

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

2365 SCOMM 99 HOUSE SPEC. WORLD TRADE. . RELATIONS, 1995-1996 660

While each of those programs has problems unique to the subject, I am convinced that land management is in dire need of the same state autonomy.

It is a dramatic departure from the way public land management has developed over the last century. The controversies that have sparked the so-called "Sagebrush Rebellion" and the recent debates over mine reform and rangeland reform are symptoms of the underlying problem. The bitter arguments over public land policy are self-perpetuating and self-defeating. The constituency that is damaged directly by this gridlock on the public lands is the public.

I offer this idea as a starting point. Above all, we do need to establish common ground between competing and diverse interests. There is a lot of ground to cover.

The bitter arguments over public land policy are self-perpetuating and self-defeating.

Today, and in the weeks and months to come, your task is to analyze this proposal, and to suggest areas and ideas for its improvement and refinement. All such suggestions will be seriously considered.

If we do live in a New West, why should our institutions of government be restrained by traditional ways of thinking and doing. We need to unchain our citizens from the shackles of bureaucracy, and create a new order where the citizens have a voice, and an opportunity to shape the vision for the land in which they live.

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FISCAL NOTE

STATE OF ALASKA

1995 LEGISLATIVE SESSION

B Bill Version: SJR 12

(S) Publish Date: 2/14/95

Revision Date: Original

Dept Affected: Natural Resources

Title: Relating to the United States Department of

BRU: Resource Development

Agriculture, Forest Service;... strategic plan known as "Reinvention..."

Component: Forest Management & Development

Sponsor: Senator(s) Taylor, Pearce

Requestor: _____

Component Serial No. 435

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$

None

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS:

(Attach a separate page if necessary)

There is no fiscal impact associated with implementation of this resolution.

Prepared by: Tom Boutin, Director

Phone: 465-3379

Division: Forestry

Date: 9-Feb-95

Approved by Commissioner: [Signature]

Date: 2/9/95

Agency: Natural Resources

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Senator Robin L. Taylor

MEMORANDUM

**TO: Representative Ramona Barnes, Chairman
House WTR Committee**

FROM: Senator Robin L. Taylor *R.L.T.*

DATE: 3/6/95

REF: Hearing Request - SJR 12

**Please consider this to be my formal request for a hearing on
Senate Joint Resolution 12 at your earliest convenience.**

**The Clinton administration's plan to "re-invent" the U.S. Forest
Services raises basic issues related to the relationship between
the federal government and local entities. The impacts of the
plan extend well beyond the relocation of the regional office in
Juneau.**

Thank you for your consideration of this request.

District A:

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Alaska State Legislature

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Juneau, AK 99801-1182

MEMORANDUM

TO: Representative Ramona L. Barnes

RE: Summary of CSSJR 12 (RES)

DATE: March 21, 1995

The following is a summary of CSSJR 12, Relating to "Reinvention of the Forest Service".

The resolution would put the Legislature on record in opposition to the "Reinvention of the Forest Service" strategic plan which was approved by former Secretary of Agriculture Mike Espy. It asks that imposition of the plan be suspended pending review by Congress and consultation with local governments. It also requests that the Forest Service conduct meetings with states, communities, tribal governments and ANCSA corporations to develop a new plan.

The measure notes that timber commodities are a primary value of forest management and asks that compensation for Forest Service employees be linked to timber production. Finally, the resolution asks for decentralized decision making to allow more effective management of ecosystems.

The committee substitute differs from the original version of the resolution in that it includes ANCSA corporations in the list of entities to be included in meetings with the Forest Service.

Alaska State Legislature

Chairman,
Judiciary Committee

Member,
Transportation Committee

Member,
Resources Committee
Western Legislative Forestry Task Force



Senator Robin L. Taylor

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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.

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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.

United States
Department of
Agriculture

Forest
Service

Washington
Office

14th & Independence SW
P.O. Box 96090
Washington, DC 20090-6090

Reply to: 1200

Date: December 6, 1994

Subject: Forest Service Reinvention Plan

To: Forest Service Employees

Enclosed is the Summary of our reinvention report approved by Secretary Espy. This report is a strategic plan for creating the Forest Service of the future. It was developed in the spirit of President Clinton's National Performance Review with extensive participation of our employees and members of the public.

We have deliberately taken a comprehensive and thoroughgoing approach because of the extraordinary challenges faced by our Agency over the past several years. Our employees and stakeholders believe significant change in the way we do our business is necessary to enhance the confidence and trust of the people we serve.

We have electronically mailed a copy of the complete report to your unit's mailbox. It should soon be available for your use. Hard copies will be arriving soon to your unit by surface mail.

In January, we will conduct an interactive video conference to answer questions you may have about the report and our implementation strategies. We hope that you will take the opportunity to read the report between now and then. Further details on the conference will be forthcoming.

Reinvention is an evolutionary process that will continue over a prolonged period. As we phase in various aspects of reinvention, we will use every tool at our disposal to minimize impacts on Forest Service people. These tools include buyouts, retraining, retirements, attrition, transfers within and between agencies, and reassignments.

This is an exciting and challenging time for the Forest Service. We know you are already working hard to create the Forest Service of the future. We sincerely thank you for your efforts.

Keep it up!

/s/ Jack Ward Thomas

JACK WARD THOMAS
Chief

Enclosure

Forest Service Reinvention Executive Summary

Introduction

- We believe significant change is needed in the way we do business in order to perform our duties in a manner that enhances the confidence and trust of the public. Because of the extraordinary challenges faced by our Agency over the past several years, we have deliberately taken a comprehensive and thorough approach to Forest Service reinvention. Our goal is to improve customer service and build the public's trust through improved efficiency and demonstrated competence.

Forest Service Reinvention Report

The newly released report, "Reinvention of the Forest Service: The Changes Begin," proposes a description of the Forest Service of the future and ways to bring it into being. The report is a strategic document. It was developed in the spirit of President Clinton's National Performance Review with extensive participation of Forest Service employees and members of the public. It does not attempt to provide solutions to site-specific resource issues. Nor does it, in general, prescribe sizes or structures of organizations below the regional level. Instead the report focuses on the purpose, outcomes, culture, structure, and work for the Agency. However, a number of specific actions have been, are being, and will be taken in support of the concepts described in the report. This summary addresses many of those actions as well as the broader plan for creating the Forest Service of the future.

A number of the changes described in the report are internally focused on improving how Agency employees work with each other. Others describe how we can work better with the people we serve. Employees will notice a dramatic difference in the organization. We hope those outside the Agency who rely on local offices for service will notice an improvement in that service and healthier forests and rangelands.

Following are the key elements of the Forest Service reinvention proposal. Clearly, some of the proposed actions will require close coordination and dialogue amongst the Administration, Congress, and the people we serve. We plan to forward more specific details about these proposals to Congress in January.

Purpose and Outcomes

The purpose of the Forest Service is to promote the sustainability of ecosystems and to provide excellent public service through conservation leadership. Our land ethic is to promote the sustainability of ecosystems by ensuring their health, diversity, and productivity. Our service ethic is to tell the truth, obey the law, work collaboratively, and use appropriate scientific information. The phrase "caring for the land and serving people" captures the Forest Service mission.

It follows that our desired outcomes are sustainable ecosystems and public service. Sustaining ecosystems, because they provide the foundation for all life, is our first priority. Public service, including high-quality customer service, is a partnership with society to meet people's needs for natural resources - uses, values, products, and services - within the bounds of ecosystem management.

Culture

True improvement begins inside an organization, crossing all internal and external boundaries. Internally, the Forest Service will recognize and build upon our multicultural, multidisciplinary composition. We will stress sensitivity to others as a primary feature of our culture. We will work in an innovative, creative, and people-oriented environment, often in teams. Collaborative processes will characterize our internal and external work relationships, and we will emphasize cooperation and reward teams and quality teamwork. Teamwork and shared leadership will be critical as employees help each other to balance career and personal needs. Lifelong learning will be a fundamental component of employee development in the Forest Service of the future.

Externally, we must gain the confidence of the people we serve - the American people. To be successful in our endeavors, we will need continuous guidance from the American public as to what works and what doesn't. We will become active members of the communities in which we live and work. We will also engage in greater levels of intra- and inter-agency cooperation. We must recognize that the Forest Service can learn a great deal from other land managers. We must also be willing and able to work across international boundaries to solve problems efficiently.

Structure, Roles, and Work of the Agency

The structure of the Forest Service will be designed around five broad program areas - National Forest System (NFS), Operations (OPS), Research and Development (R&D), State and Private Forestry (S&PF), and International Forestry (IF) and in the framework of a national office and seven regional offices (see figure 1). Regional offices will be located in Sacramento, CA; Portland, OR; Albuquerque, NM; Ogden, UT; Denver, CO; Milwaukee, WI; and Atlanta, GA. This is a reduction from the former organization of nine National Forest System regions, eight Research stations, and one State and Private Forestry area. Regional boundaries will be realigned to more closely follow natural ecological boundaries with the goal of improved coordination with the Natural Resources Conservation Service and other natural resource agencies resulting in healthier forests and rangelands. Where regional boundaries on state lines would split a NF, that entire forest will be assigned to one region or the other.

The boundaries shown in figure 1 imply several major changes in FS operations:

1. NFS, S&PF, and R&D all have the same regional boundaries. This means that individual Forests, S&PF units, and R&D units would be reorganized to conform to these boundaries.
2. The shifted boundary of the Southeastern Region, formerly the Southern Region, places Virginia in the Eastern Region and the entire states of Texas and Oklahoma in the Southwestern Region.
3. The former Rocky Mountain and Northern Regions, excluding Idaho, are combined into the Northern Plains Region.
4. The Intermountain Regional boundary shifts north and west to encompass the entire State of Idaho and Eastern Oregon and Washington.
5. The Alaska Region and the Pacific Northwest Region are merged.

Within the seven regions, the boundaries of proclaimed NFs and Grasslands will be retained, but they may be grouped into larger administrative units so a single unit may serve parts of several NFs, R&D units, S&PF units, etc., that share a common ecosystem or a common primary management issue. The work among units will be designed for the best ecosystem management and the highest level of public service at the lowest cost.

At the outset, organizational structure below the regional level will be left open to experimentation, learning, and adaptation to local circumstances. Regional leadership teams will work with units at local levels such as NFs, ranger districts, and R&D units to determine where consolidations and collocations are possible. As in the past, decisions will be made on a case-by-case basis and based on continued or improved high-quality public service and natural resource management, efficiency, and cost-effectiveness. Shared services will also be explored and implemented where feasible across unit boundaries and USDA organizational boundaries and, over time, across other governmental boundaries. Our intention is to continue our basic presence and points of contact at the local level.

