

Arctic Caucus Proceedings
PNWER Annual Summit – Whistler, British Columbia
July 23, 2014

Co-chair Sen. Lesil McGuire, Alaska State Legislator

Co-chair Rep. Bob Herron, Alaska State Legislature

Co-chair Hon. Currie Dixon, Minister of Economic Development, Minister of Environment, Minister responsible for the Public Service Commission

Co-chair Hon. David Ramsay, Minister of Justice and Industry, Tourism and Investment

Speakers:

John Higginbotham, Senior Fellow, Carleton University, Centre for International Governance Innovation (CIGI)

Marina Grosu, Research Associate & Project Coordinator, Centre for International Governance Innovation

Minister Ramsay began the roundtable with a brief update of on the last arctic caucus meeting, which was held in collaboration with CIGI. He also spoke briefly on the fourth diamond mine that was being developed in the NWT and the natural resources development in the Mackenzie Valley. The past part of the opening was acknowledging that as of April 1 the NWT had gained control of their land, water, and resources.

Report on Western Arctic Transport & Government Roundtable

Marina Grosu's presentation was on the roundtable that took place in November 2013 in Yellowknife. The goal of the roundtable was to study and find out more about marine infrastructure and had between 25-30 participants from different organizations and departments. Some of the themes discussed included recent arctic development, Russia, mineral development and control, supply chains, and Aboriginal interests. There were also mentions of recent transportation developments, such as the highway in Yellowknife, and new federal developments such as the Northern Corridors Initiative. Key conclusions that were reached at the roundtable were that the Beaufort region has exceptional opportunities for development but lacks adequate transport corridors and that there is a need for national arctic planning in strong coordination with the territories for infrastructure

Report from Finland

The next speaker was Rep. Bob Herron, who gave a report from his recent tour of Finland, and how that country is building itself up to be a major arctic player. He told the people present that it would be in PNWER's best interest to develop a

strong relationship with Finland. What is really setting this country apart is their investment in creating a work force that can compete in the market. One of the ways in which this is occurring is their superb education system. Another is their icebreaker building capacity and how transportation is one of their top priorities. In 2010 Finland completely scrapped and rewrote their arctic policy, the resulting new document resembling a highly prescriptive marketing document.

At this point Rep. Bob Herron called up Brian Rogers, the Chancellor of the University of Alaska Fairbanks, to talk about the arctic universities network. Bryan explained that the Universities of the Arctic is a network throughout arctic nations with 175 members that works to try to connect student and faculty at a policy level, as well as serving the governments of each region.

The conversation went back to Rep. Bob Herron, who finished with a promotional vision showing how Finland intended to get stranded resources to the arctic, with opening northern corridors helping worldwide markets. His final comment was that PNWER has the responsibility to build a relationship with its European counterparts and that Finland was a great place to start.

Report from Barents Council

John Higgenbotham gave the report from the Barents Council, which has been working on arctic issues for the last 2-3 years. He said that the north was not yet up to speed as to governance systems, planning, and investment in infrastructure; leading to North America falling behind in the development of the arctic. He went into a general outline of the council but stated that much more information was available on the web. From there he went on about how despite how much interest there is in the arctic the Arctic Council has not taken off and how that is because key business related cooperation takes place through the Barents Council. He concluded his presentation stating that the Arctic Council is at a very delicate phase due to the chilling effect that the difficulties with Russia has evoked.

At this point Rep. Bob Herron spoke again, reinforcing the concept that ideas cannot trickle down from government to businesses and that the business sector has to want to be a part of any arctic developments.

Robert Bouchard expressed interest in the concept of business and government working together.

Wade Istchenko with the Government of Yukon said that from their perspective and from discussions that they have participated in it is pretty pivotal that business has an opportunity to speak. He suggested that this should be facilitated through the Department of Economic Development as they are really set up to work with business. He also said that it should be the actual Arctic Council and not a sub-committee that deals with this so that nothing gets watered down. It will be up to

the private sector to make the investments and it is important that they have an opportunity for engagement. PNWER is the best opportunity to achieve this.

Rep. Bob Herron agreed that this should be done under a business council and that they would recognize the importance of the arctic in Ottawa under the umbrella as PNWER being a good place to have these conversations.

John Staynor brought up the concept of a Beaufort regional business council and how that would be great from their perspective. All operations so far have been in relative isolation.

