

**ALASKA STATE LEGISLATURE
JOINT MEETING
HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE AND
TOURISM**

SENATE SPECIAL COMMITTEE ON WORLD TRADE

February 4, 2014

11:17 a.m.

MEMBERS PRESENT

HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE AND
TOURISM

Representative Shelley Hughes, Chair
Representative Lynn Gattis
Representative Bob Herron
Representative Pete Higgins
Representative Lance Pruitt
Representative Harriet Drummond
Representative Geran Tarr

SENATE SPECIAL COMMITTEE ON WORLD TRADE

Senator Gary Stevens, Chair
Senator Lesil McGuire, Vice Chair
Senator Peter Micciche
Senator Berta Gardner

MEMBERS ABSENT

HOUSE SPECIAL COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE AND
TOURISM

Representative Craig Johnson
Representative Kurt Olson

SENATE SPECIAL COMMITTEE ON WORLD TRADE

Senator Charlie Huggins
Senator Mike Dunleavy
Senator Lyman Hoffman

COMMITTEE CALENDAR

PRESENTATION: ALASKA ARCTIC POLICY COMMISSION

- HEARD

PREVIOUS COMMITTEE ACTION

No previous action to record

WITNESS REGISTER

No witnesses to record

ACTION NARRATIVE

[11:17:28 AM](#)

CHAIR GARY STEVENS called the joint meeting of the House Special Committee on Economic Development, Trade and Tourism and the Senate Special Committee on World Trade to order at 11:17 a.m. Present at the call to order from the Senate Special Committee on World Trade were Senators McGuire, Micciche, Gardner, and Stevens. Chair Stevens handed the gavel to Chair Hughes.

CHAIR SHELLEY HUGHES noted those present from the House Special Committee on Economic Development, Trade and Tourism at the call to order were Representatives Higgins, Drummond, Herron, and Hughes. Representatives Pruitt, Gattis and Tarr arrived as the meeting was in progress.

PRESENTATION: ALASKA ARCTIC POLICY COMMISSION

[11:18:27 AM](#)

CHAIR HUGHES announced that the only order of business would be a report from Senator McGuire and Representative Herron, co-chairs of the Alaska Arctic Policy Commission.

[11:18:50 AM](#)

REPRESENTATIVE HERRON said he was proud to deliver to the legislature the Preliminary Report of the Alaska Arctic Policy Commission (AAPC). The report today will highlight the accomplishments of AAPC since its beginning in March of 2013. He displayed AAPC's logo, which was a map showing Alaska's important location in the Arctic that makes the U.S. an Arctic nation, and ensures that Alaska will continue to play a key role in Arctic policy. He paraphrased from page 3 of the Executive Summary of the AAPC Preliminary Report to the Alaska State Legislature as follows:

As fellow Alaskans, we know you recognize that with increasing activity in the region comes both risk and opportunity. But, we cannot let the perceptions of others determine our future, Alaska's future.

