

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

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producing oil or gas field, the person first making application for the lease who is qualified to hold a lease under sections 181-184, 185-188, 189-192, 193, 194, 201, 202-209, 211-214, 223, 224-226, 226-2, 227-229a, 241, 251, 261-263 of this title shall be entitled to a lease of such lands without competitive bidding. Such leases shall be conditioned upon the payment by the lessee of a royalty of 12 1/2 per centum in amount or value of the production removed or sold from the lease." 30 U.S.C. 226. (Emphasis added.)

4. The state legislation applicable to oil and gas leases of the State of Alaska provides for a basic minimum 12 1/2% royalty, although, in the case of first discovery, there is a royalty of 5%. AS 38.05.180.

"AS 38.05.180. OIL AND GAS. (a) All tide and submerged lands, mental health lands, school lands, and university lands shall be leased by competitive bidding, and whenever oil or gas is discovered in commercial quantities, the commissioner shall determine the extent of the area of lands in addition to tide, submerged, mental health lands, school, or university lands in the same general area of the discovery well which, by reason of the discovery, the commissioner reasonably believes to be capable of producing oil or gas and the additional lands shall be leased to the highest responsible qualified bidder by competitive bidding under general regulations in units of not exceeding 2,560 acres (except that tide and submerged lands shall be leased in units of not exceeding 5,760 acres), which shall be as nearly compact in form as possible, upon the payment by the lessee of such bonus as may be accepted by the commissioner and of such royalty as may be fixed in the lease which shall not be less than 12 1/2 per cent in amount or value of the production removed or sold from the lease. However, the holder of a lease who drills and makes the first discovery of oil or gas in commercial quantities in a geologic structure shall pay a royalty on all production under the lease of five per cent for 10 years following the date of discovery and thereafter the royalty rate shall be not less

than 12 1/2 per cent unless the commissioner specifically provides that such royalty shall be less at the time such lands are offered for lease and in no event shall such royalty be less than five per cent. All lands other than those above provided to be leased by competitive bidding may be leased competitively or noncompetitively as determined by the commissioner to be in the best interests of the state. Noncompetitive leases shall be issued in units of not exceeding 2,560 acres in any one lease. Noncompetitive leases shall be conditioned upon the payment by the lessee of a royalty of 12 1/2 per cent in amount or value of the production removed or sold from the lease. However, the holder of a lease who drills and makes the first discovery of oil or gas in commercial quantities in a geologic structure shall pay a royalty on all production under the lease of five per cent for 10 years following the date of discovery and thereafter the royalty rate is 12 1/2 per cent. Competitive leases issued under this subsection shall be for a primary term of five years and shall continue so long thereafter as oil or gas is produced in paying quantities. If drilling has commenced on the expiration date of the primary term of the lease and is continued with reasonable diligence, such operations to include redrilling, sidetracking or other means necessary to reach the originally proposed bottom hole location, the lease shall continue in effect until 90 days after drilling has ceased and for so long thereafter as oil or gas is produced in paying quantities. If all or part of the lands covered by the lease are lands that have been selected by the state under laws of the United States granting lands to the state and a conditional lease was issued thereon, the term of the lease shall be extended for a period equal to the period during which the lease was conditional."

5. The disclaimer clause of the Alaska Statehood Act. 72 Stat. 339, Sec. 4.

"Sec. 4. As a compact with the United States said State and its people do agree and declare that they forever disclaim all right and title to any lands or other property not granted or confirmed to the State

or its political subdivisions by or under the authority of this Act, the right or title to which is held by the United States or is subject to disposition by the United States, and to any lands or other property (including fishing rights), the right or title to which may be held by any Indians, Eskimos, or Aleuts (hereinafter called natives) or is held by the United States in trust for said natives; that all such lands or other property belonging to the United States or which may belong to said natives, shall be and remain under the absolute jurisdiction and control of the United States until disposed of under its authority, except to such extent as the Congress has prescribed or may hereafter prescribe, and except when held by individual natives in fee without restrictions on alienation: Provided, That nothing contained in this Act shall recognize, deny, enlarge, impair, or otherwise affect any claim against the United States, and any such claim shall be governed by the laws of the United States applicable thereto; and nothing in this Act is intended or shall be construed as a finding, interpretation, or construction by the Congress that any law, applicable thereto authorizes, establishes, recognizes, or confirms the validity or invalidity of any such claim, and the determination of the applicability or effect of any law to any such claim shall be unaffected by anything in this Act: And provided further, That no taxes shall be imposed by said State upon any lands or other property now owned or hereafter acquired by the United States or which, as hereinabove set forth, may belong to said natives, except to such extent as the Congress has prescribed or may hereafter prescribe, and except when held by individual natives in fee without restrictions on alienation." Alaska Statehood Act, 72 Stat. 339, Sec. 4.

NOTE

OPINION NUMBER 6 OF 1969 WAS NEVER ISSUED.

Setting A Maritime Boundary Between the United States and Russia:
How Much U.S. Territory and Seabeds will the State Department Cede?

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The Chief of Naval Operations disappeared for several days from Washington in May 1985. A submariner, Admiral James D. Watkins soon surfaced aboard USS Trepang (SSN 674) about 250 miles from the North Pole. His visit to this Arctic Ocean hydroacoustic research site at 86 degrees north highlighted the strategic military importance of the naval interface between the United States and the Soviet Union.

Data developed there have been vital for the cat-and-mouse games that U.S. attack submarines play with Russian attack and ballistic missile submarines hiding under the icecap. Sonar must deal with uniquely tricky acoustic behavior in near freezing temperatures in the confined environs bounded by the ice floes above and the shallow Arctic Ocean bottom below.

Most people are familiar with the traditional three-mile territorial sea and the more recent twelve-mile limit, which have served as natural sea defense zones. The limits today, however, are greatly expanded, extending upwards of 200 miles for defense of America's exclusive economic zone (EEZ), fishery conservation zone, and outercontinental shelf.

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In the 1970s and 1980s commercial development pushed forth the Arctic frontier with the improvement in cold weather technology. The North Slope of Alaska turned out to be the largest oil-producing region in the country. In 1990 the Department of the Interior's oil and gas lease sale of tracts stretching a couple hundred miles into the Arctic Ocean in the Chukchi Sea estimated billions of barrels of oil would be found in these geological structures that are extensions of the North Slope.

Just whose territories are these underwater regions in the Arctic Ocean and the Bering Sea between Alaska and Siberia? That's an unsettled question still open to debate. The diplomatic history on this opens up troubling constitutional questions about the power of the U.S. Department of State both to negotiate maritime boundaries by executive agreement instead of by treaty and to exclude, in the federal system of government, a state from negotiations affecting its own boundary and territory. Questions also arise about unnecessarily ceding U.S. islands and seabeds to the Russian side without any quid pro quo in the aftermath of the Cold War.

In 1983 the United States potentially grew by about one-fourth in area due to the fact that countries now had become entitled to 200 nautical miles from their shores for EEZs and fishery conservation zones. Alaska by far and away has the longest shoreline of any state, and thus presented the most opportunity for extending American sovereignty seaward--even to the point of a 200-nm radius around all islands.

Whenever two countries are within 400 nm of each other, however, the question of the extent of the seaward zones of the two countries becomes a matter of negotiation, usually resulting in some equidistant formulation being adopted. No boundary treaty had ever existed between the U.S. and Russia or the former Soviet Union, and thus something needed to be done to set a maritime boundary. Even though the Seward-de Stoeckl treaty of cession of Alaska from Russia in 1867 utilized a "convention line" to delineate some of the territory being sold to the U.S., it never acted as a boundary. It doesn't touch land anywhere and was never intended to divide the seabeds or territorial seas between the two signatories.

With the break-up of the Soviet Union, one would think that the U.S. should be in a strong negotiating position to assure that maximum U.S. interests and advantages are achieved, perhaps even seeking concessions as a fitting follow-on to the ending of the Cold War. But, the U.S. Department of State has proven itself puzzlingly reticent and appears eager both to propose and accept concessionary terms.

The proposed maritime boundary line between the U.S. and the former Soviet Union, which the Department of State agreed to in 1990, would virtually concede a considerable amount of land territory that historically belongs to Alaska along with the 200-nautical mile zones extending from it. This amounts to tens of thousands of square miles of potentially valuable outercontinental shelf and ocean resources. It also includes in the Arctic Ocean the islands of Wrangell, Herald, Bennett, Jeannette, and Henrietta,

and at the westernmost end of the Aleutian chain Copper Island, Sea Lion Rock, and Sea Otter Rock.

Another feature of the Department of State's proposed treaty would allow the Russian side the unprecedented authority to exercise its sovereign jurisdiction over certain U.S. seabeds termed "eastern special areas". Foreign countries generally are not allowed to exercise any sovereign powers inside another country except within embassy grounds.

Perhaps the most startling aspect of the State Department's actions has been its apparent arrogation of powers to create a maritime boundary between Alaska and Siberia without so much as any prior "advice" consultation with Congress or any active participation of the state government of Alaska whose boundaries, lands, and seabeds are directly affected.

Before looking further into the legal and policy issues, it would be helpful to recount the historical record of Alaska's geography. It includes quite a bit of 19th century Naval history, which unfortunately is generally not included in many history textbooks.

Not all of Alaska was included in the original purchase in 1867 under the Seward-de Stoeckl treaty. The above-mentioned Arctic islands were added later. The Russians could not have sold those Arctic islands to the U.S. in 1867, since they did not own them, and in most cases didn't even know they existed at the time. The closest of these island to the mainland is Wrangell Island, 80 miles north in the Arctic Ocean, situated at 71 degrees north, 180 degrees east and west.

Here were exhibited remarkable episodes of the proverbial "iron men in wooden ships" in 19th century American seagoing history. Considering that the Arctic Ocean is frozen over most of the year, it is only during the summer months that the ice breaks up on its southern rim enough to be navigable--perilous at best.

The year was 1881 in which American sailors were the first to set foot on Wrangell and take possession for the U.S. Captain Calvin Leighton Hooper of the U.S. Revenue Marine (later to become the Coast Guard) was serving as the de facto governor of the district of Alaska. While on patrol aboard his steamer USRMS Thomas Corwin, he directed the landing party which came ashore on Wrangell at the mouth of the Clark River on August 12, 1881. In his report to Congress, Hooper stated, after the ship had maneuvered through ever-threatening ice floes, "We immediately landed and, raising the American flag, took possession in the name of the United States." (1)

The famed explorer John Muir was aboard USRMS Thomas Corwin and was included among the landing party coming onto Wrangell. Muir described the event, "A notable addition was made to the national domain when Captain Calvin L. Hooper landed on Wrangell Land, and took formal possession of it in the name of the United States." (2)

A couple weeks after this original landing, USS John Rodgers under the command of Lt. Robert M. Berry, arrived and the crew completed a extensive survey. It turned out the island was about 3000 square miles, or larger than Rhode Island and Delaware combined.

Up until this time it was not known if Wrangell's Land, as it had been called, was an island or a extensive peninsula attached to further territory north in the Arctic expanse. It had been named honorifically for a Russian official Baron Ferdinand Petrovich von Wrangell, who conducted Arctic forays but never sighted nor landed on the island. The land was named by an American whaling captain Thomas Long in 1867 when he spotted it from his bark Nile.

A prime reason USRMS Thomas Corwin and USS John Rodgers were in the area was to search for USS Jeannette, which had been lost for over two years. As a joint expedition of the U.S. Navy and the noted New York City Herald newspaper publisher James Gordon Bennett, USS Jeannette under the command of Lt. George Washington DeLong had headed into the Arctic in August 1879 in search of Wrangell's Land and the North Pole.

Unfortunately, several miles to the east of Wrangell, it became trapped in the ice and began drifting with the ice floes in a northwesterly direction. For nearly two years the crew endured unrelenting hardships as the ship travelled approximately 500 miles. Eventually on June 12, 1881, it was crushed in the ice and sank about 800 miles from the North Pole. This was this vicinity in which the islands of Bennett, Jeannette, and Henrietta were discovered and taken into possession for the U.S.. Jeannette was named for Bennett's sister, and Henrietta for his mother. The three are together known as the DeLong Islands.

"Latitude 77 8' Longitude E 153 25' We break camp and start southward over the ice tomorrow evening, hoping with God's grace to reach the New Siberian Islands, and from there to make our way by boats to the coast of Siberia," read Lt. DeLong's record on June 17, 1881 (3) Persevering through unimaginable cold, shifting icebergs, darkness, storms, and shortages of food, the crew eventually became separated into two parties. About half survived by reaching the Lena River delta in Siberia and were rescued. DeLong also reached land, but he and his part of the crew ran out of food and died of starvation and exposure.

Congress recognized the expedition by issuing special medals to the crew. There is a poignant statue of a cross draped in icicles at the Naval Academy in Annapolis to commemorate this stunning feat.

The newly acquired territories were listed in various governmental publications (4), and the Board of Geographic Names took on the tasks of adopting appropriate topographical designations. Clark River was named after Ezra W. Clark, Chief of the U.S. Revenue Marine Service, and Berry Peak and Rodgers Harbor appropriately commemorated the U.S. Navy survey party.

As can be appreciated with such remote and frozen lands, the settling of them would be arduous and sporadic. Wrangell served as the setting for a 1910 Hollywood movie, numerous polar bear and whale hunts, and expeditions from the Field Museum in Chicago and Carnegie Museum in Pittsburgh. Vilhjalmur Stefansson, an American with Canadian backing, acquired rights to the island by establishing a small settlement there in 1921. (5) In 1923 the

well-established Nome firm of the Lomen Brothers (Carl and Ralph) acquired Wrangell from Stefansson and established a reindeer herding and trapping business there. (6)

The Russians in the meantime were interested in extending their empire in the aftermath of the sale of Alaska in 1867 and the later American discoveries in the Arctic. This expansionist impulse is currently reflected in the new Russian political party headed by Vladimir Zhirinovsky who polled the highest number of votes in the December 1993 election. His party's platform calls for the return of Alaska and payment for the resources taken, and his party emblem shows Russia inclusive of Finland on the west and Alaska on the east.

In 1902 the U.S., concerning various whaling and sealing claims against Russia, rejected the Russian notion that its sovereignty extended deep into the Arctic Ocean. (7)

Nevertheless in 1916 the Russians presented a diplomatic memorandum to the U.S. Department of State claiming that Wrangell, Herald, Bennett, Henrietta, and Jeannette now were part of the Russian Empire because they "form an extension northward of the continental tableland of Siberia." (8) In essence anything in the thousand miles between mainland Russia and the North Pole had been declared under Russian domain (known as the "sector theory"). This notion was summarily rejected.

As the Bolsheviks seized power in Russia, they believed in acquiring sovereignty by military occupation. In 1924 the Soviets sent the gunboat Red October up to Wrangell, seized the Lomen settlement, forcibly hauled down the American flag, and removed the

Lomen party to Siberia. The Americans were eventually repatriated. The Department of State issued a passport for the group, which included an Eskimo baby who was born on Wrangell and who thus become an American ~~citizen~~^{national} by virtue of being born on U.S. soil.

Because of diplomatic procedures, the Department of State could not lodge any formal diplomatic protest to the Soviet government inasmuch as the U. S. did not have any diplomatic relations with the Soviets (the U.S. continuing to recognize the Kerensky Russian government in exile until 1933). The problem of Soviet occupation became a backburner issue as the Depression and World War II passed, and the Cold War concentrated on other concerns.

In 1965, to dispel the misimpression that many mapmakers created when they drew the 1867 convention line onto world maps and labeled one side as "U.S." and the other as "U.S.S.R.", the Office of the Geographer in the Department of State emphatically re-iterated, "Furthermore, in keeping with the policy that the line does not constitute a boundary, the standard symbol for the representation of an international boundary should never be used." (9)

In 1973 the Department of State reissued its Digest of International Law which plainly recounted, "The United States has not relinquished its claim to Wrangell Island". (10)

Somewhere in the mid 1970s, however, the orientation of the Department of State shifted, and instead of pursuing U.S. sovereignty, it retreated and actively sought to concede it to the Russians without receiving any quid pro quo. The seabeds around these islands were also being abandoned to the Russians.

The occasion was the establishment of the 200-nm fishery conservation zone under the Fishery Conservation and Management Act of 1976. Inasmuch as Alaska and Siberia are within 400 nm of each other in places, the negotiating of a maritime boundary with the Soviet Union at the height of the Cold War would seem to have been an historic event. One would expect that it would be done in consultation with Congress and the general public; that it would proceed generally by seeking an equidistance formulation between the two countries land territories; that it would result in a treaty; and that it would seek the maximum seabeds possible in this resource-rich area (Alaska being the largest fishery state in the country). The Department of State, however, took a radically different tack that met none of these expectations.