A professor from the University of Victoria brought up border disputes in the arctic and how it tends to vilify every investment that is done by Canadians. He was also wondering if the panel could talk about the current relationship with Russia, as well as their engagement with other groups.

Rep. Bob Herron replied that developing relationships with eastern neighbors is essentially a first step. The arctic caucus desires to start small and not to go trilateral too fast, just starting with those who share a common land border.

Wade Istchenko agreed with that and acknowledged that there were border issues between Alaska and the Yukon.

John Higgenbotham asked if the questioner was saying that Russia was attacking and the answer was no, just poorly informed. John continued by saying that is was probably more that that before describing a high level conference in Moscow that he had recently attended. He said that relations have been respectful due to the deep interest in the arctic but bubbling below that is a highly nationalism mentality and militaristic view of the west, as well as Putin's neo-tsarism. The recent developments in the Ukraine have changed everything. There are long-term interests in cooperating with Russia, but that country is very two faced in regards to the arctic.

Darrel Baulieu commented that he thought that private sector councils in multiple jurisdictions would work very well, using the Northern Aboriginal Business Association as an example. They are very successful in having conversations with smaller corporations and businesses.

Rep. Bob Herron then asked the room if there needed to be more conversation within PNWER and the private sector, and if so should the executives be made aware that this is something to pursue?

Another person (Mike?) agreed that this would be a way to spring forward to success at regional level. If we can get this on its feet, I don't see this council having a lifetime mandate; see it as something that we approach very vigorously as a workforce. When we move forward and look at other regional opportunities that

could be supported by another task force then we would already have examples of success, which is a very powerful message. Only 10 airports have paved runways. What is in one area may not be in other. There should be interregional support in transportation development and resource development. Look at labor, which is a severe problem no matter which district.

Murray Aresnault commented that due to unfortunate scheduling they could not bring as many private sector interests as they would have liked, and hoped to pass along some thoughts in their place. He agreed with some of things that Mike was just saying but that it would ultimately fall outside jurisdiction of PNWER groups. He would like to include some opportunities that do not involve government directly. What we suggest in a broader sense is the opportunity for collaboration; Nunavut would have an interest in Beaufort Business Council. We would come back again to discussion of jurisdiction. Coming back full circle, the Arctic Caucus needs to make sure that private sector interests are represented at this table.

John Higgenbotham stated that when some of these ideas were presented to the ministers, there was very keen interest in including Nunavut, who can learn a great deal from other states. Economic development involving the north is grounded on whole issue. The involvement of corporate U.S. and Canada in making southern big business aware of North is necessary, and local people need to be involved in these exercises as well as.

Murray Arsenault asked whether this would break away from PNWER very quickly.

John Higgenbotham replied that PNWER would provide a birthplace for this sort of organization. There is a need for a clear business voice in the arctic and lack of cooperation is the reason we are so far behind. A lot of time has been spent on these issues, but there is no real focus for the national government on regional development and he is struck by how far behind the Russians we are. Despite the terrible political relations business is moving aggressively to fill those spots.

Rep. Bob Herron agreed that PNWER should not be mother of all and that it should use its capacity to build, and if the council has the capacity to take off then it should. We want to give incentives to the private sector, which can get the private sector talking amongst them selves. This should eventually be a conversation for the private sector, which will ask for government help when they need it. A specific comment is that we would like Nunavut in some capacity to at least observe and then join.

Steve Myers with PNWER stated that one of the big focus areas was engagement of private sectors. Just prior to Anchorage PNWER had an action item to link chambers of commerce. That kind of process is what Bob was talking about. Would also echo Murray's thoughts about Nunavut as part of that discussion. As the Arctic Caucus we need to strengthen outreach as an independent unit rather than just PNWER itself.

Rep. Bob Herron said that when visiting the Arctic Chair in Ottawa it would not in any way mean interference from the Arctic Economic Council. Our jurisdictions, our needs would be talked about among ourselves.

Alaska Arctic Policy Commission

Rep. Bob Herron was the sole speaker for this presentation as his co-chair Liesel McGuire had to attend another conference in Anchorage as a keynote speaker. He began by speaking about the creation of a Northern Waters Task Force. He went over the policy members, boundary map, vision statement, and shipping map of the Task Force. In order to capitalize on this private sector dollars are needed. Then he spoke about Alaska's pipeline that had been in development for 40 years and how Alaska is pushing back against having all their decisions made for them. One way by which the push-back has been happening was passing legislation to give Alaska an opportunity to try to collect some of the money from the pipeline. The current challenge is trying to get a chance to influence the implementation process. Local expertise is the key for success here.