11:21:00 AM

SENATOR MCGUIRE appreciated today's coverage of this important subject by Gavel to Gavel public television. She expressed the hope of AAPC co-chairs and commissioners that 2014 will be the Year of the Arctic in Alaska, because the Arctic is the future for the next two generations of Alaskans. In fact, the Arctic is the last great unexplored place of mystery, magic, and opportunity on Earth, as were the moon and space during the 1960s. At this time of policy-making in the Arctic - in a manner similar to the race to the moon - the U.S. has competitors and/or partners in Russia, China, and Canada. Senator McGuire said the public is asked to join with the legislature "on this journey," as did sixteen public member experts who serve on AAPC along with the following ten members of the legislature: Senator McGuire, Representative Herron, Senator Hoffman, Senator Stevens, Senator Giessel, Senator Olson, Representative Austerman, former Representative Kerttula, Representative Neuman, and Representative Edgmon. The AAPC preliminary report contains sixteen policy recommendations and four vision statements which can be reviewed at web site www.akarctic.com, along with the summary and the one-hundred-thirty page report prepared by subcommittees. The final report is due 1/30/15, and she urged the public and legislators to comment on the preliminary report. This is especially important as the U.S. prepares to take the chairmanship of the Arctic Council that is currently held by Canada. Senator McGuire pointed out that in this case Alaska is "on time" to define its destiny in the Arctic; as a matter of fact, this may be the first time the state has not been in a negative position when it comes to federal policy affecting Alaska. Moreover, Alaska can talk about Arctic policy with optimism, because AAPC was successful in its participation with [the federal strategic team from the Administration of the White House, Office of Science and Technology Policy (federal team)]. When AAPC learned the federal team scheduled the release of its implementation plan by June, 2013, AAPC immediately opened lines of communication with officials of the federal team by meeting weekly by phone, and in person in Unalaska. As a result, the release of the [National Strategy for the Arctic Region (NSAR) Implementation Plan (implementation plan)] by the White House was delayed until 1/30/14, and AAPC was able to issue its Alaska policy on the

same day. She acknowledged that NSAR has gaps, but explained that this is a good example of representatives of state government working with the federal government in a role not originally envisioned by AAPC.

SENATOR MCGUIRE then directed attention to the PowerPoint presentation entitled, "Alaska Arctic Policy Commission," dated 2/4/14, and said of the four million people living in the Arctic, 2,089,000 live in the Russian Arctic, 1,280,000 live in the European Arctic, and 827,000 live in the American Arctic [slide 1].

11:26:54 AM

REPRESENTATIVE HERRON pointed out the U.S. definition of the Arctic follows the courses of the Porcupine, Yukon, and Kuskokwim Rivers to the Bering Sea [slide 2]. As an aside, he observed that the area north of this demarcation line may have been designated a territory at the time of statehood, were it not for the influence of former Governor Walter Hickel, Robert Atwood [newspaper publisher] and John Butrovich Jr. [territorial legislator]. Returning to the presentation, he noted the Bering Strait and Bering Sea are "a garden" to all Alaskans because of the Yukon and Kuskokwim Rivers that bisect the state and terminate at the Bering Sea. In 2013, several federal reports were released pertinent to Arctic strategy, and AAPC began to participate in policy discussions with the federal team [slide 3]. Although there are gaps in the federal strategy, AAPC will continue to work with the federal team to maintain a good relationship. In addition, a major focus will be on Arctic Strategy by the U.S. Department of Defense (DoD) and how to rewrite how national security - related to the Arctic - is important to Alaska, and how the state and the U.S. military can work together for a good Arctic strategy. Calling attention to the guiding principles of the implementation plan, he pointed out three lines of effort as follows: Advance U.S. security interest; Pursue responsible Arctic region stewardship; Strengthen international cooperation [slide 4]. However, he stressed that NSAR did not specify an effort towards responsible development in order to sustain Arctic communities, utilize Alaskans' talents, and benefit its people.

11:30:44 AM

SENATOR MCGUIRE agreed. In fact, at the first interface in Barrow with the federal team from Washington, D.C., she offered for comparison ["A Northern Vision: A Stronger North and a

Better Canada," a document issued by the Governments of Yukon, Northwest Territories, and Nunavut, Canada]. In stark contrast to the U.S. implementation plan, the Canadian document focused on the people of the North, their economy, their future, and how they are affected by the changing climate. She reiterated that the focus of the U.S. document was on advancing U.S. security interests and stewardship of the land and animals, but "no interrelationship to the people that live off the land and how they will be influenced in the future as a result of that" Also, references to international cooperation did not include Alaska. Senator McGuire said pointing out these omissions to the federal team was received positively and through continuing dialogue with the team, the goal of AAPC remains "to have the people considered throughout."