To facilitate these changes, we will clarify the roles of each level of the Agency's organization (see figure 2). We will also restructure and streamline the Washington and regional offices to facilitate communications and work across functional boundaries (see figure 3).

In the Forest Service of the future, management will be primarily by teams. Teamwork at all levels will facilitate a streamlined approval process and eliminate excess layers of supervisors. The National Leadership Team will consist of the Chief, Associate Chief, and Deputy Chiefs for NFS, S&PF, OPS, R&D, and IF. Members of Regional Leadership Teams will be the Directors of NFS, S&PF, OPS, and R&D. Although their performance appraisals will emphasize teamwork, Regional Leadership Team members will report directly to the Deputy Chief in their program area.

Many services now delivered by in-house monopolies will be provided through "contracting in" to internal enterprises or teams. Individual units will decide what services they need and are willing to pay for and will contract directly with these enterprises. Contracting in will eliminate unnecessary duplication of skills throughout the Agency, and the option of choosing one

service provider over another will offer a powerful feedback mechanism to service providers. When competition and choice are not options, internal customer satisfaction surveys will be used to gauge the quality of services provided by monopoly enterprises.

Transformation Strategies

The Forest Service is such a large, geographically dispersed, and culturally diverse organization that employees must make an extra effort to be sure the Agency's goals are clear to everyone. To accomplish the objectives of our transformation strategies, we will:

- Ensure that all Forest Service employees understand the Agency's purpose and desired outcomes.
- Examine our current organizational culture to identify those elements that are fundamental to and support, and strengthen our Agency and those that must be eliminated or modified in the future.
- Implement the "Toward a Multicultural Organization" report.
- Provide flexible policies and options on flexitime and flexiplace, dependent care, and travel arrangements.
- Implement newly established standards of customer service that all employees will keep as a pledge to the American people. These standards, created in partnership with our customers, will adapt to the constantly changing needs of our society.
- Use every tool at our disposal to minimize impacts on Forest Service people to achieve desired staffing levels when fewer employees are required.
- Reengineer the Agency's business processes.
- Set standards for and base management decisions on results of monitoring. This will be done with the involvement of our partners.
- Emphasize integrated, cross-disciplinary teams at all levels and branches of the Forest Service organization.
- Seek budget reform and extend greater decisionmaking authority to local units in the development and execution of their budgets, emphasizing integration of budgets across Forest Service programs.
- Establish internal enterprise units to provide for-hire services to an internal market system of competition and choice, keeping needed expertise within the Agency, reducing inefficiency and waste, and eliminating duplication of skills and activities that do not efficiently support Forest Service objectives.
- Strengthen our partnership activities across all organizational, administrative, and functional boundaries.

The vision and transformation strategies contained in this report are the Forest Service's roadmap to the future. With commitment from our employees and support from the people we serve, the Forest Service will be well positioned to be a conservation leader for the 21st century.

Current and Ongoing Actions

Reinvention of the Forest Service is not a destination but a journey; it is an evolutionary process that will continue over a prolonged period. As we phase in various aspects of reinvention, we will use every tool at our disposal to minimize impacts on Forest Service people. These tools include buyouts, retraining, retirements, attrition, transfers within and between agencies, and reassignments.

Many actions consistent with this report have already been taken, while others within our authority will be implemented immediately. We will work closely with Congress on those proposals with which they are particularly concerned. We plan to provide details on these proposals to Congress in January.

Planned Organizational and Operational Changes

Following are key organizational and operational changes that will result from implementation of the proposed Reinvention Plan:

1. Employment in the Washington Office will be reduced by at least 10-20%. Functional staffs will be organized to facilitate interdisciplinary teamwork while retaining technical expertise and points of public contact. (A special team is working now on alternatives for restructuring the staff resources of the national office.) Employees whose work supports field activities will be assigned to appropriate field service locations. The Programs and Legislation Deputy Area will be eliminated and its functions distributed among other program areas. The Chief, Associate Chief, and five Deputy Chiefs will comprise the National Leadership Team to facilitate integration of programs and improve accountability.

Planned completion date for reorganization: September 30, 1995

Planned completion date for personnel reductions: September 30, 1996

2. Regional Offices will be reduced from 9 to 7 with a potential reduction of 300 employees and cost savings of \$17 million.

Planned implementation date: September 30, 1995

Planned completion date: September 30, 1996

3. Research Stations will be reduced from 8 to 7 with expected reduction of 25 employees and cost savings of \$1.5 million.

Planned implementation date: September 30, 1995

Planned completion date: September 30, 1996

4. Revised administrative boundaries will be shared by all Forest Service programs and will be more closely aligned with ecological boundaries. The Forest Service and the Natural Resources Conservation Service will establish common administrative boundaries.

Planned implementation date: September 30, 1995

Planned completion date: September 30, 1996

5. Leadership Teams will be established in each Region to facilitate integrated management and develop integrated budgets for the National Forest System, State and Private Forestry, Operations, and Research and Development programs.

Planned implementation date: September 30, 1995

Planned completion date: September 30, 1996

6. Forest Service and Natural Resources Conservation Service Regional Offices will be collocated. The Forest Service will maintain a presence in locations where Regional Offices are closed.

Planned completion date: September 30, 1996

Continuing Actions

We are continuing to move forward with the following actions that support Reinvention:

1. Administrative and Financial Management Consolidation: This USDA initiative will integrate and consolidate the administrative and financial functions of the Natural Resources Conservation Service and the Forest Service in order to reduce staffing and improve commonality of systems across the Department's Natural Resources and Environment Mission Area. Implementation is scheduled to begin on May 1, 1995.

2. GPRA: The Forest Service requested and was granted pilot status for implementation of the Government Performance and Results Act. Implementation of GPRA is key to improving accountability and reducing duplication in financial and accomplishment reporting. It provides meaningful, useful and reliable annual goals and corporate performance indicators for use in planning, budgeting, monitoring, performance evaluation, and reporting.

3. Budget Reform: We will continue to implement and seek to extend the budget reforms achieved in FY 95, which include: budget structure simplification, integrated funding of projects, and expanded reprogramming authority.

4. Bureau of Land Management and USDA Forest Service Personnel Exchanges: The FS and BLM will work together to promote the exchange of professional and managerial personnel through detail arrangements.

5. Project 615: A contract for information resources technology which will be critical to the Forest Service in addressing complex environmental

problems related to ecosystems management has been awarded. This technology will provide geographic information system capability which is essential for analyzing complex issues relating to management of natural resources.

6. Inventory: We will integrate our resource inventories and carry them out under the leadership of our research branch. We will work with the Natural Resources Conservation Service to share information and conduct joint inventories where appropriate.

7. Science/Policy coordination: We will intensify and institutionalize our collaboration between scientists and managers in the decision-making process.

8. International Forestry. We will complete development of a strategic plan for International Cooperation that reflects our vision of conservation leadership, involves the entire Agency, and builds on partnerships with other organizations.

Additional Implementing Actions

The following actions are being taken to implement our Reinvention Plan.

1. Customer Service - Customer service standards that all employees will strive to meet have been established and will be put in place in all offices.

2. Reengineering - A National Reengineering Design Team will be appointed to implement the Reengineering Transformation Strategy contained in our plan. This team will set the agenda and priorities for, and provide oversight to, the critical task of "rethinking and redesigning how we do work in the Forest Service."

3. New Performance Standards - Team work agreements will be established with the National and Regional Leadership Teams to address the outcomes of sustaining ecosystems and high-quality public service. These new straightforward work agreements will improve accountability and serve as models for all supervisors in the Forest Service.

4. Review System and Accountability - The Customer Service Team will redesign the Management Review System to focus on "Conditions of the Land" and "Customer Satisfaction." This redesigned system will be initiated this fiscal year and will be key to accountability for reinvention.

5. Enterprise Fund - We will explore the establishment of an enterprise fund that will provide start-up financing and incentives for innovative ideas such as creating competition for internal services. Funds will be awarded based on competition.

6. Person-in-job - A new position classification process will be established to allow in-place advancement of resource specialists based on growth in capability and expertise. This draws on the principles and

processes used in the classification and advancement of research scientists. Application to other types of specialists will be explored.

Recent Accomplishments

Examples of actions taken during the past two years that support Forest Service reinvention principles include the following:

1. Reduction in Staffing

Since our downsizing efforts began in October 1992, the Agency has reduced its work force by 4,163 permanent positions, from 35,358 to 31,195, (as of August 15, 1994). Adequate staffing will be maintained to assure skills critical to fulfilling the mission are available.

2. Organizational Restructuring

Since January 1993, the Agency has approved eight ranger district consolidations, seven of which have received approvals for office closings. The first four of these, as listed below, have been completed.

Cibola National Forest - Rita Blanca National Grasslands (Texline, TX) Office was closed and consolidated with the Kiowa National Grasslands Office (Clayton, NM).

Plumas National Forest - La Porte Ranger District Office (Challenge, CA) was closed and consolidated with the Oroville Ranger District Office (Oroville, CA).

Plumas National Forest - Greenville Ranger District Office (Greenville, CA) was closed and consolidated with the Quincy Ranger District Office (Blairsden, CA).

Mark Twain National Forest - Willow Springs Ranger District (Willow Springs, MO) was closed and consolidated with the Ava Ranger District Office (Ava, MO).

Plumas National Forest - Milford Ranger District Office (Milford, CA) will close and consolidate with the Beckwourth Ranger District Office (Blairsden, CA).

Francis Marion and Sumter National Forests - Edgefield and Long Cane Ranger Districts were consolidated. The Forest has received approval to close the Edgefield Ranger District Office (Edgefield, SC) and move to Long Cane Ranger District Office (Greenwood, SC). The date of this closing has not been determined.

Kootenai National Forest - The Libby Ranger District Office (Libby, MT) will be closed and consolidated with the Fisher River Ranger District Office (Libby, MT).

Lincoln National Forest - Cloudcroft (Cloudcroft, NM) and Mayhill (Mayhill, NM) Ranger Districts received approval for consolidation. Decisions on office closings are pending.

3. Collaborative Approaches and Sharing Administrative Services

Forest Service units have taken advantage of a number of collaborative opportunities to reduce costs. Examples include:

Region 2 - Streamlined the organization with a focus on the objectives of reinvention and ecosystem management; established shared expertise arrangements with other regions and agencies.

