence for a President of this small country, Iceland, to travel around the world and receive in my country one leader after another from faraway countries that all want to talk about the Arctic -- not from a theoretical point of view, unfortunately, not very much from an environmental point of view, but in terms of their political, strategic, and economic interests.

France was accepted as an observer member state of the Arctic Council. And President Sarkozy chose to appoint Michel Rocard, the former Prime Minister of France, perhaps the most distinguished elder statements in French politics, as his special emissary to the Arctic and the Polar region. He has been very active. He has traveled all over the Arctic. But in Paris a few weeks ago, when we both spoke at an open forum, he complained that although France had been an observer State of the Arctic Council, and he had attended its meetings, he had never been allowed to speak. And, as he said in a dramatic way, "France is not accustomed not to be allowed to speak at international meetings."

And I mention this here this morning because it seems to me that within the next four years, including the American presidency, we in the Arctic family, through the Arctic Council, will have to decide among ourselves how are we going to deal with these countries that have now already arrived in our backyard, in our own Arctic homeland, and are requesting formal roles -- even to be allowed to speak if we accept them at the table. And there is a long list, as we

all know, of such countries. Almost every powerful leading economic force of the 21st century now wants to sit at the Arctic table. I know Brazil is considering when it will formally apply.

And it will be left to Canada and the United States to lead all of us in those deliberations. But while we talk, the ice will keep on melting. While we deliberate, there will be others arriving. While we hesitate in making decisions, we will be faced with new realities.

And the most dramatic symbol of that transformation -- irrespective of our political processes -- is the melting of the ice up in Alaska, where this country now, every summer, faces an open border. Because the assumption made by the defense authorities on the homeland security of this country that the ice would always protect the coastline is no longer valid. So, as happened last summer, people can arrive on a vessel. It doesn't have to be big. And they can land, enter the villages, buy a coffee, have a discussion, and nobody checks their passport, no custom officer is in the neighborhood. The next Homeland Security personnel is over 1,000 miles away.

And with all the emphasis in this country in the last 10 years on homeland security -- and I say it as a friend -- you have forgotten about the ice. You have forgotten about the natural forces which are creating a new security reality for this country, which you neither now have the personnel, the machinery, the infrastructure, the financial structure to deal with. You only have one icebreaker. Russia has many. China is building new ones. Are you going to face a situation at the end of decade where not only Russia but also China has

more icebreakers, more equipment, more research effort, more scientific knowledge on the ice in the Arctic than the United States?

Are you somehow, because you are too concerned with issues in faraway places -- Afghanistan, Iraq, North Korea, Syria -- going to forget about your own backyard, about your own homeland, where all of us who share that backyard with you and your homeland want to engage you, ask for your leadership, ask for your involvement, ask for the role that the United States has in the 10th century played in making the world more secure, more progression, and a more democratic place?

That is the task that faces all of us. And that is why this conference here this morning is, hopefully, a beginning of a constructive engagement by this great country in this important area.

Thank you very much. (Applause.)

MR. KLEIST: Good morning. It's always hard to take the podium after my friend President Grimsson, who is such an elegant and enthusiastic speaker. Nonetheless, I want to start out with thanking the organizers -- the Brookings, President Grimsson, Alice Rogoff, and all others who've been helpful in bringing us to Washington today. And thank you for this opportunity to address this very prominent audience.

I think it's very timely, due to the fact that the Arctic has become the center of the world, as this map shows. We used to be the last frontier, now it seems like we are the center of the world.

And the issues surrounding the Arctic agenda are very complicated ones -- as Mrs. Rogoff stated. It is, for us -- and, I think, especially for those, for us coming from the Arctic countries -- a huge responsibility to try to explain the complexity of the Arctic agenda. And also, in terms of speaking on behalf of the Arctic peoples, I have always seen it as my fundamental duty to address the issue of the Arctic peoples in terms of raising my voice on behalf of those peoples, and especially the indigenous peoples. Many times, I would feel like repeating myself, but every time, I feel like I had to really go through the basics in forums like this, because it is very complex.

For the last 10 or 15 years, the interest for the Arctic area has been rapidly growing, and usually we would say the interest was initiated by, first, the climate change, or maybe the interest for the animals, the protection of the animals, and then came the chase for the minerals and gas and oil, and we had to raise our voices and tell, actually, we have people living in this area. And actually, the Arctic area is regulated. We do have our own parliaments, we do have our own governments, we do deal with international agreements. And also, I want to stress that the cooperation within the Arctic Council are conducted in a very civilized manner.

I do fully agree with President Grimsson that the cooperation within the Arctic Council is an example of international cooperation when it's a success -- not only that we work according to international rules and international agreements, but also in the sense that the Arctic Council is really trying to include the indigenous peoples of the Arctic.

I want to point to the fact that some of the member States of the Arctic Council are not really Arctic countries, or, for instance, Denmark is a member of the Arctic Council because Greenland is an Arctic country, and Greenland is a part of the Kingdom of Denmark, as well as the Faro Islands.

The United States is a member of the Arctic Council because of Alaska. The Scandinavian countries are part of the Arctic Council mainly because of the Saamis, the indigenous peoples of the Scandinavian countries. Russia is partly an Arctic nation, but in the north of Russia, you have 46 different peoples, tribes or groups, if you wish so, which entitles Russia to be a big player, of course, of the Arctic Council. Iceland -- well, Iceland is Iceland, in its own. But Iceland has been a very important player in the Arctic Council, as well.

The creation of the Arctic Council 16 years ago was actually basically initiated by the indigenous peoples of the Arctic. We did see a very urgent need for the states of the Arctic to engage in international cooperation in order to raise the levels of the livelihoods of the Arctic peoples, to secure that the Arctic states engaged in cooperations to protect the Arctic environment, and to protect the peoples of the Arctic.

On top, I think it's fair to claim that the eight state members of the Arctic Council are amongst the richest and the most powerful states in the world -- United States, Russia, Canada, the Scandinavian countries, they're all rich countries. They're all politically powerful countries, powerful governments, governments which have the ability to make a difference, governments who can afford investments in infrastructure, for instance. The Arctic is characterized by

being sparsely populated, poor infrastructure, and a very urgent need for industrial, economic, and political development.

In fact, the member states of the Arctic Council have the ability, have the opportunity, and, hopefully, a strong will to make a difference in the Arctic.

We are approximately 4 million inhabitants of the Arctic countries, or the Arctic area, to be more precise, If you define the Arctic area as being above 66 degrees. Out of those 4 million inhabitants, 350,000 are indigenous peoples, in terms of people who lived there even before the states were formed, even before the borders were drawn on the map. And what I'm trying to do is to raise the voice of those peoples.

We do have aspirations, of course. We do have aspirations like all other peoples of this globe. We want to raise our livelihood, we want to have jobs. We need education. We want to protect the environment. We want to develop our industries, and we want to develop our opportunities.

That said, I think it's fair to say that we want development -- but not at any cost.

Of course, the mineral resources, the gas and oil deposits, as it's been referred to, are seen as the last, biggest reservoirs of the globe. But, at the same time, there are a lot of worries when extraction or exploration is going on in the Arctic area. First of all, of course, the protection of the environment, which is the core issue, not only for the governments, but also for the international NGOs as Greenpeace, the World Wildlife Fund, and others. Another worry is that the

Arctic nations will be taken over by the Chinese, the Koreans, the Far East regimes, when the Western Hemisphere is not paying attention.

And that's also one of the core issues that we are discussing: How come that when everybody wants to be a part of the Arctic agenda, that the Western Hemisphere governments do not pay the necessary attention to the Arctic, especially in forms of at least exposing the interest for investing in the infrastructure of the Arctic region?

I usually would say I think the Chinese and the Koreans and the Far East peoples are peoples like us. On top, the looks are very similar to the Arctic peoples. During the world economic crisis, when the Western economies collapsed, and the big companies were really sitting tight on their monies, the Eastern countries showed their interest. There was a window of opportunity for those governments and companies to get to the Arctic and take up talks, and exposing their interest.

I think, in order to balance the West and the East, and the new world order, it takes, as President Grimsson said, it takes for the Western governments to show and expose their interests openly, and to flesh it out by really engaging in the development of the Arctic regions.

In closing, I would claim that still I believe that the Arctic Council is the right international forum to deal with Arctic issues. The Arctic Council has been formed to embrace issues relevant to the governments and the peoples of the Arctic. But the Arctic Council is also limited in its mandate. There are a lot of issues I would not say which are "taboos" with the Arctic Council, but close to

taboos. And that's why I think that the creation of the Arctic Circle is highly relevant. The Arctic Circle will be able to embrace not only aspiring countries, organizations, companies, peoples, and standpoints which cannot be embraced today by the Arctic Council.

Also, on top of that, I need to say this: With the Arctic Council, we have an issue constantly popping up, and that's the question of whether to allow the Arctic peoples to sit at the same table as the governments. As I said, the creation of the Arctic Council was initiated by the Arctic peoples themselves, the indigenous Arctic peoples, because we need the international cooperation. But once, after long years of negotiations, after working days and nights negotiating the mandate of the Arctic Council, once it was established in Ottawa, Canada, 16 years ago, the question of the representation of the representatives of the Arctic peoples keeps still popping up.

We've been praising and applauding the Arctic Council for being a new model of international cooperation, including all relevant bodies, which is the Arctic governments, which are not sovereign states, including the permanent participants in forms of the organizations for indigenous peoples of the Arctic, including observers, and so on. My wish would be that the Arctic Council decides finally to really include the Arctic representatives, and have them sitting at the table at every meeting, formal or non-formal, at discussions, at decision processes -- we need to sit at the table together with you.

But, again, the Arctic Circle will provide what the Arctic Council is not able to embrace. And that's why I have taken interest in joining this new, very relevant body.

In closing, I want to again thank everyone for setting up this conference. As I said, it's highly relevant. We need to prepare for the coming years. And development goes much more rapidly than we imagine, and the ice melts much more rapidly than scientists would predict.

Thank you. (Applause.)

MR. EBINGER: Our format will be that President Grimsson and Prime Minister Kleist will take questions from the floor. We ask two things: that, first, when you ask a question, that you identify yourself and your institution; and, secondly, that you ask a question.

So, the floor is open, and we'll take as many as time allows.

Yes.

RADM WHITE: Thank you.

Thank you, Mr. President.

MR. EBINGER: Sorry, we do have mics going around the room.

RADM WHITE: I don't have to yell and scream like I'm known to do sometimes. I'm Jon White, head of the Navy's Task Force on Arctic and Climate Change.

Thank you, Mr. President, and Mr. Kleist for your remarks.

The Navy and the Department of Defense in the United States has gone on record as supporting the ratification and accession to the United Nations'

Convention on the Law of the Sea, UNCLOS. Unfortunately, it's likely that we will not ratify UNCLOS before we take chairmanship of the Arctic Council in a couple of years, or even maybe before we have ice-free conditions in the summer in the Arctic.

My question is, do you believe if we do not ratify UNCLOS in the United States, the only Arctic to do so, will that impede our ability in our role in this chairmanship in a couple of years?

Thanks.

MR. GRIMSSON: The other seven countries within the Arctic Council have, in practice, realized the political difficulties in this country with respect to the Law of the Sea. So it's difficult to say that it will be destructive for the United States during its chairmanship not to have signed the Law of the Sea. But it would be a strange situation for the U.S.'s own interest.

So, my view on this is this: that in order to make the most of the chairmanship in the interest of the United States -- internationally, politically, and also strategically -- it is politically wise to try to ratify the Law of the Sea before the U.S. takes on the chairmanship.

I had discussion with John Kerry, then Senator, almost a year ago in Boston on this issue. He then promised me, in a question and answer session, that once Luka's primary was over, they would bring the Law of the Sea to the floor of the Senate. We all know what happened to Luka's (inaudible). So, I don't think the fate of the Law of the Sea with respect to the United States should be decided in primaries in one state of the U.S.

So, next time I see Secretary, now-Secretary Kerry, I will remind him of his promise, and I think we all should -- because it is definitely in the interest of the United States to do so. And at the conference that Alice organized up in Alaska last year, Jim Baker acknowledged that while he was part of the Reagan administration's decision not to sign it, the treaty had then been amended since then. So now he was urging the Republicans and the Democrats, in the light of his experience and responsibility in foreign affairs -- and he's probably the most distinguished elder statesman of the Republican party in that area -- to actually ratify the Law of the Sea.

MR. EBINGER: Yes, sir.

MR. SALANGITA: Good morning, my name is Yanik Salangita. I'm an intern at the Embassy of Liechtenstein, and a senior at Howard University. And my question is for Mr. Kleist.

What role, if any, has Greenland, as an Arctic nation, played in your country's decision to increasingly demand self-rule from the Kingdom of Denmark?

MR. KLEIST: As I said, the Arctic peoples, including the Greenlanders, have aspirations like all other peoples of this globe. And I'm a believer that every single human being, and every people's desires to be as free as possible -- not in the sense that the movement for a greater autonomy in Greenland is hostile against anyone. We are not hostile against Denmark, for instance. We are good friends. And, actually, we cooperate in enhancing the ability of the Greenland people to stand on their own feet.

And that's also a very central part of the new agreement between the Danish government and Greenland, called the Self Rule Agreement, Self Government Agreement, that we should, for mutual benefit, work for developing the Greenland nation to be able to stand on its own feet, both economically, politically, but also look into projects and developments which will benefit both parts.

And that goes -- I would claim that goes for all the Arctic nations, that the peoples are all aspiring for a greater freedom, not in a hostile way, but to actually form whole nations.

I will end there.

MR. GRIMSSON: May I just point out to the audience that most of us haven't realized, due to the geographic upbringing we got at school, and Alice referred to, that Greenland is have the size of Europe. You have to add together France, Germany, Spain, Italy and a few other countries in order to get to the size of Greenland.

That is the territory that Premier Kleist ruled for the last four years. That is the territory governmental leaders of Asian countries are now starting to visit. Nuuk is a town where there are more corporate leaders in the queue to meet with the leaders than probably any other capital in the Arctic countries.

It's very important for all of us to realize the enormous size. Greenland is next to Russia and Alaska, the most dominant Arctic territory. And the process of political self-determination which has taken place there in the last

30 or 40 years is, I believe, one of the most interesting political transformations that have taken place within the Arctic.

So, even if it was just for the size of Greenland on its own, it's important for the United States, if you look at this map, to see the important part that it plays in the North American part of the Arctic.

MR. POMERANCE: My name is Rafe Pomerance.

I'd like to ask the President, you related to, spoke of the challenges facing the United States when it takes on the chairmanship of the Arctic Council. It strikes me that -- my question is, do you think that the global interests in the Arctic -- how will the Arctic Council begin to deal with the global interests, not so much in shipping, but in the fate of sea ice, and in the fate of Greenland's ice sheet?

Because, as you mentioned, the loss of sea ice is now beginning to, by all the latest science, affect mid-latitude weather in serious ways -- you mentioned the Chinese example. And Greenland's, the loss of Greenland ice is raising sea levels everywhere, including the United States.

MR. GRIMSSON: No, you are absolutely correct. When I get questions which refer to China's imperial interest in the Arctic, and the threat of China, and all that alarming rhetoric from people used in this discussion, I usually point out that China has a legitimate interest in studying the Arctic sea ice and the melting of the Greenland glaciers, because perhaps no single transformation will have as much impact on China in the come decades. It is, as we broadly define our security, meaning have a safe life, safe daily work, having our homes

intact, China is experiencing, in a dramatic way, that what's happening in Kuupik's and my neighborhood has more affect on China than what happens in the United States.

Now, that is why China sent 60 young scientists on this vessel, Snow Dragon, out to Iceland last summer. And it was revealing, in a public forum that we hosted with the University of Iceland, to hear these young Chinese scientists not only describe the impact that the melting of the Arctic has in 2007, had on China -- and we now know the melting last year was even more aggressive -- but also to see them put on the map the effect of the melting of the Greenland ice sheet, and part of Antarctica on China, where they showed a long list of Chinese cities, starting with Shanghai, that would become entities at the bottom of the ocean. And Beijing would become a coastal city.

And in this international debate on climate change, I think none of us from Europe or the Western world would expect that kind of message from China. And to me, it was almost historic, in front of ambassadors from European and Western countries, these Chinese scientists who had traveled across the northern route, came with this message that the melting of the ice in my neighborhood, in Greenland, in the Arctic, was potentially having this impact on China.

So, if only for this reason alone, we have to realize that the melting of the ice is not just causing problems for homeland security in the United States up in Alaska, it has an impact on Bangladesh, on China, on India -- and on Singapore, definitely.

So, for that reason alone, it's very difficult for us to argue that they should not be a part of the dialogue, if they are already -- like, for example, Kuupik Kleist can describe to you in detail how South Korea has established a formidable institute on Arctic research -- are providing us with more knowledge, scientific knowledge, about what's happening in our part of the world than we are, perhaps, ourselves.

So, we should welcome that isn't it scientific contribution.

But then, of course, they also have economic interests. That's clear. And they also have political interests. They might even have strategic interests. But you could also argue that if China realizes -- which we realize, and you realize in the United States -- that China is fast becoming the preeminent trading country in the world in the 21st century, it's only logical they should prepare themselves for the shortest route between China and Europe and America, in the same way as our countries used the Suez Canal and the Panama Canal in the beginning of the 20th century.

So, it's very difficult to say that we should object, or be scared, about China already building the vessels to go this route. But the bad news is, of course, that they are doing it because the ice is melting, and because of climate change, and because this ocean is now opening up in a new way.

That is why I say "unfortunately" we have to talk about these issues. Because I would much prefer not to talk about them. I would much prefer the ice to stay where it is.