In its opening shot, without any Congressional notification that a boundary treaty was in the works, or consultations with the State of Alaska, or any public discussions, the Department of State preemptorily conceded virtually everything to the Soviets without even so much as conducting any negotiating sessions. A diplomatic note delivered by the U.S. Embassy in Moscow on January 24, 1977, declared, "...the U.S. Government, in enforcing its fishery jurisdiction, intends to respect the line set forth in the Convention signed at Washington March 30, 1867". (11) The instructions from the Secretary of State for delivery of the diplomatic note stated, "Note speaks for itself, and accordingly, we do not wish to comment or solicit a reaction from Soviets orally at this time." (12)

The 1867 line had never been a boundary before, and it nowhere approximated an equidistant formulation. The five islands in the Arctic are to the west of the line and would apparently be conceded along with the tens of thousands of square miles of sea zones around them without so much as any compensation or acknowledgment required from the Soviets. At the southwestern part of Bering Sea, Copper Island, Sea Otter Rock, and Sea Lion Rock would also be conceded, since they are also west of the 1867 line. They were included in the territory ceded to the U.S. in 1867, not based on the 1867 line, but rather by a separate clause in the treaty. (13) It would be difficult to argue that only the fishery conservation zone in the vicinity of the islands was being recognized as Soviet without implying that the Soviets were entitled to sovereignty over the islands from which the sea zones emanated.

Even the Soviets thought this behavior to be odd. Not wanting to look a gift horse in the mouth, needless to say, they eagerly accepted it with the only proviso being that no boundary would be created by the 1867 line where it was farther than 200 nm from the two coast lines. In a confidential telegram from the American Embassy in Moscow describing the presentation of the January 24 note to the Soviet official, it was reported, "He did ask, as a personal aside, whether it was not customary to negotiate or at least discuss such matters before giving notice about enforcement provisions." (14)

This executive agreement started to unravel in 1977 when it was discovered that the U.S. and Soviet sides were using different geographic coordinates to depict the 1867 line. The original treaty did not give any coordinates, since they were not needed for its purposes. One part of the 1867 line runs for over a thousand miles on a diagonal from the Bering Strait southwesterly in the Bering Sea toward the end of the Aleutian chain. (The other part of the line runs due north from the Bering Strait.) For this diagonal portion, the Department of State interpreted it to be the shortest line on a globe between two points, i.e., the arc of a great circle. The Soviets, in typical fashion to exert maximum advantage, interpreted the diagonal as a straight line on a flat mercator map, i.e. a rhumb line. The upshot was that the Soviet version shifted the line eastward from the U.S. version, and gave the Soviets about 50,000 square miles more seabeds.

An uneasy impasse continued until 1981 at which time the two sides began negotiations. Again, the Department of State conducted its actions in total secrecy without meaningful consultations with Congress, the State of Alaska, or the public.

The issue was brought to public light in 1984, resulting in heated public and congressional attention. The Department of State had not intended on any public scrutiny, but one purpose of a maritime boundary, i.e., establishing seabeds for exploration of mineral resources, brought the matter to the surface. Offshore oil and gas leases are administered by the Department of the Interior. In March 1984 it was trying to lease out the Navarin Basin in the Bering Sea, but had to admit that it did not know where the western

boundary of the Navarin Basin was because the Department of State had not arrived at an agreement. (15) Thus it warned the bidding oil companies that they might not get leases on the blocks on the western edge even though they submitted bids for them. It turned out that winning bids on 17 such blocks totalling over \$108 million were received from Shell, Amoco, Arco, and Unocal, but the leases were never issued because the dispute continued on for six more years.

The next round was held in Moscow in July 1984. A total of eight rounds were held from 1981 to 1990, though the Department of State has refused to release the names of negotiators and the dates and places of all the rounds of negotiations. (16)

Sharp disapproval of the Department of State's actions echoed in Congress, in state legislatures, and in public groups. The efforts in the Senate were led by the Ranking Member of the Foreign Relations Committee, Senator Jesse Helms, who introduced a series of resolutions. (17) In the House, Congressmen Mark Siljander, William Dannemeyer, and Dan Burton introduced bills in the 99th, 100th and 101st Congresses respectively. (18) In addition to questioning the potential giveaways in the U.S.-U.S.S.R. maritime boundary negotiations, the common theme of these initiatives was to require that any maritime boundary agreement would have to be in the form of a treaty, and therefore be subject to Congressional advice and consent. The House members were also concerned about the disposal of U.S. property without Congressional consent. The Department of State had steadfastly avoided any Congressional approvals over both the policy matters and the form of agreement,

even though land boundaries between countries always required treaties.

The Alaska Legislature was understandably upset. The State of Alaska was not allowed to participate in any of the negotiations, even though the boundary would affect its territory, its property, and its seabeds rights. In the federal system of government in the U.S., it had been settled procedure that a state needed to be included in the negotiations for, and consent to the contents of, an agreement affecting its boundaries. Secretary of State Daniel Webster insisted on this principle in the 1846 negotiations with Lord Ashburton of Great Britain to set a boundary between Maine and ~~what was to become Canada~~. Both the states of Maine and Massachusetts (which had some residual interests there) were required to participate and to consent to the outcome. (19)

Urging the Department of State to resist the Soviet demands was the subject of the resolution introduced by Alaska State Representative Roger Jenkins. It passed both houses unanimously and was signed by Gov. Bill Sheffield in April 1986. (20) After repeated rebuffs, the legislature passed a resolution introduced by State Senator Rick Uehling and signed by Gov. Steve Cowper in May 1988 complaining that it was being improperly excluded from the negotiations. The Department of State contends that it briefed the Alaska governor's staff on various occasions during the negotiations, but since none of the governors' staffs held federal security clearances, they would not have been able to have access to any of the substantive parts of the negotiations which were all considered classified..

In a curious turn of events, Alaska's congressional delegation was split on this matter. Representative Don Young was a co-sponsor of the bill HR 2383 to require a treaty. However, Senator Ted Stevens appeared before the Alaska Legislature in March 1986 and declared, "Alaskans don't belong in that fight." (21) Senator Frank Murkowski made a promise to introduce a bill in December 1985 to require the Department of State to give a full report on the matter, but never fulfilled on his promise. (22)

The California Legislature jumped into the fray, seeing that its rights as a state would be infringed with its boundary with Mexico if Alaska was allowed to be snubbed. It passed a resolution in Sept. 1987 authored by Assemblywoman Marian La Follette to support the rights of Alaska to be represented on any negotiations affecting its boundaries. (23)

Numerous nationwide and local groups passed resolutions questioning the impending giveaway, including the American Legion, Veterans of Foreign Wars, Daughters of the American Revolution, and Young Americans for Freedom. Editorials and news stories appeared in several newspapers around the country, including the Wall Street Journal, Christian Science Monitor, Chicago Tribune, and Detroit Free Press.

Undaunted, the Department of State in 1990 announced that it had worked out an agreement with the Soviets, which would be signed when President Mikhail Gorbachev visited Washington in June. The revised boundary line turned out to be a contorted version of the previous one with some unique sovereignty policy features added. (24) It still left the five islands in the Arctic and the three

at the end of the Aleutians on the Soviet side. It went north-south right through the reef that extends westward from the U.S.'s Little Diomedé Island in the Bering Strait, giving the Soviets the western end of the reef. Inasmuch as governments are not generally entitled to exercise sovereignty within another country's borders, except within embassy grounds, a new type of sovereignty concession was created for four "special areas", two on each side of the line. For the two western special areas, "...the United States agrees that henceforth the Soviet Union may exercise the sovereign rights and jurisdiction that the United States would otherwise be entitled to exercise under international law in the absence of the agreement of the Parties on the maritime boundary." A similar arrangement was made for the two eastern special areas such that the U.S. would exercise sovereign rights and jurisdiction over otherwise Soviet seabeds.

A significant geographical implementation problem exists, since the agreement mentions measuring 200 nautical miles from the baselines of the U.S. and Soviet coasts. The U.S. Coast and Geodetic Survey has never compiled an accurate survey in the vicinity of Little Diomedé Island, from which an accurate baseline could be depicted.

Moreover, the constructive ceding of these islands to the Russians would likely constitute a massive taking of property that would require just compensation. Not only should the State of Alaska be entitled to compensation for its loss, but the heirs and successors of the Lomen Brothers would have a substantial claim for its ~~ownership~~ ownership of Wrangell Island.

The maritime boundary agreement was signed by Secretary of State James A. Baker III and Soviet Foreign Minister Eduard Shevardnadze on June 1, 1990, as announced. It purported to be a treaty, even though its negotiations did not actively involve the Senate in its constitutional role of "advice" prior to the signing.

A troubling side agreement was signed at the same time by Messrs. Baker and Shevardnadze. It stated, "...pending the entry into force of that (Maritime Boundary) Agreement, the two Governments agree to abide by the terms of that Agreement as of June 15, 1990." (25) The obvious trouble with it was that it implies that an executive agreement signed by foreign affairs representatives of each government (not even heads of state) could have the exactly same effect as a ratified treaty. Why even have the "treaty", which would be merely a charade if the executive agreement could constitutionally accomplish an identical purpose?

A second troubling aspect was that this side agreement was kept hidden from public view by the Department of State. It was not announced at the time of its signing. It was not included in the transmittal of the maritime boundary agreement to Congress in September 1990. It was not mentioned in the Department of State testimony at the Senate Foreign Relations Committee hearing on the maritime boundary treaty in June 1991. It did not come up in the Senate committee report, nor in the Senate floor debate in September.

Prior to the Senate vote, the state legislatures of Alaska and California again expressed strong disapproval and urged rejection. A letter signed by a majority of the members of the Alaska

Legislature stated, "We firmly believe United States interests and Alaskan interests are at stake and in jeopardy in the proposed treaty. ... No Alaskan official has ever been invited to participate in the treaty negotiations, in spite of abiding Alaskan interests in fisheries, petroleum and other potential continental shelf resources and the consideration of navigation in the area. In the entire history of the treaty negotiations, Alaska has had no official voice." (26)

The California Legislature joined in with unanimous passage of a resolution authored by State Senator Don Rogers renewing its support for the State of Alaska and asking the President to withdraw the proposed treaty. (27)

The Senate did pass the proposed treaty on Sept. 16, 1991. The Department of State had testified at the Senate hearing, "The agreement is a maritime boundary agreement. It does not recognize Soviet sovereignty over those (five Arctic) islands." Senator Helms was not impressed with the Department of State's ultimate intentions, stating, "Since I doubt that the State Department will make use of the opportunity to press U.S. claims to the five islands--even though the right to do so is preserved--I intend to vote against the treaty." (28)

Despite the vote, the maritime boundary agreement has not been fully ratified or put into force. Intervening events have dissolved the government of the Soviet Union, which had not ratified it as of the time it fell in 1992. The successor regimes in the Russian Federation have not acted on it either.

Thus the situation is truly in limbo at the present. The validity of the side agreement is highly questionable. The agreement could be withdrawn by the U.S. at any time, either by an act of the President or a rescission vote of the Senate.

There's a new Administration in Washington and a new Congress which may just want to take a fresh look at a perfect opportunity to capitalize on the defensive posture of the Russian government for the benefit of the American public.

Maybe it's time to ask just who won the Cold War anyway? Shouldn't the American public receive some quid pro quo in its aftermath? Shouldn't the federal system of states vis-a-vis the federal government be respected? Shouldn't the Department of State enforce the international law principle that military aggression by one country is not an acceptable method of obtaining sovereignty? If the Germans, Poles, Hungarians, Czechoslovakians, and so forth can remove the Russian invaders from their soil, why shouldn't the United States be able to do the same?

Footnotes:

- (1) Calvin Leighton Hooper, Report of the Cruise of the U.S. Revenue Steamer Thomas Corwin in the Arctic Ocean, 1881, Senate Executive Document 204, 1884, p. 66
- (2) John Muir, The Cruise of the Corwin, Houghton Mifflin, Boston, 1917, p. 169.
- (3) Leonard F. Guttridge, Icebound, Naval Institute Press, 1986, p. 182.
- (4) U.S. Geological Survey Bulletins No. 169, 1900, No. 187, 1902, and Nos. 274 and 299, 1906.
- (5) William R. Hunt, Stef, University of British Columbia Press, Vancouver, 1986, p. 196.
- (6) David B. Nolan and Mark J. Seidenberg, "The Right of American Sovereignty over Wrangell Island", Musk-Ox, Volume 29, 1981, University of Saskatchewan, pp. 6-7.
- (7) Herbert H. D. Pierce, Foreign Relations of the United States, 1902, Appendix 1, Washington, 1903, pp. 18 and 107.
- (8) Russian diplomatic note of November 13, 1916.
- (9) The Geographer, U.S. Department of State, International Boundary Study No. 14 (Revised), "U.S.-Russia Convention Line of 1867, October 1, 1965, p. 3.
- (10) Green Haywood Hackworth, Digest of International Law, 1973, Vol. 1, Chap. 4, p. 465.
- (11) Diplomatic Note 99 of January 24, 1977.
- (12) Department of State telegram 013984 from Secretary of State to American Embassy, Moscow, DTG 211915Z JAN 77, p. 1

(13) Seward-de Stoeckl treaty of Cession of Alaska, Article I, final clause, "...so as to include in the territory conveyed the whole of the Aleutian islands east of that meridian." The meridian referred to was 193 degrees west (or 167 degrees east). This meridian divides the Komadorskiye Island group of the Aleutians so as to give the U.S. Copper Island, Sea Otter Rock, and Sea Lion Rock, and give the Russians a seaward buffer from the Kamchatka Peninsula with the island of Bering.

(14) American Embassy, Moscow, telegram 01163, to Secretary of State, DTG 251544Z JAN 77, p. 1

(15) The Department of State representatives at the July 1984 negotiations included the Legal Advisor Davis Robinson, attorneys Elizabeth Verville and Scott Hajost, and staff members Harry Marshall, Richard T. Scully, and Robert W. Smith.

(16) Federal Register, March 16, 1984, pp. 10056-10068.

(17) Senate Resolution 279 in 99th Congress (Congressional Record, Dec. 18, 1985, pp. S18002-180021); Senate Resolution 20 in the 101st Congress (Congressional Record, Jan. 25, 1989, pp. S779-787); and Amendment 387 to the Department of State Authorization Bill in the 101st Congress (Congressional Record, July 20, 1989, pp. 28438-8447.).

(18) House of Representatives Bill 3766 introduced by Congressman Mark Siljander on Nov. 14, 1985, HR Bill 341 by William Dannemeyer on Jan. 6, 1987, and HR Bill 2383 by Congressman Dan Burton on May 17, 1989.

(19) Hunter Miller, Treaties and Other International Acts of the United States, Volume 4, U.S. Department of State, pp. 383-393.

- (20) Alaska House Joint Resolution 53, 14th Legislature
- (21) "Oil deposits shift Cold War to drab, icy Arctic islands",
Miami Herald, March 23, 1986
- (22) Sen. Frank Murkowski, Letter to the Editor, Wall Street
Journal, Dec. 2, 1985.
- (23) California Assembly Joint Resolution No. 37, adopted Sept. 10,
1987
- (24) Agreement with the Union of Soviet Socialist Republics on the
Maritime Boundary, Senate Treaty Document 101-22.
- (25) U.S. Treaties and Other International Act series no. 11451.
- (26) Letter dated May 17, 1991, from 36 members of the Alaska
Legislature to Senator Joseph Biden, Chair, Subcommittee on
European Affairs, Senate Committee on Foreign Affairs.
- (27) California Senate Joint Resolution 20, adopted Sept. 3, 1991.
- (28) Congressional Record, Sept. 16, 1991, p. S13037.

The authors Olson, Seidenberg, and Selle are Chairman, Vice-Chairman, and Senior Advisor, respectively, of State Department Watch, a nonpartisan foreign policy watchdog group headquartered in Washington, D.C.

STATEMENT OF CARL OLSON

Good evening, ladies and gentlemen. My name is Carl Olson, and I am ~~was~~ chairman of State Department Watch, a nonpartisan foreign policy watchdog group headquartered in Washington, D.C., with a West Coast Office in Los Angeles.

Our group has been fighting the horrendous potential giveaway of Alaskan territory and seabeds to the Russians for over ten years now. We were the only group allowed to testify at the U.S. Senate Committee hearing when the U.S.-U.S.S.R. Maritime Boundary Agreement came up for debate.

I strongly urge passage of this resolution, since for the 15 years that the federal government has been working on this proposed maritime boundary, it has never voluntarily allowed the State of Alaska or the general public to participate. Definite legal action is needed as soon as possible to correct this.