Region 3 - Work force was reduced by 11 percent over the past 3 years; timber and engineering staffs have implemented an aggressive shared services program between forests and regions, resulting in a consolidation of duties with salary and related savings.

Regions 1, 2, 3, and 4 are currently sharing forest management activities such as sales administration, sale contracts, and appraisals.

Region 4's Design Center is currently doing contract facilities design for other regions.

A team for environmental assessment and impact statement preparation is shared among Regions 1, 4, 6, and BLM in four states (Idaho/Montana and Oregon/Washington).

4. Collocation With Other Agencies

Presently, over 60 Forest Service units (about 6 percent), are collocated with other government agencies. Where opportunities exist, we continue to pursue collocation with other agencies as a means of streamlining, sharing resources, and saving rental costs. Examples include:

Region 1 - Beaverhead National Forest shares space with ASCS and SCS. The Jefferson Ranger District and the Deerlodge National Forest (Whitehall, MT) share space with ASCS, SCS, and other government agencies.

Region 3 - In Santa Fe, NM, the National Park Service and the Santa Fe National Forest Supervisor's office are collocated.

The National Interagency Fire Center in Boise, ID, and the Minnesota Interagency Fire Center in Grand Rapids, MN, are outstanding examples of interagency cooperation and collocation. They include the Forest Service, BLM, Park Service, and the Fish and Wildlife Service.

Pacific Southwest Research Station - The Institute of Pacific Islands Forestry (IPIF) in Honolulu, HI, and the Hawaii Department of Forestry and Wildlife are collocated. The Forestry Research Laboratory in Hilo is collocated with the National Park Service office.

5. Technology (Integrated Information Systems)

Major business system technological changes are underway that will produce dramatic efficiencies and better service delivery. Examples include:

Major initiatives to fully automate and integrate Forest Service financial, payroll, and personnel systems internally and with the National Finance Center will provide a seamless automated interface between all functional components. This initiative will eliminate intermediate manual processes and reduce the time required to complete routine business processes.

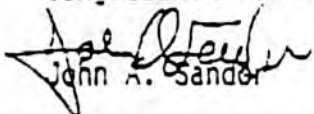
JOHN A. SANDOR

P.O. Box 21135
Juneau, Alaska 99802-1135

January 5, 1996
PHONE: (907) 586-2467
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MEMORANDUM

TO: U.S. Senator Ted Stevens (attention Duane Gibson)
U.S. Senator Frank Murkowski (attention Mike Flanagan)
Congressman Don Young (attention Lloyd Jones)

FROM: 
John A. Sandor

SUBJECT: New U.S. Forest Service Strategic Plan

Enclosed is a paper: "ACTIONS NEEDED TO CORRECT THE SERIOUS FLAWS IN THE NEW STRATEGIC PLAN FOR THE FOREST SERVICE RECENTLY APPROVED BY USDA SECRETARY ESPY".

This paper was prepared by an ad hoc group of professional resource managers (many retired Forest Service employees) from various parts of the nation who advocate major improvements in the new Strategic Plan for the Forest Service.

We advocate all aspects of this Strategic Plan be put on hold until the new Secretary of Agriculture can review the plan. We also believe the Congress must have oversight of the major changes proposed. It is essential that Governors, State Legislatures and local communities also be partners in the development of any new Strategic Plan for the U.S. Forest Service, which has profound impacts on states and communities who are dependent upon the National Forests. It is imperative that the Forest Service have clearly defined decision-makers within the state who can work with the state, local communities and native corporations/villages, as forest plans are prepared and implemented.

The Northern Rocky Mountain Retirees Association is hosting a meeting on this important issue January 18 in Missoula, Montana. I and others will continue to work closely with this and other regional representatives from different parts of the country. We would like to offer our assistance in providing you and other Members of Congress with whatever information we can to make certain the Strategic Plan finally approved will meet the needs of states and communities dependent on the National Forests.

We are very encouraged by your new leadership roles in Congress.

Thank you.

Enclosure: Paper on the New Forest Service Strategic Plan

cc: Organizations and individuals reviewing the Forest Service Strategic Plan

cc: John Katz, Alaska Governor's Office, Washington, D.C.

PLAN FOR THE FOREST SERVICE RECENTLY APPROVED BY USDA SECRETARY

In various parts of the nation, Forest Service plans and programs have become embroiled in complex appeals and litigation. Forest management activities have been suspended for years. Communities have suffered from the loss of available timber. In some instances, even the harvest of insect, disease infested stands has been stopped, raising the risk of catastrophic fires from the build-up of fuels in unmanaged forests. People within and outside government have recognized the need to deal with these crises situations adversely impacting states and communities.

In a December 5, 1994 memorandum to Forest Service employees, the Chief of the Forest Service reported that "the strategic plan for creating the Forest Service of the future" was approved by Secretary of Agriculture Espy. This strategic plan is described in a paper titled:

"REINVENTION OF THE FOREST SERVICE; The Changes Begin" December 6, 1994

Surprisingly, this far-reaching "strategic plan" was developed without meaningful involvement of key elected leaders including State Governors/Members of the United States Congress or community and tribal government leaders adversely impacted by the consequences and serious problems stemming from the "changes" that have been approved by Secretary of Agriculture Espy shortly before his resignation. In one specific instance, the Governor of one impacted state, formally requested the opportunity to discuss the rumored organizational changes under consideration as early as August 25, 1994, but was denied that opportunity even as this proposal was being prepared for Secretary Espy's approval. 1/

This failure to consult and work closely with state, community and tribal governments is inconsistent with, if not in contradiction of President Clinton's Executive Order No. 12875 "ENHANCING INTERGOVERNMENTAL PARTNERSHIPS", which was signed by the President on October 26, 1993. 2/

Vice President Gore's "REPORT ON REINVENTING GOVERNMENT" was developed to create "a government that works better and costs less" by "Empowering States and Local Governments" and "Decentralizing Decisionmaking Power". 3/ However, the Forest Service reinvention strategic plan does not empower local governments or include them as true partners. In fact, the strategic plan approved by Secretary Espy eliminates the very foundation of local authority which had the responsibility of working with states, local communities and tribal governments. Regional Foresters, Forest Supervisors and other line officers which were vested with such authorities are being replaced by "leadership teams" of four people. These leadership teams report to counter-part team leaders in Washington, D.C.. Local decisionmaking authorities are thus masked, diffused and withdrawn to Washington, D.C. where only the Chief of the Forest Service and Secretary of Agriculture can truly be held accountable for the policies, decisions and actions of these "leadership teams".

This very fundamental organization change eliminates the local decisionmaking authority and accountability controls that have been in place since the formation of the Forest Service. The USDA Forest Service "THE USE BOOK - Regulations and Instructions for the Use of the National Forest Reserves", issued by the Secretary of Agriculture, July 1, 1906 describes in detail these local responsibility and accountability mechanisms. 4/ Gifford Pinchot's 1914 book, "THE TRAINING OF A FORESTER", described the specific responsibilities of these locally empowered administrators. 5/ The withdrawal and diffusion of local decisionmaking authority is already being implemented in some areas of the nation, which is certain to make Forest Service management less responsive to states, local communities and tribal governments.

The newly defined purpose of the Forest Service to promote the sustainability of ecosystems without specifically retaining the traditional Forest Service objective of promoting community stability has already created serious problems and crises for hundreds of communities dependent upon the National, Forest, State and Private forest ecosystems. Communities and the people who live and depend on the forests are an integral part of ecosystems. The failure to adequately involve states, communities and tribal governments as true partners in the Forest Service Reinvention Project can be expected to create additional crises and problems for communities if the Strategic Plan approved by Secretary Espy is implemented in its present form.

The striking example of the flawed scientific basis for and definition of ecosystems and ecological boundaries is illustrated in the proposed realignment of Forest Service Regional Office boundaries. The Strategic Plan states that "Regional boundaries will be realigned to more closely follow natural, ecological boundaries..." Incredibly, the strategic plan announces the time-table for incorporating Alaska's diverse and unique forest ecosystems under the direction of a Forest Service "leadership team" headquartered in Portland, Oregon! None of Alaska's forest ecosystems are the same as those represented in the Pacific Northwest. As a matter of fact, many of Alaska's boreal forests are more closely related to the ecosystems of the Northern Lake States and adjacent Canadian provinces. Furthermore, the communities and tribal governments in Alaska are also not representative of any communities in the Pacific Northwest.

The history of the United States Forest Service in Alaska outlines the rationale for the establishment of a separate Alaska District (Region) Office in Alaska seventy five years ago in 1919. 6/ Both the ecological and socio-economic basis for that historic decision was apparently overlooked in the Reinvention Project process. Even more troubling, is the fact that Governor Walter J. Hickel's formal August 26, 1994 letter requesting the opportunity to discuss the proposed consolidation of Alaska under the Portland, Oregon office was also ignored. 7/ The oversight of elected leaders in the Reinvention Project was not an isolated example. United States Senator Max Baucus and other elected leaders from the State of Montana were not provided information explaining the rationale for closing the Missoula, Montana Regional Office. 7/

The failure to adequately consult with members of the U.S. Congress and the elected leaders in state governments may be responsible for the strategic plan's lack of consistency with a number of the principal federal laws that were enacted to guide Forest Service activities. As a result, the "strategic plan" for reorganization falls far short of a comprehensive plan for reorganization of the agency. The U.S. Congress has provided direction, through various laws, for the development of a national renewable resource program which "assures that the Nation maintains a natural resource conservation posture that will meet the requirements of our people in perpetuity..." (Reference: National Forest Management Act of 1976, Section 2 (2) (6)) 8/

This new strategic plan, and a number of policy decisions being applied in various parts of the nation, has seemingly turned away from any commitments toward providing a continuous dependable flow of renewable resources to meet the public's needs as directed by the Organic Act, Multiple-Use Sustained Yield Act of 1960, the NMFA and other Acts of Congress. Under the Forest Service's new direction, the agency is more inclined to present a rather nebulous plan for ecosystem management where resource yields, if any, are simply by products of management with no predictable flows or commitment to supply levels to sustain human life. 8/

If this apparent shift from the objectives outlined in the Forest Service's statutes was purposefully incorporated into the new strategic plan, then the mission of the Forest Service and the purposes of the National Forest needs review and re-examination by the Congress before the agency drifts to its own determination of what is best for the Nation.