But China is not the only country. My small country -- and I thank Alice for putting Iceland there on the map. It's the first time in my life I've seen Iceland on a global map with only one other place being mentioned. It's a new step in our imperial history. (Laughter.)

But we are also making use of this. Our shipping companies, our transport companies, Eimskip and Samskip, cargo shipping companies, and our main airline, Iceland Air, they will next month, together, make Iceland the first Arctic country to run regular flights to all Arctic countries when we start flying up to Anchorage in Alaska -- and to run cargo services on the ocean to every, and between every Arctic country, when we will open up in Portland, Maine.

When I first talked to Wally Hickel about these future prospects, 10, 15 years ago, we thought that might happen 30, 40 years into the future. But now, already, these two private commercial companies -- three in my country, the two shipping companies and Iceland Air -- will already, from next month, operate commercial, profitable transport -- passengers, cargo -- routes between every Arctic country.

And that should also be a wake-up call to the commercial sector in the United States and Canada, and elsewhere. If my small country finds it highly profitable to start running these commercial transport services between the Arctic countries.

MR. EBINGER: Well, unfortunately, we're out of time.

But I want to thank President Grimsson and Prime Minister Kleist for a very engaging presentation. And thank you, gentlemen, for being here. (Applause.)

MR. GRIMSSON: Thank you.

MR. EBINGER: We will now have -- try to make it a 10 minute break, if possible, because we're slightly behind schedule. Be back in your seats, please.

Thank you.

MR. EBINGER: Not many people I think can say that in recent days. In his role as Deputy Secretary he is the key leader in implementing the Secretary's priorities for the Department with a broad mandate promoting conservation initiatives such as the President's Great Outdoors Agenda, encouraging renewable energy development on our public lands and our offshore resources, developing conventional energy resources safely and responsibly, fulfilling our trust responsibilities to the American Indians and our Alaskan native populations and managing our nation's water supply sustainably.

I would say an agenda that few corporate CEOs probably have as

wide authority. He was nominated by the President back in 2009 after serving as President Obama's transition team leader reviewing the Department of Energy, the Department of Agriculture, the Department of the Interior and the Environmental Protection Agency.

Additionally, Secretary Hayes co-chairs the Secretary's Energy and Climate Change Taskforce and he's played an instrumental role in setting the longstanding Cobell Indian Trust litigation and is overseeing implementation of that settlement. And in his COO role, he serves on the President's Management Council and is engaged in the IT transformation other management initiatives of a 70,000 person deployment.

Mr. Hayes graduated summa cum laude from the University of Notre Dame and he received his juris doctorate from Stamford University where he was the editor of the Stamford Law Review. And he is also the former Chairman of the Board of Visitors for Stamford Law School.

Mead Treadwell, as I may say, my favorite elected politician, I have had the privilege of knowing for many, many years through our joint association with Wally Hickel. He was elected Alaska's Lieutenant Governor in November 2010 and he is committed to helping Governor Parnell in Alaska strengthen Alaska's economy by filling the trans-Alaska pipeline, facilitating a natural gas pipeline which I hope we'll get into, bringing affordable energy to Alaskans and standing up to the Federal Government when necessary to ensure access to not only the nation's natural resource but of course Alaska's resources

as well.

On a national level, he's been influential in bringing about a national missile defense system and shaping US Arctic Policy and establishing circumpolar cooperation, clearly an issue on our agenda today. Mr. Treadwell is a graduate of Yale University and the Harvard Business School and he brings a record of private and public sector success to his job as Lieutenant Governor.

Governor Treadwell is recognized as one of the world's leading Arctic policy experts. And he was appointed to the United States Arctic research commission by President Bush in 2001 and designated by the President as the commission's chair in 2006. Under his leadership a new United States arctic policy has been developed and adopted and is now being implemented by the current administration.

It's indeed a privilege to have both gentlemen here today. Secretary Hayes, do you want to -- ?

SECRETARY HAYES: Why don't we sit here, Mead? So, I'll just open with a few comments. First, Charlie, thank you so much for your leadership in this area. As I mentioned to Charlie on the way over, his group of groupies here continues to grow and appropriately so as the small band involved in the Arctic years ago which always included my friend Mead Treadwell, grows as it should.

Let me just make a couple of opening comments because I think the goal here is primarily they have a back and forth Q and A and I look forward

to that. The couple of points I want to make and emphasize is, first of all, the importance of the Arctic to the Obama Administration. We have exhibited, I think, how important the Arctic is to our administration in a couple of different ways.

First, in the international sector, this Administration has been all in when it comes to the Arctic Council and participating actively and asserting a leadership role in the Arctic Council. Mead was with me in Greenland when Secretary Hillary Clinton, Secretary Ken Salazar, Mead and I, Senator Murkowski and many others attended the ministerial meeting. That was a show of force on the behalf of the whole of government. Led, of course, by our Secretary of State, the first time a Secretary of State had ever been to an Arctic Council meeting.

We have another Arctic Council meeting coming up in Sweden soon. I expect a very vigorous delegation from the United States there as well. And we are looking forward to the change of guard, if you will, with our friends from Canada taking over the chairmanship soon and the United States two years after that.

There has been a lot of activity through the Arctic Council. It has had a longstanding effective technical side as you know and what's happening is that technical side is now informing a more active policy side as well. And we are all in as I said.

The other, I think, area of illustration of the Administration's commitment to the Arctic is on our domestic policy side, of course. And I point to

executive order 13580 as an example of how serious the President is about Alaska and the Arctic. That is the executive order that set up what we call the Alaska interagency working group.

The President asked me to chair this group. It is a Deputy Secretary group across the government. It is focused on coordinating some of the most important issues in Alaska and in the Arctic and they focus on energy right now. That is energy is the economic driver in Alaska, something like 90 plus percent of the economy is based on energy and of the State's revenue. So, Mead's only here because of energy. His salary depends on it. You can't get any more important than that.

But in all seriousness, obviously energy is a huge issue in Alaska and in the Arctic in particular there's been concern through the years about the balkanization of the federal role in Alaska with so many different agencies having important roles from NOAH to EPA to the Coast Guard to the Department of the Interior with our land assets at the Department of the Interior as well as our ocean based responsibilities; a tremendous challenge in coordinating all that effort. The President put an executive order together saying we're going to work at coordination across these agencies.

We have done that. We have done that for specific energy enterprises. All major permits in the last two years have gone through the interagency process. It has led to a whole of government approach to energy that I think is unprecedented.

Also, very briefly, as we went through this process and the group that I chair of Deputy Secretaries across the government, we found that not only were we not as coordinated as we should be as a federal government, but we also were not getting the benefit of the terrific science that is being developed in the Arctic. It was not being presented to decision makers in a way that would be useful and helpful at least in terms of maximizing the usefulness of the science.

So, I teamed up with Fran Ulmer who is also well a former Lieutenant Governor of Alaska who is currently the presidentially appointed chair of the Arctic Research Commission. Fran and I had a series of internal and then external discussions between scientists and policymakers involved in Alaska issues and the Arctic in particular. Very rich discussions about how best to connect those communities and take advantage of the work that is ongoing.

And it has led to a collaboration that continues to this day. In fact, Fran just a few weeks ago announced an Arctic science portal that the Arctic research commission initiated working with our interagency working group to be essentially a -- hopefully, this will be a work in progress but a way in to the current science that is available in the Arctic. Organized by subject matter, user friendly, available to everybody, all stakeholders and certainly all policymakers and decision makers.

We also discovered as we went through this process of going project by project review through the interagency process that this was not really a satisfying process when it comes to Alaska and the Arctic in particular. Not

satisfying because we were being asked to make decisions on a project by project basis, kind of a one off basis, without having a vision for the overall sensitivities in the Arctic, the overall the larger questions of where development might make the most sense to occur.

And our concern was that without a more holistic approach to the Arctic, without a close partnership with the state of Alaska, a close partnership with Alaska natives and I see former Mayor Itta right here, and a close partnership with industry, with the conversation groups, et cetera, that we might make mistakes. And that we would not have a -- we would not be executing on a vision that make economic sense, cultural sense and environmental sense.

It led us to prepare a report to the President. We brought this issue to the attention of the President about a year ago. Last summer, we kicked off an interagency effort to step back and look at this broader question. And we produced a report that's available now called "Managing for the Future in a Rapidly Changing Arctic," a report to the President. This was delivered about two weeks ago to the President. It's available on our website.

Joel Clement is here, the Director of the Interior Policy Office, Joel where are you? I know his bag has about 20 of these things. So, you can try to tackle him and get one of these precious documents. I commend it to you. It gives an overview of the change that's occurring in the Arctic, both in terms of climate change effects on the environment which are stark and rapid. Chapter two provides what I think is to my mind the most cogent and direct discussion of

the science of the changing Arctic that you will find anywhere.

And then it talks also about how rapidly the Arctic is changing in terms of development issues. The oil and gas development issues obviously, also transportation that's opened up because of the ice receding, et cetera, potential tourism. It is a rapidly changing environment.

And in that context how should we be making decisions? And the report concludes that we should be doing business differently. Along the lines, I think, of what the President suggested in the executive order which anticipates a lot of coordination at every step of the way working with our key partners including the state of Alaska, including Alaska natives and including the other interested players.

Doing more scenario planning, be smarter about how we do the science. Not repeating the science and not repeating our environmental analysis but drawing on it, identifying sensitive areas and having a broader vision and blueprint for how our economic development will proceed in the Arctic and dealing with the big picture questions. If there needs to be a harbor, a deep water harbor in the Arctic, where should it be and how should we make that decision?

I commend the report to you. It envelops this idea in something called integrated Arctic management and it's the way this administration now will be proceeding as we make decisions in the Arctic.

Okay, I promised to be brief. I look at the clock and somehow 12

minutes went by. So, I'm going to close here and I know Mead has some opening comments and then I very much look forward to the dialogue.

GOVERNOR TREADWELL: Thank you. Good morning. I'd like to say to President Grimsson thank you for your opening remarks and remembering this is only the second time I think I've been at Brookings. But the first time was with you and with Governor Hickel as we were trying to encourage Washington to think about Arctic policy in the early part of the century. And the Arctic policy that did come out in 2009 I believe is an important one and a good one. And it's an honor to be here too with both of you on this panel.

One of the things that Arctic policy talked about was shipping. And I know we're here to talk about energy but I think what's interesting is this: in the natural resource portion of the US Arctic policy we said let's ensure that natural resource management and economic development in the region are environmentally sustainable. Good words. Fairly general. And on shipping we got a little bit more specific. We said let's ensure that shipping is safe, secure and reliable.

And I think the question that we struggle with here whether it's in the energy sector or in the shipping sector is how do we ensure that the economic development that is happening in the Arctic is reliable? Because right now the situation we're in is it's not entirely reliable. We've just through two major setbacks where Shell has announced a major delay in their drilling in the intercontinental shelf after six years and billions of dollars' worth of expenditures.

And ConocoPhillips has announced an indefinite delay based on what they say is the unreliability of a government regulatory scheme where they don't exactly know what the rules are going to be.

Our situation in the North is that we have a pipeline which is declining dramatically. That trans-Alaska pipeline which was built at the time I was in college and is now threatening to be the world's longest chapstick. And it has the capability to produce, carry over 200 million barrels a day and we're down to less than 600,000 and declining. It's very important for the nation, very important for the state of Alaska to see that supplies are replaced. And to do that we need reliability.

The other point about reliability is this: is that the Arctic is whether it's in our country, whether it's in your country, whether it's in your country Mr. Prime Minister, we are a sponge for investment right now. There are hundreds of billions of dollars that need to be invested in the Arctic for the Arctic to meet its potential which the USGS found is potentially 13 percent of the world's oil, 30 percent of the world's gas. To move gas is a $40-50 billion project. To replace the oil throughput at Prudhoe Bay right now the assessed value of the iron and steel that produces 10 percent of American's oil is about $18 billion. And we're going to have to quintuple that, in my opinion, in order to keep that pipeline flowing.

So, investors seek reliability. I see my friend Scott Borgerson was here and he's talking about the Arctic as an emerging market. And unless we

can promise reliability, we're not going to get the investment. And other countries are and that's a challenge for the United States.

Another thing and again I'm glad that you mentioned Governor Hickel, President Grimsson, but a couple of things to remember about the Arctic. Right now we are certainly going through tremendous climate change. We're also certainly going through a situation where the world is looking at Arctic resources. But I don't want us to forget that we're also going through a situation kind of a decolonization, a devolution of power that has been happening the last century that we should not forget and that we should finish this wave.

I look at Iceland which gained independence during the Second World War I look at Alaska which gained statehood and we told the United Nations at the time that was self-determination for the Alaska people. I look at what's happening in Canada right now where the crown lands in Canada basically had gone to the provinces in the '30s and are now moving toward the territories. I look at Nunavut. I look at what's happening with home rule in Greenland. And the idea here is that if the Arctic is going to be done sustainably, you have to make sure that you keep self-determination in the forefront of your thinking.

Elinor Ostrum, who we honored in Anchorage a few years ago, Mr. President, died last year. Was a winner of the Nobel Prize, a political scientist by the way who won in economics for suggesting that if you're going to manage the commons, the best way is not the big leviathan that Garret Hardin

had suggested in his essay "Tragedy of the Commons." That instead what you have to look at is three Es. You have to look at the environment, you have to look at the economy and you have to look at equity.

In the Arctic, we're still looking for equity with revenue sharing. There's revenue sharing in the Gulf but not revenue sharing in the Arctic part of the United States. And when we look at the environment, and believe me as an Alaskan I was Deputy Commissioner of Environment. I helped set up an environmental crimes unit. I am a zealot against oil spills and Julie Gourley who's here just back from the North Pole can certainly attest to that. That our arguments, the state of Alaska with the federal government right now on shipping are that we need to do more to protect the environment. But we also need to do more to ensure reliability because we're out there trying to attract investment.

Of 16 interagency groups right now that were spawned by that Arctic policy including your interagency working group, we're happy to see the activity in Washington to look at the North. But the state of Alaska is not included in that. A very good conclusion of this report, by the way, was that the state should be included more. We're actually quite excited about that and looking forward to seeing the terms of reference.

But we have a situation where there's a shipping report out right now, a CMTS report where the state did not get to see the draft ahead of time. And yet I'd say if you're going to build an Arctic port it's going to be with our money as well as federal money. It's going to be with our people. We should be

there at the table. There's a new national Security Council lead Arctic strategy effort where the state has again been invited to comment. But it's very important that the State be involved. They are sitting at the table. We are not just a stakeholder. We're a sovereign partner and that's a point that we constantly need to make again.

Here in Washington there are no built in incentives for the bureaucracy to succeed. And as such in our state we've got people who are going to be out of work if we don't succeed. We have a state that is very dependent on natural resource development and it's not that we're dependent employment-wise solely on oil and gas. We also have a major fishing industry, a major employer. We want to protect that. We have a major transportation industry in aviation and we hope it will grow in shipping.

We want to be known not just for the resources beneath our feet but for the resources between our ears. I think Alaskans have a lot to contribute in value added around the world. But the fact is is that we need reliability and we don't have a reliable policy that encourages investment in the oil patch in the Arctic coming out of Washington. And we are very, very hopeful that we can see that.

Let me just conclude, Charlie, by saying that I chair the Alaska Historical Commission and we've got several anniversaries coming up that I think are important to recognize. It is 25 years ago next month that we opened the border between Alaska and Russia. That melting of the ice curtain was very

significant and I want to compliment the Department of Interior, Mr. Secretary, for one project that has really kept the door open for some time and that's been the Beringia Project. We had concern that the recent announcement on Beringia did not take the economic development goals of the region into consideration. And we look forward to working with you on the economic development goals in the Bering area.

But that 25 year anniversary should be marked because it's very, very important that we take advantage of the end of the Cold War still and build trade and success in this area. It's amazing that after 25 years the trade between Alaska and Russia is still just about $10 million a year. It could be much, much more.

A second anniversary coming up in 2017 is we come up on the 150th anniversary of the Alaska Purchase. Now, I've heard some Russians say, well why should we celebrate that? And I've heard some Alaska natives say well why should we celebrate that? And I guess I'll say this. I believe that here in the United States becoming an Arctic nation that is something to celebrate. And I believe the welfare of Alaska natives compared to that of indigenous communities around the world is good, solid and there's great hope and great potential because of what we have on American soil.

But we do still have this debate here in Washington. Was the purchase of Alaska Seward's folly? Was it Seward's icebox? Was it wall Russia? Or was it a sucked orange? Did we buy something that the Russians

had already taken all the best out of? I don't think so. We Alaskans are still trying to help America get a good return on its investment. Thank you.

MR. EBINGER: Thank you both, gentlemen. Mead, I believe it was you who made reference that Conoco says they're hesitating to proceed until there's regulatory certainly. What from the vantage point really of both of you, from both the federal government's jurisdiction and the state's interest and jurisdiction, what do you think a firm like Conoco means when they say there's regulatory uncertainty and how could we move to give regulatory certainty?

SECRETARY HAYES: Happy to take first crack at that. We met of course with Ryan Lance the CEO of ConocoPhillips about a week ago shortly before their announcement. And I think I should step back for a minute to answer this question in the context of our experience with Shell Oil Company in terms of the offshore exploration activities that occurred last summer.

As you know, we went forward working closely with Shell who's been a very good partner in providing an opportunity for them to do exploratory drilling in the Chukchi and in the Beaufort Sea last summer. We identified some Arctic specific expectations and requirements in collaboration with Shell. These were mutually agreed upon. And they involved some important features that relate to the special challenges of offshore Arctic exploration.

We asked Shell to provide a capping stack just as is required for exploratory activities in the Gulf of Mexico in case there is a loss of well control. So you can kill the well through a capping stack. We wanted the availability of a

relief well which we also have in our offshore capabilities in the Gulf of Mexico. And we asked for the ability to have on scene a ship that could contain a spill, that could if there was a spill the ability to capture it and put it in a barge essentially.