As you know, the Alaska legislature has passed a series of resolutions on this matter over the past 8 years, and even sent a letter to the U.S. Senate Committee on Foreign Relations urging renegotiations which would include full participation and consent by the State of Alaska. But so far it's been to no avail.

To add insult to injury, at the time that the proposed Maritime Boundary Agreement was signed on June 1, 1990, by Secretary of State James A. Baker III and Soviet Foreign Minister Eduard Shevardnadze, they signed a secret side agreement. It stated that the two governments would abide by the terms of the proposed agreement regardless of whether it were ever ratified or put into effect in the normal diplomatic process. This act amounts to a

unilateral amendment to the Constitution which gives the Secretary of State the power to adopt agreements that normally take a completed treaty to implement. I noted that this was also a secret agreement. It was not disclosed at the time it was signed in June 1990. It was not mentioned in the President's transmittal of the proposed maritime boundary agreement to Congress. It was not mentioned by the State Department in its testimony at the Senate Committee hearing. It was not brought up in the Senate Committee's report. And it never was referred to in the Senate floor debate.

Our organization State Department Watch is nationwide in scope. You may know that partly as a consequence of our work, tens of thousands of protest letters from all over the country have been delivered to the State Department over this giveaway issue. Several nationwide and local groups have adopted resolutions opposing the giveaway, including the American Legion, Veterans of Foreign Wars, Daughters of the American Revolution, and Young Americans for Freedom. Speaking as I am tonight from California, I want to let you know that the State of California is behind you. The State Legislature a few years ago passed a resolution backing Alaska's rights in this area, since a threat to one state's sovereignty and borders is a threat to all. A couple days ago California State Senator Don Rogers informed me that he expects to introduce an updated joint resolution of support into the legislature here and expects it to pass overwhelmingly.

I wish to conclude by again urging that legal action needs to be taken and that the governor and attorney general need to be impressed with the magnitude and severity of the problem. We will help in any way possible.

FOR MARK SEIDENBERG
Room 260
5 PAGES

STATEMENT OF MARK J. SEIDENBERG

Good evening, ladies and gentlemen. My name is Mark Seidenberg, and I am vice-chairman of State Department Watch, a nonpartisan foreign policy watchdog group headquartered in Washington, D.C.

~~and~~ Tonight I want to impress on you how large of a loss that the State of Alaska is facing if it fails to fight for its rights. We all have known that Alaska is larger than twice the size of Texas. But too few have also realized that in 1977, the United States grew by about three times the size of Texas in the vicinity of Alaska because it was now entitled to the 200 miles of exclusive economic zone extending seaward from every coastline. Because of the proposed U.S.-U.S.S.R. maritime boundary, the federal government is intent on giving away enough seabeds in the Arctic Ocean and Bering Sea equal to about one Texas-size territory.

The State of Alaska faces losses of sovereignty, property, mineral and other resource rights, and related businesses and jobs. The total could easily range into the billions of dollars. As you may know, because of the Submerged Lands Act, states own rights to the submerged lands out to three miles from their coastlines. Thus the State of Alaska will be deprived of its submerged lands around Wrangell, Herald, Bennett, Jeannette, and Henrietta Islands in the Arctic, and around Copper Island, Sea Lion Rock, and Sea Otter Rock at the westernmost part of the Aleutians. In addition, the submerged lands around Little Diomed Island in the Bering Strait have been arbitrarily chopped off by the federal government negotiators in their drawing of the proposed maritime boundary. It slices across the westernmost reef and does not even pretend to

be an equidistant boundary between Little Diomede and Big Diomede Islands.

The hasty manner by which the federal government negotiated the proposed boundary line can be seen in an obvious ignoring of the basics of setting the EEZ line to begin with. It is supposed to be measured from a baseline formed by the mean lower low waterline on the coast. However, the U.S. Coast and Geodetic Survey has informed us that it has never conducted the necessary surveys to establish the baseline along the relevant coasts. Thus it is apparent that the federal government was not interested in doing a thorough and accurate job to begin with.

Let's look now at some of the lost resources. There's a good probability that valuable oil and gas deposits exist throughout the Chukchi Sea. These represent potential revenue sources through direct ownership of the submerged lands and by taxing other production. Moreover, the attendant economic activity will be a great boost to Alaska's economy.

Alaska is also the largest fishing state in the country. The Texas-sized seabeds to be abandoned to the Russians include fishing grounds. One can readily see how massive the loss would be for the U.S. fishing fleets, their crews, and the related shore-based processing facilities.

If the proposed maritime boundary agreement is allowed to take effect unchallenged, the economic health of Alaska will be significantly affected. This is a plight not just for Alaskans, but for all Americans to be concerned about. Our group pledges its efforts to help Alaska to assert and win its proper sovereignty, property, mineral, and other resource rights.

Alaska State Legislature



While in Session:
State Capitol Building
Juneau, Alaska 99801-1182
907-465-3719

Interim:
119 N. Cushman
Suite 211
Fairbanks, Alaska 99701
907-456-5081

Representative Al Vezey

SPONSOR STATEMENT

On August 14, 1867 Captain Thomas Long and the crew of the whaling bark "Nile", from New London, Connecticut, discovered Wrangell Island in the Chukchi Sea. Captain Long named the Island after the former governor of Russian Alaska, Baron Ferdinand Petrovich von Wrangell. This Island has an area of 1,740 square miles, larger than the state of Rhode Island and is located some 270 miles northwest of Cape Lisburne, Alaska.

Even though Captain Long was the first to sight and to describe Wrangell Island, the first recorded landing on the island occurred August 12, 1881, when Captain Calvin L. Hooper, commander of the Bering Sea Patrol, a division of the U.S. Treasury Department and as such, the de facto governor of Alaska, landed at Clark River on the eastern coast of Wrangell Island. With his fellow officers and John Muir (who later founded the Sierra Club) they raised the American Flag and took possession of the island in the name of the United States.

Wrangell Island and its nearby satellite island Herald Island were placed by the United States Coast and Geodetic Service within the District and later Territory and State of Alaska in publications from 1900 through 1977.

The De Long Islands of Henrietta, Jeannette and Bennett were first discovered in the East Siberian Sea and were claimed and named by U.S. Navy Commander George W. De Long during his 1879 - 1881 expedition into the Arctic where the commander and his crew died when their ship, the "JEANNETTE", was crushed by ice floes and sank.

Captain Hooper was engaged in a Congressionally sponsored effort to rescue the "JEANNETTE", a vessel engaged in Arctic research that was locked in ice floes and subsequently lost. Therefore Captain Hooper had the authority to claim Wrangell Island for the United States.

Wrangell Island became a part of the United States by right of confirmed discovery and first possession. Later, a permanent settlement was established there when the American ship "SILVER WAVE" landed a party on the island on September 15, 1921 under the direction of Captain Jack Hammer. The party landed with provisions for only six months as they stated that they planned to sustain themselves by hunting. The relief vessel of 1922 was blocked from arriving by ice floes and it was not until August 23, 1923 that the ship "DONALDSON" arrived. The only survivor of the 1921 expedition was an Eskimo woman named Ada "Blackjack" Johnson, who died just a few years ago in Alaska.

A new party led by Charles Wells of Uniontown, Pennsylvania continued settlement on Wrangell Island and on May 13, 1924, Secretary of State Charles Evans Hughes stated that the Americans, the Lomen Brothers, were the proprietary owners of Wrangell Island.

On August 20, 1924, an armed party from the Soviet gunboat "RED OCTOBER" landed on Wrangell Island, took Wells and other Americans by force, and told them that they were being returned to Alaska. In typical Soviet fashion, they took the Americans to Vladivostok and confiscated the pelts that the American trappers had accumulated during the 12 bitter months on the island.

The Americans who survived their ordeal in Vladivostok were released following the intervention of the American Consul at Harbin, Manchuria but Charles Wells and two residents of Alaska died while detained by the Soviet Government.

The residents of Alaska who survived were all from Golovin Bay, Alaska. They survived the severe physical and emotional trauma resulting from the assault, kidnapping, false imprisonment, theft of property together with other violations of American and Alaska law by the agents of the Soviet regime.

After seizing Wrangell Island, the Soviet government proceeded to seize more American soil by occupying the nearby and defenseless Herald Island. The Soviet government subsequently asserted a spurious claim to the American De Long Island of Henrietta, Jeannette and Bennett.

These illegal acts by the Soviet government interrupted 57 years of peaceful use of these island by American seamen, herders and hunters.

The Soviet occupation of what they refer to as Ostrova De Long is an affront to all Americans, is an insult to the memory of their brave discoverer and a source of embarrassment to the United States Navy, which memorializes whose memory at the Naval Academy in Annapolis.

The soil of all five of these American islands and their surrounding continental shelf has been held by the military force of a foreign power, in contravention of international law and by conduct that is contrary to what is recognized as proper by civilized nations.

The Soviet government has typified the uncivilized conduct of socialist dictatorships by establishing forced labor camps on Wrangell Island as reported in testimony before the U.S. Senate Judiciary Committee in January of 1973. It has also been reported that Wrangell Island was the last known place of imprisonment of Raoul Wallenberg, the Swedish Consul in Budapest, Hungary, who was arrested by Soviet Forces at the end of World War II. Mr. Wallenberg was responsible for saving the lives of thousands of European Jews from the Nazi Holocaust.

This conduct on American soil has continued in defiance of American law as well as in defiance of the international rules of conduct resulting from the Nuremberg war crime trials after World War II. The continuing trespass by the Commonwealth of Independent States, the heir to the former Soviet Union, deprives the State of Alaska and its people of their fundamental right to use the islands of Wrangell, Herald, Henrietta, Jeannette and Bennett together with the surrounding continental shelf and its valuable resources.

Unlike the government of Canada and Great Britain, the United States has never surrendered its claims of sovereignty over these islands.

The then Secretary of the U.S. Department of State, James Baker III, negotiated a treaty to give the islands of Wrangell, Herald, the American De Long Island of Henrietta, Jeannette and Bennett and Copper Island, Sea Lion Rock and Sea Otter Rock on the west end of the Aleutian Chain and their territorial shelf to the Former Soviet Union.

Secretary Baker also signed a secret side agreement that stated the Bush administration would recognize the treaty "in force" until such time as the United States Senate ratified the proposed treaty. The Secretary had no authority to make such agreements. American government is not permitted to enter into secret international treaties.

The sponsor of this bill does not believe that agreements between the United States and the former Soviet Union, which no longer exists, whether they be secret or otherwise, can affect American claims to these islands until they have been ratified by the United States Senate.

The sponsor of this legislation believes that the State of Alaska and the American Government should assert and reassert American sovereignty over Wrangell Island, Herald Island, and the De Long Islands of Henrietta Jeannette and Bennett and Little Diomed Island in the Bering Strait, their resources, and their territorial shelf in the behalf of the American people. We further propose that the maritime boundary between Alaska and eastern Russia not be established until and unless the State of Alaska is formally represented in the negotiations and its consent obtained.

MIKE NAVARRE

REPRESENTATIVE

DISTRICT 9



**ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES**

DURING SESSION
STATE CAPITOL
JUNEAU, AK 99801-1182
(907) 465-3779

HOME ADDRESS
Box 169 — KENAI, AK 99611
(907) 262-7842

SPONSOR STATEMENT

January 24, 1995

TO: Representative Ramona Barnes, Chair, House Special Committee on World Trade and State/Federal Relations

FROM: Representative Mike Navarre *Mike Navarre*

SUBJECT: HJR 12, "Supporting line item veto power for the President of the United States."

.....

House Joint Resolution 12 was introduced to encourage and support the line item veto power for the President of the United States.

As the national deficit continues its upward spiral, the President of the United States is lacking one of the tools to help slow the budget spiral--the line-item veto.

Presidents Bush and Clinton have encouraged and supported the line-item veto as a means to control the ever-increasing federal budget. President Bush in his 1992 State of the Union Address said, "I call upon the Congress to adopt a measure that will help put an end to the annual ritual of filling the budget with pork-barrel appropriations. Give me the same thing 43 governors have, the line-item veto, and let me help you control spending."

During his presidential campaign, President Clinton was quoted as saying, "I strongly support the line-item veto, because I think it's one of the most powerful weapons we could use in our fight against out-of-control deficit spending."

The line-item veto for the President has been debated for more than one hundred years. The line-item veto first appeared in the Constitution of the Confederate States in 1861. On many occasions line-item veto legislation has been introduced in Congress, but none have passed.

Alaska is one of the states where the Governor's line-item veto has a successful and proven track record. The line-item veto has assisted the budget process in Alaska and should prove useful on the national level.

The line-item veto does not completely insure that budget deficits will disappear, it is one part of the package that could make a difference. The veto authority would be a statement to the public that Congress is serious about addressing the Federal deficit.

Thank you for your consideration.



recycled paper



Alaska Environmental Lobby, Inc.

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Juneau, Alaska 99802

Phone: 907-463-3366

Fax: 907-463-3312

The Alaska Environmental Lobby heartily supports House Joint Resolution 26. We feel that Alaska is entitled to fully 90% of the royalties from oil, gas and coal leasing on federal land. All royalty revenues that are derived from responsible, environmentally sound practices, which further our ability to increase effective resource use, allow for job opportunities to small business persons as well as multi-national corporations and reduce waste are certainly the due of this great state. We feel that this is truly a states rights issue.

Oil, gas and coal lease revenues are derived from precious non-renewable resources which are available in diverse locations throughout the state.

The Alaska Environmental Lobby represents individuals throughout the state, from Fairbanks to Fritz Creek, from Marshall to Metlakatla, who are independently minded and environmentally aware and concerned about our state's continued financial security, safety and intelligent movement forward into the 21st century.

ALASKA CENTER FOR THE ENVIRONMENT • ALASKA CHAPTER, SIERRA CLUB • ALASKA FRIENDS OF THE EARTH
ANCHORAGE AUDUBON SOCIETY • ARCTIC AUDUBON SOCIETY • CLEAN AIR COALITION • DENALI CITIZENS' COUNCIL
DENALI GROUP, SIERRA CLUB • JUNEAU AUDUBON SOCIETY • JUNEAU GROUP, SIERRA CLUB
KACHEMAK BAY CONSERVATION SOCIETY • KENAI PENINSULA AUDUBON SOCIETY • KNIK CANOERS AND KAYAKERS
KNIK GROUP, SIERRA CLUB • KODIAK AUDUBON SOCIETY • LYNN CANAL CONSERVATION • NORTHERN ALASKA ENVIRONMENTAL CENTER
PRINCE WILLIAM SOUND CONSERVATION ALLIANCE • SITKA CONSERVATION SOCIETY • SOUTHEAST ALASKA CONSERVATION COUNCIL • TONGASS CONSERVATION SOCIETY



HOUSE SPECIAL COMMITTEE ON WORLD TRADE AND STATE/FEDERAL
RELATIONS

February 14, 1994

5:12 p.m.

MEMBERS PRESENT

Representative Ramona Barnes, Chairman
Representative Gail Phillips, Vice Chairman
Representative Eldon Mulder
Representative Bill Williams
Representative Gary Davis
Representative Gene Kubina

MEMBERS ABSENT

Representative Jerry Mackie

OTHER HOUSE MEMBERS PRESENT

Representative Scott Ogan
Representative Jeannette James
Representative Richard Foster

COMMITTEE CALENDAR

- * HJR 22 "A Resolution relating to the maritime boundary between Alaska and the former Union of Soviet Socialist Republics".

PASSED OUT OF COMMITTEE

- * HJR 12 "A Resolution supporting line item veto power for the President of the United States".

PASSED OUT OF COMMITTEE

- * HJR 26 "A Resolution urging the United States Congress to uphold Alaska's right to 90% of the royalties from oil, gas and coal leasing on state land as provided by the Statehood Compact adopted by a vote of the people on April 24, 1956".

PASSED OUT OF COMMITTEE

(* First public hearing)

WITNESS REGISTER

REPRESENTATIVE AL VEZEY

Alaska State Legislature

State Capitol, Room 216

Juneau, Alaska 99801-1182

Telephone: 465-3719

POSITION STATEMENT: Offered sponsor statement for HJR 22

MARK SEIDENBERG, Vice Chairman

State Department WATCH Ltd.

66A North Bedford Street

Arlington, Virginia 22201

Telephone: (818) 223-8080

POSITION STATEMENT: Supported HJR 22

REPRESENTATIVE MIKE NAVARRE

Alaska State Legislature

State Capitol, Room 521

Juneau, Alaska 99801-1182

Telephone: 465-3779

POSITION STATEMENT: Offered sponsor statement for HJR 12

REPRESENTATIVE NORMAN ROKEBERG

Alaska State Legislature

State Capitol, Room 110

Juneau, Alaska 99801-1182

Telephone: 465-4968

POSITION STATEMENT: Offered sponsor statement for HJR 26

SARA HANNAN

Executive Director

Alaska Environmental Lobby, Inc.