What can be the point of a major reorganization of the Forest Service without close direction from the Congress as to mission and purpose for these public lands?

The strategic plan's shift to a centralization of authority, removing the opportunity for meaningful participation in resource management decisions by state and local interests is also not consistent with the agency's statutes, the President's E.O. 12875 or the Secretary of Agriculture's direction to increase the contacts and opportunities for local participation in the agency's activities. The U.S. Congress must surely have the opportunity to determine if such centralization is appropriate for the management of these public lands.

The practicability of implementation of this major reorganization and shift of objectives raises serious doubts as to whether the agency will be effective during the period of reorganization and removal of regional, state and forest-level decision-making authorities and accountability mechanisms. The strategic plan provides no insight as to how such major changes could take place with the "engine still running" to meet the needs of communities and people dependent on the forests. This could result in a protracted period when all available agency energies are directed internally while resource management and production to meet the nation's needs are neglected.

The above are a few examples of the expanding crises and problems stemming from the Forest Service's apparent shift away from its traditional commitment to community stability. The Strategic Plan approved by Secretary Espy will further weaken that commitment. These developments have led to a sharp decline in the morale of professional foresters and other resource managers, technicians and staff who have devoted their lives to the management of forest ecosystems in a true partnership with communities dependent upon the National Forests.

The failure to adequately involve Members of Congress, states, communities and tribal governments in the development of the Reinvention Project's Strategic Plan has led to a loss of trust in the Department of Agriculture's leadership. To help restore this trust, the following action program is suggested.

1. The newly designated Secretary of Agriculture should be asked to review and reconsider the Strategic Plan approved by Secretary Espy last month. The U.S. Congress must have an opportunity to review the plan's conformance to the agency's statutes and other Congressional direction before implementation.
2. The USDA/Forest Service should conduct true partnership meetings with States, communities and tribal governments and jointly develop a new Strategic Plan.
3. The USDA/Forest Service, through this partnership, should identify and implement strategies for "Decentralizing Decisionmaking" and "Empowering States and Local Governments" to more effectively manage forest ecosystems to assure community stability, improved service to the public and a reduction in government costs.

Finally, a Forest Service with state and community-based decisionmaking authority in partnership with empowered state and local governments, will work better and cost much less than that projected in the new Strategic Plan approved by Secretary Espy. Forest management models in various parts of the nation already protect the environment, improve forest health, reduce the risk of catastrophic fires and sustain the communities dependent upon those forests. 9/ The Forest Service must move forward with these objectives, and not be paralyzed by the consequences noted above.

1. Governor Walter J. Hickel's August 26, 1994 letter to Vice President Al Gore opposing the option of merging the Alaska Region of the Forest Service with the Portland, Oregon Regional Office; looks forward to discussing the proposal.
2. President Clinton's Executive Order No. 12875, dated October 26, 1993, entitled "ENHANCING INTERGOVERNMENTAL PARTNERSHIPS"
3. Vice President Al Gore "THE GORE REPORT ON REINVENTING GOVERNMENT";
page 35: "Empowering State and Local Governments"
page 69: "Decentralizing Decisionmaking Power"
September 7, 1993 Times Books Edition, Random house, Inc. 162pp
4. James Wilson, Secretary of Agriculture, "THE USE BOOK - Regulations and Instructions for the Use National Forest Reserves"
Issued by the Secretary of Agriculture, July 1, 1906
The U.S. Government Printing Office, Washington, D.C. 203pp
5. Gifford Pinchot, "THE TRAINING OF A FORESTER" by the first Chief of the USDA Forest Service; Pages 46-50 describes the responsibilities of the Forest Supervisor and related line positions which are responsible for the "protection, use and care" of the National Forests.
J. B. Lippincott Company, Philadelphia and London; 149pp
6. Lawrence W. Rakestraw, "A HISTORY OF THE UNITED STATES FOREST SERVICE IN ALASKA" - A cooperative publication of the Alaska Historical Commission, Department of Education, State of Alaska; and the Alaska Region, United States Forest Service, Department of Agriculture with the assistance of the Alaska Historical Society. Anchorage, Alaska 1981 221pp
(Chapter 5, pages 83-116 includes a discussion of the establishment of the Alaska District (Region) Office in 1919)
7. U.S. Senator Max Baucus' December 9, 1994 letter to Under Secretary of Agriculture James Lyons noting the unfortunate lack of information provided by the USDA explaining the rationale for the proposed actions. A listing of 18 questions regarding the Reinvention Project was sent to Mr. Lyons.
8. USDA Forest Service Handbook No. 453, "THE PRINCIPAL LAWS RELATING TO FOREST SERVICE ACTIVITIES"
U.S. Government Printing Office, Washington, D.C. 551pp
9. Effective forest management models are available in most regions of the nation. New models are also in development, such as those represented by the Sierra-Nevada Ecosystem Studies and the Plumas-Lassen National Forest management proposal.
- * NOTE: This draft paper (1/6/95) has been prepared by an ad hoc group of professional resource managers and public administrators (mostly retired U.S. Forest Service employees) from various parts of the nation who advocate major improvements in the new Strategic Plan for the Forest Service, approved by USDA Secretary Espy.

SCOMM

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Representative Irene K. Nicholia

State Capitol • Juneau, Alaska 99801

Phone: 465-4527 FAX: 465-2294

Health, Education and
Social Services Committee
Special Committee on Fisheries

MEMORANDUM

TO: Representative Ramona Barnes, Chairwoman
World Trade and State/Federal Relations Committee

FROM: Representative Irene Nicholia *Irene*

DATE: February 10, 1995

RE: Meeting with Ambassador Simon

Just a reminder that Ambassador Simon will be here on Monday to speak with members about the establishment of an Arctic Council. Attached you will find a copy of the discussion paper relating to this issue, as well as biographies for the group that will be accompanying her.

Again, the meeting is scheduled for Monday, February 13, at 2:30 in the Governor's Conference Room. I am looking forward to seeing you there!

DISCUSSION PAPER ON THE ESTABLISHMENT OF AN ARCTIC COUNCIL

HIGHLIGHTS

- Canada supports creation of the Arctic Council -- a permanent, intergovernmental policy forum of the eight Arctic national governments comprised of US, Denmark, Finland, Iceland, Norway, Russia, Sweden, and Canada.
- The Arctic Council would address issues of the Arctic such as: protection of the environment, economic development of Northern regions, circumpolar trade and movement of peoples, the development and expansion of transport and communications systems in the North, the social welfare of Northern residents, the provision of educational and medical services to Northern communities, and the promotion of tourism and cultural exchange.
- Relationship to Existing Circumpolar Initiatives: The Arctic Council would be the sole international institution—an umbrella body—mandated to address and manage the full range of common Arctic concerns and would obviate the need to create a multiplicity of other, more specialized bodies.
- Function of the Proposed Arctic Council: Key body to ensure international cooperation and coordination on sustainable development by promoting the exchange of ideas and possible actions on:
 - closer cooperation between national and local governments and non-governmental organizations on economic development
 - the management of living resources and non-renewable resources.
 - value-added, traditionally-based economic, environmental and scientific enterprises
 - increased trade among Arctic countries and with other markets.
 - improved air and maritime transportation; telecommunication; and education links
 - closer indigenous cultural cooperation and cooperation on shared social problems.
- Structure of the Proposed Arctic Council:
 - Comprised of eight Arctic national governments.
 - Operate on basis of consensus by its members.
 - Representatives of the Inuit Circumpolar Conference, the Saami Council, and the Association of Aboriginal Peoples of Northern Russia will fully participate in the work and deliberations of the Council as permanent participants.
 - Necessary criteria for observership will be established.
 - Ministerial level meetings will be rotated among members.
 - Each Arctic government will identify a coordinator.
 - Canada is prepared to consider a small secretariat to support the work of the Council during the initial period.



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FOR DISCUSSION ONLY
JANUARY 16, 1995.

**DISCUSSION PAPER ON THE ESTABLISHMENT
OF AN ARCTIC COUNCIL:**

**A COLLABORATIVE OPPORTUNITY FOR
THE EIGHT ARCTIC STATES**

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FOR DISCUSSION ONLY
JANUARY 16, 1995

DISCUSSION PAPER ON THE ESTABLISHMENT
OF AN ARCTIC COUNCIL:

A COLLABORATIVE OPPORTUNITY FOR
THE EIGHT ARCTIC STATES

CONTEXT

Over the past few years, a new international community has taken shape in the Arctic reflecting a growing awareness by the Arctic countries of the many common challenges facing the North and its peoples. This has resulted in a remarkable growth of circumpolar initiatives in response to these emerging issues of mutual concern and interest. Specific examples include:

- Arctic Environmental Protection Strategy (AEPS)
- International Arctic Science Committee (IASC)
- Barents Euro-Arctic Region Council
- Northern Forum
- Arctic Leaders' Summit
- Circumpolar Health Society
- Circumpolar Agricultural Conference

In addition, there have been recently new bilateral initiatives addressing environmental concerns in the Arctic, including the November 1994 Joint Canadian-Russian Statement on Arctic Cooperation and the December 1994 Agreement between the Government of the United States of America and the Government of the Russian Federation on Cooperation in the Prevention of Pollution in the Arctic.

Many of these circumpolar initiatives have been created on an ad hoc basis and are issue specific.

Despite the success which has been achieved in these initiatives, especially AEPS, there are a number of shortcomings, including: the absence of a mechanism or mandate to address the full range of Arctic issues; and the lack of an overall coordinated approach to Arctic issues, many of which cut across various sectors. Canada is of the view that there is a compelling need for a permanent, intergovernmental policy forum of the eight Arctic governments-- the United States, Denmark, Finland, Iceland, Norway, Russia, Sweden, and Canada-- to strengthen circumpolar initiatives, to contribute to international cooperation, to meet the new challenge of sustainable development, and to provide a broader and coordinated voice in response to critical issues being faced by all Arctic countries.

There is a wide range of Arctic issues common to the nations of the circumpolar North which can be addressed most effectively in a multilateral forum which promotes cooperation and concerted action. These issues go beyond those related to the protection of the environment, and include, for example: the economic development of Northern regions, circumpolar trade and movement of peoples, the development and expansion of transport and communications systems in the North, the social welfare of Northern residents, especially indigenous peoples, the

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FOR DISCUSSION ONLY
JANUARY 16, 1995.

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provision of educational and medical services to Northern communities, and the promotion of tourism and cultural exchange.