Those are all requirements that now everyone that's doing deep water exploration in the Gulf is required to do. And industry has come to the fore working together in two major consortiums and they've spent hundreds of millions of dollars to have these capabilities which have all grown out of the experience of the Macondo well.

In the Alaska offshore we have some situations, some helpful situations in terms of it's shallower water, the pressures are known in these reservoirs so there is somewhat less risk there. On the other hand if there is a spill, if there is a loss of well control and we have a Macondo well type of situation we don't have the infrastructure in Alaska. And that's why we have the capping stack and the containment requirement for Shell.

Shell worked very hard to get ready for the -- one other special thing about the Arctic is the ice comes in quickly at the end of October, early November. And so, we needed to work with Shell to have a window for the drilling that made sense from the ice formation perspective. And we worked with them on that.

There were some issues with Shell's ability to deal with these issues and we did a report about three weeks ago that chronicled those issues.

My sense from ConocoPhillips side is that they understand that and we've been very clear we expect all drillers in the Arctic to have a capping stack and containment capability, to respect the ice needs, et cetera. I think that they will be willing to do that.

There is some question about whether Shell will be ready for next summer or not. I think ConocoPhillips will want to be there potentially in theater with Shell and not without Shell because that provides the kind of mutual aid opportunities that could provide economic benefits to both companies.

So, I think the bottom line is number one, there really is not much of a question about what the expectations are for folks drilling in the Arctic. We've laid it out with Shell. We've told the rest of the industry these are the expectations. They're common sense expectations.

Number two, we learned through last summer that it's hard to pull this off in the Arctic. A lot of the issues we're not of course dealing with the drilling but with marine transportation issues. You know the tough seas and the challenges of getting up there. It's just a reminder that this is tough.

We are very hopeful that ConocoPhillips and Shell will both remain committed to the Arctic. They certainly have a big investment in the Arctic. We're committed to work with them to help them be successful.

GOVERNOR TREADWELL: Well, when I brought up reliability I met with the ConocoPhillips people earlier this week before coming down here. And they had a lot of questions about what the federal requirements really are.

And where they are in the regulations, what the process is that will result from your report and I think that's a big challenge for us.

I mean, this is happening, and you know, I have to say this. The whole of government approach, I certainly support the principle. You know, and we've gone through this with ocean policy. We're now going through this with integrated Arctic management. People argued that we shouldn't have stovepipes. Okay, but I honestly don't want the fish people in charge of the oil development. And I don't think you do either.

And the fact is is that we made a decision to lease these areas. We invited explorers in. We asked them to spend hundreds of millions of dollars if not billions of dollars and now the rules aren't clear. And I think we have to make the rules clearer, faster.

SECRETARY HAYES: If I can just respond, I think the rules that apply to Shell are clear as a bell. They're in the exploration plan that Shell adopted and in the related documentation. Clear as a bell in terms of the window for exploration, the expectations of what is available in terms of oil spill response including capping stack containment. They were clear as a bell months and months and months before the drilling season.

They are clear as a bell for any -- and Shell is the only -- the first company in the door. So, they're clear for Shell. We're telling ConocoPhillips we're going to expect everybody who wants to explore in the offshore to meet equivalent requirements.

You make a good point. We hope that there will be other companies coming in and that we don't proceed on a case by case basis. And we are looking at certainly incorporating these requirements and making it clear that everyone doing business up there should meet these requirements.

So, I don't think there's lack of clarity. I do think there is a recognition in the community and I would guess you would agree with this, Mead, that Shell had encountered challenges they didn't expect. And found that a variety of circumstances were conspiring, it seemed like, against their success last summer. And it was unfortunate but there it was.

I think ConocoPhillips also -- everyone who wants to do exploration 80 miles off of Wainwright in the Western Arctic has got, with very limited shoreside support is going to face real challenging logistical considerations. I'm impressed with how Shell handled the situation and I would expect -- and I hope, I hope that the American oil companies and I'll put Shell in that category here for purposes of today, but the large responsible multinationals it is good that they are learning, that they are adhering to sensible requirements because we're talking about an international situation here.

There is going to be oil drilling in Russia. There has been and will be more exploration in Greenland. Norway, obviously, has a huge oil and gas operation. There's a bigger stake here in terms of protecting the environment and providing a good climate for clarity for oil and gas development.

I think that because of the experiences we've been having last

year and as we continue to develop working closely with the companies, Shell and Conoco in particular, Statoil to follow, that we are setting together a menu of expectations that can provide the blueprint for what other companies should do and what other countries should expect of their companies throughout the Arctic.

MR. EBINGER: That really leads on to my follow on question which you may feel you've answered. But a lot of times we hear, particularly in the environmental community, concerns that one of the challenges regarding Arctic energy development is this whole issue of regulatory arbitrage. Companies operating to different standards, perhaps, in different countries, and of course, I think the greatest concern is probably Russia.

Do you think this is a legitimate concern and if you do, do you have any suggestions for methods we might use to ensure best practice across jurisdictions rather than have the classic race to the bottom when it comes to standards?

SECRETARY HAYES: You want to start? And then I'll comment, Mead.

GOVERNOR TREADWELL: I'll start out by saying the issue of regulatory arbitrage assumes that all regulation is on a continuum where there's something that's tough and something that's not tough, okay? And there's more than one way to skin a cat.

I've heard arguments about jack up rigs versus floating rigs and there are many different ways also to contain, control, cleanup oil. So, there's

not exactly always one way to do, right? The idea though is that we want to get the energy out safely. We want to get the energy out. And nations will have best practices or good practices and we try very hard to have them adopt this together.

When I was at the Arctic Research Commission we did everything we could to encourage the joint industry program that's happening right now. It's led by SINTEF in Norway. I think the last round of funding was something like $21 million to get common practices and improved practices on oil and ice response, for example. And I can't see anybody in today's global investment environment where, you know, I mean ever since Amoco Cadiz was sued for a spill in France in a Chicago Court, basically you need to have good standards in global investment to make that happen.

The other thing I'll say though is that we have to be very, very careful when we create regulation that you're not also creating undue barriers to entry. There are big prospects in the Arctic and small prospects in the Arctic. And I have seen big companies that can go back to when I was running an air program for the state of Alaska who come in and say let's have all these requirements. And it's great for them but for the little but it's pretty hard to get into the door.

And the situation even between Shell and ConocoPhillips is its two different sized investments for two different prospects. And if two companies can't say hey we're going to go about this in a different way, you've got a

problem.

SECRETARY HAYES: Make a couple of points, Charlie. I think it's extraordinarily important that best practices be shared internationally and that there be an ongoing international dialogue among regulators, environmental ministers, energy ministers and companies interested in doing business in the Arctic.

That has begun. After the Macondo well situation Secretary Salazar called the energy and environmental ministers of the major deep-water drilling countries together for a meeting in Washington to talk about and share information. There's something called the international regulators forum that provides a forum for the regulators to get together.

Last year, Norway sponsored in Trondheim a similar meeting with industry, with major energy and environmental ministers that the Secretary and I participated in. Canada has offered to host it later this year. This is extremely important.

I do not think that one size fits all when it comes to how you ensure that there is safe offshore oil and gas development in the Arctic. There's a large debate that I think largely misses the point to some extent but between the safety case approach that is more typical in the EU and the regulatory, what is often sort of derisively called the prescriptive approach, that is the typical US approach when it comes to regulating environmentally sensitive activities.

The reality is we need a hybrid. You do want -- you have to have

a safety case approach. You have to have management systems in place that put responsibility on the companies to ensure that their operations are excellent and that they have the systems that will ensure compliance. And you're not doing a checklist kind of approach.

In fact, just last week the Obama Administration put out its second phase of new requirements for industry to do safety management systems. Our first one came out a year ago September. Companies are now incorporating safety case concepts into US operations which is very positive.

On the other hand there can be some basic requirements that we expect oil and gas companies in the offshore to meet. You can call them prescriptive but we think they should have access to a capping stack. We think they should have access to containment systems by way of example. We think they may have to pay attention to what our NOAH forecasters believe is when the ice is going to come in. They may have to get off.

So, there can be some bright line prescriptive type requirements that we insist on consist with a safety case and they should be performance standards. And the containment requirement, for example, as we've talked to ConocoPhillips about doesn't have to be the Arctic Challenger which is the ship that Shell put together to meet its containment. What we want is the companies to figure out how they meet a performance standard to be able to capture the oil if there is a loss of well control.

So, it's really a hybrid and I think once you get into these forums

where you have the environment and energy ministers of the countries that are sophisticated in offshore development and you have the companies, you get beyond this sort of philosophical safety case versus prescriptive stuff. And you get down to brass tacks and figure out what are the best practices. And each country should figure out how they will incorporate those best practices.

That's what we're trying to do. And we're trying to share the experience we're having with the other Arctic nations and I think that's what we're going to want to do, continue to do going forward.

GOVERNOR TREADWELL: Just for details, besides the international processes you mentioned I think we're looking forward to the next chairmanship of the Arctic Council where there's likely to be more exchange of best practices in this area and that's going to be helpful.

But I will say this. The ConocoPhillips guys, and believe me I have seen companies cut out of town and say we're not going to be there because of tough environmental regulations or uncertainty. That has happened before. I don't believe that was ConocoPhillips doing this for some other reason. I think they still don't feel that there's clarity there to know what the rules are. We'd like to see that happen.

And I think the other question that Alaskans don't yet see is we go between the state of Alaska and make this trip to Washington. It's hard to believe that Washington cares about getting that pipeline full. And the plan's not working if there is a plan, okay? And that's what we've got to figure out is how to

make it work and how to have confidence that it will work.

And there are lots of decisions being made. We just reduced taxes by an incredible amount to try to bring investors to the table in the state of Alaska. And our next job, the governor's going on the road, our commissioner is on the road, is to go out and try to attract investment. And we'd really like to have you with us showing that there is a clear regulatory path to be able to get the money in and to get the projects done.

SECRETARY HAYES: We are, if I can, Charlie, I always enjoy talking with Mead, listening to Mead and having a good exchange whether we're on a cargo plane off putting buoys out in the Chukchi or whatever, right?

GOVERNOR TREADWELL: You or I could have thrown either one of us overboard that day. Sure.

SECRETARY HAYES: I was hooked in pretty carefully actually. The Alaska pipeline, fill and keeping the pipeline going is extremely important. There's no doubt about that. There's shared responsibility to make that happen.

I won't go into it but right now and the Governor's been clear about this there are tax disincentives for companies to continue to produce on those wonderful longstanding oilfields in the Prudhoe Bay area. And if with the right --

GOVERNOR TREADWELL: My guess is he'll sign the bill soon.

SECRETARY HAYES: Oh that would be great because that in the near term is the way to continue that pipeline. What's the federal role here?

The federal role is the NPRA, National Patrol and Reserve Alaska,

through our interagency group we busted the sort of permitting stalemate that preceded our coming into office and approved the first land based development that ConocoPhillips will be developing in CD5. Ryan Lance said and Trond Erik just said they are going to be constructing I believe next winter and moving forward with that.

We have a new management plan for the NPRA that makes it clear that the solution we have there for going over the Colville River is a solution that other oil companies should be able to utilize. We hope that will trigger additional investment in the NPRA.

And when it comes to the offshore I really don't want to get into a back and forth about what ConocoPhillips told us versus what they told you. I just go back to the point that it was a rough summer last summer for Shell Oil Company and for anyone looking at investing in the Arctic. And it just renewed the point that everyone's got to be cautious. Go in this with their eyes open and clarity.

We had a very good discussion with ConocoPhillips about our expectations, their expectations. We're going to continue to talk with them. We don't think it's going to be a regulatory uncertainty issue that will affect ConocoPhillips going forward. And it's our intent that it not be.

MR. EBINGER: Could I move on and then we'll go to the floor? The area I know is both your gentleman's interest and that is the whole subject of how do we accelerate the development of Alaskan natural gas?

We all know we have this vast resource sitting up at Prudhoe Bay and probably gas elsewhere in the state. And yet, after all these years we're no closer despite many people's efforts both at the federal government and the state government to make this a reality.

I know the advent of shale gas in the lower 48 hasn't made that any easier since clearly most people would say there's probably no market for Alaskan gas in the lower 48 for the foreseeable future. So, how do we get this resource developed? How do we get it to some of our vital allies in the Far East that desperately need this gas particularly our Japanese friends in the wake of Fukushima? I'd like to hear your prospects on that.

GOVERNOR TREADWELL: Well, thank you. This has been an interesting year on natural gas. Norway made its first shipments of LNG across the Arctic Ocean through the Bering Strait to markets in East Asia. The geopolitical fact is that with the accessible Arctic Ocean sources in Northern Europe can now look at Asia as a market. Some of these sources we're looking at North America and the shale gas situation has basically taken away the North American market. And Alaska is again looking very hard at the Asian market.

Our Governor made a visit to Japan and Korea last year. Our Commissioner of Natural Resources is right now down with about 6000 people in the LNG business in Houston. I talked to him yesterday and we are very much on the market trying to get interest on buyers to make a project happen. The three north slope producers who have never together said we're going to pursue

LNG said that last year and came up with a rough project definition earlier this year and we're looking for a field season where we will see a better project definition later on this year.

In the meantime, the state of Alaska has just passed a bill which the Governor hasn't signed yet but he's supported which will allow the state to invest and play in either a large project or to go ahead and build its own smaller 36 inch to 42 inch project that would bring gas, make gas available to Alaskans. And that also needs an export market to move forward.

One way or another I've always said that if you're going to have a gas pipeline you need buyers and sellers to get together. And the fact is is buyers and sellers are now talking. There may be ways to improve that. The Washington climate is not really a regulatory problem here. We've given rights of ways now to what four or five gas pipelines. So, I don't think that's as much of a problem but there is still some uncertainty as whether the United States recognizes that it's in our interest to be an energy exporter.

Since there's not much of a market for Alaska gas in the lower 48 I don't think we'll have a problem getting that but that's the place where we're looking for clarity out of Washington. And frankly, if Washington can make the point with our Asian potential customers that we are a good long-term reliable source, that will be helpful.

I want to make one other point which is there are days at Prudhoe Bay when the operators are saying to certain wells, choke back oil production

from that well because too much gas comes out of that particular hole. And until we have a way to ship gas out of Prudhoe Bay it is a restriction on more oil production. So, this is very important for the country not just to monetize the gas that's there and there are people in this room who have worked long and hard on that issue but also to get more oil development going.

So, we're excited about the prospects of Point Thompson, excited about the big approach and the small approach and the producers coming together.

SECRETARY HAYES: I think Mead put it very well. The Obama Administration has been supportive from the beginning of development of the natural gas resource in Alaska which is amazing in terms of the size of the resource. And of course the world market has changed in the last four years and the assumption had been and we have legislation on the books to facilitate a pipeline coming all the way down to the lower 48.

And with the price of gas and the new discoveries and capabilities in the lower 48 that doesn't look economically feasible anymore. And the state has really led an effort to evaluate a different approach that would provide export to Asia and we're standing by. And very interested in how this might develop.

MR. EBINGER: Just one final question on pipelines and then we'll go to the audience. There's been some talk that were the Keystone pipeline not to be approved by the President and the Administration that one option potentially for some of the unconventional Canadian oil production might be to

come up through British Columbia and link into TAPS.

Do you see any prospect of that really becoming a reality?

GOVERNOR TREADWELL: Well, you know we've always look for ways to integrate our transportation system better with the lower 48 and if the Canadians want to bring a pipeline up to TAPS we'd welcome that.

On the other hand, I have always hoped that Washington could get through its several pipeline problems and you know, the Keystone is one of them. So, David, I don't know what your --

SECRETARY HAYES: It's above my pay grade. Stay tuned.

MR. EBINGER: Said like a diplomat. All right, let's go to the floor please. Again, please, state your name and institutional affiliation if you have one. Yes, sir, over there. There are mics coming.

MR. YEAGER: Brooks Yeager with the Heinz Center on Science and Economics in the Environment. I wanted to congratulate David Hayes and Joel Clement and the Interior Department on the report that was made to the President on planning future Alaskan and particularly on the transparency of the process that led to that report.

Governor Treadwell, you mentioned a different report which doesn't seem to be as transparent in the offing and that is a work under -- going on right now on an Arctic strategy to complement the Arctic policy of the US apparently being led by the National Security Council. But beyond that many of us don't know very much about what is in this report or who's been talked to. I'm

glad to hear that the state of Alaska has been asked for comment.

I was curious, Secretary Hayes, if you could give us a little enlightenment on the status of the Arctic strategy effort and whether or not as some of us have heard it's actually going to be completed prior to May when administerially the Arctic Council was made which would seem to be verging on threatening to be a quite superficial and perhaps mistaken course of action. Thanks.

SECRETARY HAYES: Nice to hear from you, Brooks. Brooks is a former head of the policy office to the Department of the Interior as many of you know and a good friend.

The National Security Council is developing an Arctic strategy document. It has been going through an interagency process. I think it will be a good document. The timing remains in flux. We were pleased to put the report out to the President to help, I think, inform that process and in fact, I was working with the National Security Council all through the fall as we worked on the report to the President to ensure an understanding of some of the unique features of Alaska and the Arctic.

And in particular, I think traditionally there has not been a sensitivity to how important the issues of Alaska natives are, of the subsistence needs and expectations of local residents and the fast changing nature of the Arctic. All of this has been fed into this National Security Council effort in I think a very excellent way in terms from where I sit of the internal government process.

I can't speak to -- I don't know what the National Security Council has done completely in terms of outreach. But I will say this that any strategy document is always a starting point for additional building blocks. And it's impressive to me that the Obama Administration has taken this up again.

