



Bryant E. Gardner, Esq.
 Partner with Winston & Strawn, LLP and one of the nation's top lawyers in the field of transportation regulatory practice according to *Chambers USA's* 2012 and 2013 rankings. Mr. Gardner is President of the Propeller Club of the Port of Washington, D.C.

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Defining a National Strategy for Arctic Alaska

The diminishment of Arctic sea ice has fueled serious interest in offshore oil and gas exploration and new navigational opportunities in the region. To keep pace with emerging challenges, the White House and U.S. Coast Guard have issued new plans outlining a national strategy for the region. While the plans are composed in broad strokes, one clear message is that this Administration does not intend to forge ahead but instead will follow closely behind commercial initiatives to help ensure responsible stewardship.

The U.S. is an Arctic nation and one of only eight members of the international Arctic Council. Alaska has 44,000 miles of coastline with the majority lying above the Arctic Circle. The U.S. Geological Survey reports the Arctic continental shelves constitute the largest unexplored area of petroleum remaining on Earth with 13 percent of the world's undiscovered oil reserves and 30 percent of undiscovered gas reserves.

The Beaufort and Chukchi Seas hold over 23 billion barrels of technically recoverable oil and 23 trillion cubic feet

of technically recoverable gas. Over 89 percent of the oil and 82 percent of the gas is estimated to be on Alaska's Outer Continental Shelf. Already, oil and gas majors have invested billions in leases. However, recent difficulties experienced by Shell, coupled with the Deepwater Horizon national hangover, have temporarily slowed the rush toward commercial exploration while spurring regulatory attention.

International Arctic policy has moved at a pace slightly less glacial than in the U.S. In 2009 the International Maritime Organization (IMO) issued Guidelines

for Polar Operation. The IMO agreed to develop a mandatory Polar Code to regulate vessel construction and operation as well as environmental guidelines for polar regions to be operational by 2015 and implemented by 2016.

In a marked departure from its previously more reserved approach, the U.S. sent Secretary of State Hillary Clinton to the 2011 Arctic Council meeting in Nuuk, Greenland, signaling that it was ready to take a more proactive approach to global Arctic policy. Continuing the trend of U.S. involvement, Secretary John Kerry attended the 2013 Arctic Council meeting, and the U.S. will chair the Council beginning in 2015.

THE ADMINISTRATION'S THREE-PRONGED STRATEGY

On May 10, 2013, on the eve of the 2013 Arctic Council meeting, the President released the National Strategy for the Arctic Region, building upon an earlier 2009 Presidential Directive. The document strives to strike a balance among resource development, prioritizing environmental preservation, and embracing climate change. The three main prongs of the Arctic strategy were previously set forth in

The Administration looks to the private sector to take the lead in developing the region's vast energy resources.

the President's May 2010 National Security Strategy: (1) national security, (2) environmental stewardship, and (3) strengthened international cooperation.

Under "national security," the Administration sets out broad priorities, including the need to ensure freedom of navigation for vessels and aircraft, greater maritime domain awareness, and vessel traffic management systems. By stating the U.S. will "intelligently evolve Arctic infrastructure and capabilities," the document signals that the government will not take the reins on Arctic development but instead will cautiously follow private initiatives.

The second prong of the strategy, "environmental stewardship," focuses on conservation and indigenous cultures, stating that "increased human activity demands precaution, as well as greater knowledge to inform responsible decisions." The position is in essence a frank admission that there is a great deal we do not know about the sparsely populated U.S. Arctic or how best to pursue whatever opportunities may be there.

The final prong calls for "strengthened international cooperation" and a multilateral approach through the Arctic Council and the IMO, and also calls for ratification of the United Nations Convention on the Law of the Sea (UNCLOS), which has long struggled in Congress. Last spring then-Senator Kerry, as Chairman of the Senate Foreign Relations Committee, held a series of hearings with top Administration officials and business leaders in favor of the U.S.'s signing the 1982 convention. By mid-summer, 34 Republican senators announced their opposition, dashing any chance of a two-thirds vote for ratification. Senator Murkowski (R-AK), ranking member on the Senate Energy & Natural Resources Committee, is the lone Republican senator supporting ratification.

While treaty supporters maintain that membership in UNCLOS is essential to staking the U.S.'s claims for a greater share of Arctic seabed resources, opponents are concerned that it would subject American companies to unnecessary regulation and otherwise undermine U.S. sovereignty. The Administration would be well-advised to recruit strong energy industry support for the treaty if it's serious about ratification.

THE COAST GUARD WEIGHS IN

Less than two weeks after the White House released its Arctic Strategy, the Coast Guard followed with its own, announced by Commandant Papp at the Center for Strategic and International Studies on May 21. The Commandant, highlighting the importance of the Arctic, took note of the increasing interest in offshore Arctic hydrocarbon exploration, the 100 percent increase in Bering Strait vessel traffic over the last three years, and the fact that more than half of America's fish stock comes from the Exclusive Economic Zone off Alaska.

However, he expressed skepticism over any near-term, trans-Arctic commercial vessel navigation. While the Coast Guard's approach largely parallels the White House document, it includes some additional detail clarifying the impact on the maritime industry, focusing on three core objectives: (1) improving maritime

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domain awareness, (2) modernizing governance, and (3) broadening partnerships.

In addressing the first core objective, "improving domain awareness," the Coast Guard strategy stresses the need for additional Arctic assets calibrated to increased private sector activity in the area. Currently, Alaska's landside infrastructure is lacking – there are no roads connecting Arctic Alaskan communities, and the distances between human settlements or existing infrastructure are extraordinary. On the marine side, the nearest deep-water port is roughly 1,000 miles from the northernmost Alaskan community of Barrow. The closest Coast Guard air station is located in Kodiak, Alaska, more than 945 miles south of Arctic Alaska, and the Coast Guard currently has very limited icebreaker capabilities.

In order to provide adequate response services, the Coast Guard policy emphasizes the necessity of increased land-based and marine infrastructure in the region. The strategy underscores the importance of maintaining a presence in the Arctic to safeguard against risks posed by increased

activity, assess changes in the physical environment, and assert sovereignty. But with limited budgetary resources and only tentative activity now occurring, the Coast Guard is, for the time being, taking a more "hands off" approach to developing permanent infrastructure that would enable it to maintain a year-round physical presence in the region.

The second goal of "modernizing governance" puts further emphasis on development of national and multinational Arctic-focused forums to develop and implement policy. The Coast Guard's approach advocates ratification of UNCLOS on the grounds that current U.S. Outer Continental Shelf claims extend out to 200 nautical miles, but if the U.S. accedes to the treaty it could claim out to 600 nautical miles of resource-rich seabed. Other countries have already beaten the U.S. to the punch and have filed extended continental shelf claims.

The third and final prong of the Coast Guard strategy, "broadening partnerships," reiterates the sentiments stated in the first two objectives in terms of

leveraging interagency resources and coordinating national and international efforts to efficiently and effectively oversee increased Arctic activity.

DEVELOPING A CONSENSUS

The confluence of Arctic ice melting at a record pace, steadily increasing energy prices, and the advent of new offshore drilling technologies has stimulated navigation and resource exploration in the Arctic. While it appears the U.S. has turned a corner in its support of Arctic development, it also looks like commercial interests will need to take the lead and only then will Uncle Sam move to establish proportionate amounts of regulatory and physical infrastructure.

Although serious trans-Arctic navigation appears to be years in the future, offshore energy exploration may lead the way in coming years. The timing for these initiatives will likely depend upon energy prices, offshore technology, and the blooming availability of new onshore shale and oil sands resources

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