An Arctic Council as a regional body could provide political energy and focus for: anticipating and addressing current problems, capitalizing on new opportunities, and involving Northerners in discussion of issues that affect them directly. Northern indigenous peoples, for example, have already made significant contributions through their interventions and representations at international fora (e.g. AEPS) on such critical issues as the environment.

RELATIONSHIP TO EXISTING CIRCUMPOLAR INITIATIVES

The proposed Arctic Council would be the sole international institution mandated to address and manage the full range of common Arctic concerns and would obviate the need to create a multiplicity of other, more specialized bodies which is the emerging trend. It is not intended to replace or duplicate existing circumpolar initiatives. Instead it would act as an umbrella body.

The Council would constitute a broad consultative instrument in support of specialized initiatives such as the AEPS and IASC. These initiatives could in turn become the functional bodies for the Council.

It would ensure greater efficiency and effectiveness by providing focus and, where appropriate, policy direction to existing Arctic-related organizations, creating by consensus additional working groups only where necessary, and by influencing and coordinating with other international organizations.

The relationship between the Arctic Council and the other existing initiatives would be defined more precisely as part of the process to establish the Arctic Council.

FUNCTION OF THE PROPOSED ARCTIC COUNCIL

The terms of reference for an Arctic Council should reflect the elements of the Declaration of May 1993 on the establishment of an Arctic Council (adopted by seven Arctic countries). The Council would provide a forum wherein the Arctic governments would consider and address issues of common interest and make recommendations on follow-up tasks. In this sense, the Council would provide political impetus on actions and co-operative initiatives; ensure better co-ordination and interaction among the Arctic governments; and promote coherence among the Arctic countries on various aspects of northern development.

Through such a body, the Arctic countries would work to advance Arctic interests within other international organizations. The Council would provide a mechanism to mobilize the resources of the Arctic countries in cases of potential emergency situations or priority issues.

Also, the Council would constitute a significant instrument to address the concerns and aspirations of northern inhabitants, especially indigenous peoples.

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JANUARY 16, 1995.

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Sustainable development is a concept which integrates economic, environmental, and social considerations whose activities are crucial to the economic and cultural viability of northern peoples, and is a shared interest of all Arctic countries. Each element must be given appropriate consideration. The Arctic's unique environmental and cultural features require an integrated regional approach to Arctic sustainable development. These linkages, and the need for a broader integrated approach, have become apparent in the work of the AEPS. An Arctic Council would be the key body to ensure international cooperation and coordination on sustainable development by promoting the exchange of ideas and possible actions on:

- closer cooperation between national and local governments and non-governmental organizations on economic development;
- the management of living resources (especially marine and land mammals and fish) and non-renewable resources (oil and gas; minerals);
- value-added, traditionally-based economic, environmental and scientific enterprises;
- increased trade among the Arctic countries and between the Arctic and other parts of the world;
- improved air and maritime transportation; telecommunications; and educational links; and
- closer indigenous cultural cooperation and cooperation on shared social problems.

The proposed Arctic Council would assist in the regional implementation of global agreements, e.g. trade, and would address only the circumpolar dimension of issues.

STRUCTURE OF THE PROPOSED ARCTIC COUNCIL

In the establishment of an Arctic Council, it is essential for Canada that the following criteria are met. They are based on the terms of reference of the 1993 Declaration:

1. The members of the Arctic Council are the national governments of Canada, Denmark, Finland, Iceland, Norway, Sweden, the Russian Federation, and the United States of America.
2. The Council will operate on the basis of consensus by its members.

The agenda will be a reflection of pressing issues agreed upon by consensus of the eight Arctic countries. The principle of consensus provides the appropriate safeguard to ensure that all parties are in agreement that an issue should be addressed, and that the work of the Arctic Council is based on common understandings and shared interests. Canada

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JANUARY 16, 1995.

does not foresee the Arctic Council as an appropriate body to resolve strategic-military issues. Canada would suggest that in addition to efforts toward its establishment, the Arctic Council focuses initially on promoting sustainable development.

3. Representatives of the Inuit Circumpolar Conference, the Saami Council and the Association of Aboriginal peoples of northern Russia will fully participate in the work and deliberations of the Council as permanent participants.

The permanent participant status recognizes the primary interests of indigenous peoples in the Arctic and provides a vehicle for their meaningful participation in the inception and proceedings of the Council.

The initial inclusion of these three organizations is based on the recognition that they represent the majority of indigenous peoples throughout the circumpolar North and the important role that these organizations have played in circumpolar cooperation.

It is recognized that there are other indigenous peoples in the Arctic countries, including Canada which are not represented by these organizations. Canada would encourage each country to explore options to allow for meaningful indigenous participation in the national delegation or through other acceptable means.

4. The Council will establish the necessary criteria to invite observers to attend meetings of the Council, as appropriate.

This could include other non-governmental organizations, and non-Arctic national and sub-national governments.

5. The Council will meet at ministerial level in one of the member countries on a rotational basis, as needed. In addition, it may choose to meet at senior officials level.

6. Each Arctic government will identify a coordinator.

7. Canada is prepared to consider a small secretariat to support the work of the Council during the initial period.

This discussion paper was prepared jointly by the Department of Foreign Affairs and International Trade Canada and the Department of Indian Affairs and Northern Development.

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P.05

Dr. Jack E. Stagg

**Assistant Deputy Minister,
Policy and Strategic Direction
Department of Indian Affairs and Northern Development**

Dr. Stagg received a B.A. (History & Economics) in 1971 and an M.A. (History and Political Economy) in 1972 from McMaster University.

After a period in the private sector he joined the Public Service as a Research Negotiator with the Public Archives of Canada. In 1975, he moved to the Department of Indian Affairs and Northern Development (DIAND) as a Researcher.

In 1977, he resumed his studies becoming Research Fellow at Darwin College, Cambridge University, England where he was granted a Ph.D. in 1984.

On returning to DIAND he held a number of positions in the Indian Program and the Office of Native Claims. In 1984-85, he was Director of Intergovernmental Affairs becoming Director of Constitutional Development and Aboriginal Affairs the following year.

In 1987, Dr. Stagg was appointed Director General, Constitutional Development and Strategic Planning, Northern Affairs Program, and named Assistant Deputy Minister in February 1993.

In August 1993, he was appointed Assistant Deputy Minister, Policy and Strategic Direction.

**Camil Simard
Acting Senior Advisor
Circumpolar Liaison Directorate
Department of Indian Affairs and Northern Development**

Mr. Simard received a Law Degree (L.L.B.) from University Laval, Quebec City, in 1984 and an M.A. (Soviet and East European Studies) from Carleton University, Ottawa in 1988. In 1986-87, he pursued graduate studies in international law at Leningrad State University, Russia.

Mr. Simard joined the Department of Indian Affairs and Northern Development in 1988 as Research Analyst in the Circumpolar and Scientific Affairs Unit, Northern Program. In 1990, he became Circumpolar Analyst-Russia, with the main responsibility for coordinating Canada-Russia Arctic bilateral cooperation, including the 1992 Canada-Russia Agreement on Cooperation in the Arctic and the North.

In Fall 1994, he was named Acting Senior Advisor, Circumpolar Liaison Directorate, Strategic and Policy Direction. The Directorate provides secretariat functions in support of the Office of the Ambassador for Circumpolar Affairs.

Canadian Consulate General



Consulat Général du Canada

TERRANCE H. STORMS**Consul****Political and Economic Relations and Public Affairs**

Terry Storms has been with the Political and Economic Relations and Public Affairs Division of the Canadian Consulate General in Seattle, Washington since September 1992. He arrived from Canberra, Australia, where he participated in a one-year government exchange with the Australian Department of Foreign Affairs and Trade.

In his twenty years with the Department of External Affairs and International Trade Canada, Mr. Storms has held positions at Canadian embassies in Cameroon, the Netherlands, Egypt and Kuwait. He has also worked in various capacities at the Department's headquarters in Ottawa, Ontario. He has served as Deputy Director in the Divisions of Export Controls and Middle East Relations, and has worked in the United States, Information, Intelligence, United Nations Political and Institutional Affairs, Personnel and Language Divisions.

During his time in Seattle, Mr. Storms has applied his insight and expertise to responsibilities in Canada-USA political and economic relations. He also oversees activities in cultural affairs, communications and Canadian studies within the Consulate's four-state territory of Washington, Idaho, Oregon and Alaska.

Terry Storms is an avid reader and appreciator of the arts. He speaks english, french and dutch. With his family close by - in his homeland of Alberta -, he looks forward to spending his next four years in the Pacific Northwest.

THE NORTHERN FORUM

OFFICE OF THE SECRETARIAT

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Anchorage AK 99508

Telephone (907) 561-3280 -- Facsimile (907) 561-6645

Fax Transmission Cover Sheet

Thursday, May 11, 1995

TO: State Representative Ramona Barnes

907-465-4565 -- Fax Number

FROM: Steven H. Shropshire
Executive Director

SUBJECT: SJR 18

Pages to Transmit: 2 (Including Cover)

For your information, bill SJR 18 is currently being considered on the floor. I do not recommend passage of SJR 18 as it is currently written.

Please contact me should you have any comments.

Thank you for your time and support.

If there are any problems in transmission, please call 907-561-3280.

THE NORTHERN FORUM

April 27, 1995

Via Fax 907-465-3472
3 Page to TransmitOFFICE OF THE SECRETARIAT
4101 University Drive, APU Cam-Gottstein Center, Suite 221
Anchorage, Alaska 99508
Phone: 907 561-3280 FAX: 907 561-6645

The Honorable Gail Phillips
Speaker of the House
Alaska State Legislature
State Capitol Room 208
Juneau, AK 99801-1182

Dear Speaker Phillips:

It is my understanding that the Alaska State Legislature is currently considering SJR 18, relating to the establishment of an Arctic Council. I have enclosed for your review a copy of my letter which was recently sent to Governor Knowles relating to this issue.

As the letter indicates, The Northern Forum Board of Directors has not taken a formal position on the Council. However, I recommend that the State Legislature not pass SJR 18 as it is currently written. Specifically with regard to its reference to the Arctic council as "the only institution mandated to address a full range of Arctic issues."

As you know, the State of Alaska has invested considerable resources in establishing The Northern Forum, an organization made up of elected leaders from the Arctic regions.

The Arctic Council in contrast, is an organization represented by bureaucrats and special interest groups. These organizations are not mutually exclusive, and indeed The Northern Forum is absolutely essential in providing a balanced perspective in Arctic policy decisions.