It was at the very end of the Bush Administration that the Arctic policy document came out in the final throes. Here we are right at the beginning of the second term and we are coming out with a comprehensive approach on how to deal with integrated Arctic management. We, I hope, will have the National Security Council speaking to the Arctic. And reinforcing the point that has really not yet sunk in in many sectors here that we are an Arctic nation, that the Arctic is incredibly important to the United States' interests and to the globe, and that what happens up there needs to happen in the right way for purposes of that fragile environment, for purposes of making sure the economic opportunities are realized but in the right way. And to ensure most of all, I would say, that the Edward Ittas of the world who live in the Arctic and who have for centuries relied on that ebb and flow of whales of caribou of that special ecosystem, that their culture and their rights remain intact.

GOVERNOR TREADWELL: I appreciate the call for transparency. David, you have this group and you have a liaison from the state of Alaska who doesn't get to come to all the meetings.

On this group here doing the Arctic transportation study that was called for by Congress, there was a little consultation. We never got to see the

draft before it came out. There's two giant things missing in that draft in terms of an understanding of America's role in shipping.

We've got, in the state of Alaska, we just finished a Northern Waters taskforce. We have an Arctic policy commission meeting now. We look forward to greater consultation ahead at this time because commenting on a report at the end doesn't help if big pieces of the structure are missing. And that's a real problem.

The United States keeps kicking the can on safe shipping in the North when it comes to getting contingency planning in place. You have it with Shell but you don't have it with the ships going by. And we keep making that point and we don't see it show up in any of these documents. We could write a whole chapter on it. We've offered to write a whole chapter on it. It's not there.

We're hopeful with the National Security Council process that because it is a strategy called for by our delegation that it basically has a strategy to come together and provide the clarity that we need to bring the investment that we need and to move forward because the opportunities in the Arctic are tremendous.

MR. EBINGER: Any other questions? Over here against the wall.

MR. RANGER: Thank you. My name is Richard Ranger. I'm with the American Petroleum Institute.

In different ways, Secretary Hayes, Lieutenant Governor Treadwell and Prime Minister Kleist have spoken about the role of the indigenous

peoples in Alaska in decision making both regionally and governmentally. Lieutenant Governor Treadwell, you used the term we're seeing a process of devolution and you spoke of it later in the context of Alaska's sovereignty. But clearly there are rising expectations and there are changing modes of decision making with respect to the role of the indigenous peoples who live in the Arctic.

What's the vision and where is that going? 'Cause I think that's one area where operators in my industry may be seeing some uncertainties. There has been a playbook. There is a belief that that playbook may be changing, again regionally and with respect to US federal interests in the Arctic regarding the role to be played by the peoples who live there.

I guess comment on your visions and where you see this going.

SECRETARY HAYES: Good question. By the way, I didn't comment on -- I didn't know if Mead meant that Alaska was going to move for a secession or not, the devolution but I hope not. I hope not. And by the way it was a really good deal with Russia and we should celebrate that.

We have a special responsibility to Alaskan natives. We have 250 some odd individual tribes in Alaska that we have a trust responsibility for. And how that plays out in terms of impact on decision making is essentially a special obligation to consult with tribes, to work closely with tribes but also all residents of the unique towns on the North Slope, by way of example, these are the folks that are most impacted by what happens in the Arctic. And many of them exercise a subsistence culture that relies very strongly on their ability to hunt

whales, which can affect and has affected our view with Shell of when they could drill in the Beaufort so as not to interfere with the whale hunt.

Likewise if there is a pipeline of coming in at Wainwright and going across obviously the interests of the health of the caribou herds and other animals that are relied upon, there's no sort of, I think you know this. There's no easy quick answer in terms of the input of any community. I would just say as we've emphasized in the report to the President that there is a special obligation that we have to get the input up front for indigenous Alaskans.

And I will say that one of the things we talk about here and one of the things we're trying to do in the interagency group is it can be hard for industry to deal with the federal government, hard for the state of Alaska to deal with the federal government but if you are an Alaska native in Wainwright and you want to provide input to the Coast Guard and to the Navy and to the Bureau of Ocean Energy Management and NOAH on important issues, it's been very hard to do that. And it's not easy to -- you don't get a plane ticket to Anchorage, et cetera. We're trying to actually do way better on that.

We collected all of the federal agencies in early February for the Alaska Whaling Commission meetings up in Barrow. And we arrayed everyone across the table and said we want to talk to you on all of our subjects and answer all of your questions. We need to do much more of that. And I think it's that level of commitment that will be shown by performance that we need to be held to.

And companies, let me say, Shell, ConocoPhillips have been good

about investing in these relationships as well. They get it as well. And I'm very cheered by that. I don't think there is any dispute about the importance of that. The state of Alaska also is very much committed to that course of action.

GOVERNOR TREADWELL: Richard, just to add very quickly I want to compliment former Mayor Itta of the North Slope Bureau. He began a process which has continued under his successor and we also work with the mayors of the other bureaus to make sure that we have regular consultation.

Edward, there was a meeting that you held in Barrow that I thought was remarkable in that you brought in your village leaders and we talked about energy development and state policy. And we've tried very hard to keep that consultation up.

On the tribal level, we've seen tremendous gains in capacity whether it's in health, whether it's in cooperation, sanitation, whether it's in cooperation on other issues and there's always more that can be done. And I think more will be done.

I'm not going to steal any of Jimmy Stotts' thunder but we were in Nome last week at the Kawerak 40th anniversary. He made the point that the standard by which all development projects in the North should be judged is food security. And I agree with him personally.

Our Governor said on a big mining prospect in Alaska we're not going to replace one resource with another. And the fact is is that the respect that I think all Arctic residents are looking for is that kind of consultation and

understanding. That's why we're pushing for contingency planning with ships going by. That's why we're pushing for certainty in regulations so that we can all see what the picture is.

MR. EBINGER: I know Secretary Hayes has to be at the White House shortly so maybe we'll take one more question for this session. Maybe here.

MS. FOLKS: Hi, my name is Jennifer Folks and I manage Dugal's Ocean Program. And my question is around when will the US government increase its funding for infrastructure so part of the problem oil and gas has off the coast of Alaska is they don't have good enough wind, satellite wind data, i-sixtent data, comms, Arctic comms is really challenged. It's a very difficult condition and if the Coast Guard's funding has been cut, when will we increase the Coast Guard's funding so they have more icebreakers so that we have greater safety and security for mariners so that Alaskans can make sure that they avoid what happened in the Gulf with the Deep Horizon. Thank you.

SECRETARY HAYES: The President's budget that was introduced and made public what a week ago or so has good budgeting for Alaska related issues. Unfortunately in amounts that are not well correlated to what the Congress has authorized for the many agencies involved in Alaska.

It's a very important point. And I think that funding's always going to be hard for these activities. I am cheered by several quick points. One is the attention that we are all collectively giving to this important area of the world.

And funding can follow if there's a shared understanding of the importance of the Arctic. And I want to thank all of you in your own way for helping raise the profile of the Arctic because funding can follow.

Secondly, I think the National Security strategy document that is underway has the potential to be very helpful in raising the profile of the importance of some of these infrastructure issues.

And thirdly, I agree with Mead. The reality is that I think that for funding major infrastructure going forward it's got to be a collaboration between the federal government, the state government and private parties. And we've got to find a new way to work together. And having a blueprint of integrated Arctic management for what's needed, working truly in partnership with the residents of the area, with the state and with the major private players, that's what we have to do. We have not done that yet in this country in a meaningful way. We have the chance to do it in the Arctic and I commend all of you to work with us collectively toward that end.

GOVERNOR TREADWELL: We are putting money where we can as the state. It's been the state that's put up significant money for the automatic identification systems to make sure we know what boats are coming by. We are putting up the money, there's money in the capital budget this year to continue the port study.

We've got another couple of hundred thousand dollars looking at the role of the Aleutian ports. We have provided leasing for the Coast Guard to

move their helicopters north. Our National Guard and the Coast Guard are working very much together on that. And we agree with you.

In fact, the state of Alaska has even said we would consider working with the Coast Guard on financing icebreakers. It's very, very important that -- you know, this is half the nation's coastline. And I've had senior Coast Guard admirals say well I'm not sure we can afford Alaska. And my answer is I'm not sure we can afford California.

I mean the fact is is that this is a sovereign part of our country that we have to protect and we have to stand up for it. The Bush Policy was held up for six or eight months over two, I like to say, food fights but one of them was whether or not we could say anything about the need for icebreakers. And let me say it here because it's very hard for a federal official to say it. The state of Alaska believes we've got to have icebreakers. And there's a dozen reasons I'll give you why.

SECRETARY HAYES: I'm for icebreakers too. But you can't quote me on that. No. Can I close with one illustration that provides hope for the future along these lines?

It is ridiculous but we do not have good mapping capability for the topography of Alaska. And the state of Alaska came to us and said we've got to fix this problem. And we collaborated together. The state threw in some money. We, at the Interior Department, sponsored an across the government effort that ultimately has been a tin cup effort to find funding from a lot of different sources.

We're going to get that done. And the reason we're getting it done is 'cause we're working together collaboratively. We see the need and we're working across our governments to make it happen.

That's in a small scale what we need to do.

GOVERNOR TREADWELL: And you put the state at the table at the beginning --

SECRETARY HAYES: Absolutely, absolutely.

GOVERNOR TREADWELL: -- we showed up with resources and we're there are every meeting.

SECRETARY HAYES: Absolutely.

GOVERNOR TREADWELL: I need you to work on EPA for me but that's a different story.

MR. EBINGER: I want to thank Secretary Hayes and Governor Treadwell for a very charming and livening discussion which I expected.

We have now another 10, 15 minute break. Please be back promptly so we can go on to our next panel.

MR. STEVEN: We're just rounding up the few people who escaped thinking they were going to get a break. We're going to have a break immediately after this session.

Okay, thank you very much, everyone. Welcome to this second

panel. We're going to be exploring Arctic and diplomacy in this panel.

My name is David Steven. I'm a nonresident senior fellow here at Brookings. I work in Foreign Policy. I'm actually nonresident everywhere these days. I work on the Managing Global Order Initiative. And at MGO our research explores the implications of a range of 21st century challenges for the global order. And the Arctic is of interest to us for three main reasons.

First, it's a region that has undergone an extraordinarily rapid transition from a zone of Cold War competition, through a brief period where it was mainly forgotten as we've heard, to an arena where a large number of states -- both large and small, both within the Arctic and far away from the Arctic, are contending with a set of unfamiliar risks and opportunities.

Second, because the Arctic is a harbinger of the way that climate will reshape the global order. With the loss of ice it has been much faster than many, almost all, observers expected. And that has triggered a series of consequences that have security, economic, energy, and, of course, environmental dimensions. A manmade ocean in the Arctic, or effectively a manmade ocean in the Arctic, is an indicator of the other changes that we're going to have to deal with in the decades to come, in a world where climate forces the pace of change, whether or not governments are ready for it.

And third, and I think most relevant for this session, is the way in which the Arctic is already demanding that we think afresh about the way that we do foreign policy. Some of us initially assumed that the Arctic was going to ask

questions of governments that they would prove unable to answer, but as Martin Indyk said in his opening remarks the midterm report is actually fairly encouraging. It provides us with a sense of cautious optimism, and that is a credit to the many diplomats who have worked on the challenge.

But in the next decade the Arctic will gain ever greater strategic significance. It will attract increasingly powerful financial interests. It will draw the attention of a world that believes that the Arctic has iconic status and should be protected and, of course, it will involve the population of the Arctic in a profound economic, political, and cultural transformation.

I think diplomats are playing a game that has the opposite dynamic of the game of chess. In chess, as the game goes on, you remove pieces from the board. The strategic challenge becomes -- it's hard, but it becomes clearer. In the Arctic, and in climate politics more generally, you start with the core players on the board and over time pieces rush onto the board to defend their interests. The game becomes ever more complex. The strategy becomes ever more difficult.

We have an illustrious panel here who are already playing this game and can help us understand the challenges it poses. I'm not going to list all of their many accomplishments. You have biographies in front of you -- in your pack with you.

But we have Julie Gourley, the senior Arctic official at the U.S. Department of State. We have Christian Syse, the deputy secretary general at

Norway's Ministry of Foreign Affairs. We have Patrick Borbey, president of the Canadian Northern Economic Development Agency. And we have Ambassador Holm, who has -- for me, I'm a Brit, as you can probably hear from the accent, and I grew up in the south of England in a place where snow happened almost never, and Ambassador has, for me, a very romantic job title. He is the Kingdom of Denmark's ambassador to the Arctic.

I'm going to ask each of the three speakers to make a brief initial intervention and then I may ask a few follow-up questions, and then we'll open it to the floor and we'll try and give as much time as possible for questions from the floor. I'm going to ask them to organize their initial intervention around the following questions.

Firstly, what can we learn from the last decade or so of diplomacy in the Arctic? And what do they think of the major challenges for diplomats over the next decade?

Two, what do they see as the role of the Arctic Council with regard to energy oversight, both today and in the future?

And three, how do they see the relationship evolving between the Arctic Council's member states, its permanent participants, its observers, and the many states and non-state actors who do not have a formal relationship with the council, but see themselves as having a stake in the Arctic's future?

So one question about what we've learned from the past and what that tells us about the future; one more specifically about energy and the Arctic

Council; and one about the many, many players who are interested in Arctic diplomacy.

I'm going to go in the order in the program, so Ms. Gourley first, then Mr. Syse, Mr. Borbey, and Ambassador Holm. So Julie, over to you.

MS. GOURLEY: Thank you, David. Those are all very interesting questions. What can we learn from diplomacy and where we've been in the past and where we're going in the future?

I think from a U.S. perspective we have seen a dramatic increase in importance in the Arctic to the United States and to the world. That's clear, I think, to everyone because of the interest being shown by lots of countries and lots of NGOs and IGOs who are interested in coming to the Arctic Council as observers.

I would say that our diplomacy has improved dramatically as well. The eight Arctic states are very close to one another, we're very friendly. The U.S. and Russia have a particularly good relationship in the Arctic. And as our diplomacy with Russia rises and falls and is positive and has some stumbling blocks, over time, as we've seen all of us over our lifetimes, the Arctic is one area where we always are strong in our relationship with Russia. We do very well. Russia very much values their relationship with us in the Arctic. Even during the Cold War a lot of our domestic agencies in both countries worked very closely together.

But the Arctic Council has done a lot, actually, to bring all of the

Arctic states closer together. And it's grown in importance because of the fact that it is a unique experiment. We do have indigenous people with us, sitting at the table with us, making decisions with us. It's a very important forum. And I think in the United States it will grow in importance as the region will.

The relationship of the member states and the permanent participants with the observer countries and the non-state actors and the countries that want to come in, that's a subject I think that is misunderstood in the public. We have a sort of difficult political process for bringing new observers into the council. It wasn't always that way. When the council was born in 1996, there were a number of countries that were already observing and a number of NGOs and IGOs, and we grandfathered them in. It was very simple. But as the region has grown in importance and in global focus, the process of admitting new entities -- states' NGOs and IGOs -- has become more difficult, more challenging for a number of reasons.

One, the Arctic Council's a small and friendly forum. It's a forum, not an international organization, so it has a bit less of a formal structure than international organizations do, and that's by design and it works very well. And I don't think any of us want to see that good relationship and that good balance among the Arctic states disrupted in any way. So we're being very careful as a group of countries in who we choose to let in. Certainly there are lots of countries and lots of organizations that have legitimate Arctic interests and should be in the room with us when we talk about the Arctic, but there's also, I

think, confusion in some corners about what the Arctic Council does and what its role is versus other international bodies with jurisdiction in the Arctic, such as the International Maritime Organization and other parts of the U.N., for example.

So it's a difficult balance right now. The bigger the Arctic Council gets, the dynamic changes a little bit, so the we're being very cautious and very careful, and I think that's understandable. But I think the relationship between the council and the members' states, the permanent participants, and the outside world is a good one and a positive one and I think it will continue to be that way. It just may move a little bit differently than it has in the past.

But I see the Arctic Council growing in importance, getting stronger over time. Certainly the United States values it very highly and will continue to. Secretary Clinton was very interested in the Arctic and in the council. Secretary Kerry hasn't been around very long yet, but I think we can assume he will be as well.

So I will stop there.

MR. STEVEN: Okay. Just to briefly follow up on that with you, 2015, quite a big year for the U.S. and climate and the Arctic. You'll be in the chair of the Arctic Council. It's also the year that the world has said that yet again it will try and set targets on climate change emissions to come into force in 2020. Secretary Kerry, as you said, is likely to be an active participant in Arctic diplomacy and will clearly be a strong and active participant in climate diplomacy.

How do you see what the U.S. is doing in the Arctic relating to the

broader climate diplomacy picture? And also, just one small question. Do you think we will see Secretary Kerry at the Arctic Council in May?

MS. GOURLEY: On the first question, because the impacts of climate change are so dramatic in Arctic and, as we've heard already from a number of speakers today, the sea ice and the glaciers and the Greenland ice sheet are melting much faster than climate models had predicted and the permafrost is thawing more quickly, and that's a huge, huge problem for climate change with the release of carbon and dioxide and methane in particular. The focus on the Arctic in the global climate debate seems to me to be increasing.

And there are certain aspects of climate change that are particularly relevant in the Arctic. Short-lived climate forcers, or short-lived climate pollutants as we now call them, are an area that the council has focused a lot of attention on because things like black carbon and methane and tropospheric ozone have particular impact in the Arctic. And the council outside of the framework convention on climate change has tried to take some action on mitigating the effects of these pollutants, particularly black carbon, because we think that if the Arctic states at least, some of whom are major emitters of things like black carbon, can reduce their emissions in the Arctic region and, hopefully, countries that are close to the Arctic would follow suit, we may be able to actually buy some time in slowing down the melting and thawing of the cryosphere.