Post Office Box 22151

Juneau, Alaska 99802

Telephone: 463-3366

POSITION STATEMENT: Supported HJR 26

PREVIOUS ACTION

ACTION NARRATIVE

TAPE 95-4 SIDE A
Number 000

The meeting of the House Special Committee on World Trade and State/Federal Relations was called to order by Chairman Ramona Barnes at 5:12 p.m. Members present at the call to order were Representatives Barnes, Phillips, Williams, G. Davis and Kubina. Members absent were Representatives Mulder and Mackie.

CHAIRMAN RAMONA BARNES stated that there was a quorum present.

Number 004

HJR 22 - A RESOLUTION RELATING TO THE MARITIME BOUNDARY BETWEEN ALASKA AND THE FORMER UNION OF SOVIET SOCIALIST REPUBLICS

REPRESENTATIVE AL VEZEY, sponsor of the measure, stated that HJR 22 is not a radical proposal as some have suggested that perhaps Alaska is trying to start a confrontation with the Soviet Union, which is not the case at all. Until 1984, the policy of the United States government was that Wrangell Islands, Herald Islands, the American De Long Islands were U.S. Territories by virtue of discovery and possession. The U.S. did have sovereignty over these islands until the administration of the U.S. State Department unilaterally said that we didn't have possession. The U.S. Congress has never concurred in that statement, there's never been a treaty signed and to this day, the border between the Soviet Union and Alaska is undetermined. Around 1988, there was an offshore oil lease sale in the Navarin Basin. Ultimately, the federal government gave the purchasers their money back because the leases were never issued because the U.S. could not ascertain that we owned those offshore basin even though they were within our 200-mile limit.

Number 030

REPRESENTATIVE VEZEY said the claim to this island starts back in 1867, when Captain Thomas Long and his crew discovered Wrangell Island in the Chukchi Sea. Captain Long named the island after the former governor of Russian Alaska, Baron Ferdinand Petrovich von Wrangell. The island has an area of 1,740 square miles and is located some 270 miles northwest of Cape Lisburne.

REPRESENTATIVE ELDON MULDER arrives at 5:20 p.m.

Number 130

REPRESENTATIVE VEZEY stated that the first recorded landing of the Wrangell Island wasn't until 1881, when Captain Long raised the American flag and took possession of the island in the name of the U.S. In 1921, Arctic explorer Vilhjalmur Stefansson, an American, acquired the rights to the island and established a settlement. The settlement failed in 1923.

Number 142

REPRESENTATIVE VEZEY added that a year later, Russians captured a few American settlers and sent them to Vladivostok. Subsequent to that date, the U.S. still asserted its claim to those islands. He went on to say that there is much at stake for Alaska, there's 10's of thousands of square miles of seabed over which we have some rights to, mostly federal rights. There is a great deal of land. It wasn't until 1959, that the Soviets finally paid reparation for the property, not the land they confiscated in 1924.

Number 171

MARK SEIDENBERG, Vice Chairman, State Department WATCH Ltd., wished to impress upon the committee just how large a loss Alaska would suffer if we failed to fight for its rights. Because of the proposed U.S.-U.S.S.R. maritime boundary, the federal government is intent on giving away enough seabeds in the Arctic Ocean and Bering Sea nearly equal to the size of Texas. Alaska faces the loss of sovereignty, property, mineral and other resource rights and related businesses and jobs. This total could easily range into the billions of dollars.

Number 215

MR. SEIDENBERG stressed the point that there's a good probability that valuable oil and gas deposits exist throughout the Chukchi Sea. These represent potential revenue sources through direct ownership of the submerged lands and taxing other production.

Number 230

MR. SEIDENBERG read from a prepared statement on behalf of CARL OLSON, Chairman of the State Department WATCH, Ltd. In the statement, Mr. Olson said that his group had been fighting the horrendous potential giveaway of Alaskan territory and seabeds to the Russians for over 10 years. For over 15 years the federal government has been working on the proposed maritime boundary, it has never voluntarily allowed Alaska or the general public to participate. Mr. Olson suggested legal action to correct this problem.

MR. SEIDENBERG continued on Mr. Olson's behalf and recalled a proposed Maritime Boundary Agreement that was signed on June 1, 1990 by Secretary of State James Baker III and Soviet Foreign Minister Eduard Shevardnadze, who also signed a secret side agreement. It stated that the two governments would abide by the terms of the proposed agreement regardless of whether it were ever ratified or put into effect in the normal diplomatic process. This amounts to a unilateral amendment to the Constitution which gives the Secretary of State, the power to adopt agreements that normally take a completed treaty to implement.

Several nationwide and local groups have adopted resolutions opposing the giveaway, including the American Legion, Veterans of Foreign Wars, Daughters of the American Revolution and Young Americans for Freedom. The California State Legislature passed a resolution a few years ago backing Alaska's rights in this area, since a threat to one state's sovereignty and borders is a threat to all.

Number 290

CHAIRMAN BARNES acknowledged the fine work of Messrs. Seidenberg and Olson and inquired about a U.S. Senate passed a resolution on their behalf.

Number 305

REPRESENTATIVE GAIL PHILLIPS inquired of the sponsor as to what Alaska's congressional delegation position was on this resolution.

REPRESENTATIVE VEZEY stated that from all correspondence, they do not wish the U.S. government to assert any territorial claims over the area.

Number 320

REPRESENTATIVE PHILLIPS asked what counter action was taken by our delegation after the 1990 agreement.

REPRESENTATIVE VEZEY was not up-to-date to be able to offer a qualified answer.

Number 320

REPRESENTATIVE PHILLIPS raised the legal argument regarding the agreement and subsequent breakup of the U.S.S.R.

REPRESENTATIVE VEZEY said that the U.S. State Department would unilaterally abide by that agreement pending ratification by the Russian government and Soviet government and the U.S. Congress. Neither occurred because the Soviet government collapsed and Congress either didn't take up the agreement or it didn't pass. So, for all tense and purposes the whole boundary question is in limbo.

Number 339

REPRESENTATIVE PHILLIPS noted two very differing fiscal notes (one, a zero fiscal note) accompanying this resolve and asked about the high fiscal note of \$150,000. Since this has been researched and researched, to the point of having volumes and volumes of historical perspective, there wouldn't be any need for the Department of Law to require the services of an international law expert in Washington, D.C. to spend around 500 hours of research.

REPRESENTATIVE VEZEY could not see any reason for a high fiscal note and felt that we already have enough research for the state to be able to take a position and added that all the resolution is asking is that the U.S. not enter into a treaty with the Soviet Union without allowing a representative from Alaska to participate in the negotiations.

REPRESENTATIVE PHILLIPS stated that a fiscal note from the Administrative Services Division signed by Rod Pegues, says that HJR 22 would require a study of the maritime boundaries in order to determine the following. Representative Phillips was incensed at the fact that if this piece of legislation has been introduced and certainly not new to the State of Alaska that it would have a such an outrageous fiscal note.

Number 359

REPRESENTATIVE MULDER also was offended by the high fiscal note and understood that to mean the administration took dim view of the measure. He wished to reconstruct a fiscal note.

REPRESENTATIVE GENE KUBINA did not feel it was a blatant fiscal note. He suggested that the committee amend the resolution, which .

REPRESENTATIVE KUBINA moved to amend HJR 22 by deleting lines 15-29 from page 3.

CHAIRMAN BARNES called for the question. Hearing no objections, the motion passed.

REPRESENTATIVE PHILLIPS moved that the committee pass HJR 22(am) out of committee with a zero fiscal note and individual recommendations.

CHAIRMAN BARNES called for the question. Hearing no objections, HJR 22 (am) passed out of committee.

Number 431

HJR 12 - A RESOLUTION SUPPORTING LINE-ITEM VETO POWER FOR THE PRESIDENT OF THE UNITED STATES

REPRESENTATIVE MIKE NAVARRE, sponsor of the resolution, stated that as the national deficit continues upward, the President is lacking one of the tools to help slow the budget spiral--the line-item veto. The item veto for the President has been debated for over 100 years. The line-item veto first appeared in the Constitution of the Confederate States in 1861. On many occasions line-item veto legislation has been introduced in Congress, but none have passed.

REPRESENTATIVE NAVARRE says that Alaska is one of the states where the Governor's line-item veto has a successful and proven track record. The line-item veto has assisted the budget process in Alaska and should prove useful on the national level.

REPRESENTATIVE PHILLIPS thought it was worth noting that this issue has around for over a century and is still being debated.

Number 464

REPRESENTATIVE GARY DAVIS made the motion to move HJR 12 out of committee.

CHAIRMAN BARNES called for the question. Hearing no objections, the motion passed.

Number 469

HJR 26 - A RESOLUTION URGING THE UNITED STATES CONGRESS TO UPHOLD ALASKA'S RIGHT TO 90% OF THE ROYALTIES FROM OIL, GAS AND COAL LEASING ON STATE LAND AS PROVIDED BY THE STATEHOOD COMPACT ADOPTED BY A VOTE OF THE PEOPLE OF ALASKA ON APRIL 24, 1956.

REPRESENTATIVE NORMAN ROKEBERG, sponsor of the measure, said that this legislation serves as a reminder which does not give the U.S. Congress unilateral right to amend the Alaska Statehood Act. Alaska has tried since statehood to avoid a confrontation over issues by working with Congress to ensure that any post-statehood amendments to the Statehood Act did not materially diminish the rights conferred to the State of Alaska by the act of admission into the U.S. Representative Rokeberg pointed out that Section 28 of the Statehood Act clearly states the formula for sharing bonuses, royalties, and rentals under leases will be distributed 90% to Alaska and 10% to the U.S. Treasury. He added that this resolution seeks to reinforce Alaska's resolve to protect our right to the 90-10 sharing formula granted by Congress on July 7, 1958.

Number 500

REPRESENTATIVE PHILLIPS would like the sponsor to verify the date that Alaskans voted on the Statehood Compact.

REPRESENTATIVE ROKEBERG said he will look into verifying the April date. REPRESENTATIVE PHILLIPS is excused from the meeting at 5:55 p.m.

Number 521

REPRESENTATIVE MULDER asked the sponsor if Congress was working on legislation to reduce Alaska's royalty share percentage. REPRESENTATIVE ROKEBERG responded by saying that testimony in committee hearings was taken that the preference by the congressional delegation for Committee Substitute for HJR 13 (Oil & Gas) was not have any indication or they preferred not to have the royalty-share mentioned in that particular resolution. Objections were raised. Representative Rokeberg shared the basic premise that we should not diminish any of our revenues.

Number 535

REPRESENTATIVE ROKEBERG indicated that in conversations with all three of Alaska's congressional offices that the feeling in Washington, D.C. is that if we are going to open up the Arctic National Wildlife Refuge that would be prepared to revert to a 50-50 split.

TAPE 95-4 SIDE B
Number 000

REPRESENTATIVE MULDER makes a motion for a friendly amendment to delete lines 12 and 13 from page 2.

CHAIRMAN BARNES calls for the question. Hearing no objections, the motion passed.

Number 044

SARA HANNAH, Executive Director of the Alaska Environmental Lobby, Inc., thinks that its not only the state's right but the responsibility of a frugal owner, especially with regard to non-renewable resources to oversee responsible, respectable development and that Alaska deserves 90% of the oil and gas royalties due the state in the Statehood Compact.

REPRESENTATIVE MULDER made a motion to move HJR 26(am) out of committee with individual recommendations.

CHAIRMAN BARNES called for the question. Hearing no objections, the resolution passed out of committee.

ADJOURNMENT

There being no further business to come before the House Special Committee on World Trade and State/Federal Relations, CHAIRMAN BARNES adjourned the meeting at 6:05 p.m.



Official Business

COMMITTEES:
Natural Resources
Legislative Council

Alaska State Legislature

Office of World Trade And State/Federal Relations

REPRESENTATIVE
RAMONA L. BARNES
District 22

Anchorage
P.O. Box 103382
Anchorage, AK 99510
(907) 337-7737
(907) 258-8183

State Capitol
Juneau, AK 99801-1182
(907) 465-3438

House Special Committee on World Trade & State/Federal Relations

March 21, 1995 5 p.m.
Capitol, Fahrenkamp Room (203)

AGENDA

- I. CALL TO ORDER
- II. ROLL CALL
- III. COMMITTEE CALENDAR

* HJR 30 "A Resolution relating to an amendment to the Constitution of the United States prohibiting federal courts from ordering a state or a political subdivision of a state to increase or impose taxes."

SJR 12 "A Resolution relating to the United States Department of Agriculture, Forest Service, relating to the United States Department of Agriculture, Forest Service, strategic plan known as "Reinvention of the Forest Service"; and advocating that implementation of the plan be suspended pending Congressional review and consultation with local governments."

- IV. OLD BUSINESS
- V. NEW BUSINESS
- VI. ADJOURNMENT

**REMINDER: Next meeting, Thursday, March 23, 1995, 5 pm. in
Senate Finance Room (532)**

**Presentation: Northern Sea Route by Dr. Orson P. Smith, U.S.
Army Corps of Engineers; Alan F. Walker, Arctic Associates
International; Dr. William Sackinger, Professor Emeritus,
University of Alaska Fairbanks; David Orr, Northern Sea Route
Coordinator, Department of Commerce and Economic
Development; Drs. Andrey & Tatiana Proshutinsky, Russian
meteorologists.**

SENATE JOINT RESOLUTION NO. 12

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY SENATORS TAYLOR, Pearce

Introduced: 1/25/95

Referred: Resources

A RESOLUTION

1 **Relating to the United States Department of Agriculture, Forest Service; relating**
2 **to the United States Department of Agriculture, Forest Service, strategic plan**
3 **known as "Reinvention of the Forest Service"; and advocating that implementation**
4 **of the plan be suspended pending Congressional review and consultation with local**
5 **governments.**

6 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 **WHEREAS** the United States Department of Agriculture, Forest Service, has issued
8 a new strategic plan known as "Reinvention of the Forest Service"; and

9 **WHEREAS** this plan has far-reaching implications and was developed without
10 consultation with key elected leaders, including state governors, members of the United States
11 Congress, or community and tribal government leaders in contradiction of President Clinton's
12 Executive Order No. 12875 "Enhancing Intergovernmental Partnerships"; and

13 **WHEREAS** Vice-President Gore's "Report on Reinventing Government" was
14 developed with the promised intent of empowering local governments and decentralizing
15 decision-making power; and

1 **FURTHER RESOLVED** that, in keeping with federal law, timber commodities are
2 a primary not a residual value of forest management; and be it

3 **FURTHER RESOLVED** that Forest Service employee compensation and cost-of-
4 living allowance be reflective of timber production, and be it

5 **FURTHER RESOLVED** that the United States Department of Agriculture, Forest
6 Service, through a true partnership with local communities, identify and implement strategies
7 for decentralizing decision making and empowering state and local governments to more
8 effectively manage forest ecosystems to assure community stability, improve service to the
9 public, and reduce government cost.

10 **COPIES** of this resolution shall be sent to the Honorable Bill Clinton, President of the
11 United States; the Honorable Al Gore, Jr., Vice-President of the United States and President
12 of the U.S. Senate; the Honorable Dan Glickman, Secretary of Agriculture; the Honorable
13 Bruce Babbitt, Secretary of the Interior; Jack Ward Thomas, Chief of the Forest Service, U.S.
14 Department of Agriculture; and to the Honorable Ted Stevens and the Honorable Frank
15 Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of
16 the Alaska delegation in Congress.

CORRECTION

**THE FOLLOWING DOCUMENT(S)
HAVE BEEN REFILMED TO
ASSURE LEGIBILITY OR PAGINATION**



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Department of Education
State of Alaska

SENATE JOINT RESOLUTION NO. 12

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY SENATORS TAYLOR, Pearce

Introduced: 1/25/95

Referred: Resources

A RESOLUTION

1 Relating to the United States Department of Agriculture, Forest Service; relating
2 to the United States Department of Agriculture, Forest Service, strategic plan
3 known as "Reinvention of the Forest Service"; and advocating that implementation
4 of the plan be suspended pending Congressional review and consultation with local
5 governments.