Please contact me if you should require any further information.

Thank you for your consideration.

Sincerely,



Steven H. Shropshire
Executive Director

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Alaska State Legislature

Senator Al Adams



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MEMORANDUM

TO: Rep. Ramona Barnes, Chair *ALA*
World Trade and State/Federal Relations

FROM: Senator Al Adams

DATE: April 26, 1995

SUBJECT: SS SJR 18: Establishment of an Arctic Council

By means of this memorandum, I am requesting a hearing for SS SJR 18: An Establishment of an Arctic Council.

Enclosed is a copy of the CSSS for SJR 18. Also enclosed is some background information.

I agree with the changes that were made in the latest senate version.

I appreciate and thank you for your time.

FISCAL NOTE

Revision Date: April 4, 1995 Dept. Affected: Community & Regional Affairs
Title: Relating to establishment of an Arctic council BRU: none
Component: none
Sponsor: Sen. Adams
Requestor: Senate CRA COMPONENT SERIAL NO. _____

Expenditures/Revenues:		(Thousands of Dollars)					
OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	
PERSONAL SERVICES							
TRAVEL							
CONTRACTUAL							
SUPPLIES							
EQUIPMENT							
LAND & STRUCTURES							
GRANTS, CLAIMS							
MISCELLANEOUS							
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0	
CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0	

REVENUE FUND SOURCE: _____

FUNDING:		(Thousands of Dollars)					
1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Program Receipts							
1006 GF/MHTIA							
Other							
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	

POSITIONS:							
FULL-TIME		0	0	0	0	0	0
PART-TIME							
TEMPORARY							

Estimate of current (FY94) impact \$ none

ANALYSIS: (Attach a separate page if necessary)

DCRA is not mentioned explicitly in this resolution and it is difficult to speculate as to specific fiscal implications of this resolution for the department. However, it is assumed that the department would participate in some form, probably involving travel and per diem at the Commissioner's Office level. It is assumed that any such travel would be absorbed within existing travel budgets.

Prepared by: Remond Henderson, Director *Remond Henderson* Phone: 465-4708
Division: Division of Administrative Services Date: 4/4/95
Approved by Commissioner: *Mike Driscoll* Date: 4/4/95
Agency: Community & Regional Affairs

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Senator Al Adams

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SPONSOR STATEMENT

SJR 18: Establishment of an Arctic Council

This resolution supports a permanent, intergovernmental policy forum to address concerns that affect the eight countries of the Arctic. The eight countries are the United States, Denmark, Finland, Iceland, Norway, Russia, Sweden and Canada. The Arctic Council will provide focus and policy direction to existing Arctic countries.

Currently, there are no organizations to deal with issues regarding the Arctic countries on a collective basis. The Arctic Council would strengthen circumpolar initiatives, and contribute to international cooperation to meet the new challenges of sustainable development. Through this council, people of the northern countries would be involved in discussions of issues that affect them directly.

The council would operate by consensus of its members. Organizations such as: Arctic Environmental Protection Strategy, Northern Forum, Arctic Leaders' Summit and other organizations would work with the Arctic Council to enhance life for people of the northern region. The organization will define criteria for different agencies that will participate in the Arctic Council. Ministerial level meetings will be rotated among the members. Each Arctic government will identify a coordinator.

The Arctic Council deals with environmental, business and health and safety issues. The Arctic Council will be a decision making body. They will provide directions and recommendations unilaterally that relate to the Arctic concerns.

Page 2

Sponsor Statement: SJR 18

Senator Al Adams

For example, if a country is throwing nuclear waste in the water stream and it is effecting the food source, that country may be urged to comply with the Arctic Council policy to stop throwing waste in the food chain.

Therefore, I urge you to support this resolution for an Arctic Council. It will make Alaska more self-sufficient and self-supporting with out dependence of the federal government.

16:39:21 EST: FOREIGN AFFAIR?->

286 443 1782

Page 828

Feb. 24, 1995 4:22PM DFAIT/BCD/BCC

No. 1636 P. 20/25

Government
of CanadaGouvernement
du Canada

Visit of U.S. President Bill Clinton to Canada February 23-24, 1995

BACKGROUNDER ON KEY RESULTS

Trade

- Leaders stressed the very positive impact of the North American Free Trade Agreement (increase of US\$40 billion/C\$50 billion last year for total two-way trade of US\$270 billion/C\$371 billion).
- Leaders affirmed the need to manage trade disputes better. Trade Minister MacLaren and USTR Kantor will work with their Mexican colleague to address NAFTA trade remedies issues. They reviewed a range of trade irritants, including agricultural and cultural issues, and their expectation for progress towards a constructive dialogue on softwood lumber.

Air Agreement

- The air agreement will generate new economic activity and thousands of new jobs in both countries.
- The agreement will result in lower air fares, increased tourism, and new business in Canadian and U.S. cities.

Borders/Customs

- Leaders agreed to improve border services in order to continue expansion of trade and tourism.
- A binational steering committee has been tasked to develop, within six months, an action plan to make cross-border travel, trade and tourism easier.
- Measures to strengthen efforts against drugs, smuggling and illegal movement of people are also being envisioned.

Defence

- Leaders agreed to conclude successfully negotiations on the renewal of the NORAD agreement this year. Foreign Minister Ouellet and Defence Minister Collenette will follow up with Secretaries Christopher and Perry.

.../2

Canada

Feb. 24. 1995 4:22PM DFAIT/BCD/BCC

No. 1636 P. 21/25

- 2 -

- Special negotiators have been appointed to review environmental clean-up and residual value issues relating to former U.S. military sites in Canada.

Environment

- Leaders remarked on the long and successful history of bilateral environmental cooperation and the importance of regular high-level meetings to address common environmental concerns.
- Leaders were pleased to note plans to:
 - convene a meeting of G-7 Environment Ministers in Hamilton in April;
 - work together to develop by February 1996 a binational strategy to address the most persistent toxic substances in the Great Lakes environment;
 - undertake projects to assess regional and ground level ozone concentrations affecting both countries;
 - formalize cooperation on natural parks and historic sites; and
 - reaffirm their commitment to preserve and protect the Porcupine caribou herd in its habitat.

Fish

- Both leaders have made the successful completion of the Pacific Salmon Treaty a priority, and pledged their full support for their negotiators' continuing efforts to overcome outstanding differences.

Global Economic Issues

- The leaders discussed the G-7 Economic Summit, which Prime Minister Chrétien will host in Halifax this year.
- Leaders agreed to work together in the reform of international financial institutions and for the success of the World Trade Organization.

Western Hemisphere

- Leaders discussed implementation of their goal for a Free Trade Area of the Americas by 2005 and the desirability of Chile's early accession to NAFTA.

.../3

- 3 -

- Leaders reaffirmed their support for and confidence in President Zedillo and Mexico's long-term economic future.
- Leaders reviewed other developments in Latin America, including the successful ongoing action to restore democracy in Haiti.

NATO Expansion

- Leaders agreed that NATO expansion would contribute to the stability and security of Europe.

United Nations/Peacekeeping

- Leaders agreed on the importance of a reformed UN in keeping global peace.
- The Prime Minister congratulated the President on his leadership in fostering historic progress in the Middle East peace process and in addressing the Mexican economic crisis.
- The President expressed his appreciation of Canada's long-standing commitment to peacekeeping forces in the former Yugoslavia and other regions of the world.

Arctic Council

- Leaders agreed to pursue the establishment of an Arctic Council by early 1996 to promote regional cooperation and sustainable development in the North. X

Other issues

- The two leaders also held very productive discussions on European security architecture, Russia and Ukraine, the former Yugoslavia and China.
- Canada took note of the U.S. request to address the Beaufort Sea boundary dispute and promised to provide a response.

February 16, 1995

The President
The White House
Washington, DC 20500

Dear Mr. President:

The State of Alaska supports an initiative sponsored by the government of Canada known as the Arctic Council. The Arctic Council, comprised of eight Arctic national governments, has an opportunity to be an umbrella body that encompasses the many organizations and issues facing the north. Those issues are very close to Alaska's interest as we are the only Arctic-oriented state, geographically and culturally.

Alaska encourages the United States government to focus on policies affecting the health of our indigenous people, as well as continuing its work on trade, economic development, transportation and research. Public health is of primary concern to Alaska. Solutions to problems, such as the high rates of alcoholism and suicide, affecting the people living in the harsh conditions of the Arctic need to be addressed. Additionally, we view the Arctic Council as a forum to discuss our interests and successes in environmentally responsible Arctic development, including the potential for development in federally designated areas such as the Arctic National Wildlife Refuge.

The State of Alaska wants to be an active participant in the development of the United States' Arctic policies. Representation from Alaska's people is essential as they are affected by and knowledgeable about Arctic policies of our Nation.

Sincerely,

s/s Tony Knowles

Tony Knowles
Governor

The President
February 16, 1995
Page 2

bcc: Ambassador Mary Simon
Senator Ted Stevens
Senator Frank Murkowski
Representative Don Young
Lawton Jordan, The White House
John Katz
Commissioner Willie Hensley

TK/DR/KP/DCED/bph
clinton.tk

0824
Arctic Council support

March 9, 1993

The Honorable Mary Simon
Ambassador for Circumpolar Affairs
Department of Foreign Affairs and
International Trade
125 Sussex Drive, Tower B-4 (ACX)
Ottawa, Ontario K1A 0G2
CANADA

Dear Ambassador Simon:

I am pleased that one of the positive results of the recent meeting between President Clinton and Prime Minister Chrétien was an agreement to support the creation of the Arctic Council, an initiative sponsored by the government of Canada.

The Arctic Council has an opportunity to be an umbrella body that encompasses the many organizations and issues facing northern regions. Those issues are very close to Alaska's interest as we are the only Arctic-oriented state in the United States, both geographically and culturally. Our interest is not to duplicate existing efforts, but to coordinate and enhance them.

Alaska encourages the Arctic Council to focus on policies affecting the health of our indigenous people, as well as embracing the work of the Sustainable Development Task Force relating to trade, economic development, transportation, research, communications, and Native issues. Public health is of primary concern to Alaska. Solutions to problems, such as the high rates of alcoholism and suicide, affecting the people living in the harsh conditions of the Arctic need to be addressed.

Additionally, we view the Arctic Council as a forum to discuss our interests and successes in environmentally responsible resource development, including the potential for natural resource development in federally designated areas such as the Arctic National Wildlife Refuge.