The Arctic Council, I think, is playing a larger role in the global climate debate precisely because of the impacts being much larger and more

focused in the Arctic than in other parts of the world, but also because we have opportunities to actually as a group of countries take some real action that could have real effect. We don't know yet if Secretary Kerry will go to Kiruna. We hope so. I think the decision will be made very soon. But certainly, whether he's there or not, we will have a very strong delegation. And stay tuned. I think we'll know pretty soon whether he's going to go.

MR. STEVEN: Brilliant. Thank you very much.

I'm going to turn it over to you now, Christian.

MR. SYSE: Thanks very much, David. I understand indeed that you're a nonresident because you were nonresident up in New York the other day as well when we met last, so that's very good, David. And you were good leading that debate as well.

I would like to make two points. First, just reiterating some of the -- I mean, the big drivers behind what we're talking about now. First of all, climate change everyone has talked about already. In September of last year, the Arctic Sea was at a record low, and that will probably continue then. But the other drivers, of course, the immense appetite worldwide for energy. Those would be the two big drivers. But also, let us remind ourselves, even though that is not the primary focus of this debate, the fishing resources, which are enormously rich in the northern areas as well and they are well administered as well. But then you will see that there are some major drivers then: climate, energy, other resources as well. And add to that the shipping lanes that would then open up increasingly

and at a much faster pace than they perhaps thought, both for the Northeast Passage, but perhaps also in the long run the Northwest Passage north of Canada and Alaska. So anyway, that would be my first point.

The second point is just reminding ourselves as well that we're not talking about the Antarctica. This is a not a continent, you know, surrounded by sea. That would be sea surrounded by nation states. That's what we're talking about in the Arctic.

From time to time, I don't think anyone has actually mentioned that word here, but from time to time I hear, you know, the "race" to the Arctic, that there should be some kind of overarching competition, be that even military. I don't know in the long run. But I simply take issue on that. I don't agree with that at all and I don't think that's what we're seeing in the Arctic Council. Quite to the contrary, as a matter of fact. Quite to the contrary.

This is an area organized and characterized by international cooperation and international law. That was established quite clearly, also, in what is known as the Ilulissat Declaration from May of 2008, where all the literal states accepted that the U.N. Conventional Law of the Seas should be the overriding document that should be the international force that should organize activities in the Arctic. And the United States adhered to that as well even though, of course, you haven't formally adhered to the treaty. I was very happy to hear the admiral's word here on the United States Government's viewpoint on that, but I understand that that is a difficult issue. Add to that the United Nations'

Commission on the Limits of the Continental Shelf, another important legal document that applies to these areas as well.

It is not a race. Norway and Russia decided in 2010 on the delimitation of our borders at sea. In other words, this is not a sort of space/void of international legal order. We believe as well that the petroleum resources that could be found in the Arctic would be in areas that are under national jurisdiction, so.

But secondly, a more practical viewpoint would be that it wouldn't quite make sense with it for this area to be sort of a place of international tough line competition. Quite to the contrary, if one should utilize the resources in this area what is needed is not -- I mean, is cooperation. We're talking about the enormously complicated areas, be that, well, ice, the sea, darkness, far away from markets. What is called for here is, of course, cooperation.

Well, anyway, summing up then, the legal and political structures are there and the Arctic Council is a wonderful instrument, even though it's intergovernmental in organizing that structure as well.

And then finally, leading up to your questions, what have we learned over the past decade? Well, I'm sure we have learned many, many things and new things as well, particularly on the way that climate is changing. But we have at least learned, seen from the Norwegian point of view, and perhaps all of that will agree on that, that the Arctic Council structure works. That we have learned.

When (inaudible) comes to the Arctic Council there are eight member states as of now. My country is interested in accepting new states as permanent observers. We believe that is a good thing to have them in. This should be the international organization where all the issues are being discussed, and that's a good thing. And hopefully, then, at the Kiruna ministerial and in a month's time, with or without Secretary Kerry, perhaps, hopefully, we can then decide on new states adhering to the Arctic Council as permanent observers. That's a good thing.

Thank you.

MR. STEVEN: Just to come back on that, I mean, we've heard quite a lot of calls for more participation by observers. What do you see as the obstacles to that happening? Why isn't that happening now?

And maybe I could ask you to say a little bit more about the role of Russia. I think the people who saw a race in the Arctic saw it through a Cold War lens. They saw Russia there and they assumed that this would lead to a conflictual relationship, but it has been a zone of considerable cooperation. What is Russia's role been in driving that cooperation?

MR. SYSE: Sure. Well, first, the legal basis is clear and should be quite clear to everyone engaged in our cooperation that this is not an area void of international legal order. Quite to contrary, it is strictly regulated according to, well, primarily the United Nations' Conventional Law of the Seas. And that should be apply and should be understood clearly by present and future

permanent observers as well, so I think that's the sort of answer to your first question.

On the second question, on Russia, our experience there is, as a matter of fact, that Russia adheres and believes strongly in the international legal order in the Arctic area. I know that, you know, you might raise criticism against the Russian Federation in some other areas when it comes to the cooperation that we have for the Russian Federation, and I believe that is the sort of general sentiment among the Arctic Council countries. This works quite well. They are very comfortable with this kind of intergovernmental setting and obligations that they adhere to.

MR. STEVEN: Okay, thank you. Okay. We're going to shoot to the end of the table now and over to you, Patrick.

MR. BORBEY: Thank you, David. Good morning. *Bonjour.* Thank you very much for inviting me to be part of this panel.

So you're probably you'll probably wonder what's an economic development guy doing with a bunch of diplomats. It's perhaps the full extent of my participation here has not been fully revealed, but I am the chair for the senior Arctic officials, the incoming chair for Canada during the upcoming chairmanship. So I hear all the talk about 2015 and people being anxious about being ready. I'm worried about May 15, 2013, so we've got about a month before we take over.

So I'm going to change the question a little bit, if you don't mind,

because I'd like to talk about what Canada is doing and I think it'll be helpful as people are thinking about the next couple of years and also to think about how the U.S. is preparing. I think it's extremely important to get started now and I know there's a lot of work that's going on.

I think that President Grimsson made a very compelling case for the value of the Arctic Council and the progression of the Arctic Council over the last number of years, so I won't talk too much about that except to -- just a quick reminder that, you know, the Arctic Council was created in Ottawa in 1998, I think. The first chair was Canada for the first two years and we have been now through the full cycle, so it's kind of coming back home to a certain extent. And we've seen a tremendous evolution over those 16 years and the 8 different chairs that we've seen, concluding with the Swedish chair just now. And in my view, having had some experience working with the Arctic Council over the last six or seven years, I've seen a significant progression, especially in the last few years where the Arctic Council has truly become a body where not only do we do good research, good dialogue, good assessment, but we also take action and concrete action to deal with the issues and make policy. And I think, again, that's a really good direction.

My actions, my overall directions are coming from Minister Aglukkaq. And so those of you who haven't met Minister Aglukkaq yet, I hope you will because she is an amazing individual. She is the first Inuk to be a cabinet member in the government of Canada. She has been minister of health,

minister of my department, the Canadian Northern Economic Development Agency, and since last August minister responsible for the Arctic Council with a special mandate from the prime minister to take on this role. She has consulted extensively throughout Canada's north and also engaged with international partners to develop our program. And our program has been revealed over the last few months, I like to describe it as the Dance of the Seven Veils.

First, very high-level in terms of the themes and then we got into the subthemes and then through the SAO, the Arctic Council meetings, we have been getting to a level of granularity that's quite advanced such that we have about 10 initiatives, specific initiatives, new initiatives that Canada is proposing during its chairmanship in addition to continuing some of the good work that's been done, led under the Swedes.

I will give you the big picture because if I gave you too much detail, my neighbors to my immediate left might get really upset and may give me a hard time next week when we try to iron out the final details of our program. And this is all being discussed in real time.

The important thing is the theme that the minister has and Canada has adopted, and the minister has been very strongly promoting. And the theme is development for the people of the North. And I think there are some key words there that need to be really thought about and discussed.

First of all, we have the word "development," so we're not afraid to talk about development. I'm pleased to hear earlier today, again, that's a

common theme that people understand that there is development that's taking place, that will take place in the North, and we have to collectively determine how that development is going to take place. But very importantly, as we talk about "for the people of the North," and for our minister, for our government it's extremely important to remember that there are people who live in the North. They have lived for thousands of years, and they will continue to make the North their home, but they have aspirations. They want to be part of the economy. They want to be part of the solution. They want better education. They want better health outcomes. And, therefore, they want to be at the table with the Arctic Council, and they are through the support that we have shown for the six permanent participants. The eight Arctic states do provide that voice, that ability to participate in the decision-making.

Within that theme there are three subthemes that have been laid out. One is responsible Arctic resource development. Under that maybe a couple of comments, one directly linked to the question early on. The issue of oil and gas development and under what conditions it's going to take place is a very important one.

The Arctic Council, under the Swedish chairmanship, has made some significant progress here. We have now a new binding instrument that we hope will be formally ratified in Kiruna with respect to response to oil and gas spills. We've got research that's been done in terms of best practices, in terms of standards in the various jurisdictions. Canada would like to take that one step

further and we will make prevention of oil spills one of our major priorities and, again, looking at some concrete actions that we may be able to take during our chair in that area.

Within this subtheme as well we have been talking about this concept of creating a circumpolar business forum. And we feel that there is a bit of a gap or there is a voice that has not always been heard as loudly at the Arctic Council and that's the voice of industry and the voice of business. We'd like to bring them into the tent, bring them into the discussions. And we think that the creation of this kind of a forum will be well-received, a forum that will be designed for business, by business, and it will be in the orbit of the Arctic Council, if I can say, but it will not be formally enshrined within the Arctic Council.

The other two subthemes, safe Arctic shipping, again, we've heard quite a lot from previous panelists, and that certainly is an issue that there's a lot of concern and work that needs to be done. And the third subtheme is sustainable circumpolar community, so, again, coming back to the people. And there we want to tackle, we want to work collectively on tackling some of the issues that our communities in the North face, including making sure that we give full respect -- I was very pleased to hear the comments by the former panel that at the end of the day there are traditional practices that still occupy a very important place in the lives of Northern people. I think we've seen some data recently that what we call country foods in Northern Canada -- caribou, char, et cetera -- occupy sometimes as much as 30 percent of the diet for Northerners,

for aboriginal people in the North. So it's extremely important.

But we also have to make place at the Arctic Council, and we have, to a certain extent, but we can do better for traditional knowledge. And that should be as important as scientific knowledge in terms of coming up with some of the policy, some of the responses in terms of what's going on in the North.

I will conclude by jus emphasizing a few other things that we want to achieve during our chair. And these are issues that we've already discussed with our colleagues, but there is certainly a need for greater coordination and continuing to improving the efficiencies and the working within the Arctic Council. We have working groups and sometimes we need to ensure better dialogue and work with them. Between them, between the expert groups, the task forces, we have taken some important steps by establishing a permanent secretariat in (inaudible) so we will have something to build on. A little bit more stability there, but I think there's more work to be done there.

We certainly want to see how we can enhance the participation, the role, the profile of the permanent participants within the council itself, but, again, at the working groups within the task forces as well.

We want to make sure that there's strong follow-up and tracking back to previous assessments, previous work that the council has undertaken. And that, again, we're constantly thinking about, okay, what kind of action, what kind of specific, concrete results do we want to achieve through this work?

We can do a lot better in the area of communications and

outreach. And, you know, I'm a bit ashamed sometimes when I'm traveling in the North and I'm talking to people, and I'm talking sometimes to some business leaders or some aboriginal leaders and they ask, can you sell me what this Arctic Council is all about? And I think that that's just not acceptable after 16 years. We can do a much better job and, again, reaching right into communities. We've done it before in other areas in the North. I think we can do a much better job there.

And, of course, we realize that the Arctic Council doesn't function in a vacuum. We are part of an international community. And, in fact, some of the successes in the past, including the work on persistent organic pollutants and reducing those and the incidents of those into the country foods that I talked about earlier, progress there was only possible because we did the proper handoff. We did the work, did the policy, the research, and then we handed it off to the right U.N. agency to be able to have an instrument that then would apply across the world, and we're seeing the positive results there. So that will also apply to working on a polar shipping code, for example, working with IMO, and there are other areas as well where we will have to ensure that there's some strong collaboration.

And the last comment I would like to say is, of course, working with our friends and colleagues from the U.S., because we have an opportunity here during the next four years to ensure that there's good cohesion, good handoff, good -- even planning it in advance of some of our initiatives so that if

we don't quite get it done in two years, we know we'll have a partner who will be happy to take on and finish the work. So we're very pleased to be working with the U.S. and, again, helping, you know, any way we can, helping you all. So get ready for 2015.

Thank you.

MR. STEVEN: Just to pick you up on this point about the relationship between the council and the broader international system, specifically on energy governance issues. How do you see that relationship evolving? We have, you know, in energy, (inaudible) governance arrangements that are in fluid, in transition that don't reach many of the energy consumers and producers. How is the Arctic Council as a new player in the energy field handling that?

MR. BORBEY: Well, I did address, to a certain extent, the work that's been done during the last chair, the concluding chair, and indicate that Canada certainly -- and, again, this is subject to working out the details with our partners. We do want to make oil spill and gas spill prevention a priority during our chair. But I also want to recognize that when you talk about oversight, we have to recognize that we have regulatory regimes in place within our jurisdictions that do meet some pretty high standards. That's part of the work that we're doing also is comparing our standards and how they apply in different jurisdictions. And we have oil-producing countries, we have others that are still at the very early stage.

In Canada, after the Macondo incident, we did a full review of our regulatory regime in the North. We were pressured by the multinational companies to relax some of the requirements and we said, no, we were not prepared to do it at this time. It may well lead to some delays in terms of drilling in the offshore for Canada. But, at the end of the day, we feel that safety, security issues have to prevail. And there is more research, more technology development that's required. And those of you who are familiar, we have a same-season relief well requirement in Canada, and we're not prepared to let go of that requirement until such time as we can see a demonstration that an alternative approach can achieve the same protection and the same results. So it may mean a little bit of a slowdown for Canada, for example, although on the onshore we do have some really interesting opportunities in the Mackenzie Valley which we're also pursuing.

MR. STEVEN: Thank you. Ambassador, over to you.

AMBASSADOR HOLM: Thank you very much, David. And thank you very much, also, for the introduction and the thing about the romantic title. I'm actually the Arctic ambassador of the Kingdom of Denmark, so I represent all the three parties or parts of the Kingdom of Denmark, Greenland, and the Faroe Islands.

You had three questions, so I have sort of three answers or three classes of remarks. Now, the first one about what we have learned from the past regarding the Arctic Council, now, I read about in many organizations, like the

WTO, the EU of course, the OCD, and others, but I've never experienced such a close relationship between diplomats as in the Arctic Council. You actually went so far as to become a little bit physical last week when we went together to the North Pole, standing there with the other senior Arctic officials at the North Pole. Literally, we actually hugged each other and there was this atmosphere of a very close relationship, which is also what has brought us very far in the Arctic Council in terms of the concrete results that we have obtained. And I'm sure that other parts, other regions of the world could learn a lot from this -- the South China Sea, for instance -- by this very close cooperation and the way that we actually deal with the concrete problems that we have.

Example. We have entered now into two agreements: one is the search-and-rescue agreement, which was signed in Nuuk in 2011, and the one we're going to sign in Kiruna on oil spill. Very good, concrete steps. What we need to do now is to make them operationable. And the Kingdom of Denmark's integrated Arctic command in Nuuk organized an exercise last year where we went through a situation of a shipping incident out of the east coast of Greenland, and learned a lot. And we are also going to do the next drill within the Arctic Council in this field, but there might be a point that we share the responsibility of organizing the drills among ourselves so that it will not only be one country who does that.

We should also have drills on oil spill or even integrated exercises with search-and-rescue situations where there is an oil spill because these two

things can easily go together. So what we learned from the Arctic Council cooperation is this fantastic friendship, which we should use further on in the future to obtain concrete results.

Now, what is then the role of the Arctic Council if you look a little bit ahead? Now, a main point is to keep the Arctic discussion there at the Arctic Council. And in this respect I would like to address the observer issue. There's no doubt that although the Arctic Council is a regional organization, there's not one issue which doesn't have a global impact, meaning an impact on a country far away. We have the northern sea route, which has an impact on Singapore. We have oil and gas has an impact on the Middle East, fisheries on Spain, minerals on Africa, strategic minerals on China, and so on. So what we do has an impact on others.

But we have to turn this around, also, and look at the impact that other countries' behavior has on us. For instance, China's pollution has a huge impact on climatic factors in the Arctic: black carbon, the acidification of the oceans. We see the consequences very strongly in the Arctic.

So I think and the Kingdom of Denmark thinks that we should do our utmost to solve the observers problem at the next meeting. I think we are about to make a huge mistake in leaving important powers out. And now I'm talking about the country applicants and the EU. These are international players who we need to have not as a member of the Arctic Council, but whose points of view we need in the Arctic Council. And we need them as close to use as

possible in order to take into account the positions of these important players. And the risk is that if we don't take them on board, they will go elsewhere and make alternative fora.

The final question was the relationship between members and the PP. That's sort of glossed over issues, if you want. Now, in the forefront of the Arctic strategies of the members of the Arctic Council is the people living in the Arctic. Former Premier Kuupik Kleist mentioned that there are 4 million people in the Arctic area and 350 of those are indigenous peoples.

There is a process of devolution. Historically, this process can only go one way. It's be stronger. And also, as Kuupik Kleist said, people want to be masters in their own house, they want to decide for themselves, and the development will go in that direction.