6 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

7 **WHEREAS** the United States Department of Agriculture, Forest Service, has issued
8 a new strategic plan known as "Reinvention of the Forest Service"; and

9 **WHEREAS** this plan has far-reaching implications and was developed without
10 consultation with key elected leaders, including state governors, members of the United States
11 Congress, or community and tribal government leaders in contradiction of President Clinton's
12 Executive Order No. 12875 "Enhancing Intergovernmental Partnerships"; and

13 **WHEREAS** Vice-President Gore's "Report on Reinventing Government" was
14 developed with the promised intent of empowering local governments and decentralizing
15 decision-making power; and

1 **WHEREAS** the "Reinvention of the Forest Service" strategic plan approved by
2 Secretary of Agriculture Mike Espy, just before his resignation, eliminates the very foundation
3 of locally based authority that had the responsibility of working with states, local communities,
4 and tribal governments and masks and diffuses decision-making authority and withdraws it
5 to Washington, D.C., making the Forest Service less responsive to local concerns; and

6 **WHEREAS** moving the Alaska Region Forest Service office to Portland, Oregon, is
7 an example of the flawed science being used to define ecosystems and ecological boundaries;
8 and

9 **WHEREAS** the newly defined purpose of the Forest Service to promote the
10 sustainability of ecosystems without specifically retaining the traditional Forest Service
11 objective of promoting community stability has already created problems and crises for
12 hundreds of communities dependent upon the national forests and state and private forest
13 ecosystems; and

14 **WHEREAS** the new strategic plan has seemingly turned away from commitment
15 towards providing a continuous flow of renewable resources to meet the public need, as
16 directed in the Organic Act, Multiple-Use Sustained Yield Act of 1960, the National Forest
17 Management Act, and other Acts of the Congress; and

18 **WHEREAS**, under the new strategic plan, the Forest Service is more inclined to
19 present a nebulous plan for ecosystem management where resource yields are simply the
20 by-products of management, with no predictable flows or commitments to supply levels to
21 sustain human life;

22 **BE IT RESOLVED** that the Alaska State Legislature calls upon the newly designated
23 Secretary of Agriculture to suspend implementation of the reinvention project's strategic plan
24 approved by Secretary Espy to allow for Congressional review and for consultation with local
25 governments; and be it

26 **FURTHER RESOLVED** that the United States Department of Agriculture, Forest
27 Service, conduct true partnership meetings with states, communities, and tribal governments
28 to develop a new strategic plan; and be it

29 **FURTHER RESOLVED** that the Forest Service acknowledge the United States
30 Department of Agriculture's legal obligations to rebuild, restore, and promote the economic
31 stability of forest dependent communities; and be it

1 **FURTHER RESOLVED** that, in keeping with federal law, timber commodities are
2 a primary not a residual value of forest management; and be it

3 **FURTHER RESOLVED** that Forest Service employee compensation and cost-of-
4 living allowance be reflective of timber production, and be it

5 **FURTHER RESOLVED** that the United States Department of Agriculture, Forest
6 Service, through a true partnership with local communities, identify and implement strategies
7 for decentralizing decision making and empowering state and local governments to more
8 effectively manage forest ecosystems to assure community stability, improve service to the
9 public, and reduce government cost.

10 **COPIES** of this resolution shall be sent to the Honorable Bill Clinton, President of the
11 United States; the Honorable Al Gore, Jr., Vice-President of the United States and President
12 of the U.S. Senate; the Honorable Dan Glickman, Secretary of Agriculture; the Honorable
13 Bruce Babbitt, Secretary of the Interior; Jack Ward Thomas, Chief of the Forest Service, U.S.
14 Department of Agriculture; and to the Honorable Ted Stevens and the Honorable Frank
15 Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of
16 the Alaska delegation in Congress.

Alaska State Legislature

House of Representatives

Official Business



State Capitol
Juneau, Alaska 99801-1182
(907) 465-3718

House Majority Leader

SPONSOR STATEMENT

The purpose of HJR-30 is to petition the Congress of the United States to prepare and present to the legislatures of all the states an amendment to the Constitution of the United States. This amendment would prohibit the Supreme Court or any inferior court of the United States, from ordering a state or political subdivision of a state to levy or increase taxes.

The resolution comes as a request from the office of Representative Bill Skaggs, from the state of Missouri. This effort was brought about by a court case in Missouri, whereby the Supreme Court mandated the city of Kansas City to charge a tax to fund desegregation expenses ordered by the courts.

Presently there are ten states which have introduced a similar resolution.

Alaska State Legislature

Chairman,
Judiciary Committee

Vice Chairman,
Transportation Committee

Member,
Resources Committee
Western Legislative Forestry Task Force



State Capitol
Juneau, Alaska 99801-1182
907 465-3873
Fax: 907 465-3922

152 Front Street
Ketchikan, Alaska 99901
907 225-8088
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Senator Robin L. Taylor

Sponsor Statement

Senate Joint Resolution No. 12

Before the House Special Committee
on World Trade and State-Federal Relations

March 21, 1995

Early in December, the U.S. Forest Service announced its Reinvention Plan. A copy of that half-inch thick document is on file in my office, for those who care to indulge in detail. Believe me, the devil is in the detail.

Briefly, this plan would centralize decision making in Washington D.C. Such a policy flies in the face of President Clinton's Executive Order No. 12875, which calls for "enhancing intergovernmental partnerships". It also puts lie to Vice-President Gore's "Report on Reinventing Government", with its stated goals of "empowering state and local governments" and "decentralizing decision-making power".

Under "Reinvention", regional forest supervisors and other front line leaders who now have decision-making authority would be replaced with four people "leadership" teams answerable only to the Chief of the Forest Service and the Secretary of Agriculture.

Gone is any pretense of involving local and state governments in USFS decisions. The plan goes so far as to consolidate the regional offices now located in Alaska and Montana to a central office in Oregon.

District A:

Hyder • Ketchikan • Kupreanof • Meyers Chuck • Petersburg • Saxman • Sitka • Wrangell

Sponsor Statement -SJR 12
Page Two

SJR 12 calls for suspension of this plan and true partnership meetings with states, communities, and tribal governments. I have suggested a committee substitute which would add ANSCA corporations to that list. The goal would be the development of a new plan, one that would involve the affected entities up front. The "Reinvention" scheme goes far beyond the relocation of regional offices. If left to stand, it will mean a new era of Forest Service policy dictated from on high, without consulting the very people most impacted by those policies.

HOUSE SPECIAL COMMITTEE ON WORLD TRADE AND STATE/FEDERAL
RELATIONS

March 21, 1995

5:20 p.m.

MEMBERS PRESENT

Representative Ramona Barnes, Chairman
Representative Gail Phillips, Vice Chairman
Representative Eldon Mulder
Representative Gene Kubina

MEMBERS ABSENT

Representative Gary Davis
Representative Bill Williams
Representative Jerry Mackie

COMMITTEE CALENDAR

- * HJR 30 "A Resolution relating to an amendment to the Constitution of the United States prohibiting federal courts from ordering a state or a political subdivision of a state to increase or impose taxes".

PASSED OUT OF COMMITTEE

SJR 12 "A Resolution relating to the United States Department of Agriculture, Forest Service, relating to the United States Department of Agriculture, Forest Service, strategic plan known as "Reinvention of the Forest Service"; and advocating that implementation of the plan be suspended pending Congressional review and consultation with local governments".

PASSED OUT OF COMMITTEE

(* First public hearing)

WITNESS REGISTER

REPRESENTATIVE AL VEZEY

Alaska State Legislature
State Capitol, Room 216
Juneau, Alaska 99801-1182
Telephone: 465-3719

POSITION STATEMENT: Offered sponsor statement for HJR 30

JOE AMBROSE, Legislative Assisitant

Senator Robin Taylor

Alaska State Legislature

State Capitol, Room 30

Juneau, Alaska 99801-1182

Telephone: 465-4906

POSITION STATEMENT: Provided position statement for SJR 12

PREVIOUS ACTION

ACTION NARRATIVE

TAPE 95-5 SIDE A

Number 000

The meeting of the House Special Committee on World Trade and State/Federal Relations was called to order by Chairman Ramona Barnes at 5:20 p.m. Members present at the call to order were Representatives Barnes, Phillips, Mulder and Kubina. Members absent were Representatives G. Davis, Williams and Mackie.

CHAIRMAN RAMONA BARNES stated that there was a quorum present.

Number 019

HJR 30 - A RESOLUTION RELATING TO AN AMENDMENT TO THE CONSTITUTION OF THE UNITED STATES PROHIBITING FEDERAL COURTS FROM ORDERING A STATE OR A POLITICAL SUBDIVISION OF A STATE TO INCREASE OR IMPOSE TAXES.

REPRESENTATIVE AL VEZEY, sponsor of the measure, stated that HJR 30 is to petition the Congress of the United States to prepare and present to the legislatures of all the states an amendment to the Constitution of the United States. This amendment would prohibit the Supreme court or any inferior court of the U.S. from ordering a state or political subdivision of a state to levy or increase taxes. This resolution comes as a request from the office of Representative Bill Skaggs, from Missouri. This effort was brought about by a court case in Missouri, whereby the Supreme Court mandated the city of Kansas City to charge a tax to fund desegregation expenses ordered by the courts. Presently there are 10 states which have introduced a similar resolution.

Number 035

REPRESENTATIVE GAIL PHILLIPS made a motion that the committee pass HJR 30 out of committee with individual recommendations.

REPRESENTATIVE ELDON MULDER made a motion to move a zero fiscal note.

CHAIRMAN BARNES called for the question. Hearing no objections, HJR 30 passed out of committee.

Number 057

SJR 12 - A RESOLUTION RELATING TO THE UNITED STATES DEPARTMENT OF AGRICULTURE, FOREST SERVICE; RELATING TO THE UNITED STATES DEPARTMENT OF AGRICULTURE, FOREST SERVICE, STRATEGIC PLAN KNOWN AS "REINVENTION OF THE FOREST SERVICE"; AND ADVOCATING THAT IMPLEMENTATION OF THE PLAN BE SUSPENDED PENDING CONGRESSIONAL REVIEW AND CONSULTATION WITH LOCAL GOVERNMENTS.

JOE AMBROSE, Legislative assistant to Senator Robin Taylor, stated that SJR 12 is to centralize decision making in Washington, D.C. Under "Reinvention", regional forest supervisors and other front line leaders who now have decision-making authority would be replaced with four people "leadership" teams answerable only to the Chief of the Forest Service and the Secretary of Agriculture. Gone is the pretense of involving local and state governments in United States Forest Service decisions. The plan goes so far as to consolidate the regional offices now located in Alaska and Montana to a central office in Oregon. SJR 12 calls for suspension of this plan and true partnership meetings with states, communities and tribal governments. The goal would be the development of a new plan, one that would involve affected entities up front. The "Reinvention" scheme goes far beyond the relocation of regional offices. If left to stand, it will mean a new era of Forest Service policy dictated from on high, without consulting the very people most impacted by those policies.

Number 099

REPRESENTATIVE MULDER asked a clarifying question, if the resolve pertained to "former" Secretary of Agriculture Mike Espy.

MR. AMBROSE said yes and that there is no objection to many elements of the Reinvention Plan, it is the fact that plan if implemented removes the decision making process even farther away it is now. It is more than just moving a regional office from Alaska to Oregon. Its moving the decision making authority to Washington, D.C.

Number 114

REPRESENTATIVE PHILLIPS asked if the Alaska congressional delegation had been approached about this idea and what is their position.

MR. AMBROSE said the delegation is in full agreement with the resolution.

REPRESENTATIVE MULDER made the motion to pass SJR 12 out of committee with individual recommendations.

REPRESENTATIVE BARNES called for the question. Hearing no objections, SJR 12 passed out of committee.

Number 130

ADJOURNMENT

There being no further business to come before the House Special Committee on World Trade and State/Federal Relations, CHAIRMAN BARNES adjourned the meeting at 5:30 p.m.



Official Business

COMMITTEES:
Natural Resources
Legislative Council

Alaska State Legislature

Office of World Trade And State/Federal Relations

REPRESENTATIVE
RAMONA L. BARNES
District 22

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House Special Committee on World Trade & State/Federal Relations

March 23, 1995 5 p.m.
Capitol, Senate Finance Room (532)

A G E N D A

- I. CALL TO ORDER
- II. ROLL CALL
- III. COMMITTEE CALENDAR

Presentation: Northern Sea Route by Dr. Orson P. Smith, U.S. Army Corps of Engineers; Alan F. Walker, Arctic Associates International; Dr. William Sackinger, Professor Emeritus, University of Alaska Fairbanks; David Orr, Northern Sea Route Coordinator, Department of Commerce and Economic Development; Drs. Andrey & Tatiana Proshutinsky, Russian meteorologists.

- IV. OLD BUSINESS
- V. NEW BUSINESS
- VI. ADJOURNMENT

NORTHERN SEA ROUTE REPORT
ARMY CORPS OF ENGINEERS
EXECUTIVE SUMMARY

While the Northern Sea Route offers great advantages to shippers in terms of distance, this advantage is thwarted by the fact that the Northern Sea Route's ships typically have less than 25 percent of the capacity of ships in service on the canal and cape routes. (P.70)

When a model which hypothesizes the existence of larger ships is used (P. 72), liquid bulk shipments from Asia to Europe become competitive year round, Dry bulk shipments are competitive in August from the Pacific Northwest (including coal and ore). However, no new commodities from Alaska ports are competitive, although dry bulk and liquid bulk shipments from the Chukchi Sea are close.(P. 71)

Red Dog statistics are on pages 76 and 77.

Conclusions (P.79): Some commodities in some seasons have lower shipping costs via the northern sea route. Competitive regions appear to be:

US Pacific Northwest to Europe

Western Canada to Europe

Pacific Asia to Europe

and Alaska to Europe

All competitive costs outlined above are only operative if larger Northern Sea Route Ships become available.

Accurate nautical charts are needed in the Bering and Chukchi Seas in Alaska waters and the port of Dutch Harbor requires channel improvements. (P.P. 80-81)

LETTER OF INTENT

In partial fulfillment of the resolution passed in 1991 by the Northern Forum in support of the commercial development of the Northern Sea Route;

And in support of the principles of cooperation signed by Governor Walter Hickel and officials of the Russian Republic in 1992;

The State of Alaska and the Murmansk Shipping Company do hereby state the following intentions:

To facilitate the completion of 2 test shipments during the summer/fall shipping season of 1993 in order to provide detailed economic and operating technical data on future use of the Northern Sea Route as a commercial trade route for transit of European, Asian, North American West Coast, and Alaskan cargo.

The Murmansk Shipping Company will:

- 1) Provide the vessels and crews for the test shipments and specify the carrying capacity of the vessels.
- 2) Price the shipments to meet the world market rates for alternative shipping routes, giving consideration to the value of the cargo types and the value of shorter travel times for perishable cargo.
- 3) Agree to allow technicians to travel onboard the test shipment vessels to record data related only to on board ship operations such as cargo temperatures, ship speed, etc.
- 4) Notify Alaska as soon as possible of additional planned shipments to the Pacific which could be available for back haul of cargo from Alaska, and other North American west coast ports.

The State of Alaska will:

- 1) Identify the cargoes to be carried on the test shipments.
- 2) Identify the technicians who will travel with the test shipments.
- 3) Provide detailed economic analysis on competitive rate structure compared to alternative commercial trade routes.
- 4) To identify satellite ice imaging support for the test shipments.

5) To work in support of the future development of the Northern Sea Route as an ongoing commercial trade route through the Northern Forum.

All data and analysis will be made available to the participating parties through the Northern Forum.

The State of Alaska and Murmansk Shipping company agree to notify each other of their travel plans to facilitate meetings to further the stated goal of this agreement to develop the Northern Sea Route as a regular commercial trade route.

Additional shipments may be concluded by mutual agreement of the parties.

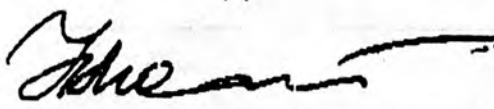
Alaska further agrees to seek shipments using the Northern Sea Route as part of the Russian aid package.

The parties will meet to finalize shipping dates, rates, loading ports and destinations, and cargo types by January of 1993.



Paul Fuhs, Commissioner
Alaska Department of Commerce
and Economic Development

date 10-15-92



Nikolay Matyushenko, President
Murmansk Shipping Company

date 10.92



Official Business

Alaska State Legislature

State Capitol
Juneau, AK 99801-1182

MEMORANDUM

RE: HJR 39 "Relating to the Northern Sea Route"

DATE: April 19, 1995

HJR 39 notes that Alaska is located on the Northern Sea Route and has resources that would be of use to Atlantic coast customers.

The resolution asks the Department of Commerce and Economic Development to pursue new trade markets in Russia, Europe and Arctic nations.

It asks the University of Alaska to consolidate research and development funds to promote waterborne commerce in the Arctic.