11:32:20 AM

CHAIR HUGHES asked whether the federal team has incorporated the suggestions offered by AAPC, or whether the implementation plan dated 1/30/14 was issued prior to the suggestions. She remarked, "You mentioned there were gaps ... I'd like to know what those gaps are."

REPRESENTATIVE HERRON clarified that he and Senator McGuire are referring to the Implementation Plan for the National Strategy for the Arctic Region [the National Strategy for the Arctic Region (NSAR) was released 5/10/13 by the White House]. The implementation plan that was released 1/30/14 by the White House calls for "listening sessions," beginning 2/13/14 in Anchorage. At the listening sessions the federal team will meet with Alaskans and solicit topics for the chairmanship of the Arctic Council. This fall, the federal team will review its findings and negotiate with the other seven nations that are members of the Arctic Council on the proposed themes. He advised that the time for Alaskans to work with the federal team on themes for the Arctic Council is this spring and summer. In fact, Representative Herron seeks to encourage legislators and Alaskans from all over the state to attend the listening sessions and influence the choice of themes, thus dovetailing Alaska's interests with those of the federal government.

11:35:03 AM

SENATOR MCGUIRE stated AAPC will provide a schedule of the aforementioned hearings so legislators can testify in person or by phone. Also, AAPC will provide legislators copies of a current draft of the implementation plan for their review, a

draft of gaps in the strategy that have been identified at this point, and for comparison, copies of Canada's "A Northern Vision," and Norway's statement of vision for the Arctic.

11:36:28 AM

CHAIR HUGHES asked whether AAPC will propose a theme for the upcoming chairmanship or is in the process of collecting ideas.

REPRESENTATIVE HERRON responded that the governor has contacted the White House and outlined his priorities related to the Arctic. Although the legislative branch supports the governor, he opined the legislature needs to share "our view of the world." At the listening sessions, Alaskans can provide the team local information that may not have been considered previously.

SENATOR MCGUIRE added that the themes emerging thus far are reflected in the four vision statements and the sixteen policy statements in the AAPC preliminary report. She acknowledged that the legislature should not issue statements inconsistent with those of the executive branch, but the state has a history of communicating policy on many subjects from both branches of government. She expressed her belief that themes will come from all branches of government and from individual legislators as well.

11:39:34 AM

REPRESENTATIVE HERRON identified four groups of Alaskans that are permanent participants of the Arctic Council and that are presently advocating for Alaska at the council level and in working groups: Inuit Circumpolar Conference; Arctic Athabaskan Council; Gwich'in Council International; and Aleut International Association.

SENATOR MCGUIRE recalled that AAPC first met in Juneau with twenty-six members who proved to be a dedicated group of hardworking Alaskans from the public and the legislature: five Senators, five Representatives, one executive branch member, and fifteen public members appointed jointly by the President of the Senate and the Speaker of the House. Members were divided into subject matter groups led by lawmakers and those with expertise. Initially, AAPC worked for Alaskans by providing a public forum for compiling Arctic issues, and it continues to hold public meetings with information posted on its web site. Also, AAPC sets guiding Arctic policy principles for possible inclusion

into state statute, and will create the AAPC final report to inform the public and future policy-makers. Another important part of the AAPC mission is how to work with the federal government, as Alaskans need greater influence on Arctic policy. She said it is important to work positively to influence the federal government on Arctic policy and to maintain awareness of federal overreach; Senator McGuire acknowledged that the Obama Administration has engaged very proactively with AAPC on this matter. Prior to the preliminary report, AAPC sent a letter of intent that included the following key assumptions: state leadership and experience are valuable; the need for federal/state/local collaboration; the need for international engagement and governance; and the following eight areas of consideration: indigenous perspectives and priorities; governance; oil, gas, and mineral exploration and development; science and research; energy; planning and infrastructure; security and marine transportation; fisheries.