Now, I'm perfectly aware that the legal basis for what we are doing in the Arctic Council is the Ottawa Declaration, which states, of course, who is a member of the Arctic Council and so on. But I want to say that I think we should be pragmatic, that we have to look at the representation of these territories and these people at the Arctic Council so that we ensure that there is the proper representation of these participants in our deliberations. Otherwise, also, there I think we are in for a huge historic mistake.

Thank you.

MR. STEVEN: One very brief follow-up to that and then I'll be coming to the floor. I mean, Alice said at the beginning that the Arctic was a

great untold strategic story, but I think, as you've made clear, it's also a great untold diplomatic story. But these very close relationships are formed in a tightly bounded body with a small number of participants, who get to know each other very well and build a high level of shared awareness. Do you think that level of cooperation and that level of knowledge of each other can be maintained if the council continues to become a larger and more complex body?

AMBASSADOR HOLM: Well, this has a lot to do with how you physically organize the meetings actually. But the way we do it in the Arctic Council, it's quite simple actually because there's an inner circle of us here, the friendly friends here at the Arctic Council, and the participants, and we are the ones negotiating. So I don't really care about how many we have, you know, as back-benchers in the room. We do the meetings in strange places, by the way, very often in Arctic cities. But all these cities have a gymnasium which is normally big enough or, you know, a sports facility which is big enough to host these people. So, I mean, I don't really buy this where there's no room for them or how can we accommodate 100 people in the room? Of course we can do that.

And I don't -- and I'm not afraid that we have to share everything with the observers because every time we want to be sort of private or we want to discuss a juicy political item, we actually go informal. We either have an informal meeting or a meal, and then we discuss the things directly between us. So actually I really don't see any practical or political problems by taking on

board the observers on the country.

MR. STEVEN: Right. I'm going to open it up to the floor now. There was a gentleman over on the side there who was very quick with his hand and then a lady over there.

MR. RANGER: Thank you each very much. Richard Ranger from the American Petroleum Institute. And I'm going to ask you all a variation of the same question I asked Lieutenant Governor Treadwell and Deputy Secretary Hayes. Particularly, Ambassador Holm, you spoke about devolution and the importance of the indigenous peoples of the North being masters in their own house.

There are eight Arctic nations. I'm not sure I can count the numbers of Arctic indigenous nations and cultures that are represented. I imagine it's a number of 50 or 60. I'm not disagreeing with the premise, but I'm asking how you carry out representation? Because the Inuk cannot represent the Inupiat, and they can't represent the Chicolka. You know, the different peoples, if they are entitled to their own representation, there's a structure that does not yet exist to accomplish that. And I'm wondering what your vision is for that in the future and ho that relates to the sovereign representation of the eight Arctic nations.

Thank you.

MR. STEVEN: Yeah. I'm going to take one more question and then we'll do them both together. The lady over on the side there.

MS. CARRUTH: Good morning. My name is Reba Carruth. I am a professor at Georgetown University. I teach a class on transatlantic and U.N. global climate change cooperation. I have a quick question, a two-part question.

As you probably know, there's a pending transatlantic free trade area that will extensively converge market and industry and regulatory systems transatlantically with standards. We currently have transatlantic regulatory cooperation frameworks in place. We have a Transatlantic Business Council, so on and so forth. I'm just curious how the Arctic region will be integrated into this unfolding transatlantic regulatory harmonization and industry standards. We, also, by the way, have a transatlantic legislators dialogue, so that might be useful for the Arctic Council and the Arctic peoples.

The other question, coming back to our distinguished guest from Denmark, Ambassador Holm, is what is going to happen with China and India as observers as the Arctic Council? Is there a plan just to sort of have them as observers that talk about problems emanating from those regions? Or is there -- I mean, I'm just curious about that because we had speakers from the Embassy of Denmark and the EPA, and they brought this up. So that was one thing.

The other thing is, lastly, what about there was some type of Far East free trade area that was talked about back in the late '90s with Russia and Japan and Siberia. And I just don't know where that stands and how the Arctic fits into that, so.

MR. STEVEN: Many thanks. Okay. Did you want to go first.

AMBASSADOR HOLM: Yeah, I can start. There was a question on how to organize work among ourselves in a scenario with more independence for the Arctic territories or the territories that are actually situated in the Arctic. Now, we fully respect that the basis for our work is in the Ottawa Declaration. And as long as this is the basis for our work we will respect it fully, so I will now speak for how we were organize ourselves within the Kingdom of Denmark.

We speak with one voice. We coordinate among the three parts of the kingdom before the meetings. So you won't experience any disagreement among the -- over the Kingdom of Denmark delegation at the meetings.

But since we have a very advanced self-government legislation in place for Greenland, for instance, which is a dynamic piece of legislation, transferring still more comitant areas from Copenhagen to Greenland, it's very obvious that the consequence will be that Greenland will have an increasing say, if you want, within the Danish -- excuse me, the Kingdom of Denmark delegation. And this is simply the way historically this is going to go. And it's inevitable it's going to happen like this and we will have to take the necessary political decisions because there are consequences of this.

The next question was what is China and India actually going to do in the Arctic Council? Well, it's not only to sit in at our official meetings. What I see as the most important contribution would be participation in the various working parties and task forces that we have, meaning that the points of use and the knowledge of these delegations could get some added value to the work of

the Arctic Council. So I see it as a very concrete initiative that they will come aboard as observers not because they are sitting and listening to, quite frankly, sometimes boring discussions, but because they can give some input into the work of the working parties and task forces in the Arctic Council.

MR. SYSE: Thanks very much. I'd like to follow upon what Klavs said now and also address a couple of issues that have come up.

First, then, the right-named states of the Arctic Council, as you all know, but why are there these eight? Well, they have -- particularly the five literal states, of course, have particular rights and obligations and responsibilities under the Conventional Law of the Sea, so that's why they are apart from any observer nation or observer states that might come along. It's important to keep that in mind as well, which is in line with the Ottawa Declaration of 1996.

And then I understand what you just said, Klavs, on the composition of the viewpoints of Denmark, that we'll have bear in mind the various viewpoints of Denmark and Greenland as well. But let's keep in mind then the separate questions, I mean, the permanent -- the member states, the four members states, and the permanent observers, the difference between the two.

Secondly, David, I enjoyed your chess comparison at the very start. I think you're absolutely right, that is one of the main functions of an intergovernmental body, such as the Arctic Council. In 2011, we decided upon a search-and-rescue commitment under the Arctic Council. Then in Kiruna, we will

hopefully decide on an oil spill preparedness agreement, which adds then, exactly as you pointed out, add to the complexity and the operationality of the Arctic Council, which is a good thing.

Thirdly, the permanent secretariat that is now being established in the Arctic territory, in part of Northern Norway, I think that's a great thing, a permanent secretariat. Up until now, that has been the responsibility of the chairmanship or the chairman in office to have the secretariat assisting the Arctic Council. Now, we will try to build a, yes, small, but still a permanent secretariat headed by an Icelandic senior official.

Then I think it was you, Patrick, that raised the question are the Arctic Council well-known? Is it in need of public relations? On the one hand, perhaps it is. On the other hand, I'm not quite sure.

When you look at the interests among so many nation states around the world, also very far from the Arctic, it seems that we have done a pretty good job at it or perhaps the Arctic has done that job itself. But nevertheless, it seems to be -- I'm surprised from time to time by the fact that it is so well known and also that ramifications of the Arctic Council and the legal foundations are so well known. That's a wonderful thing. A wonderful thing.

MR. STEVEN: Patrick, you wanted to comment?

MR. BORBEY: Okay, a couple of comments. I'm not sure if I can answer your questions, but I will try to address the indigenous participation. And I also want to talk about devolution a little bit because Canada has been going

through a process of devolution with its Northern Territories as well, so the territories don't have the same status as the provinces. This is a constitutional issue. But we have devolved over time most of the same authorities and responsibilities to the three territories. We are now in the process of final agreement on devolution of responsibilities for lands and resources for the Northwest Territories. And we are in early negotiations for Nunavut for the same.

So we see this as a normal and, again, an inevitable process that we will continue to increase self-determination. And within the Northern Territories we also have land claim agreements, which I could speak of at length because I think it's a very novel approach, a very modern approach to be able to empower aboriginal people, but within the framework of Canada's constitution.

And again, the participation at the Arctic Council is a federal lead responsibility. This is an international body and we welcome the participation of territorial governments, but they do it within the framework of Canada's role abroad. So we are working, for example, with our territorial governments to identify some very specific areas where they may want to co-lead on some of the initiatives, so we certainly want their input. We want them active at the working groups if there's an area that they can contribute. But, again, Canada will speak as one at the Arctic Council.

The indigenous participation, the question that was raised, I think there are six permanent participants. As you know, each one of them has governance, a constitution, has a democratic process to be able to represent its

membership, and so it's up to them to determine how they are going to be able to speak on behalf of their people. And it's up to them to determine, also, how they're going to relate back to their people with respect to the Arctic Council or other priorities.

And again, I would look to an organization like the Inuit circumpolar organization, ICC, as being very sophisticated, having achieved a lot of progress over the years, and having made pretty significant contributions to the Arctic Council. But again, I'm only looking at one of them, the Sami. All the others also have very strong institutions to be able to represent their membership.

Thank you.

MR. STEVEN: Julie, did you want to come in?

MS. GOURLEY: Thank you. I would just add to what Patrick said, that it's probably actually a better question for the next panel, but the indigenous peoples in the Arctic do have these six NGOs that represent them in the Arctic Council. And they -- of course, all indigenous peoples across the Arctic have different interests, so it's not always easy or maybe even possible for all of the indigenous peoples to speak with one voice, but certainly they have organized themselves for participation in the council. And there's even an indigenous peoples secretariat in Copenhagen, which also helps to organize and strengthen the role of the permanent participants in the council. There's, of course, also the U.N. permanent Forum on Indigenous Issues in the U.N., which I

don't know enough about that entity to know how much they discuss Arctic-specific indigenous issues, but perhaps some of the next speakers can address that.

On the questions from Professor Carruth, I think it still remains to be seen how the Transatlantic Free Trade Agreement will incorporate Arctic issues or if it will. I suspect it probably will given that economic development is so important in the Arctic, in all parts of the Arctic. I think certainly the discussions are going to happen there and we'll see how that goes.

I actually was not aware of the long ago discussion about the Far East FTA back in the '90s, so I can't really speak to that, but that's -- or whether that would have incorporated any Arctic sorts of issues given that, at the time it was discussed, presuming it was a while back, the Asian countries weren't so interested in the Arctic as they are now, so I don't have much to say about that.

But with respect to China and India and some of the other countries that are interested in getting in, certainly all of the state observers and the ones that are seeking to come in, we've now, of course, defined a role for them as of the Nuuk ministerial two years ago. And we hope that the current set and the ones that will come in will participate most actively at the working group level, which is where the real action in the council happens anyway. It's where the technical work, the scientific work, the projects, the assessments we do happens. And we in the United States very much value the contributions of the observers, especially when they have particular expertise that can help all of us

better understand how the Arctic works.

So we'll see what happens as to who comes in, all or some or none, in a few weeks. But certainly, the participation of the observers is very important and we all very much value it and hope that it will continue to be a valuable contribution that they're make to this forum to continue to make it stronger over time.

MR. STEVEN: Christian wants to come in for a quick --

MR. SYSE: Thanks very much for letting me to take the floor again. On the ambitions for the Transatlantic Free Trade Agreement, on the European side, of course, that will be negotiated by the European Union. Norway's not a member of the European Union, neither is Iceland, neither is, of course, Russia. So that's one part of, you know, the challenges.

The other part is that Norway, my government, will be looking into how we could align ourselves with such a future agreement in order to keep up the level playing field.

Thank you.

MR. STEVEN: Right. I'm ask for more questions. There's a gentleman right at the back there and the guy down here.

MR. TOPPING: Thank you very much. My name is John Topping. I'm with the Climate Institute here in Washington.

MR. STEVEN: Can you hold the mike slightly closer to your mouth?

MR. TOPPING: I'm sorry. John Topping with the Climate Institute in Washington.

The Arctic Council has done some superb work on short-life climate forcers. In 2011, you issued an extraordinary report, you know, that I would comment to people. And the science tends to indicate that roughly two-thirds or so of the warming over the last several decades has been associated with short-life climate forces: black carbon, compounds, you know, that produce tropospheric ozone, et cetera. There are a couple opportunities areas that perhaps might be open immediately, perhaps either by Arctic Council countries or perhaps even through the Arctic Council.

MR. STEVEN: Sir, can you just pull the mike to your mouth?

MR. TOPPING: Oh, I'm sorry. One would be airline overflights. Since '98, there have been -- when Russia permitted airlines to fly over, you know, I think we now have something like 40-some-thousand flights going over. They appear to be a substantial factor. Professor Jacobson of Stanford recently did a paper suggesting modest re-routing of the flights at a very small cost, less than 1 percent in terms of fuel costs, et cetera. It could make a sizable difference.

A second would be in energy development projects within the Arctic. Essentially a bunch of focus recently on the pipeline issue, and Keystone has been over the additional CO2 that would be associated. But if an in energy projects generally we were to go to essentially almost a zero tolerance standard

in terms of soot emissions that would be associated with auxiliary vehicles, no methane releases, et cetera, across the board that could make a huge difference. And I wonder whether the Arctic Council countries would see that that might be appropriate for consideration by the Arctic Council.

MR. STEVEN: Thank you. The gentleman in the front there.

SPEAKER: Thank you to the panelists. My name is Shay. I'm a student at American University here in Washington.

And I wanted to ask about the search-and-rescue agreement that was signed in 2011 and what that might indicate about the evolution of the Arctic Council as an institution because it is the first legally binding agreement. And I understand there's also deliberations about an oil spill preparedness agreement.

The Arctic Council is typically described as a soft law organization, which potentially enhances the role for non-state actors and indigenous groups. But there seems to be a growing discourse about the formalization of the Arctic Council as an institution with more legal authority. So I'm wondering, I'm curious about the perspectives of the panelists on what direction the Arctic Council seems to be heading and what this might imply for the different interests and stakeholders that are involved.

MR. STEVEN: Okay. I've been told from the back that we have another five minutes for this session, so if the panelists could be quite brief on these, then we'll try and get like one more question.

AMBASSADOR HOLM: Should I start with the agreements?

Because I was so lucky that I attended the SAR exercise right after the designing of, whether that was last year we had the SAR exercise out of the east coast of Greenland, as I mentioned in my introduction. Now, it was a beautiful day and a Danish Marine vessel was called the Arctic Pitorius, something like that, and it caught fire and there was this drill and we tried to move people around. And the whole thing was just so illustrative because it showed very clearly how difficult it is to evacuate people in a meaningful way. The typical way of putting this is that we might be able to -- if you look at a cruiser ship, to save people from dying somewhere and take them somewhere else where they will die because of the distances and the climate and the lack of money and people and equipment and so on.

So both this agreement and the oil spill agreement, they're very tiny first steps. They're important steps, though, because it organizes the vision of labor between the member countries, but we are far from being there yet. It's going to take a lot of time and a lot of resources to make these two agreements even more efficient and better and make sure that they can save lives and prevent pollution.

MR. STEVEN: Julie?

MS. GOURLEY: On the first question, whether the Arctic countries would go to zero emissions on black carbon and methane, certainly that'd be great, but the council is not a regulatory body, as Ambassador Holm just said. But we are doing this work on short-lived climate forcers and it is

resulting in recommendations to the member states to take action domestically on these things, and so we hope that all eight of us will do that. I don't know that we'd ever reach zero emissions, but ideally that'd be great. But, yeah, the council certainly prioritizes short-lived climate forcers as a major issue and the U.S., in particular, is pushing very hard to take as much action as we can.

On the agreements, yeah, the council is sort of a soft law body. By design it's an intergovernmental forum. The two agreements that have been signed -- well, the SAR Agreement is now in force and the other one will be signed soon -- are not Arctic Council agreements. They are agreements among the Arctic states. And the Arctic states were convened by the council to negotiate these agreements. It's a fine distinction and it's a little bit subtle, but these are not Arctic Council agreements.

The council does not have the authority to take on legally binding commitments. Whether that'll change in the future, it's hard to say, but there certainly is a view in the United States about international organizations and regulatory bodies internationally that isn't so favorable to moving the council in that direction. I don't know that that would change any time soon. And we like the form the way it is. It's very effective and I don't think we in the U.S. Government right now see a strong argument for changing it into something stronger. And, of course, it depends on what you mean by "stronger," but if it means turning it into some sort of regulatory body, I don't see that as something the U.S. would support any time soon.

MR. BORBEY: I think I would echo those views. I don't think that we're talking about revising or reviewing the mandate of the Arctic Council, but I think within that mandate there's still scope to improve our effectiveness or efficiency, so there's work that's been done that will actually lead to better results. And I think, again, we've demonstrated over the last few years that we can be a body that leads to some concrete actions, policy, policymaking not just dialogue and assessments or review of results of research.

But, again, just a reminder that there are eight Arctic states here and we all have jurisdiction. We're all exercising our jurisdiction. There is no vacuum in jurisdiction. And so, therefore, we don't see the need to step up the role of the Arctic Council to fill any type of void or vacuum of that nature.

MR. SYSE: The search-and-rescue agreement under the umbrella of the Arctic Council signed at Nuuk in 2011, enormously important first step. Enormously important first step that shows that the Arctic Council can be used as the correct forum in order to negotiate such agreements.

Thank you.

MR. STEVEN: Okay. I'm going to take one final question. It has to be a short one. The lady at the back there.

SPEAKER: Hi, good morning. I'm Ijing, former intern with Brookings.