In addition, it asks the Governor to direct the Department of Transportation and Public Facilities to work with the Army Corps of Engineers to improve the competitiveness of Alaska ports, and with the Federal Highway Administration to develop facilities to bring Alaskan products to tidewater.

The US National Oceanic and Atmospheric Administration is requested to review the accuracy of Alaska's nautical charts along the sea route and accomplish necessary surveys. It goes on to request the Coast Guard to review navigation aids in Arctic waters, and it goes on to ask the Army Corps of Engineers to investigate possible navigation improvements along the Yukon and Kuskokwim Rivers.

9-LS0974AA -
Utermohle
3/23/95

HOUSE JOINT RESOLUTION NO.
IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - FIRST SESSION

BY

Introduced:
Referred:

A RESOLUTION

1 Relating to the Northern Sea Route.

2 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

3 WHEREAS Alaska is strategically located on the Northern Sea Route between trading
4 partners on the Pacific and Atlantic Oceans; and

5 WHEREAS Alaska has many resources for which there are markets among the nations
6 on the Atlantic Ocean; and

7 WHEREAS studies by the U.S. Army Corps of Engineers and others predict increases
8 in commercial shipments via the Northern Sea Route through Alaska waters; and

9 WHEREAS, though the technology of Arctic ship design is advanced, the present fleet
10 of Arctic cargo ships has limited capacity to carry Alaska or international cargoes; and

11 WHEREAS Arctic research by the United States has focused on questions of
12 ecological balance and climate change and has directed less effort toward factors that directly
13 affect the cost of Arctic shipping; and

14 WHEREAS Alaskans living along the great rivers of the state and along the Arctic
15 coast will benefit from advances in Arctic technology;

16 BE IT RESOLVED by the Alaska State Legislature that the Governor is respectfully
17 requested to direct the Alaska Department of Commerce and Economic Development to

1 aggressively pursue improved relations with Alaska's present trading partners and to seek new
2 markets and trading partners in Russia, other Arctic nations, and Europe; and be it

3 **FURTHER RESOLVED** that the University of Alaska is respectfully requested to
4 consolidate its Arctic research and development programs so that limited funds are applied
5 efficiently with a special emphasis on the technical and economic aspects of waterborne
6 commerce in Arctic waters and along the Northern Sea Route; and be it

7 **FURTHER RESOLVED** that the Governor is respectfully requested to direct the
8 Alaska Department of Transportation and Public Facilities to continue its cooperation with the
9 U.S. Army Corps of Engineers in improving the competitiveness of Alaska's ports and with
10 the Federal Highway Administration in developing intermodal facilities that bring Alaskan
11 products to tidewater; and be it

12 **FURTHER RESOLVED** that the U.S. National Oceanic and Atmospheric
13 Administration is respectfully requested to perform a comprehensive review of the accuracy
14 of nautical charts of Alaska's Arctic waters and the approaches to the Northern Sea Route and
15 to accomplish those surveys that are necessary to improve nautical charts to the highest
16 practical standard of accuracy and utility; and be it

17 **FURTHER RESOLVED** that the U.S. Coast Guard is respectfully requested to
18 perform a comprehensive review of aids to navigation that exist in Arctic waters of Alaska
19 and availability of other services that improve the safety of people, ships, and cargoes en
20 route, and to make improvements that will enhance these safety measures to the highest
21 practical standard; and be it

22 **FURTHER RESOLVED** that the U.S. Army Corps of Engineers is respectfully
23 requested to perform an investigation of the prospective navigation improvements along the
24 Arctic coast of Alaska and along the Yukon and Kuskokwim Rivers, with a view toward the
25 efficient supply of fuel and other supplies to rural Alaska communities located along these
26 waterways.

27 **COPIES** of this resolution shall be sent to the Honorable D. James Baker,
28 Administrator, National Oceanic and Atmospheric Administration, U.S. Department of
29 Commerce; Admiral Robert E. Kramek, Commandant, U.S. Coast Guard; Lt. General Arthur
30 Williams, Commander, U.S. Army Corps of Engineers; and to the Honorable Ted Stevens and
31 the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S.

- 1 Representative, members of the Alaska delegation in Congress.

TESTIMONY

TO

**SPECIAL COMMITTEE ON WORLD TRADE AND STATE-FEDERAL
RELATIONS****STATE OF ALASKA LEGISLATURE**

BY

WILLIAM M. SACKINGER
President and Chief Executive Officer
OBELISK Hydrocarbons (Alaska) Ltd.
Fairbanks, Alaska 99708-0591

MARCH 23, 1995

MADAME CHAIR, MEMBERS OF THE COMMITTEE, HONORED GUESTS, LADIES AND GENTLEMEN: MY NAME IS WILLIAM SACKINGER, AND I HAVE RESIDED IN FAIRBANKS SINCE 1970. TWO MONTHS AGO, I RETIRED FROM THE UNIVERSITY OF ALASKA AFTER NEARLY TWENTY FIVE YEARS OF SERVICE ON THE FACULTY, FIRST IN ENGINEERING AND THEN IN GEOPHYSICS. DURING THIS TIME I CONDUCTED RESEARCH ON MANY ASPECTS OF SEA ICE, AND HAVE PUBLISHED OVER 100 PAPERS ON THE SUBJECT. IN THE PAST FIVE YEARS ONE OF MY INTERESTS HAS BEEN THE POSSIBILITIES OF USE OF THE NORTHERN SEA ROUTE FOR COMMERCE BETWEEN EUROPEAN AND PACIFIC RIM PORTS.

THE NORTHERN SEA ROUTE, AS DEFINED BY THE CONVENTIONAL (RUSSIAN) USAGE, IS THE COASTAL ROUTE ALONG THE NORTHERN SHORELINE OF RUSSIA, BEGINNING AT THE KARA GATE, (THE STRAIT BETWEEN NOVAYA ZEMLYA AND THE MAINLAND), ON THE WEST, AND ENDING AT THE BERING STRAIT ON THE EAST. ACTUALLY, THERE ARE ELEVEN POSSIBLE DIFFERENT ROUTES ALONG THIS COASTLINE, WHICH DIFFER FROM ONE ANOTHER BY THE CHOICE OF WHETHER TO GO TO THE NORTH OR THE SOUTH OF EACH OF THE MAJOR ISLANDS. THIS WAS CONSIDERED A SOVIET WATERWAY BY THE USSR, AND IS STILL CONSIDERED SO BY RUSSIA. AFTER MANY DECADES OF CLOSURE FOR MILITARY REASONS, THERE WAS THE ANNOUNCEMENT IN 1987 IN MURMANSK BY MR. GORBACHEV THAT THE ROUTE WOULD BE OPEN TO SHIPS FROM ALL NATIONS, FOR PEACEFUL COMMERCE. AS IT HAPPENS, THIS CONDITION IS SUBJECTED TO VARIOUS REGULATIONS AND CONDITIONS BY MINISTRIES AND COMPANIES IN RUSSIA, AND THE NORTHERN SEA ROUTE HAS SEEN LIMITED USAGE BY NON-RUSSIAN VESSELS SO FAR.

HISTORICALLY, THE NORTHERN SEA ROUTE HAS BEEN USED PRIMARILY FOR SHIPBORNE COMMERCE TO SUPPLY THE CITIES OF SIBERIA, AND TO EXTRACT THE NATURAL RESOURCES OF SIBERIA. THE SEA ICE FORMS

IN MID-OCTOBER, AND PERSISTS UNTIL MID-JULY, SO THAT THE USE OF THE ROUTE BY NON-ICE-STRENGTHENED VESSELS IS POSSIBLE ONLY FOR ABOUT 2 TO 3 MONTHS OF THE YEAR. EVEN IN THESE MONTHS, ICE MAY BE ENCOUNTERED AND ICE-STRENGTHENING IS HIGHLY ADVISABLE. THE RUSSIANS HAVE THEREFORE DEVELOPED A LARGE FLEET OF ICE-STRENGTHENED CARGO VESSELS, AND ICEBREAKING SUPPORT VESSELS, SOME OF WHICH ARE CAPABLE OF BREAKING THE ICE UNTIL JANUARY, AND WHICH CAN FORCE CONVOYS THROUGH SPRINGTIME ICE AS EARLY AS APRIL. THE COSTS OF CONSTRUCTION AND OPERATION OF THESE VESSELS WERE NOT PARTICULARLY DEFINED ACCORDING TO WESTERN STANDARDS OF ACCOUNTING, AND THUS IT HAS BEEN DIFFICULT TO JUDGE WHETHER THIS TYPE OF SHIPPING CAN BE ECONOMICALLY COMPETITIVE WITH THE ALTERNATE ROUTES, I.E. THE PANAMA CANAL AND THE SUEZ CANAL. THE ENVIRONMENTAL RISK ON THE NORTHERN SEA ROUTE IS CERTAINLY HIGHER. HOWEVER, THE DISTANCE IS SHORTER, AND THE SAILING TIME IS POSSIBLY SHORTER AS WELL. THE ECONOMICS OF A SHIPPING ROUTE RELATE TO THE TOTAL TIME BETWEEN THE PORTS IN QUESTION. THE DAILY EXPENSE OF THE SHIP OPERATION (ITEMS SUCH AS CREW WAGES, FUEL, INTEREST ON THE INVESTMENT, INTEREST ON THE CARGO, INSURANCE, AMORTIZATION OF THE INITIAL COST OF THE VESSEL, SPECIAL FEES FOR ICEBREAKER SUPPORT, NAVIGATION SUPPORT, WEATHER FORECASTING SUPPORT, ETC.) ALL, TAKEN TOGETHER, DOMINATE THE ECONOMICS. IF A DELAY IS POSSIBLE ALONG THE NORTHERN SEA ROUTE, DUE TO UNEXPECTED ICE CONDITIONS, THIS COULD MAKE THE CHOICE OF THAT ROUTE LESS FAVORABLE.

OPEN LEADS IN THE ICE CAN OCCUR AT ANY TIME OF THE YEAR. THE MOST DIFFICULT SAILING CONDITIONS ARE WHEN THERE IS ICE PRESENT, AND THE WIND IS ONSHORE, CAUSING ALL ICE LEADS TO CLOSE UP, AND CAUSING A PRESSURE AGAINST THE SIDES OF THE SHIPS AS THEY TRY TO BREAK THROUGH THE ICE, NEAR THE LAND BOUNDARY. THIS CONDITION MAY OCCUR ALONG THE ROUTE, SOMEWHERE, WHENEVER SEA ICE IS PRESENT.

THE WATER DEPTH IS SHALLOW ALONG THE NORTHERN SEA ROUTE. THE MOST SEVERE LIMITATION IS IN THE STRAITS SEPARATING THE LAPTEV SEA FROM THE EAST SIBERIAN SEA, WHERE THE WATER DEPTH IS ABOUT 14 METERS. THIS MEANS THAT A SHIP OF ABOUT 10 METERS DRAFT (ABOUT 33 FEET DRAFT) WOULD NORMALLY BE USED, TO ALLOW FOR A MARGIN OF SAFETY AGAINST GROUNDING AT LOW TIDE, ON SHALLOW SANDBARS WHICH HAVE RECENTLY FORMED, FOR EXAMPLE. SUCH SHALLOW-DRAFT VESSELS ARE IN THE RUSSIAN FLEET, OPERATED BY THE MURMANSK SHIPPING COMPANY, AND BY THE FAR EAST SHIPPING COMPANY. THESE VESSELS ARE IN THE RANGE OF 20,000 TONNES CAPACITY, ABOUT ONE-THIRD THE SIZE OF THE VESSELS GOING THROUGH THE PANAMA AND SUEZ CANALS. POSSIBLY, SHALLOW-DRAFT CARGO VESSELS COULD BE CUSTOM-BUILT FOR THE SERVICE ON THE NORTHERN SEA ROUTE WHICH HAVE COMPETITIVE CARGO CAPACITY AND STILL HAVE SHALLOW DRAFT, BUT

THESE ARE FOR THE FUTURE. ICE-STRENGTHENED VESSELS NEED AN ADDITIONAL THICKNESS OF STEEL ON THE HULL, AT THE WATERLINE, AND STRONGER INTERNAL SHIP STRUCTURE. ABOUT 200 TONNES OF EXTRA STEEL MUST BE ALLOWED FOR, IN SHIP DESIGN, AS AN EXTRA COST ASSOCIATED WITH SUCH VESSELS. THIS COST IS NOT SUCH A LARGE INCREMENT COMPARED TO THE TOTAL SHIP COST. HOWEVER, IF A SHIP IS EXPECTED TO BREAK ICE WITHOUT AN ICEBREAKER ESCORT VESSEL AHEAD OF IT, THEN IT IS NECESSARY TO HAVE A MINIMUM OF 30,000 HORSEPOWER ENGINES; THE ARCTIC-CLASS ICEBREAKERS HAVE AS HIGH AS 70,000 HORSEPOWER. SUCH A LARGE POWER PLANT IS AN EXPENSIVE INITIAL INVESTMENT, AND IT CAN ALSO USE FUEL AT A VERY RAPID RATE WHEN TRAVERSING ICE. NUCLEAR POWER IS USED IN THE RUSSIAN ARCTIC-CLASS ICEBREAKERS; THE REFUELING COSTS ARE DIFFICULT TO EXPRESS IN WESTERN ACCOUNTING TERMS.

THE PRACTICAL METHODS FOR MINIMIZING THE COSTS OF THE ICEBREAKING TRANSPORT INCLUDE: (1) OPERATING IN CONVOYS, WITH A LARGE, HIGH-HORSEPOWER ICEBREAKER IN THE LEAD; A CONVOY WITH PERHAPS TEN SHIPS, ALL OF WHICH ARE ICE REINFORCED BUT WITH MEDIUM-SIZED POWER PLANTS; (2) CHOOSING THE SHORTEST POSSIBLE ROUTE.

IF CARGO IS NOT TO BE TAKEN ABOARD OR TO BE DISCHARGED IN SIBERIA, THEN THE SHORTEST POSSIBLE ROUTE FROM THE BERING STRAIT TO EUROPE IS VIA THE NORTH POLE (OR EVEN EAST OF THE NORTH POLE). THE ICE DRIFTING IN THE ARCTIC OCEAN IS CONSTANTLY IN MOTION, AT ALL TIMES OF THE YEAR, DRIVEN BY THE VARIABLE WINDS THERE. THERE ARE OPEN LEADS FOUND IN ALMOST ALL REGIONS EXCEPT THOSE ADJACENT TO LAND BOUNDARIES. MOST OF THE ICE IS ANNUAL ICE, LESS THAN 6 FEET THICK, AND CAN EASILY BE BROKEN BY THE ARCTIC-CLASS ICEBREAKERS OR POLAR CLASS ICEBREAKERS AT ANY TIME OF THE YEAR. THERE ARE, HOWEVER, SOME DRIFTING FLOES OF MULTI-YEAR ICE WHICH ARE THICKER IN SOME SPOTS, AND MAY BE UP TO 10 METERS THICK IN THEIR THICKEST CONSOLIDATED PARTS. THESE ICE FLOES MAY BE AVOIDED IF THERE IS ADVANCE, REAL-TIME IMAGERY AVAILABLE TO THE CAPTAIN OF THE LEADING VESSEL, TO ALLOW HIM TO PLAN A ROUTE OF LOWEST RESISTANCE.

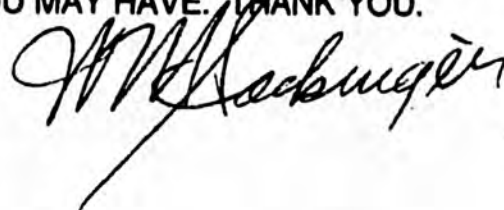
THE TRAVERSE TO THE NORTH POLE BY THE SOVIET ICEBREAKER "ARKTIKA" IN 1977 WAS THE FIRST EXAMPLE, IN MARCH, OF SUCH A VOYAGE. SINCE THAT TIME, VESSELS REACHING THE NORTH POLE HAVE INCLUDED SEVERAL OTHER RUSSIAN POLAR-CLASS ICEBREAKERS, AND ALSO THE GERMAN RESEARCH VESSEL "POLARSTERN" (30,000 H.P.), THE SWEDISH ICEBREAKER "ODIN" (30,000 H.P.), THE AMERICAN ICEBREAKER "POLAR SEA" (60,000 H.P.), THE CANADIAN VESSEL "LOUIS ST. LAURENT", AND PERHAPS OTHERS MORE RECENTLY. THE MURMANSK SHIPPING COMPANY IS ORGANIZING ANNUAL TOURISM EXCURSIONS BY ICEBREAKER TO THE NORTH POLE. IT IS MY OPINION THAT THE ROUTE DIRECTLY ACROSS THE ARCTIC OCEAN IS SHORTER, IS MORE PRACTICAL IN THE WINTER MONTHS, AND IS POSSIBLE WITH SIMILIAR EQUIPMENT. IT IS NOT NOW NECESSARY TO

BE ABLE TO CONQUER ALL POSSIBLE ICE THICKNESSES IN THE ARCTIC OCEAN, BECAUSE REMOTE SENSING FROM EITHER POLAR-ORBITING SYNTHETIC APERTURE SATELLITES, OR FROM REMOTE-CONTROLLED SMALL AIRCRAFT LAUNCHED FROM THE ICEBREAKERS THEMSELVES, CAN LOCATE THE OPEN LEADS AHEAD OF THE SHIP, AND ALLOW THE CAPTAIN TO AVOID THE MULTI-YEAR ICE FLOES. THE PROBABILITY OF A DELAY CAN BE MADE VANISHINGLY SMALL, IF TWO ICEBREAKERS ARE USED IN A CONVOY.