[11:42:06 AM](#)

REPRESENTATIVE HERRON displayed four pictures, saying they represent values held dear by Alaskans: salmon; a thriving culture; safety and security for the state; economic development and a healthy environment; transparency and inclusion into decision-making. He recalled testimony from a seven-hour meeting in Barrow, and said that all of those testifying preferred opening the Arctic National Wildlife Refuge (ANWR) to drilling before exploring for oil in the Chukchi and Beaufort Seas.

SENATOR MCGUIRE relayed the federal team heard the elders in Barrow express their appreciation for the opportunity to speak at the beginning of the meeting, and also heard overwhelming testimony - not in opposition to drilling in the Chukchi and Beaufort Seas - but pointing out that exploration in the Arctic is unknown, and drilling in areas similar to the coastal plain in ANWR has been done successfully for 50 years. These points were made "by the local people that live there, and have the most at stake," she said.

REPRESENTATIVE HERRON referred back to the strategic recommendations, and restated that members of AAPC were assigned to work on specific teams [slide 12]. The Barrow meeting was the highest attended of all of the statewide meetings [slide 13]. In Unalaska, residents demonstrated to all of the visitors that the Bering Sea is of key importance to the Arctic and to the well-being of the state [slide 14].

11:45:43 AM

SENATOR MCGUIRE stressed that, but for Alaska, the U.S. would not be an Arctic nation, and Alaska cannot be separated from its Arctic region; thus all residents are mutually dependent. Although there have been divisions between rural and urban communities, at the meeting in Unalaska, awareness was raised among AAPC members when they saw that the opening of the ice in the Northwest Passage and the Arctic is changing the face of all of Alaska. For example, one exploratory well required twenty-two support vessels in a port that processes 709 tons of pollock; a boon in development will bring to the community and port the impact of additional pressure on housing and living costs. As policy-makers, the benefit to the people is part of the management of opportunities for development.

REPRESENTATIVE HERRON stated Unalaska and Dutch Harbor process nearly a billion tons of seafood. Meetings were also held in Adak, a former U.S. Navy base that is of key importance to the futures of the Arctic and Alaska, and in Bethel, because "whatever happens in the Bering Sea is going to affect most of Alaska through [the tributaries of the Yukon and Kuskokwim Rivers] [slides 15 and 16]. The key element of Nome is its location near Port Clarence, and the infrastructure needed related to search and rescue and oil pollution, in order to ensure safe passage of ships through the Bering Strait.

SENATOR MCGUIRE encouraged legislators to consider that Port Clarence and Nome are the first places the federal government has conducted meaningful feasibility studies, and made movement toward investment in Arctic infrastructure.

11:50:15 AM

SENATOR GARDNER asked whether there is concern that federal permits for deep water ports cannot be obtained after [Alaska's withdrawal from the National Coastal Zone Management Program on 7/1/11].

REPRESENTATIVE HERRON said yes. He opined that a part of AAPC's message to fellow legislators is to understand the Arctic and one component is how it affects coastal zone management. The program probably should be reexamined internally so that legislators can understand how coastal zone management is important to infrastructure, and the protection of Alaska's shores. In further response to Senator Gardner's question, he

offered to research whether the state must have a coastal zone management program in order to obtain permits for a deep water port.

[11:52:19 AM](#)

CHAIR STEVENS recalled this subject was a major part of the discussion over the withdrawal from the coastal zone management program, and those in support of the program clearly lost; however, residents of the Arctic are the most concerned, and he agreed that the issue deserves to be revisited.

REPRESENTATIVE HERRON expressed his desire for clarification [on whether the state will have to have a coastal zone management program in place]. He returned to the presentation and informed the committee the University of Alaska Fairbanks (UAF) is the leading university in the world in the amount of research done on the Arctic. Although UAF obtains grant funds, it is clear the legislature needs to continue to invest in the university.