So my question is it seems natural and interesting to see the air of friendly cooperation in the Arctic Council, yet it is also a little bit surprising to

me because given the imbalance of the distribution of natural resources. For example, 70 percent of natural gas reserves tend to stay in Russia. And so I wonder if that's a factor that stays at the back of your mind when you define your national interests and the interaction among those countries. Thanks.

MS. GOURLEY: Well, I don't think energy itself is going to be disruptive to the relationships among the Arctic states or change the Arctic Council really. You know, all of the countries manage their own domestic energy policies and make their own decisions about how they're going to manage their natural resources, so I don't really see that changing. I know there's a lot of speculation in the media and other places that conflict could erupt in the Arctic over oil and gas given that oil and gas resources, or at least oil resources, in the world are thought to be diminishing at some point. But I think that's not true. None of the Arctic states believe that would happen.

And I don't think that the oil situation in the Arctic is any different than any other part of the world. It will play out as it does and Russia will do what it's going to do with its resources just as we will and the other countries will. So I don't really think that's an issue that would affect the council or the relationships among the Arctic states, per se, although it could affect relationships between the Arctic states and other countries down the road.

MR. BORBEY: And again, the Arctic Council is a consensus-making body and so there's an equal voice for all at the table, including for the indigenous permanent participants.

MR. SYSE: I take issue with the premise of your question, ma'am, because nobody questions Russia's -- you know, the resources of Russia, that they are under the jurisdiction of the Russian Federation. The legal order is there. The framework is there. So consequently, I'm not quite sure. I understand your question, but, on the other hand, I'm not quite sure if I agree with your question. Thank you.

MR. STEVEN: Ambassador, the last work is yours.

AMBASSADOR HOLM: No, I mean, we all are different in the Arctic Council and, of course, oil and gas energy is very important to Russia. I think that the calculation is 30 percent of the Russian GDP in a very few years' times will come from the Arctic area. So we all go to the Arctic Council, into the meetings and the work of the Arctic Council, with different point of departures. So I don't see that there is any political problem in the fact that we are different as concerns energy or minerals or Denmark being a shipping nation or a maritime shipping nation. So we all come with our different point of departures.

MR. STEVEN: Brilliant. Okay. I'd like to thank you all for your questions and thank the panelists for their responses. I think we're hearing about a body, the sort of actually absolutely crucial stage of its development, and I wish you all much luck in the coming years as you take the council forward.

We're going to break now for around 10 minutes, so please come back as quickly as possible. We've got almost certainly the most important panel of the day to finish on a high.

So thank you very much. (Applause)

SPEAKER: Ladies and gentleman, during the break there are sandwiches and soft drinks for you outside, so please help yourself, but do come back in 10 minutes for our final panel.

(Recess)

MS. ROGOFF: Hello, hello. If any of you standing in back could just say a word to those out in the hallway. We're going to try and get started. And tell me when it looks like most people are in.

Okay. Before I introduce this panel, I just wanted to give you a couple of news headlines, which just came across from my publication, alaskadispatch.com. And that reminds me, I wanted you all to know that one of the things that we are doing as part of launching the Arctic Circle organization is increasing the amount of Arctic news that we carry in the dispatch. It's going to have its own name and URL, arcticwire.com.

So I'm just going to read you three headlines that are there as of an hour ago. The first one reads as follows: "Moving On, Shell Signs Agreement with Russia to Seek Oil in Arctic." This would be a partnership between Shell and Gazprom. Okay. I would venture to say we could've seen that one coming.

Next one: "Jazzed by Methane Hydrate's Potential: State," in this case, the State of Alaska, Commissioner Dan Sullivan, "State Agrees to Cooperate with Feds," meaning the Department of Energy in this case. They're going to have a memorandum of understanding to pursue technical advances in

methane hydrate technology, okay? Extremely newsworthy.

And the last one is this: "Will the Melting Arctic Open up LNG Shipping Lanes to be Traversed by Icebreaking LNG Tankers?" Okay. That gives us the backdrop for the news.

Without further ado, I have sitting here three of the most distinguished people I know on any number of scores. I'm not going to go through their CVs for you because they're very long and distinguished, all of them. But what I'd like to do is simply have them say a word or two about their background when they start to answer the question.

And I have intentionally given them a very, very broad question because my thought is that they have each had differing experiences in the issues of Arctic development. And rather than pigeonhole with a narrow question, I'd rather they each tailor the answers to their own involvement.

So my question is essentially this: Based on your own experiences to date with development in your region in Alaska, which parenthetically is all along the North Slope of Alaska, how do you think that the experiences of the past now will affect your reactions to any kinds of development discussions going forward? And I'll start with you, Edward.

MR. ITTA: Good afternoon.

AUDIENCE: Good afternoon.

MR. ITTA: I give you all a big smile today, even though this is such a serious subject. Thank you, Alice.

I want to just start off by thanking my Creator, who gives us all things, the resources we depend on for our lives, as well as the resources economically to survive in our land.

My name is Edward Sohan Itta. I'm Inupiat Eskimo born and raised in Barrow, Alaska. I was just there yesterday -- no, day before yesterday. It takes a while to get here. But thank you for the warm weather, by the way. I really appreciate that. I'm Past Mayor of the North Slope Borough or municipal government, which encompasses 88,000 square miles of the very northern part of Alaska. I'm also a member of the U.S. Arctic Resource Commission, and the Past Vice Chair of our Alaska Eskimo Whaling Commission, which works with the International Whaling Commission on sustaining our whaling activities. And also, very importantly, the husband of my wife, Elsie May, over here.

(Applause.)

MR. ITTA: I think that's an appropriate title because she has been responsible for a large part of what I've done.

I didn't hear you real well. Did you want me to go ahead and lead off with the first question, Alice?

MS. ROGOFF: I would like that, if you don't mind. But tailor it to your own personal experience.

MR. ITTA: Okay. I'm going to be looking at the clock here because I know we're going to be pressed for time.

MS. ROGOFF: Five minutes.

MR. ITTA: Okay. And if I run a minute or two over, I'm going to give my three minutes to Dalee on the UN question because I think appropriately that's your area. And it's a pleasure -- thank you, Alice, thank you, Charlie -- for inviting us here. Good to see a friend, President Grimsson again, and Kuupik Karynakpok for both of you leading us off this morning.

And it's my pleasure to be back with my friends, Nyudak and Dalee over here, and just feel comfortable up here with them with me today.

Every time I listen to experts or read expert analysis of climate change, it seems that from week to week, the change is accelerating, and we are living that up here, up where I live. So with all these very varied issued, we as an Inupiat Eskimos are kind of being dragged in on what I would call the slip stream of events that are going on now, and very much directly impact us as a people.

So my initial answer is that we Inupiats need to be ourselves as we have been for thousands of years, and think about lives. My father, may he rest in peace since five years from now, was born and raised in an area to the west of us called Cape Chacon. He eventually moved to Barrow, where I was born and raised. He was raised in the nomadic way, just starting from 1919 until he passed away five years ago. So the amount of change since then to where we are today has been dramatic, to say the very least.

What's amazing today is that I now have ready access to information from events all over the world right at my home with my fingertips. It is truly amazing. Traditionally, information was carried from camp to camp,

village to village, community to community, by oral means. And that information was vital. It included what I would call Eskimo statistics of when and where animals were, where the hunting was good, where the fishing was available, moving, who was hunting, the success or the failure of that area of which their lives, our lives, depended on.

And if you think about it really, it was just a different version of our unemployment rate, our housing starts, how our stock market was doing because that's what it was for us. And with so much going on, my general view again also is that we as a people must avoid hitting the panic button. There's so much to deal with.

My whaling crew is getting ready today. I was getting a text here about cleaning our ice cellars where we store our food, or permafrost is affecting us so much. He said, should we bother? I said, yes, you will bother. We need a place to store our whale if we should get the gift of the whale.

So we've been adapting to change, and my crew will be living together on the edges of the ice hunting the bowhead whale starting next week, if not this weekend. And we have been doing this for hundreds of years.

And our history as a people is strong in the sense that we have always come together collectively to deal with very big issues that affect us as a whole. And this next challenge to us related to your question, Alice, is resource development. We need, in my opinion, to elevate the discussion so that what I just said about our subsistence way of life has the same value as the resource

development value is going to happen.

We very often feel we're way down here if not even on the radar sometimes as all this activity is happening. And that's why I'm so thankful I'm here today as we discuss issues that are going to affect our daily lives that are made here at the center of power in the United States of America on the federal government.

So David was right that it's very hard to get our comments and concerns addressed to the appropriate 27 agencies that deal with both land and sea and the various issues that are coming up with us up here. The value that we assign to subsistence is given equal status to the monetary value associated with oil, mining, shipping, and that is our way of life, that sometimes, and people don't understand what it is we're talking about, and my friend Jimmy is going to talk about it a little more, is our subsistence ways of life that has gone on for thousands of years.

I would say just as I am expected to use a bank to pay my mortgage, developers and hopeful developers must also expect to understand and act upon that value of. Then I think we can truly have a discussion about developing strategies for the Arctic. My sense sometimes, and I don't like to be overly broad, but generally the investment sector and the government at large, look at us, Alaska natives. The first Americans, the first Alaskans. That's something of a curiosity, and they watch us, they look at us, and they observe, what do they think? And by the same token, we also watch, and look, and listen,

and say, do they even know what we are talking about?

So I hope to spend some time in the near future here helping investors to get to know the communities because certainly as mayor, working with Shell, the announcement that we just made -- I spent six years, three-fourths of my time dedicated to just offshore events and dealing with all the agencies that we had to deal with. So it was a very big learning experience for me, of which I'm so fortunate to have participated in, and I'm so thankful.

So the path forward, no doubt is going to be difficult, challenging. But I keep sharing the word with my people that we need to stand up. We need to voice our opinion, and then engage in the crossroads of investment, resource development, and the development of policy, such as we are doing here. So in the interest of time, I would just skip through some of my points I had here, but to note that we as Inupiats have always lived in changing times. We have been successful. We have lived through famine where our aunts and uncles didn't make it because there was not enough resources. So we know our mandate is to take care of our land and the sea.

The one picture that I want to leave with you is that we Inupiats are the land and the sea. You cannot separate those three. We are one. So that has always been passed on to us as whaling captains, as hunters, providers for the family, that that continue for us.

There's a third player, and I close with this. There's a relatively new player in the field, and it's been amazing, and we talk about it: climate

change. We watched for the first time in my memory the ice break off last month right at the shoreline of Barrow. Never happened before, and here we are going to go whaling.

My wife and I watched a truck pulled out. It was parked already there. And they were actually hunting seals from that truck, if you can believe that, from shore. So seals are very basic food for us.

So in this larger context, and talk about balance. Oil and gas development, no question it has to be done very cautiously. It's still a new frontier. We are dealing, as Inupiats, within our own state with the drill, baby, drill crowd that want to go ahead and proceed. And on the other hand, with the extreme end of the conservation and environmental groups that want to stop everything, and, therefore, affect our economic well-being. So I talk about balance, how do you do that with us as a people.

It has to be done with sensitivity, with the fate of the species all involved, of which we are a part of this species. So I would close with that for now and comment a little bit later. So again, thank you.

By the way, Alice is a champion of the Inupiat Eskimos here, so I thank you for that. Thank you.

MS. ROGOFF: Thank you so much, Edward.

Jimmy, I'll let you introduce yourself again briefly, but I'm hoping you can give an answer to this question about development based on your present role with the ICC.

MR. STOTTS: Thank you, Alice, and thank the organizers for this meeting. The earlier presentations, and discussions, and speeches were all very informative, and I thank you for that.

I'm Jim Stotts, and I grew up with Edward. We're both from Barrow. We played basketball together for the high school team, and we go back a long ways. And Dalee and I worked together on and off for years. So we've been around for a while.

I'm the head of the Delegation for the Inuit Circumpolar Council to the Arctic Council. And so I'm involved very much in the Arctic Council. I was actually one of the founders of the Arctic Council some 33 years ago.

I would like to say that the first -- just a little historical footnote -- the first chair of the Arctic Council was an Inuk. Her name was Mary Simon, and she was from Canada. She's a former chair of the ICC as well.

The ICC is an international organization that represents 160,000 Inuit from Jakatka, Alaska, Canada, and Greenland. But my remarks today will be -- I will be speaking as an American, as an American Inuk from Alaska. I have a series of just impressions from my experience over the last 30 years of being involved in this Arctic stuff.

I've worked for a company called the Arctic Slope Regional Corporation for 30 years. The Arctic Slope Regional Corporation is a land claims company. We actually own an oil field in the northern part of Alaska. It's called the Alpine Oil Field. So we've been involved in oil and gas for some time. We

also have a large investment in oil field service activities. So it's not new to us.

Just to the south of us in the region that's called the Nana Region, our fellow people run the Red Dog Mine, one of the largest, I think, lead-zinc mine in the world. So these sorts of resource developments are not new for us. We've enjoyed the benefits. It's not all benefits, but we've enjoyed some of the benefits from that development.

But I would have to say that in my opinion, the future development will be more difficult simply because it's going to be in the ocean. Inuits have always made a distinction between development on land and development in the water. It's not quite as easy if you make a mistake to recover from working in the water.

And the things that everybody is talking about, the buzz words, the offshore oil and gas, of course, marine transportation, commercial, tourism on a large scale, and fishing, which is something that people don't talk about too much, but it's starting to be discussed, commercial fishing in the Arctic Ocean.

Inuit are a coastal people, and we depend on the ocean for our life and our culture. So what happens in the ocean is -- we're committed to making sure that it's done properly.

In Alaska and only in Alaska, compared to Canada and Greenland anyway, there are two issues that still need to be resolved in our opinion, two indigenous rights that need to be resolved for Alaska native peoples. One is the issue of self-determination or self-governance, and the other is hunting and

fishing rights, which need to be settled and negotiated with the government.

If these are not negotiated and put in place so that we have an understanding of how things will proceed and how these resources, particularly the animal resources, will be developed and managed, much of this discussion about development, in our opinion, shouldn't go forward. Quite literally, our culture is at stake, and the Arctic biodiversity is at stake.

Generally, I'm more optimistic that development will be done in a balanced way in the United States because recently the federal government appears to have taken care of its responsibility and has started to be more active in the development of policy in the Arctic. As it was mentioned earlier this morning, there are a number of federal initiatives that have come forth that set the stage, I would say, for developing Arctic policy. I'm glad to see that the United States is stepping up. It's a positive development.

I have to say this, and I hope I don't offend anybody, but I'm worried about development will proceed in Russia. Russia represents approximately 60 percent of the Arctic -- land mass, water mass -- and I have concerns. As an Inuk, I have concerns about the environment, and I also have concerns about how indigenous people are treated in the Arctic part of Russia. That's my own personal observation.

The Arctic Council has benefited the region in a very, very big way in my opinion. It's been productive having discussions with Arctic neighbors, both the states and the permanent participants. It's getting stronger with each

passing year, becoming more assertive. And I think that's a good thing for the region. I think that the Arctic Council is a winner and is an organization that can only grow and become more important.

I wonder what benefits will accrue to my people from this development. What are are the social and economic and cultural benefits that we will get from this development? There must be tangible improvements to our quality of life. There must be tangible improvements in our communities and infrastructure and other improvements that help our daily living. By the way, opportunities for jobs, in my opinion, is not an idea of a benefit. That's not good enough for us.

One last point that I would like to make that it seemed from the tone this morning that everybody is ganging up on poor Uncle Sam.

(Laughter.)

MR. STOTTS: They say the U.S. has not developed policy and regulation that allows development to proceed, it's too slow, ineffective. What's new about that? I don't agree with this characterization up to a point. As I mentioned earlier, there are several initiatives that have been conducted by the government, the federal government, that are setting the ground rules, the framework, for developing Arctic policy. And I will use the word "comprehensive Arctic policy."

Any policy that is developed in the Arctic must be comprehensive. It must be holistic. It must have a social piece. It must have a cultural piece. It

must have definitely an environmental piece. And then there's the business activity. All of these three things must intersect in some perfect way of doing development. If they don't, then the Arctic environment, for those of us that live up there, we know this. There's very little chance to recover if you've made a big mistake. There's very little chance. It's a very unforgiving place, even with ice going away.

So if these three areas -- the social/cultural, the environment, and the economic interest -- can't intersect somehow and cooperate together, it doesn't make sense as far as I'm concerned to develop anything up there.

As the front line people living right there on the water, we are the ones that are taking the risks for your activities. We're not prepared to let that happen. The risk must be taken a closer look at.

I'm sure of you out there are aware of some recent calls for caution from the business community, particularly in the area of risk assessment and ensuring and paying for a mishap. We in the ICC, together with the government agreement, have been pushing the notion of an international spill contingency fund. We're not sure there's enough money out there to clean up an oil spill if there's a big oil spill. We think this is something that needs to be considered, and we will keep promoting that. We have been promoting it. We haven't got much traction. We did try to put it in the Arctic Council Oil Spill Task Force. We didn't make it, but we'll keep trying.

Comprehensive. When the government and the environmental

community and industry get together and figure out a way forward together, then development will happen.

Thank you.

MS. ROGOFF: Thank you, Jimmy. Thanks. Lots there to chew on when we get to come back with questions.

Dalee, I'd love to ask you if you could just pick up on this same question, although I'm very anxious to get to the question of the UN Declaration, but we'll come to that next.

MS. DOROUGH: Okay. First of all, I'd like to thank Dr. Ebinger and the Brookings Institution for the invitation to share some thoughts and perspectives with each of you. I am likewise pleased to be in the company of Edward and Jimmy, long-time mentors, I should say. In addition, it's good to be in the company of President Grimsson again and Premier Kleist.