IN MY OPINION, THE SHIPPING TO AND FROM EUROPE, OVER THE POLE, USING ICE-STRENGTHENED SHIPS, CAN BE A TECHNOLOGICAL REALITY. THE ECONOMICS OF SHIPPING THROUGH THE EXISTING CANALS WOULD BE AFFECTED, HOWEVER, AND THE RATES AND THE PROFITABILITY OF THE EXISTING SHIPPERS THROUGH THE CANALS WOULD BE REDUCED. FIERCE COMPETITION SHOULD BE EXPECTED IN THAT CASE, AND INITIALLY-FAVORABLE ECONOMICS OF TRANS-ARCTIC SHIPPING COULD BE NEGATED IF RATES ARE REDUCED BY THE MAJOR SHIPPERS THROUGH THE CANALS. THIS IS A COMPLEX ECONOMIC DYNAMICS, AND ACCURATE ADVANCE PREDICTIONS MAY BE VERY DIFFICULT TO ACCOMPLISH. UNTIL SUCH ECONOMICS IS DONE, HOWEVER, NO ONE WILL CONSTRUCT AND OPERATE A NEW, SPECIAL-PURPOSE SHIPPING LINE ON THE TRANS-ARCTIC ROUTE, BECAUSE OF THE UNDEFINABLE ECONOMIC RISK, AND THE HIGH COST OF ECONOMIC FAILURE.

THERE IS A MASSIVE RESEARCH PROGRAM BEING CONDUCTED TO ASSESS THE TECHNOLOGY, THE ECONOMICS, THE ENVIRONMENTAL CONSEQUENCES, AND THE POLITICS OF USE OF THE NORTHERN SEA ROUTE. IT IS THE INTERNATIONAL NORTHERN SEA ROUTE PROGRAM, (INSROP), BASED IN NORWAY, AND SPONSORED BY JAPANESE, NORWEGIAN, AND RUSSIAN INTERESTS. I HAVE THE PLEASURE OF SERVING UPON THE INTERNATIONAL ADVISORY COMMITTEE OF THAT PROGRAM, AND CAN PROVIDE ADDITIONAL INFORMATION ABOUT IT UPON REQUEST. THE RESULTS OF THE FIRST THREE YEARS OF RESEARCH WILL BE PRESENTED AT THE **INSROP SYMPOSIUM TOKYO 95**, TO BE HELD IN TOKYO ON OCTOBER 1-6, 1995. I RECOMMEND THAT YOU ATTEND THIS CONFERENCE TO GAIN A CLEAR AND CURRENT PICTURE OF THE POTENTIAL FOR COMMERCIAL USE OF THE NORTHERN SEA ROUTE.

LADIES AND GENTLEMEN, I HAVE CONCLUDED MY PREPARED REMARKS AND THANK YOU FOR THE OPPORTUNITY TO TESTIFY. I WOULD WELCOME ANY QUESTIONS WHICH YOU MAY HAVE. THANK YOU.



TOPICS FOR QUESTIONS

SEA ICE CONDITIONS IN THE ARCTIC

EFFECT OF ENVIRONMENTAL FORCES UPON SEA ICE MOVEMENTS

SUBJECT AREAS STUDIED IN THE INTERNATIONAL NORTHERN SEA ROUTE PROGRAM

OVERVIEW OF NAVIGATION, WEATHER FORECASTING, ICE FORECASTING, COMMUNICATION, EMERGENCY RESPONSE, ETC. ALONG THE NORTHERN SEA ROUTE

OIL AND GAS TECHNOLOGY IN THE ARCTIC

CONVERSION OF NATURAL GAS INTO SYNTHETIC CRUDE OIL FOR PIPELINE OR TANKER TRANSPORT



REPLY TO
ATTENTION OF:

DEPARTMENT OF THE ARMY
U.S. ARMY ENGINEER DISTRICT, ALASKA
P.O. BOX 898
ANCHORAGE, ALASKA 99506-0898

**PRESENTATION FOR THE HOUSE SPECIAL COMMITTEE
ON WORLD TRADE AND STATE/FEDERAL RELATIONS**

**ALASKA STATE LEGISLATURE
MARCH 23, 1995**

By Orson P. Smith, Ph.D.

The Northern Sea Route is a marine passage from the Atlantic to the Pacific Ocean, or vice versa, via the Arctic Ocean north of Russia. It extends approximately 3,000 miles from the Bering Strait on the Pacific to Murmansk, Russia, on the Barents Sea, which opens onto the Atlantic. The route offers distances between the Atlantic and Pacific basins 35 to 60 percent shorter than traditional routes through the Panama and Suez canals. The Northern Sea Route has been established since the 1930's, but until recently Russia, whose territory borders the route, carefully guarded it from foreign ships. Mikhail Gorbachev, then General Secretary of the Soviet Union, signaled Russia's willingness to open the route for international commercial shipping in an October 1987 address. Some international shipments have taken place since, but the dream of a busy new passage between markets of one basin and sources of supply in the other remains a goal for the future.

The Alaska Department of Commerce and Economic Development asked the Corps of Engineers in a February 1993 letter to investigate Alaskan port improvements related to the State's strategic position on the Northern Sea Route. The U. S. Congress appropriated \$300,000 in November 1993 to begin the study and appropriated another \$300,000 the next year to complete the work. The Corps study was administered by the Alaska District office in Anchorage, with technical assistance from the Corps' Cold Regions Research and Engineering Laboratory in Hanover, New Hampshire.

The Corps requires a focus on port improvements, but this unique assignment called for an extensive information-gathering effort at the start. The Cold Regions Lab assisted the Alaska District with an overview of the history and present status of the Northern Sea Route and the state of the art in design of arctic ships. I have provided the Committee with a publication of this work.

The University of Alaska assisted with a review of Russian capabilities to monitor and forecast arctic conditions and a summary of the highly variable climatological factors which affect the cost of shipping. Two Russian scientists, Drs. Andrey and Tatiana Proshutinsky, were instrumental in this effort. From St. Petersburg, Russia, they are visiting faculty members at the Institute of Marine Science at the University of Alaska Fairbanks. Dr. William Sackinger, an arctic ice specialist at the Geophysical Institute in Fairbanks, helped with a summary of international initiatives now under way, including the International Northern Sea Route Program.

This program is a multi-million dollar, multi-year study, administered in Norway and largely funded by Japanese interests.

We contracted the port planning firm Gulf Engineers and Consultants, Inc., of Baton Rouge, Louisiana, to apply their expertise in economic analysis of ports to forecast commodity flows over the Northern Sea Route. The Gulf specialists were assisted by DRI/McGraw-Hill of Washington, DC, and compiled a summary of historical world sea trade statistics and a forecast of commodity flows which could be diverted from canal routes.

The Corps Cold Regions Lab inventoried the world fleet of ice-breakers and arctic cargo ships, with the assistance of Leonid Tunik, a specialist in Russian arctic ships. A commercial version of this inventory was published recently by Backbone Publishing of New York. The laboratory is now developing a computer simulation of the passage of selected cargo ships along the Northern Sea Route. This model applies the climatological information gathered by the study to estimate the average transportation cost for various commodities by simulating many voyages in the full range of possible conditions. The simulation results will be applied to adjust the forecast of commodity flows based on the competitiveness of the transportation cost.

Preliminary forecasts indicate that non-ferrous ores have the best prospects for Alaskan exports. The ore terminal at Skagway has exported lead and zinc ore from a mine in Faro, British Columbia, to Europe in years past. The terminal is owned by the State of Alaska. The State-owned ore terminal near Kivalina on the Chukchi Sea has also exported lead and zinc ore to Europe from the Red Dog Mine by lightering on barges to deep-draft vessels anchored offshore. The efficiency of this operation is constrained by the shallow approach to the terminal, the presence of ice, and concerns for whales' summer migration along this coast. The Alaska District is in contact with port operators at Skagway and the Red Dog Mine terminal and with the Alaska Industrial Development and Export Authority to investigate port improvements at these sites.

Preliminary forecasts for the entire Pacific rim indicate the possibility of a substantial increase in commodity flow via the Northern Sea Route in future decades. The forecast will be tested by the ship transit simulation program, but appears now to be large enough that shipments could extend beyond the optimum climatic conditions of August and September. Shipments beyond this best season are certain to require ice-breaker escort along most of the route. Unalaska appears to be a good port for marshalling east-bound Northern Sea Route convoys. The Anchorage firm of Tryck Nyman Hayes has been contracted to investigate port improvement prospects at Unalaska.

Two public workshops for the Northern Sea Route study took place in Anchorage, one in February and one in August of 1994. Experts world-wide have been consulted by telephone and electronic mail. The intensity of interest in the Northern Sea Route around the globe is impressive.

The Corps will publish its Northern Sea Route Reconnaissance Report in June 1995. The report will recommend site-specific feasibility studies of port improvements that appear economically justified. A non-federal sponsor must agree to provide the Corps with 50 percent of the cost for these studies to proceed. We hope any agreements necessary can be executed in 1995.

The report will also recommend efforts by others, which could enhance the commercial prospects for Alaskan businesses. The findings of the Northern Sea Route study may lead Alaskan leaders to consider such options as these:

1. Augmenting relations with trading partners in the Arctic and Europe, perhaps through the programs of the Alaska Department of Commerce and Economic Development, the University of Alaska, and the Northern Forum;
2. Pursuing the Federal interest, through cost-sharing port projects with the Corps of Engineers, intermodal transportation projects by the Alaska Department of Transportation and Public Facilities and the Federal Highway Administration, chart improvements by the National Oceanic and Atmospheric Administration, and improved aids to navigation and safety measures in the arctic by the U. S. Coast Guard;
3. Stimulating applied research and development, which might shift some of the present focus of U.S. arctic research on environmental concerns to matters affecting the future of commercial shipping in the arctic, such as climatological factors affecting shipping cost, the design of arctic cargo ships, and the design of shallow-draft supply vessels to serve rural Alaskan communities.

The Alaska Department of Commerce and Economic Development has asked the Corps to study the possibility of extending the navigation season along the Kuskokwim and Yukon Rivers, and has requested another study on ways to improve the supply system for coastal communities of arctic Alaska. The President's 1996 budget includes funds to begin investigation of Kuskokwim River navigation. Proposed studies of the Yukon River and the arctic coast have not been funded.

The Alaska District of the Corps of Engineers appreciates this opportunity to review the findings to date of our Northern Sea Route Reconnaissance Study. We look forward to furnishing this Committee copies of our final report and will be glad to provide you with any other information at our disposal.

**ALASKA STATE LEGISLATURE
WORLD TRADE COMMITTEE HEARINGS
NORTHERN SEA ROUTE**

MARCH 23, 1996

A VIABLE SHIPPING ROUTE THROUGH THE ARCTIC HAS DRAWN THE INTEREST OF MARINERS AND ARCTIC NATIONS FOR OVER 600 YEARS. EXPLORATION OF THE NORTHWEST PASSAGE AND CANADIAN ARCTIC IS WELL DOCUMENTED, AND TODAY REGIONAL AND INTERNATIONAL USE FOR COMMERCIAL PURPOSES CONTINUES TO EXPAND. SIMILARLY, THE NORTHERN SEA ROUTE HAS RECEIVED EXTENSIVE STUDY, ESPECIALLY OVER THE PAST DECADE. TODAY I WOULD LIKE TO ADDRESS ONE POINT OF VIEW AND OFFER A RECOMMENDATION FOR ALASKA'S ROLE IN DEVELOPMENT OF COMMERCIAL EXPANSION INTO THE RUSSIAN ARCTIC.

THERE IS NO QUESTION THAT THE NORTHERN SEA ROUTE OFFERS DISTANCES BETWEEN PACIFIC AND EUROPEAN PORTS WHICH ARE SIGNIFICANTLY SHORTER THAN TRADITIONAL TRADE ROUTES. HOWEVER, MANY SHIPPERS MAY BE RELUCTANT TO VENTURE INTO FULL SCALE NORTHERN SEA ROUTE OPERATIONS UNTIL UNCERTAINTIES REGARDING INFRASTRUCTURE AVAILABILITY, PRICING AND CONTRACT ENFORCEMENT, GENERAL BUSINESS PRACTICES WITHIN RUSSIA, INSURANCE COSTS AND STANDARDIZATION OF VESSEL ICE CLASSIFICATION AND INSPECTION ARE ADDRESSED.

SEVERAL DIFFERENT GROUPS CONTINUE TO STUDY THE OPTIONS AVAILABLE TO DEVELOP THE NORTHERN SEA ROUTE. I BELIEVE ALASKA SHOULD BE INVOLVED OR RISK BEING LEFT BEHIND WHEN THE MARKET ECONOMIES OF THIS ROUTE BECOME REALITY. ONE WAY TO GET INVOLVED MAY BE THROUGH A REGIONAL APPROACH.

WITHOUT QUESTION, OPENING A YEAR ROUND TRANSPOLAR ROUTE WOULD BE EXTREMELY DIFFICULT AND PROBABLY COST PROHIBITIVE AT THIS TIME. IN 1994 THE CANADIAN AND U.S. ICEBREAKERS LOUIS S. ST. LAURENT AND POLAR SEA CONDUCTED A JOINT SCIENTIFIC MISSION INTO THE DEEP ARCTIC. DURING AUGUST AND SEPTEMBER THEY CROSSED THE ARCTIC FROM THE BERING STRAIT TO 90 DEGREES NORTH AND FINALLY EXITED VIA FRAM STRAIT EAST OF GREENLAND. THIS WAS THE FIRST SURFACE VESSEL TRANSIT OF THE ARCTIC BASIN FROM THE WEST TO EAST. ALTHOUGH SUCCESSFUL, THE DIFFICULTY IN ACCOMPLISHING THIS TRANSIT SHOULD NOT BE UNDERESTIMATED. YEARS OF PLANNING AND EXTENSIVE ICE MANAGEMENT SUPPORT THROUGHOUT THE VOYAGE HELPED THESE SHIPS REACH THE DEEP ARCTIC AND SAFELY RETURN; AND THESE WERE THE TWO MOST POWERFUL ICEBREAKERS IN CANADA AND THE U.S.

SIMILARLY, A MORE TRADITIONAL COASTAL ROUTE FROM THE PACIFIC TO EUROPE ON A YEAR ROUND BASIS WOULD TAKE SIGNIFICANT INFRASTRUCTURE IMPROVEMENT. WE HAVE THE TECHNOLOGY TODAY TO BUILD ICEBREAKERS AND CARGO VESSELS CAPABLE OF YEAR ROUND TRANSIT, BUT AT SIGNIFICANT COST. ACCEPTED ESTIMATES FOR TRADITIONAL DESIGNS RANGE UP TO 150,000 SHP FOR ICEBREAKERS CAPABLE OF YEAR-ROUND COMMERCIAL NORTHERN SEA ROUTE OPERATION. I DOUBT THAT ANY GOVERNMENT WILL PRESENTLY UNDERWRITE SUCH A VENTURE, NOR WOULD CORPORATE DOLLARS BE VENTURED ON SUCH A HIGH RISK PROJECT.

KEY TO ANY VESSEL OPERATIONS IN THE ARCTIC IS ICE MANAGEMENT INFORMATION. THE ULTIMATE GOAL SHOULD NOT BE TO DESIGN LARGER AND MORE POWERFUL ICEBREAKERS AND ICE CAPABLE CARGO VESSELS, BUT TO UTILIZE TECHNOLOGY TO AVOID AS MUCH ICE AS POSSIBLE. THE ARCTIC ICE IS HIGHLY DYNAMIC, WITH CONSTANT CHANGE BEING BOTH THE ADVERSARY AND THE BENEFACITOR OF THE

MARINER. AS THE ICE MOVES, OPEN AREAS OR LEADS DEVELOP, WHICH PROVIDE ROUTES THROUGH THE ICE. PROVIDING ICE INFORMATION, BOTH STRATEGIC AND TACTICAL, TO THE MARINER FOR ANY TRANSITS WILL BE A HIGH PRIORITY.