The State of Alaska wants to be an active participant in the Arctic Council to discuss and respond to the many challenges and opportunities we share as residents of the North. We invite the Council to Alaska for one of its earliest meetings.

Sincerely,

s/s Tony Knowles

Tony Knowles
Governor

The Second Arctic Leaders' Summit, Tromsø January 25 - 27, 1995

Proposal for the Establishment of an Arctic Council

The participants in the workshop were generally positively interested in the establishment of an Arctic Council, although some scepticism and concerns were expressed with respect to the different levels of participation - these being the membership for Arctic states versus permanent participation status for Indigenous Peoples - represented by their International Indigenous Organizations of the Arctic.

The Arctic Leaders' Summit recommends that the following be embodied in the Declaration of the Arctic Council:

- * The eight Arctic states recognize that the Arctic Indigenous Peoples have the right to self-determination within their nation-states.
- * The right of Arctic Indigenous Peoples to participate fully and directly in an Arctic Council should be reflected as a key principle in the proposed structure of the Arctic Council.

The Arctic Leaders' Summit support the principle as stated on page 3 and 4 in the section on Structure of the Proposed Arctic Council in the Discussion Paper on the Establishment of an Arctic Council: A Collaborative Opportunity for the Eight Arctic States of January 16, 1995.

Declaration of the Second Arctic Indigenous Leaders Summit

We, the Representatives of the Indigenous Peoples organizations of the Arctic, the Inuit Circumpolar Conference, the Saami Council and the Association of the Indigenous Peoples in Russia, Siberia and the Far East.

Having convened the Second Arctic Leaders Summit at Tromsø, Norway to continue the cooperation among Arctic Indigenous Leaders to further identify common international issues of concern, to exchange experiences, and to develop strategies and solutions.

Bearing in mind that one of the purposes of the Summit is the achievement of international cooperation in solving problems of an economic, social, cultural, political and humanitarian character and in promoting and encouraging respect for human rights and fundamental freedoms for all without distinction as to race, sex, language or religion.

Recognizing the value and diversity of the indigenous peoples of the Arctic;

Conscious of the need to improve the economic, social, cultural and political situation of Arctic indigenous peoples with full respect for distinctiveness and our own initiatives,

Recognizing the rights of Arctic indigenous peoples to self-determination, self-government, land and resources, in addition to cultural, social and economic rights;

Recognizing the special role of indigenous peoples in environmental management and development in the Arctic, and the significance of indigenous knowledge and traditional practices, and the need to promote our effective participation to achieve sustainable development in the Arctic;

Recalling the principles concerning indigenous peoples in the Arctic Environmental Protection Strategy (AEPS), Caring for the Earth, the Rio Declaration, the Nuuk Declaration, and the recommendations from the 1994 Seminar on the Integration of Indigenous Peoples Knowledge held at Reykjavik;

Recalling United Nations General Assembly Resolution 48/163 of 21 december 1993, which proclaimed the International Decade of the World's Indigenous Peoples,

Recognizing the central theme of effective partnership and cooperation between indigenous peoples and member states, including participation of Indigenous peoples in the plan of action for the decade and its implementation;

Affirming the goal to adopt the Declaration for the Rights of Indigenous Peoples;

Recognizing the importance of the establishment of a permanent forum for indigenous people within the United Nations system;

We adopt, as consensus recommendations of the Summit, the following:

- 1) Recommendations on International Issues
- 2) Recommendations on Business Development and Foreseen Opportunities
- 3) Recommendations on Russian Issues
- 4) Recommendations on Environmental Issues

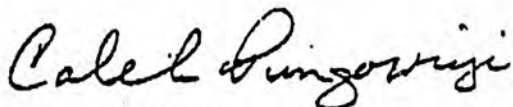
We agree to continue the cooperation, begun in Copenhagen 1991 and continued in Tromsø 1995 by holding our Third Arctic Indigenous Leaders Summit in 1998.

We also agree to consider the establishment of a joint task force and procedures to coordinate common Arctic policies.

We further agree that in order to advance our mutual concerns, we will initiate a process leading up to the third Arctic Indigenous Leaders Summit, to include some of following issues:

- addressing the situation of the Indigenous Peoples of Russian North, Siberia and the Far East.
- implementation of the Rio Principles and Agenda 21
- indigenous strategies for sustainable and equitable development in the Arctic
- furthering of indigenous rights during the International Decade of the World's Indigenous Peoples

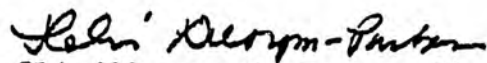
Tromsø, January 27, 1995



Signed by Caleb Pungowiyi, president
On the behalf of the Inuit Circumpolar Conference



Signed by Efemye Aipin, president
On the behalf of the Association of the Indigenous Peoples of the Russian North, Siberia and Far East



Signed by Helevi Nuorgam-Poutasuo, president
On the behalf of the Saami Council

-- PRESS RELEASE --

Tromsø, Norway - Indigenous leaders of the Arctic from Russia, Scandinavia, Greenland, Canada and Alaska met at a 3-day summit in Tromsø, Norway which ended last Friday, January 27th. It was their first meeting since the inaugural and historic Arctic Indigenous Leaders' Summit of 1991.

The Arctic indigenous leaders, along with invited guests and observers, discussed issues of common concern such as increasing Arctic pollution, loss of indigenous rights over land, possible ways of building upon further cooperation among Arctic indigenous peoples, how to best deal with their respective national governments and how to promote economic opportunities among indigenous communities of the circumpolar region.

The Russian Arctic was the focus of much of the debate at the Tromsø Summit. Stories were heard about how the Soviet era left many people dispossessed, and about the current rapid changes which ironically are further hurting Arctic Russia's indigenous communities. Anna Prahova, an indigenous leader from the Kola Peninsula spoke passionately about how the Saami people had lost their right to fish the Ponoy, the Lumbovka and other rivers which they have used for thousands of years. Foreign-owned tourism companies from Finland, United States and elsewhere were buying up the rights to rivers so that "wealthy Americans, Canadian and Britons can catch our large salmon, take pictures and fly back home with them". Prahova told Summit delegates and observers that only one week ago much of the Lumbovka River had been put up for public auction. Local companies owned by indigenous peoples would have no chance of competing, she said, and local people would receive no economic benefit. "The benefit is all going to a few regional authorities and foreigners", she said.

Another indigenous leader from the Amur region, Nadezhda Bulatova, spoke of forests being sold to Korean firms by local authorities. She cited an example of Udigeysa in the Primorski area in which 2000 indigenous peoples "might as well die when cutting of the forest begins". She did offer positive hope, however, by saying that where indigenous groups had gained a measure of autonomy and control over their traditional resources, sustainable use had been ensured. "It can and does work", she said, "but we need autonomous organizations".

Ms. Bulatova thanked the Inuit Circumpolar Conference (ICC) for its support and for sharing the experiences of other Arctic indigenous peoples like the Inuit of Nunavut, Canada, which ICC President, Caleb Pungowiyi, had talked about earlier. "We are sure that the experiences of the Inuit land claims process in Alaska, Canada and Greenland can help us", she said.

In his address to Summit delegates, the ICC President also spoke of the important role of women in Inuit society and Inuit economies. Mr. Pungowiyi used the example of his grandmother's knowledge of

the environment, community wealth and village trading potential in addition to her leadership skills to show how the rights of Inuit to use their living resources in a wise manner must be vigilantly maintained if Inuit culture is to survive and social problems are to be reduced. He was optimistic that it could, and told governmental observers that they must assist in reopening markets such as seal skins that had been taken away from them due to animal rights movements and laws in the United States and in the European Union.

Degradation of the Arctic environment was also a major focus of the Tromso Summit. Anne Walker from Alaska said that each indigenous leader should take personal responsibility to take back to the local communities the stories heard at the Summit. Ms. Walker further demanded that scientists and governments carrying out environmental research in the Arctic provide plain-language advice on how contaminants arriving from elsewhere, and ending up in the indigenous peoples' food chain may affect them, so they could make their own assessment of whether or not the food they eat is free from unsafe levels of contaminants.

The Arctic indigenous leaders ended the Summit by making several statements on issues relating to Arctic cooperation, environment, rights to sustainable utilization of resources, business development and the Russian Arctic. The Arctic leaders supported a statement by Simeonie Nalukturuk, President of Makivik Corporation in Nunavik (Northern Quebec) that in the event of the province of Quebec separating from Canada, Quebec Inuit have the right to choose their own destiny. Delegates also made a statement in support of a proposed Arctic Council of the eight Arctic governments, but only if the indigenous organizations have full participatory rights in such a council.

--30--

FOR MORE INFORMATION, PLEASE CONTACT:

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Leif Halonen
Summit Organizer
The Saami Council
Ohcejohka/Ulsjoki
Finland
Tel: 358 697 71 351

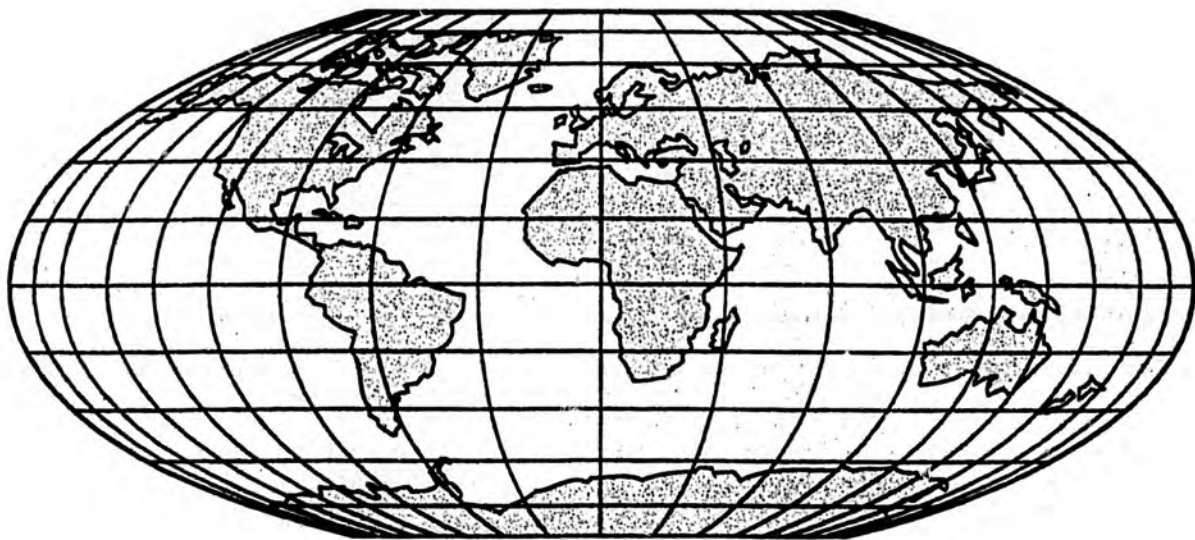
Chester Reimer, Research Director

Inuit Circumpolar Conference
Ottawa, Ontario
Tel: 1-613-563-2642

SCOMM

99:27

INTERIM REPORT
ON
WORLD TRADE AND
STATE/FEDERAL RELATIONS



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

January 24, 1997

INTERIM REPORT ON WORLD TRADE AND STATE/FEDERAL RELATIONS

During the interim of 1996, as Chairman of the World Trade and State/Federal Relations Committee, I have fostered a spirit of cooperation with foreign delegations and State agencies to broaden and enhance Alaska's trade mission with the Pacific Rim, the Russian Far East and other areas of the globe. It is my fervent belief that if Alaska is to overcome the boom and bust economic cycle, we must seize this opportunity to broaden our trade base. Alaska is on the threshold of breaking new ground in the area of trade and tourism, which will strategically position her on a successful path as we begin the 21st century. Through this legislative office and committee, it is my goal and hope to expand Alaska's world economic and social presence to all corners of the globe.