Next Rep. Bob Herron spoke of the new arctic appointments, which are a positive opportunity for both Canada and Alaska. The AEC is going to have an organizational meeting in September to talk with the private sector and to figure what their mission means with the AEC. The AAPC and the Arctic Council needs to educate the federal government on issues and to encourage the Canadian chairman's efforts.

A question was asked about the U.S. Arctic strategy and if the Yukon was consulted for the creation of that document?

Rep. Bob Herron replied that the Yukon was not really consulted since it was essentially an internal document. There is supposed to be consultation with Alaska, though there should be far more conversations with locals and outreach than there is. All that is wanted is for them is to come to the locals. The Coast Guards National Strategy and implementation is superior to the others that are creatures of bureaucracy.

Another person asked if the senators from Alaska have been bringing their voices to Washington, to which Rep. Bob Herron replied absolutely. In addition there are presentations, through PNWER, in Washington annually about upcoming chairmanship and how Alaska is important to the national strategy. Similar conversations take place in Ottawa. It has been good to have such ardent advocates but there are too many pressing needs for the United States right now.

An update on conversations regarding common objectives when Canada assumes the chair of the Arctic Council was asked for. Rep. Bob Herron replied that it is coming along well. The arctic is hot and cool at same time in minds of a lot of people. The U.S. is not going to do exactly what the Canadians are doing; his colleagues' want is sustainable development and communities to be the top priority, not only

about security in the polar region. Canada's sustainability development is appreciated. It clearly states that in our report and will be in final report. There are constant conversations about it. John Cherry is going to be the chair. We think that we are in a good position to be addressing issues like the environment and suicides; we also think that the message is getting there but there are a lot of people pulling on this. We appreciate what we have in common and how our message is "you have to consult us, that is just is how it is." In short that is an opinion of mine. Very ardent in making sure that they clearly know what we want.

Another question was if a recommendation was needed to carry back to PNWER? Rep. Bob Herron said that the conversations should continue and that they should try to create an opportunity to put the private sector people together and let them try to figure out what makes sense. The action item is to use PNWER to facilitate private sector led initiative.

A person asked about winter navigations on sea routes and the status of innocent passage across the top of Canada, then expressed concerns about Russia's involvement in the arctic and Russia's military and asked if there should be suspicion or if it was not concern. Rep. Bob Herron answered that this had been discussed elsewhere. In regards from passage, the plan is to start from U.S. then go to Canada. One of the recommendations in the preliminary report is that the U.S. senate should ratify the Law of the Sea Treaty. We are in usual company of people who have not signed that treaty. Conservatives think that we will be giving up sovereignty; he thinks it will enhance it. Some critics say it is because of potential mining taxes. To the questions about Russia though, yes, we are watching very closely. To my understanding, Russia's shelf goes all the way to North Pole. Our shelf goes out 350 miles. Canadians are watching this closely.

There was a comment on the chairmanship in regards to if there was going to be an extension of Yukon or extending Alaska's chairmanship for one more year? Rep. Bob Herron said that the normal rotation is NWT, Yukon, Alaska. We are fine with that. This is a conversation that is among security restrictions but that is fine.

John Higgenbotham then commented on how Russia has invested millions of dollars and years in infrastructure such as nuclear fleets and developing an alternative to the Suez. In regards to the issue of innocent passage, Canada still has claims to internal waters but that does not mean that it is closed to partial business from the United States. If developed, should be seen as common North American asset. There is a long history of resolving sovereignty in practical in for mutual advantage. Up until six months ago, every one would have considered the developments, but what has become clear in the last couple of months is Russia's nationalism. He then predicted seeing a bit more of a Cold War in the Arctic than any one had hoped.

A comment was made to acknowledge that it is important that indigenous populations have a chance to enjoy in these benefits as well.

Bryce Edgmon commented that this is very important to Alaska and could definitely be considered a critical component of the port of entry. It is interesting to sit and think about the role the Arctic Council could play in PNWER in ten years. Still working hard to open Alaska to these issues. The opening of the Arctic is critical to the future of Alaska, which is home to remaining hydrocarbons, potentially in shelf right off of Alaska. These issues are important in terms of foreign policy and economic development

Action Items:

1. Use PNWER to facilitate private sector led initiative to promote private sector leadership in development of the Arctic.