IN VIEW OF THE HIGH COSTS AND UNCERTAINTIES OF ARCTIC OPERATIONS, CONSIDERATION SHOULD BE GIVEN TO DEVELOP A PORTION OF THE NORTHERN SEA ROUTE, WHICH COULD BE INITIALLY UTILIZED ON A SEASONAL BASIS, WITH THE POTENTIAL FOR EXPANSION WEST TOWARDS THE EUROPEAN MARKETS AND EXTENSION OF THE SHIPPING SEASON INTO THE LATE FALL AND WINTER MONTHS ONCE MARKET DEMAND IS CLEARLY ESTABLISHED.

THIS APPROACH SHOULD BE CONSISTENT WITH STATE OBJECTIVES AND MEET THE GOALS OF THE NEW U.S. ARCTIC POLICY ANNOUNCED IN SEPTEMBER 1994. IN PART, THAT POLICY CALLS FOR INCREASED INTERNATIONAL COOPERATION WITH RUSSIA, INCREASED INVOLVEMENT OF THE STATE OF ALASKA AND ALASKAN INDIGENOUS PEOPLE IN ARCTIC POLICY-MAKING AND PROVIDES FOR ENVIRONMENTALLY SUSTAINABLE DEVELOPMENT.

GIVEN THE VAST NATURAL RESOURCES AVAILABLE IN SIBERIA AND THE DESIRE FOR WESTERN GOODS AND TECHNOLOGY, THERE SHOULD BE NUMEROUS OPPORTUNITIES TO ESTABLISH REGIONAL PROJECTS.

I WILL BRIEFLY OUTLINE ONE CONCEPT FOR SUCH A PROJECT. I HAVE NOT DONE A DETAILED ANALYSIS, BUT BELIEVE IT PROVIDES AN OPPORTUNITY TO ADDRESS SEVERAL PRESSING ISSUES FOR THE STATE. I WOULD PROPOSE A VENTURE BETWEEN ALASKA AND REGIONAL GOVERNMENTS IN EASTERN RUSSIA FOR THE SHIPMENT OF RAW LOGS TO ALASKAN MILLS.

PORTIONS OF RUSSIA CONTAIN SIGNIFICANT FOREST RESERVES; FAR GREATER THAN EXIST IN NORTH AMERICA. MANY PARTS OF RUSSIA ARE IN NEED OF HARD CURRENCY, WESTERN INVESTMENT AND TECHNOLOGY. ALASKA WITH COOPERATION OF THE FEDERAL GOVERNMENT CAN PROVIDE THE NECESSARY MANAGEMENT AND DEVELOPMENTAL TECHNOLOGY TO UTILIZE RUSSIA'S VAST NATURAL RESOURCES IN AN ENVIRONMENTALLY SUSTAINABLE MANNER. LOGS COULD BE TRANSPORTED TO THE ARCTIC AND NORTHEASTERN SIBERIAN COASTS FOR SHIPMENT TO ALASKAN MILLS.

THIS PROJECT WOULD RELIEVE PRESSURES ON THE TONGASS, THUS SATISFY MANY OF THE EXPRESSED ENVIRONMENTAL CONCERNS, WHILE PROVIDING A SUPPLY OF TIMBER THAT WOULD TRANSLATE INTO JOBS FOR THE PEOPLE OF ALASKA.

SEVERAL ISSUES WOULD NEED RESOLUTION. IN THE PAST RAW LOGS FROM MOST OF RUSSIA WERE PROHIBITED FROM IMPORT BY THE U.S. DEPARTMENT OF AGRICULTURE. THE STATED CONCERN WAS LACK OF PEST CONTROL. THIS COULD BE ADDRESSED BY ONSITE INSPECTIONS IN COOPERATION WITH U.S. FOREST SERVICE PERSONNEL OR OTHER APPROPRIATE OFFICIALS.

DURING PORTIONS OF THE SEASON, ICEBREAKER ESCORTS WOULD BE NECESSARY. ONE OPTION WOULD BE TO UTILIZE RUSSIAN ICEBREAKERS FROM THE FAR EASTERN SHIPPING COMPANY. ANOTHER OPTION, FOR PART OF THE YEAR, WOULD BE U.S. COAST GUARD ICEBREAKERS, GIVEN APPROPRIATE COOPERATION BETWEEN THE U.S. AND RUSSIA. AT PRESENT THE U.S. HAS TWO POLAR CLASS ICEBREAKERS CAPABLE OF CONVOY OPERATIONS ALONG THE NORTHERN SEA ROUTE. THOSE ICEBREAKERS

ARE NOT PRESENTLY SCHEDULED FOR SUMMER SCIENTIFIC OPERATIONS IN THE ARCTIC FOR SEVERAL YEARS.

IDENTIFICATION OF SHIPMENTS FROM ALASKA OR THE U.S. WEST COAST ALSO PLAY A KEY ROLE. IF DESIRED CARGO, SUCH AS FISH PRODUCTS, CONSTRUCTION MATERIALS OR MANUFACTURED GOODS WERE IDENTIFIED, THIS WOULD REDUCE SHIPPING COSTS BY ELIMINATING DEADHEADING OF VESSELS.

IF A REGIONAL PROJECT WAS PURSUED AND SUCCESSFUL, MARKET FACTORS WOULD THEN DRIVE FURTHER DEVELOPMENT. POTENTIALLY, JOBS WOULD BE CREATED IN VARIOUS WESTERN ALASKA COMMUNITIES: DUTCH HARBOR COULD BECOME A TRANSSHIPMENT POINT FOR CARGOS FROM THE U.S. WEST COAST AND ASIA BOUND FOR EUROPE OR THE RUSSIAN ARCTIC; VALUE ADDED PROCESSING OF RESOURCES FROM RUSSIA COULD LEAD TO FACILITIES IN NORTHWESTERN ALASKA; RAW LOGS MILLED TO FINISHED LUMBER COULD BE UTILIZED TO CONSTRUCT MODULAR ARCTIC STRUCTURES FOR USE THROUGHOUT ALASKA AND SIBERIA. CERTAINLY, ALASKAN COMPANIES WOULD BE POISED TO TAKE ADVANTAGE OF U.S. ECONOMIC EXPANSION INTO EASTERN RUSSIA; A ROLE THAT SEEMS APPROPRIATE GIVEN OUR STATUS AS THE ONLY ARCTIC STATE IN THE NATION.

HOUSE SPECIAL COMMITTEE ON WORLD
TRADE AND STATE/FEDERAL RELATIONS
March 23, 1995
5:10 p.m.

MEMBERS PRESENT

Representative Ramona Barnes, Chairman
Representative Gail Phillips, Vice Chairman
Representative Eldon Mulder
Representative Gary Davis
Representative Bill Williams

MEMBERS ABSENT

Representative Jerry Mackie
Representative Gene Kubina

OTHER HOUSE MEMBERS PRESENT

Representative Eileen MacLean
Representative Carl E. Moses

COMMITTEE CALENDAR

Presentation: Northern Sea Route by Dr. Orson P. Smith, U.S. Army Corps of Engineers; Alan F. Walker, Arctic Associates International; Dr. William Sackinger, Professor Emeritus, University of Alaska Fairbanks; David Orr, Northern Sea Route Coordinator, Department of Commerce and Economic Development; Drs. Andrey and Tatiana Proshutinsky, Russian meteorologists.

WITNESS REGISTER

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ACTION NARRATIVE

TAPE 95-6 SIDE A
Number 000

The meeting of the House Special Committee on World Trade and State/Federal Relations was called to order by Chairman Ramona Barnes at 5:10 p.m. Members present at the call to order were Representative Barnes, Phillips, Williams, and G. Davis. Members absent were Representatives Mulder, Mackie and Kubina. The meeting was teleconferenced to Anchorage and Oregon.

CHAIRMAN RAMONA BARNES stated there was a quorum present.

Number 035

Representative Mulder arrived at 5:12 p.m.

Number 040

DR. ORSON P. SMITH, Project Manager for the study of the Northern Sea Route for the United States Army Corps of Engineers, stated the route is a marine passage from the Atlantic to the Pacific Oceans, via the Arctic Ocean north of Russia, the Bering Strait and by various routes many along the coast of Russia with other possibilities across the center of the Arctic Ocean. The route offers distances between the Atlantic and the Pacific, 35 to 60

percent shorter than traditional routes through the Panama and Suez Canals. The Northern Sea routes have been established since the 1930s, but until recently Russia, whose territories border the region, closely guarded it from foreign ships. Mikhail Gorbachev, then General Secretary of the Soviet Union, signaled Russia's willingness to open the route for international commercial shipping in 1987. Some international shipping has taken place since, but the dream of a busy, new passage between the markets of one basin and sources of supplies on the other remain a goal for the future.

The Alaska Department of Commerce and Economic Development asked the Corps of Engineers to investigate Alaskan port improvements related to the state's strategic position on the Northern Sea Route. The United States Congress appropriated \$300,000 in 1993, to begin the study and appropriated another \$300,000 the next year to complete the work.

Number 110

DR. SMITH added that the University of Alaska assisted with a review of Russian capabilities to monitor and forecast Arctic conditions and a summary of the highly variable climatological factors which affect the cost of shipping. Two Russian scientists, Drs. Andrey and Tatiana Proshutinsky, were instrumental in this effort.

Number 130

DR. SMITH continued on to say preliminary forecasts indicate that non-ferrous ores have the best prospects for Alaskan exports. The ore terminal at Skagway has exported lead and zinc ore from a mine in Faro, British Columbia, to Europe, in years past. That terminal is owned by the state of Alaska. The efficiency of this operation is constrained by the shallow approach to the terminal, the presence of ice, and the concerns for whales' summer migration along this coast. The Alaska District is in contact with port operators at Skagway and the Red Dog Mine terminal and with the Alaska Industrial Development and Export Authority to investigate port improvements at these sites.

Number 170

DR. SMITH stated that preliminary forecasts for the entire Pacific Rim indicate the possibility of a substantial increase in commodity flow, via the Northern Sea Route in future decades. The forecast will be tested by the ship transit simulation program, but appears now to be large enough that shipments could extend beyond the optimum climatic conditions of August and September. Shipments beyond this best season are certain to require ice-breaker escort along most of the route. Unalaska appears to be a good port for marshaling east-bound Northern Sea Route convoys.

DR. SMITH added that the Corps will publish its Northern Sea Route Reconnaissance Report in June. The report will recommend site-specific feasibility studies of port improvements that appear economically justified. Anon-federal sponsor must agree to provide the Corps with 50 percent of the cost for these studies to proceed. The report will also recommend efforts by others, which could enhance the commercial prospects for Alaskan businesses. This study may lead Alaskan leaders to consider such options as the following: 1) Augmenting relations with trading partners in the Arctic and Europe, perhaps the programs of the Alaska Department of Commerce and Economic Development, the University of Alaska, and the Northern Forum; 2) Pursuing the Federal interest, through cost-sharing port projects with the Corps of Engineers; or 3) Stimulating applied research and development, which might shift some of the present focus of the United States Arctic Research on environmental concerns to matters affecting the future of commercial shipping in the Arctic, such as climatological factors affecting shipping cost, the design of arctic cargo ships, and the design of shallow-draft supply vessels to serve rural Alaskan communities.

Number 190

The Department of Environmental Conservation (DEC) has asked the Corps study the possibility of extending the navigation season along the Kuskokwim and Yukon Rivers, and has requested another study on ways to improve the supply system for coastal communities of arctic Alaska. The President's 1996 budget includes funds to begin investigation of Kuskokwim River navigation. Proposed studies of the Yukon River and the Arctic Coast have not been funded.

Number 210

ALAN WALKER, Arctic Associates International, said a viable shipping route through the Arctic has drawn the interest of mariners and arctic nations for over 600 years. He said he would like to address one point of view and offer a recommendation for Alaska's role in development of commercial expansion into the Russian Arctic. There is no question that the Northern Sea Route offers distances between Pacific and European ports which are significantly shorter than traditional routes. However, many shippers may be reluctant to venture into full scale Northern Sea Route operations until uncertainties regarding infrastructure availability, pricing and contract enforcement, general business practices within Russia, insurance costs and standardization of vessel ice classification and inspection are addressed.

Number 219

MR. WALKER said he believes that Alaska should be involved or risk being left behind when the market economies of this route become a reality. Opening a year round transpolar route would be extremely difficult and probably cost prohibitive at this time. Last year, a Canadian and U.S. ice-breakers conducted a joint scientific mission into the deep arctic. In the Fall, they crossed the Arctic from the Bering Strait to 90 degrees N. and finally existed via Fram Strait, east of Greenland. This was the first surface vessel transit of the Arctic Basin from the west to the east. Although successful, the difficulty in accomplishing this transit should not be underestimated. Years of planning and extensive ice management support throughout the voyage helped these ships reach the deep arctic and safely return; these were the two most powerful icebreakers in Canada and the U.S.

MR. WALKER said similarly, a more traditional coastal route from the Pacific to Europe, on a year round basis, would take significant infrastructure improvement. We have the technology today to build icebreakers and cargo vessels capable of year round transit, but at significant cost. Accepted estimates for traditional designs range up to 150,000 SHP for icebreakers capable of year-round commercial Northern Sea Route operation. He said he doubts that any government will presently underwrite such a venture, nor would corporate dollars be ventured on such high risk project.

MR. WALKER noted that the ultimate goal should not be to design larger and more powerful icebreakers and ice capable cargo

vessels, but to utilize technology to avoid as much ice as possible. Given the vast natural resources available in Siberia and the desire for western goods and technology, there should be numerous opportunities to establish regional projects.

Number 290

MR. WALKER said he would propose a venture between Alaska and regional governments in Eastern Russia for the shipment of raw logs to Alaskan mills. Portions of Russia contain significant forest reserves, far greater than exist in North America. Many parts of Russia are in need of hard currency, western investment and technology. Alaska with cooperation of the federal government, can provide the necessary management and development technology to utilize Russia's vast natural resources in an environmentally sustainable manner.

MR. WALKER remarked that several issues would need resolution. In the past, raw logs from most of Russia were prohibited from import by the U.S. Department of Agriculture. The stated concern was lack of pest control. This could be addressed by onsite inspections in cooperation with U.S. Forest Service personnel or other appropriate officials.

Number 320

MR. WALKER explained identification of shipments from Alaska or the West Coast also play a key role. If desired cargo, such as fish products, construction materials or manufactured goods were identified, this would reduce shipping costs by eliminating deadheading of vessels. Raw logs milled to finished lumber could be utilized to construct modular arctic structures for use throughout Alaska and Siberia. Certainly, Alaska companies would be poised to take advantage of U.S. economic expansion into Eastern Russia; a role that seems appropriate given our status as the only arctic state in the nation.

Number 369

DR. WILLIAM SACKINGER, President and Chief Executive Officer, OBELISK Hydrocarbons (Alaska) Ltd., commented that the Northern Sea Route has seen limited usage by non-Russian vessels so far. The alternative would be to consider a transpolar route rather than the coastal route. The reason for considering both routes

is the distance. We know that the cost of shipping is really depending on the number of days between the two ports involved. The distance is shorter on the polar route, but delays caused by ice can cost you more in the long run. The shortest distance is the polar route.

Number 400

DR. SACKINGER stated that the practical methods for minimizing the costs of the ice breaking transport include: 1) Operating in convoys, with a large, high-horsepower icebreaker in the lead, a convoy with perhaps ten snips, all of which are ice reinforced but with medium-sized power plants; and 2) Choosing the shortest possible route.

Number 430

DR. SACKINGER continued by saying in his opinion, the shipping to and from Europe, over the Pole, using ice-strengthened ships, can be a technological reality. The economics of shipping through the existing canals would be affected, however, the rates and the profitability of the existing shippers through the canals would be reduced. And initially-favorable economics of trans-arctic shipping could be negated if rates are reduced by the major shippers through the canals. This is a complex economic dynamics, and accurate advance predictions may be very difficult to accomplish, until such economics is done. However, no one will construct and operate a new, special-purpose shipping line on the trans-arctic route, because of the undefinable economic risk, and the high cost of economic failure.

Number 480

DR. SACKINGER concluded by inviting the committee to an International Northern Sea Route Program (INSROP) based in Norway and sponsored by Japanese, Norwegian and Russian interests. The first three years of research will be presented at the INSROP Symposium Tokyo 95, in October.

Number 494

DAVID ORR, formerly with the Alaska Department of Commerce and Economic Development, said that Alaska took a leading role in working with some the northern countries to try to expand the