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Executive Director

Resource Development Council for Alaska

Testimony on Alaska's Sovereignty in Peril: The National Ocean Policy's Goal to Federalize Alaska April 3, 2012

Good morning Members of the Subcommittee. My name is Rick Rogers, Executive Director of the Resource Development Council for Alaska (RDC). RDC is a statewide membership-funded non-profit trade association representing the combined interest of the Forestry, Fishing, Tourism, Mining, and Oil and Gas industries in Alaska. Our membership is truly a broad cross section of Alaska businesses, including the aforementioned industries as well as local communities, all twelve Alaska Native Regional Corporations, organized labor, utilities and support businesses that recognize the important role resource development plays in our economy. I have submitted a copy of our most recent annual report for the record.

The National Ocean Policy will have a disproportionate impact on Alaska's resource dependent industries and our economy as a whole. It is appropriate the Subcommittee chose to hold a field hearing here in Alaska. At approximately 34,000 miles, Alaska has more coastline than that of all other states in our nation combined.

The National Ocean Policy adds uncertainty and anxiety to an already cumbersome and complex regime of state and federal permitting and oversight. Increased bureaucracy could hamper the already slow processes with no added benefit to the environment. In our view the Coastal Marine Spatial Planning/Regional Planning Body structure is an unauthorized new regulatory program that suggests a federal level "top down" approach to management resources with minimal local input.

The ecosystem-based management goal requires a vast amount of scientific data to be fully implemented. The lack of sufficient information is often the basis for third party legal claims by Environmental Non-government Organizations (eNGOs) to block development projects and their corresponding jobs. Natural resource managers need to use best available data to move forward and make the best decisions with information available. Ecosystem Based Management runs the risk of "paralysis-by-analysis."

The National Ocean Policy's stated goal of reaching to onshore activities adds to the uncertainty and anxiety for upland land use and resource development. Section 404 of Clean Water Act and ubiquitous nature of wetlands means upland activities are

already highly regulated in Alaska. Ever increasing and stringent clean air standards are already burdensome offshore and inland. A plethora of petitions to list additional species under the Endangered Species Act on and offshore add burden to landowners and resource industries. The hard rock mines in Alaska require over 60 State and Federal authorizations to proceed with development. The National Ocean Policy adds yet another hurdle to overcome, and may serve to provide an additional platform for third party eNGOs to litigate against projects that appear to lack the informational requirements or expectations for the National Ocean Policy.

RDC is concerned that Coastal and Marine Spatial Planning may lead to far reaching use restrictions on marine waters that will over-ride the social and economic needs of Alaskans. Broad swaths of submerged lands could be restricted in exclusionary zones for a nebulous national agenda of “ecosystem-based-management”. Even if restricted zones were more modest in size and scope, use restrictions in strategic marine corridors necessary for resource transport and shipping could be devastating to our marine-dependent industries.

One of the key justifications for Coastal and Marine Spatial Planning is to resolve conflict among diverse resource interests, yet RDC members representing Mining, Tourism, Forestry, Oil and Gas, and Fisheries interests are firmly aligned. These industries are all concerned that NOP will create far more difficulties than it will resolve.

RDC is concerned that funds used to implement National Ocean Policy will come at the expense of congressionally-mandated activities. RDC’s member companies require mandatory permits and often federal leases to operate, and declining federal resources should not be expended on National Ocean Policy at the expense of these congressionally mandated obligations. RDC members also require the best scientific data to address the impacts of their activities and funding diverted to National Ocean Policy could come at the expense of needed scientific efforts.

We urge Congress to maintain an integral role in these broad efforts to change the way ocean and coastal resources are managed, and the power of appropriation should be considered in restraining the premature implementation of the National Ocean Policy. Congressional oversight is needed to ensure implementation of the National Ocean Policy does not constrain the ability of federal agencies to fulfill their congressional mandates to adjudicate needed federal permits and leases.

RDC is concerned with the process being used to roll out this far-reaching policy. RDC has repeatedly requested meaningful stakeholder engagement without the suspected bias toward conservation and blocking responsible resource access and development. These concerns are underscored by the fact that Regional Planning Bodies charged with developing zoning plans will be comprised solely of government officials.

Detailed economic analysis of impacts of the policy should be completed and available for full public and Congressional review before policy implementation. The Handbook for Coastal and Marine Spatial Planning must be subject to public input, review, and comment before implementation.

We have urged the National Ocean Council to utilize pilot projects in geographic areas where NOP and CMSP has broad acceptance, before large swaths of ocean and marine areas, such as Alaska, have this policy imposed upon them.

In this time of tenuous economic recovery and high unemployment, Congress and the administration should be untangling the complex web of statutes and regulations that are strangling our productive resource sectors of our economy. The National Ocean Policy does the opposite by adding complexity and jurisdictional ambiguity. Congress, the states, and the private sector should have a more meaningful role in

development and implementation of such far-reaching policies for state and federal waters and upland resources.

Thank you for the opportunity to comment on this far-reaching initiative. We thank the members of this Subcommittee for watching out for the best interests of Alaskans and all Americans.

Additional Background to Augment RDC verbal testimony.