I have worked in close contact with the Department of Commerce and Economic Development and the Division of Trade and Tourism to promote the seafood industry as well as trade missions. I met with Alaska's trade representative to Taiwan, Ida Yao and discussed the present trade situation. We talked about what could be done to improve trade and business relations between Alaska and Taiwan.

I have fielded inquiries from Hong Kong, Taiwan, China and the Philippines.

Federico Pascual, President of the Philippine Chamber of Commerce asked that I head an Alaska trade delegation to the Philippines. I have responded positively to the inquiry and recommended to him that a delegation could visit the islands during the summer of 1997.

Lam Hon Hong, Director of Pacific Super Ltd., of Hong Kong has solicited my assistance to seek Alaskan seafood processors who would be interested in doing business with the Far East.

Over the summer, I brought together for talks, an Alaskan business group and a group of Taiwanese seafood processors. Later, I was invited to serve as a facilitator (conduit) between the two groups to finalize the plans for an Alaska Seafood Center to be built near the Anchorage International Airport.

This \$100 million center will process Alaska fish into convenient, ready-made meals for consumers in the United States and overseas. It could provide up to 400 permanent jobs for Alaskans and serve the people of Alaska for generations. The center could generate significant economic benefit and income for Anchorage. The center is scheduled to be completed prior to 2000.

In September, I met with a group of mainland Chinese businessmen who are further exploring importing seed potatoes from Alaska. The project is being developed through the University of Alaska Fairbanks in cooperation with the Alaska Agricultural Development and Marketing. AADM negotiated with China on a trial basis and I am supportive of their efforts to open the Pacific Rim to the industry. Not only will it stimulate trade, but it could be seen as an important step toward fostering international relationships. I believe this endeavor goes to the heart of fulfilling that goal. I believe the success of this market can become a catalyst to open other avenues between Alaska and China. For example, since that meeting I have fielded an inquiry pertaining to the Chinese purchase of Alaskan oil.

I recently hosted a Russian delegation from Krasnogorsk region for a 10-day business trip. The delegation included a member of the State Duma who is also the former Mayor of Krasnogorsk, the present Mayor of Krasnogorsk, and the head of the Krasnogorsk Department for Foreign Cultural and Economic Relations.

The goal of the three-member visit was to strengthen business and economic ties, promote trade which for many years has been restricted by Moscow's highly-centralized government. We discussed what tools and avenues were available to help reduce impediments to trade and improve business prospects, both in central Russia and in the Russian Pacific region. The delegations schedule included a brief meeting with Anchorage Mayor Rick Mystrom. Among the key topics discussed was how air transportation could be improved, particularly the frequency of flights, to enhance trade between Moscow and Anchorage. We also discussed the further development of cultural and economic ties with the Russians and Alaska, a breaking down of any barriers and finding lasting relationships between the two cultures.

The Russians were very interested in how Anchorage serves its' military community and how we and our military bases co-exist. Krasnogorsk is similar to Anchorage in that their region is closely tied to a military population. The region has been in a quandary as to how to provide employment opportunities and living accommodations for its retiring military and at the same time maintain a level of growth and prosperity for its other citizens. The group was looking to Anchorage for solutions to their dilemma, seeking to incorporate methods and ideas that work here. Just

prior to their departure, the delegation formally invited me to lead an Alaskan delegation to visit Krasnogorsk in 1997.

The delegates were also provided a tour of the UNOCAL facilities and the Phillips/Marathon liquefied natural gas operations on the Kenai Peninsula as guests of House Speaker Gail Phillips.

The Russian visitors also met with Dr. Patricia DeMarco of the Anchorage Economic Development Corporation and discussed how to better open the lines of communication between Alaska and Russia. Trade and business ventures with Russia were discussed with the delegation as a starting point to ensure Alaska's place in the global economy. Despite Russia's restless political climate, there is a tremendous opportunity at this time for Alaska to open the trade doors even wider. I am also working with Dr. DeMarco on the Alaska Seafood Center project.

The chairman of the Eastern Star International Development Corporation of Taiwan, John Kao visited Anchorage this interim. Mr. Kao is presently working to secure funds to invest money in the development of the Ship Creek area of Anchorage. He has also shown considerable interest in our seafood industry and the importation into Taiwan of Alaskan glacier water. At my behest, Mr. Kao met with Anchorage officials during the winter on a fact-finding business mission to see what Alaska has to offer as a winter tourist attraction for the Pacific Rim. He is currently developing methods to promote to the Taiwanese Alaska's winter activities. Since 1988, Taiwan and Alaska have had a formal sister-state working agreement. Mr. Kao is interested in pursuing the possibility of engaging Taipei and Anchorage as sister cities. He is also exploring possibilities for developing the Naval Station at Adak which is scheduled for closure in January 1998. Chairman Kao has visited Alaska previously as my guest.

The Chinese Petroleum Corporation has shown a keen interest in developing on-going talks with the oil industry to buy natural gas from Alaska. I have been communicating with CPC officials and meeting with officials in the private sector and the State to encourage all parties to maintain a high level of interest. Alaska is regarded as a dependable, economical source of supply of LNG to the Far East.

Although the Pacific Rim market for natural gas will remain strong for many years, it appears the window available for placement in the market of the huge volume of Alaska's North Slope natural gas will remain open for only a few years. Strong competition is appearing on the horizon from ambitious natural gas findings in South America, Indonesia, Australia and other parts of the world. As expected, the operators of these projects are maneuvering for the best long-term deals. Meanwhile, CPC for example, has demonstrated its faith in us by expressing a strong interest in purchasing gas from Alaska if we

can begin providing it within the appropriate time period. I believe it would be detrimental to the State to lose such a major potential trading partner and do not want to see us closing the doors to furthering the expansion of cultural and social ties with Taiwan.

Through my efforts this summer, the Bethel Native Corporation has been examining the feasibility of a joint-venture with Taiwan in their seafood processing plant. The BNC is looking for either prospective buyers for the processing operation or long-term co-investors.

I met with San Francisco-based Deputy Consul-General Wang Yusheng of the People's Republic of China to discuss future sales of timber, oil and fish to mainland China. I have requested that he furnish me with specifics in order for China to develop closer business ties with the State and private industry.

During the interim, I have built on previous work done in committee to break new ground in international trade and business with emphasis on Russia and the Pacific Rim. Alaskan firms are doing business in these parts of the world, however there appears to be a reluctance or historic bias against fervent expansion of such trade. It is a matter of making the world aware of what Alaska has to offer and vice-versa. Certainly, the fall of Communism in Russia has broken down many barriers and allowed greater freedom and communication.

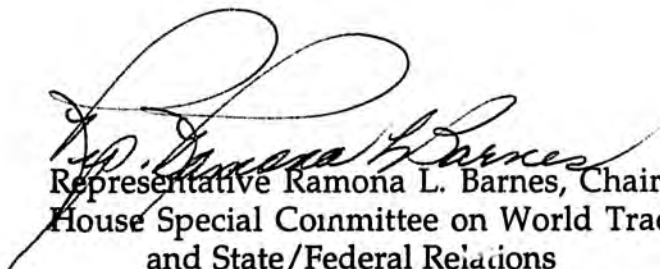
Russia is aware of its long tradition and common history with Alaska. This heritage goes to solidifying our cultural and economic ties. I am seeing and hearing that Russians are open to Alaskans and Alaska business ventures depending in large part upon the stability of the ruble. I feel the exchanges I have experienced with the foreign delegations will aid in strengthening our position with the rest of the world. I believe Alaska can successfully compete in a global economy, to attract the major investment capital necessary to develop and market the state's natural resources, value-added products and services.

One area demanding attention is establishing visa-free travel. Current restrictions often dissuade trade representatives from traveling to Alaska. I am working with Alaska's Congressional delegation and the U.S. State Department in an attempt to ease travel restrictions. Knowledge of market forces impacting travel decisions and the increasingly competitive nature of the travel and tourism industry worldwide will encourage the maximum efforts to lure business and trade to our state. Today for example, Anchorage is virtually equidistant by jet from Los Angeles and Vladivostok. As trans-Bering interchanges multiply, 14 Alaskan cities and towns have signed sister-city agreements with Russian Far East municipalities. Regular flights now link Anchorage to cities of Russia's Pacific Rim.

In conclusion, by the committee's efforts during the interim, we have secured existing and opened new lines of communication between Alaska, Russia, the Philippines, Japan, China and Taiwan. As committee Chair, I remain determined to cement our state's position in the global economy. I am dedicated to blazing new trails and forging integrated efforts to further expand our influence around the world. I believe we are now in a position to set the state on a course of greater influence in the international economic community. It is my opinion that as trade barriers continue to disintegrate, our future will depend ever more on the Pacific Rim. Alaska must take advantage of this opportunity to negotiate a strong and lasting position within the global market.

Committee Members:

Representative Ramona L. Barnes, Chair
Representative Gail Phillips, Vice Chair
Representative Eldon Mulder
Representative William Williams
Representative Gary Davis
Representative Gene Kubina
Representative Jerry Mackie



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

January 24, 1997