In response to the question, I think that, first of all, it's absolutely imperative that those of you, especially those of you new to embracing Arctic issues and the Arctic as a region, the circumpolar Arctic as a region, know some pivotal points in terms of the history. I'm not going to reach back thousands of years, but I think it is important to at least acknowledge that 2013 is the 40th anniversary of the first Arctic Peoples Conference held in Copenhagen, Denmark, hosted by the International Work Group on Indigenous Affairs. Inuits, Sami gathered, as well as other indigenous peoples, gathered to discuss issues concerning the Arctic and their views.

In addition, I think it's absolutely imperative that in the context of resource development that we recognize the discovery of oil on the North Slope of Alaska in 1968 as the trigger for the Alaska Native Claim Settlement Act of 1971. So when we look back at the past chapters concerning resource development, I think we have to acknowledge that.

There are some high problematic provisions contained in that piece of legislation. For example, the purported extinguishment of aboriginal right entitled to any lands outside of the Act. In addition to even more significant, I think, the purported extinguishment of aboriginal hunting and fishing rights. And to this day, neither the State of Alaska nor the federal government, the United States of America, neither of them have adequately addressed this particular issue. And by "this," I mean entrenching the rights of Alaska native people, including the Inupiat to hunting, fishing, and other harvesting activities, and to entrench that in federal law.

So if you think about resource development, and as Edward has indicated, the notion of our stock market and what we depend upon in terms of the future -- well, the past survival, the present survival, and the future survival, of Arctic indigenous communities, not just in Alaska, but circumpolar wide, these issues have to be addressed.

In response to the question, I think it's also important to reach back in time. Jimmy's reference to Mary Simon, former Arctic ambassador for Canada, this is absolutely significant in and of itself. But I think it's also important

in the context of the question about resource development to reach back even further to Evan Hobson, the founder of the Inuit Circumpolar Council. And I just want to quickly read out a couple of very relevant quotes.

One is from a grant request that was submitted by Hobson and other members of the North Slope Borough in order to organize the first Inuit Circumpolar Conference. "We Eskimo are an international community sharing common language, culture, and a common land along the Arctic coast of Siberia, Alaska, Canada, and Greenland. Although not a nation-state as a people, we do constitute a nation." This is in 1976, okay?

Further, in the opening remarks that Hobson shared with all of the Inuit gathered in Barrow in June of 1977 for the first organizing meeting of the Inuit Circumpolar Conference, though our Russian sisters and brothers were not present at that conference. He stated, "Our language contains the intricate knowledge of the ice that we have seen no others demonstrate. Without our central involvement, there can be no safe and responsible Arctic resource development."

He went on to say, "The status of our rights as Inupiat is necessarily the core of any successful protection of our mutual Arctic environment and security." It is important that our governments, all of them, agree about the status of these rights if they are to be uniformly respected. Again, this is all the way back to 1977.

So I would submit in the context of resource development issues

and the need for not only the United States, but every Arctic Rim country, to turn their eyes toward the status and the rights of indigenous peoples within the circumpolar region, that these words be recognized, that these words be embraced, and to some extent through the Arctic Council as an important pathway to ensure direct indigenous involvement.

With regard to resource development, I think that more will have to be done, especially with, as President Grimsson indicated last night in his comments at dinner, that the Arctic Council is an inspirational model. But here again, I think that more will have to be done to be responsive to at least the desire of individual elder statesmen, like Eben Hopson.

I think that at this point in time with regard to resource development, the reference that you made, and I know that the specific questioning concerning the UN Declaration of the Rights of Indigenous Peoples, that fortunately in this comprehensive international indigenous human rights instrument, that provisions have been embraced by the United Nations to affirm the right of indigenous peoples to determine their own priorities for their development. And how that intersects with the development views and agendas of the Arctic Rim nations as well as other nations that are clawing at the door of the Arctic Council and elsewhere, that such an operative article within this international human rights instrument bears a need for respect and recognition of the fundamental rights of indigenous peoples. And I'll speak to those a bit further in response to your third question.

MS. ROGOFF: Thank you, Dalee. I guess the way I'd like to phrase the next question then, Edward, we'll start with you, is given everything that has just been said, how do you feel about the structural aspects of indigenous peoples' participation in the Arctic Council and in discussions with the State of Alaska, private developers, and all the forces that propel industrial development and resource development in your region? Do you feel as if you have the legal structural framework to give you the kind of outcomes-based representation you are seeking?

MR. ITTA: Thank you, Alice. I'm going to largely leave the Arctic Council and the governance level issues to my friends, Jimmy and Dalee. And I think the events happening now with the creation of Arctic Circle are what can help immensely for us to deal with the level of sophistical we need now to deal effectively with the very questions that you are asking.

We have a long ways to go, but to be frank, I think local leaders, before they can feel comfortable with how private sector determines when and where to invest and how to organize their decisions, there needs to be more of such as what the Arctic Circle is doing and what David brought out this morning on the paper that was presented with the help of our friends from the Arctic Resource Commission. In particular, I want to thank Fred Olmer, who participated actively and championed a part of this report.

Dalee mentioned the Alaska Native Claim Settlement Act, and that was really important for Alaska natives. We should be proud of the law, and we

need to protect the best that ANCSA has. It's not perfect, but it was developed in a rush. It dealt with land and not the ocean. It left out our hunting and fishing rights.

So the North Slope Borough during my term as government, to answer your question directly, I found it lacking because it's a subsidiary of the state as a municipal government. And the creation, the very creation itself was fought tooth and nail by our own State of Alaska in an effort to not have the indigenous Inupiat people participate in resource development. I think that's a very important point, and this was just as of 1971 in the creation.

So it provided -- I think people assume ANCSA took care of it. It provided the framework for investment purposes, and feel that in a sense maybe it would protect indigenous interests. But I don't think that's true.

The Alaska area is now too complex. And as I said, ANCSA was about the land. That's the Alaska Native Claim Settlement Act. And by the way, I still thank Spiro Agnew, who was the Vice President, who made the Trans-Alaska Pipeline happen. One vote by our own federal government also.

So I think you just need a little bit of history. And again, as I stated, we cannot separate the land, and the sea, and the ocean, from the Inupiat up there. So we need a new model and a new understanding, a 21st century model, if you will. And I believe that's what the Arctic Circle is trying to do.

So we have to break the mold, and I am so grateful that events

like this happen in this very prestigious institute with the best minds, the best thinkers, and influential people that are affected. And by the way, on the website as I speak, I say hello to my daughter, who is on the Internet now watching and learning about what we are doing here.

And in closing, I'd just like to say the Alaska Native Claim Settlement Act as a framework, as good as it has been, provided some very rigid barriers, if you will, to the regional corporations that were supposed to follow the western model of getting into and being active part of America. It was about creating a for-profit model when our traditional economy was subsistence. So I put that in context.

And I have to ask this: how many barrels of oil have the ANCSA corporations produced? These are the major corporations that will produce and would protect the best interests of all indigenous natives in the State of Alaska. I can tell you today, very little, but mostly none. They have not produced a barrel of oil.

So really, here's what we have. ANCSA did attempt to bring us into the 21st century with a model as a contractor. ANCSA helped, but ANCSA also was incomplete. Do we really as a people, as Inupiats, have the ability to invest at the ground level where it starts? I answer your question with questions because we don't have the answer yet.

How will investors approach the new Arctic? I know there are now investors who have become socially conscious, if you will, and have realized that

the indigenous people have been left out again, because we go back a short 200, 250 years ago to the first Americans and where they have ended up today. Our brothers and sisters here in America. What happened? They got left out, but we are fortunate.

I don't have the answers, and I'm surely not going to assume that national and multinational corporations are going to want to open up and say, hey, we want to share your profits with you. I wish that could happen. But we want to be a part of what is happening to us because we are Americans, as Jim stated. We know the energy needs of our country. We want to participate. And my sense is that we all need to reinvigorate our efforts to think globally.

We are all together, and we as Inupiat have understood that for centuries that we are together. And climate change, as is so topical, is changing life for us. We sense and know it's going to affect Americans. It's going to affect the international community. And I thank President Grimssom, our friend, for having the vision and being able to articulate what is truly at state here.

And I thank you.

MS. ROGOFF: And I thank you. Jimmy, I know it's an enormously broad question, but again, think about your structural participation within the institutions that exist, including with the private sector.

MR. STOTTS: Well, I always said when I grow up, I want to be a Greenlander.

(Laughter.)

MR. STOTTS: I think that's the model that I like, one that makes us all proud. And I can tell you, when you walk on the streets of Nuuk, that's the best place to be is in Nuuk. Having the freedom and a sense of pride in the right and the opportunity to take care of yourself.

I think it's gotten better, our ability to participate, you know, from 30 years ago. The Arctic Council, I really can't complain too much about the Arctic Council. We are allowed to participate freely in the meetings. We do have problems at times with capacity. It's not cheap to fly off to Stockholm and Reykjavik. But we do our best, and I would say that they do listen to us. They don't always agree, but they do listen.

Industry. I think industry, you could talk to industry as long as long as you have something they want because they want to talk to you. If you don't have something they want, well, they generally kind of leave you alone. But in the North Slope of Alaska where I'm from, they're around all the time. They talk to us all the time. We have meetings with Shell, and we have meetings with BP, and so on and so forth. So that's a long, evolving relationship that we've had, a love-hate relationship that we've had with industry.

I know in other parts of the state it's similar with both commercial fishing, where a number of Inuit millionaires are in the fishing business, and also in mining.

I would say that our relationship, with all due respect to Mead Treadwell sitting over there in the corner, that's a rocky conversation at times for

us. And it primarily comes down to sometimes we are in competition with the state, I will put it that way. We are in competition for resources in some sense, particularly living resources. We are in competition for governance, and that does create some problems from time to time.

I will say that recently -- and, well, I'll just say it. As we know in this country, it depends on who's got the White House. And it's a good guy in the White House these days for us, I'll put it that way. He listens, and he actually is enforcing what is the law of the land actually and has been for many, many decades, that native people should be consulted with on anything that will affect them. And I think that the Obama Administration has actually tried to do that.

So you will see -- or you heard this morning from David Hayes and others, you know, a big part of what they want to do is ensure that indigenous people's perspective are listened to, and their wants and needs are addressed.

So I would say overall, it's been better. It can always be worse. But we are participating. We're not bashful, and we do have some plans of our own, and we will pursue them. So thank you.

MS. ROGOFF: Thanks, Jimmy. And, Dalee, I'll ask you the same question, and then if you want to, just roll right into the next question which is particularly of interest to you and for us to hear from you.

MS. DOROUGH: Okay. Well, with regard to direct involvement of indigenous peoples in the Arctic through the permanent participant status that they presently exercise within the context of the Arctic Council.

I was one of the very first persons who said that's not good enough, and I was sort of the outlier. Mary Simon had some language concerning the rules of procedure. Have a look at these. I didn't agree with the rules of procedure. I didn't agree with the idea that indigenous peoples within the Arctic ought to be simply permanent participants. Yes, it is very important and useful that decisions are made by consensus. But my experience within the United Nations with consensus is that the lowest common denominator rallies and gains consensus.

Now, you know, I have not had in the way that Jimmy has had direct first-hand experience within the context of discussion, and negotiation, and deliberations within the Arctic Council. But as an outside observer, I thought that it wasn't good enough in terms of indigenous peoples being at the table, participating as permanent participants, that more had to be done.

The other comment relates to something stated by Kupik with regard to the taboo issues, the items that are not on the table within the Arctic Council. And if you think about human rights, and if you understand the nature of human rights, and that they're interrelated, interdependent, indivisible, and interconnected, the same goes with the day-to-day lives of indigenous peoples throughout the entire circumpolar Arctic world as well as around the globe, that one issue is related to another.

Now, how is it that we're going to talk about direct involvement in some issues, like economic development maybe, or environmental protection, or

cheer and encourage important legally binding international treaties that emerge out of the Arctic Council, like those of search and rescue, but not talk about militarization, security, and oil and gas development offshore, and some of the things that are not necessarily on the table in terms of the Arctic Council?

So I think that the emergence of the Arctic Circle is potentially one pathway and possibly will become a lesson or primer to the eight Arctic Rim nation-states. And the real rub that emerges is that they are the sovereigns. You know, the question about the Arctic Council as a soft law regime, you know, the rubber hits the road when you talk about national sovereignty.

And in that context, I think that indigenous peoples, especially when we hear about the comprehensive land claims in Canada, the discussion of political independence in the Greenlandic context, the rights of Alaska native corporations to actual land surface and subsurface, the efforts of the Sami to affirm and gain recognition of their rights to lands, territories, and resources.

I would submit that indigenous peoples throughout the circumpolar region and elsewhere have absolutely a right in equity at the table with Arctic Rim nation-states. We've heard all of the discussion about being the peoples that hold the risk or at least suffer the potential adverse impacts in terms of the risk with regard to offshore oil and gas development. But I would further state that not only on the basis of the status and rights of indigenous peoples as peoples, the distinct status and rights of indigenous peoples within the Arctic.

I would go even further and state that by virtue of these

extraordinary political developments in the way of self-government and self-determination that indigenous peoples have a responsibility to be at the table in the context of good governance because like the Norse Slope Borough, like Greenland government, like the Sami parliament, or like Nunavut, or the Nunatsiavut, all of the comprehensive land claims agreements that are inclusive of and embrace the right of self-government and self-determination.

How is it that they are going to deliver good governance to their own people without safeguarding their status and rights and interests at every single table, whether it relates to security, whether it relates to economic development, whether it relates to issues concerning the UN Convention on the Lada Sea. And just a quick reminder, the UN Convention on the Lada Sea doesn't deal with just delimitation issues. Those of you who are intimately familiar with it know it has numerous chapters concerning environmental protection, marine resource protection. Every single chapter references environment protection.

And if you think about how important this stock market is to the Inupiat and other Arctic indigenous peoples, then those provisions should not be forgotten in the context of larger issues related to jurisdiction and territory.

MS. ROGOFF: Dalee, we're going to have to go to questions from the audience. But just very quickly, go from what you just said to the subject of the UN Declaration on the Rights of Indigenous People, and tell us what significance that declaration has on all of the issues you just mentioned. Does it

guarantee you any form of participation that you don't already have?

MS. DOROUGH: Well, I think that for those that do not know, what we're referencing is the outcome of a 25-year effort, from 1982 until 2007, for the United Nations to uphold some of its basic obligations, and that is the promotion of human rights. People, especially nation-state government representatives, forget that that's one of their key obligations as member nations of the United Nations.

The human rights regime within the United Nations did not have an indigenous specific cultural context associated with it. And so the outcome in 2007 was the adoption by the General Assembly of the United Nations on the Rights of Indigenous Peoples.

I regard it as a very comprehensive international human rights instrument that touches upon, as has been discussed here and stated by Jimmy in particular, the right of self-determination, the right of self-government. It includes a range of operative paragraphs concerning the rights of indigenous peoples to lands, territories, and resources.

Also as I mentioned earlier, the right to determine our own priorities for our own development of our own lands, territories, and resources. What is significant about the instrument is that it also includes a range of customary international law principles, like self-determination, like land rights, but also reparations and redress, which can be extraordinarily important for indigenous peoples.

I think that the key thing to say about the UN Declaration and how it relates to this particular discussion about the Arctic is that it doesn't necessarily guarantee rights because I think that we still have to have a major political and legal discussion with all parties concerned in order to gain recognition of and respect for the rights contained in the declaration, and how we operationalize those rights, how we redefine them between indigenous peoples and nation-states. And I think in particular what Jimmy had stated about the situation with the Russian Federation and the rights of indigenous peoples, the small nations of the Russian north.

I mean, we in the United States, North America generally, Canada, elsewhere, have recourse mechanisms. We've seen the outcome in terms of the comprehensive land claims agreements and so forth. So, no, the Declaration doesn't necessarily guarantee those rights, but it establishes in a comprehensive international human rights instrument adopted by a majority of the member nations of the UN important guidelines and standards, minimum standards, to protect the rights of indigenous peoples. And I think that they can, in fact, be operationalized within the context of the Arctic Council and through increased discussion and dialogue.

One final comment that I'll make is in relation to, again, President Grimsson's comment about the Arctic Council as an inspirational model. In fact, I would suggest that the creation of the United Nations' Permanent Forum on Indigenous Issues, which allows for 16 representatives, eight nominated by

indigenous organizations and eight elected by nation-states, serving in equity and reporting to the Economic and Social Council, is a reflection of utilizing the model of the Arctic Council in other contexts.

And in this particular case, I think it is highly significant that the model of the Arctic Council has been mirrored or reflected elsewhere. But I should note that it is at a much higher level. And again, nation-state representatives and indigenous people seated in equity reporting directly to the Economic and Social Council of the UN.

Thank you.

MS. ROGOFF: Thank you. We could go on for many hours, and I know Jimmy has something to add. We are, I think, up against a hard stop. Charlie, am I right? And that means no time for audience questions.

All I can say to you, Dalee, in particular, is that I would really welcome the chance to have another public discussion just on this subject because I think it's probably one of the least understood of the many, many new subjects in the Arctic.

Jimmy, did you just want to add one thing, and then we're going to have to say goodbye.

MR. STOTTS: Well, goodbye. I'd just like to bring it back home. The United States, as you know, accepted the UN Declaration on the Rights of Indigenous Peoples with a 15-page memo of conditions to accepting it. And for those of you that haven't read it, it took one of the stronger points that was

included in the Declaration, which was the language, indigenous peoples and their territories have the right to free, prior, and informed consent before activities occurred in their territories. "Consent" is a very strong word as we know, particularly to lawyers out there.

That became consultations, which means that the government must consult with indigenous peoples in the United States. The word "consent" is not in there.

MS. ROGOFF: To be continued. I can't thank you all enough. I think it's been a fascinating discussion.

(Applause.)

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