Natural resources are vital to the economic survival of Alaska and its residents. In part, Alaska was granted statehood due to our vast natural resources; the federal government expected Alaska to utilize its bounty of natural resources to build and sustain its economy. Alaska's constitution includes a unique provision, Title 8, the preamble of which states "It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest." To fulfill the vision of Alaska's Constitution, we must have access to our resources, and avoid uncertainty and unnecessary regulations that offer no added benefit to the environment.

The National Ocean Policy will have a disproportionate impact on Alaska's resource-dependent industries and our economy as a whole. It is appropriate the Subcommittee chose to hold a field hearing here in Alaska. At approximately 34,000 miles, Alaska has more coastline than that of all other states in our nation combined.

RDC members know that Alaska's economy is based on responsible resource development conducted in accordance with existing local, state, and federal environmental protections and laws. Alaskans must continue to have access to our valuable and traditional resources. The responsible development of these resources creates jobs in communities throughout Alaska, many of which have few other jobs available. Many of these communities will disappear if overly burdensome regulations are added to existing and new projects.

Alaska fisheries provide over half of the commercial seafood harvested in U.S., and these sustainably managed fisheries are a model for the world. Oil and Gas reserves in the Beaufort/Chukchi Seas alone could result in 26 billion barrels of oil and 32 trillion cubic feet of natural gas over next 50 years, yielding 54,700 new jobs, \$145 billion in payroll, and \$193 billion in government revenue. All Alaska industries, forestry, tourism, oil and gas, fisheries and mining, are highly dependent on ocean access and marine transportation.

For the record, RDC submits four publication summaries highlighting the economic significance of oil and gas, mineral, tourism and fisheries resources. Unfortunately we do not have a similar report of our timber industry, except to report that it is a mere shadow of its former self, having precipitously declined due to what RDC views as failed federal public land policy constraining timber supply. The decline of the timber industry in Alaska highlights our need to be ever vigilant regarding the unintended consequences of policy initiatives such as the National Ocean Policy and Coastal and Marine Spatial Planning.

The policy raises significant concerns from the fisheries community regarding the future role of the stakeholder driven Regional Fishery Management Councils. The North Pacific Fishery Management Council is a model for sustainable and adaptive management of this renewable resource. The old adage, "if it isn't broke, don't fix it" should apply and it needs to be abundantly clear that the decision authority of the stakeholder driven Regional Fisheries Management Councils is not compromised by a new National Ocean

Policy structure. The Regional Fishery Management Councils are working well and should not be coopted by a new regional planning and management structure.

RDC is concerned that Coastal and Marine Spatial Planning may impose disproportionate restrictions on the ability of Alaskans to have a balanced and robust resource based economy. Consider that 58.6% of uplands in Alaska are federally managed lands, 65% of which are in restrictive conservation system units such as parks, Wilderness Areas, refuges and wild and scenic rivers. For the record, we have submitted an RDC publication entitled "Who Owns Alaska" which highlights the dominance of federal management of uplands in Alaska with priorities that are often in direct conflict with the economic interest of Alaskans.

RDC shares the concerns expressed by Alaska Governor Sean Parnell and the six other Governors in the Outer Continental Shelf Governors Coalition in their letter to President Obama dated March 13, 2012. In that correspondence, the Governors raise concerns of unintended consequences for all types of energy development. RDC notes that the same unintended consequences are likely to also affect fisheries, forestry, mineral development and tourism activities.

RDC has weighed in on this important policy initiative several times. We have asked that the National Ocean Council improve coordination of existing protection measures, such as the Clean Water Act, the National Environmental Policy Act, and the Magnuson-Stevens Fishery Conservation Act instead of adding another layer of bureaucracy. In reference to the other Strategic Action Plan objectives not addressed in RDC verbal testimony, included are copies of two detailed letters RDC wrote to the NOC in 2011, and our most recent written input on March 28, just last week.

Attachments submitted for the record include:

2011 Annual Report of the Resource Development Council for Alaska. Available online at <http://akrdc.org/membership/annualreport/annualreport2011.pdf>

Economic Report Overview, Potential National-Level Benefits of Oil and Gas Development in the Beaufort and Chukchi Sea, University of Alaska Institute of Economic Research and Northern Economics. Available online at <http://www.northerneconomics.com/pdfs/ShellOCS/National%20Effects%202-page%20brochure%20FINAL.pdf>.

The Economic Benefits of Alaska's Mining Industry, Alaska Miners Association, January 2012. <http://www.alaskaminers.org/mcd11sum.pdf>

The Seafood Industry in Alaska's Economy, Prepared by Northern Economics for the Marine Conservation Alliance, available online at http://www.marineconservationalliance.org/wp-content/uploads/2011/02/SIAE_Feb2011a.pdf

Alaska Visitor Statistics Program VI, Summer 2011, Executive Summary, Prepared by The McDowell Group for Alaska Department of Commerce, Community and Economic Development. Available online at <http://www.commerce.state.ak.us/ded/dev/toubus/pub/2011AVSP-ExecSummary-StandAlone.pdf>

Who Owns Alaska, A Special Issue of Resource Review, A periodic publication of the Resource Development Council for Alaska. Available online at <http://akrdc.org/newsletters/2009/whoownsalaska.pdf>

RDC written comments to the National Ocean Council dated April 29, 2011, July 1, 2011 and March 28, 2012.