[11:54:11 AM](#)

SENATOR MCGUIRE further pointed out that at the meeting in Fairbanks, residents indicated that the community was more Arctic-aware after the meeting. Also, discussion at the meeting brought up the value of models such as the DEC and Yukon-Koyukuk Tribal Communications Protocol, which was a collaborative effort by Yukon-Koyukuk Tribes of Alaska, the Environmental Protection Agency and the Department of Environmental Conservation. This model provides other ways that - in the absence of coastal zone management - government agencies can communicate with Tribal governments and local communities in culturally sensitive ways, to benefit from local knowledge. As an aside, she noted that AAPC's focus is on Arctic policy, like economic opportunity, but it also creates a social opportunity to understand more about residents who live in northern climates and who may suffer from certain deficiencies and afflictions at disproportionate rates. In partnership with universities, AAPC seeks to make Alaska a better place for people to live.

REPRESENTATIVE HERRON agreed and observed that one of the gaps in the implementation plan that was identified in the AAPC preliminary report is discussion of the aforementioned issues.

[11:56:51 AM](#)

SENATOR MCGUIRE closed, saying the 12/9-10/14 AAPC meetings were work sessions striving to deliver a thorough preliminary report to the legislature [slide 20]. Subject matter experts of opposite minds came together and created a report that reflects the cross-section of the state. She urged for more public hearings in Anchorage and Seward to raise awareness, and encouraged dialogue to "bring more Alaskans along on this particular issue, to make it the kind of subject that gets more attention."

CHAIR HUGHES agreed it is important for all Alaskans to embrace the Arctic region, and related her personal experience living in Fort Yukon and Bethel. The entire state must be involved to provide infrastructure and resource development in the Arctic, thus the public education provided by AAPC needs to reach everyone. Chair Hughes appreciated the work that influenced the federal team at a critical moment in time.

12:00:11 PM

REPRESENTATIVE DRUMMOND surmised that the policy statements from Canada and Norway are posted on the web site: www.akarctic.com.

REPRESENTATIVE HERRON said yes. In further response to Representative Drummond, he advised Norway, Sweden, and Finland had six consecutive years working together in the Arctic Council chairmanship; now the U.S. has the Canadian chairmanship as a model. However, some of the criticism of the NSAR implementation plan is that it is not specifically about sustainable governments. During Canada's term, the focus was on the north, responsible development, sustainable economies and communities, and a healthy environment. The legislature seeks to inform the federal government that the people of the northern latitudes have a vision - that should work in concert with that of the federal government - of what the Arctic Council chairmanship would bring to the Arctic. Representative Herron reviewed the challenges of the Arctic: huge differences between resource wealth and community prosperity; isolated, remote communities; lack of infrastructure; layers of ownership of the land and resources; risk of increasing activity. The role of AAPC is to deliver the preliminary report, including policy statements that provide framework for the state's strategy in the Arctic; inform local, state, and federal policy makers; continue coordination with the federal government; conduct outreach and education activities to raise the profile of the Arctic both within Alaska, nationally, and internationally [slide 21]. He then referred to "Arctic Package" legislation

based on AAPC's work: SB 140 and HB 288, creating a vehicle to leverage private money for infrastructure; HB 165, a conversation about an Alaska Arctic port development authority; HJR 24, a resolution that urges for the state department to allow Alaska to participate in the selection of the chairman of the Arctic Council and to have Alaska priorities to be part of the theme.

[12:05:48 PM](#)

REPRESENTATIVE TARR asked whether the relevant legislation introduced this year replaces legislation previously introduced.

REPRESENTATIVE HERRON said no. House Bill 165 is the House vehicle and SB 140 is the Senate vehicle.

CHAIR HUGHES offered the help of the committee and thanked AAPC for its important work.

[12:07:43 PM](#)

ADJOURNMENT

There being no further business before the committee, the joint meeting of the House Special Committee on Economic Development, Trade and Tourism and the Senate Special Committee on World Trade was adjourned at 12:07 p.m.