

# THE NORTHWEST TERRITORIES AND ARCTIC MARITIME DEVELOPMENT IN THE BEAUFORT AREA

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## KEY POINTS

- The Northwest Territories' (NWT's) privileged resource endowment and geographic position on the Beaufort basin provide exceptional opportunities for the territory over the longer term in maritime resource development and destination and transpolar shipping as the Arctic ice cap melts.
- The NWT has registered impressive achievements in responsible resource and community development, but the lack of adequate transport corridors and infrastructure arising from complex permitting regulations and governance is preventing the territory from fully realizing its economic potential.
- The recent NWT Devolution Agreement is an important step that will enhance the NWT's economic self-reliance. But for some years, accelerated NWT maritime development will need intensified national Arctic planning and investment in transport and infrastructure, especially in offshore and coastal areas.
- The NWT's shared Beaufort basin with Nunavut, Yukon and Alaska offers excellent regional opportunities in developing safe Arctic marine corridors and ports, joint energy projects and bilateral pan-Arctic cooperation as the Canadian and US governments become more engaged in Beaufort regional development.
- New mechanisms, such as a Beaufort business council, as proposed by the Pacific NorthWest Economic Region (PNWER), to advance multi-stakeholder cooperation in the region should be put in place. Pragmatic Arctic cooperation with Russia, the Arctic maritime superpower, should be preserved to the extent possible under increasingly grim geopolitical circumstances.

**Note:** This brief draws on the Western Arctic Marine Transport and Governance Roundtable held by CIGI in Yellowknife, NWT, in November 2013 in conjunction with PNWER's Arctic Caucus meeting, as well as PNWER's Arctic Caucus meeting in March 2014 on Capitol Hill in Washington, DC with senior federal and Alaskan political leaders, officials and other stakeholders.

**ABOUT THE ARCTIC GOVERNANCE PROJECT**

Geophysical developments in the Arctic will challenge and disrupt traditional patterns of Arctic governance at the global, regional, bilateral, national, subnational and local levels, a shockwave that carries profound implications for shipping routes, on- and offshore resource and economic development, international trade and investment patterns, territorial definitions and disputes, local communities, international security, and national and international politics.

This CIGI project is premised on the idea that strengthened governance is the key to containing chaos and achieving order in the New Arctic. Keeping existing governance mechanisms and strategic interests in the region in mind, CIGI researchers will work with national and international experts to explore the best possible outcomes of the “great melt,” and what new bilateral and multilateral relationships, challenges and opportunities may evolve from newly accessible resources and territories. The project has already begun to explore emerging Arctic shipping issues in a bilateral North American context, a building block of broader Arctic multi-stakeholder cooperation.

**Acknowledgement**

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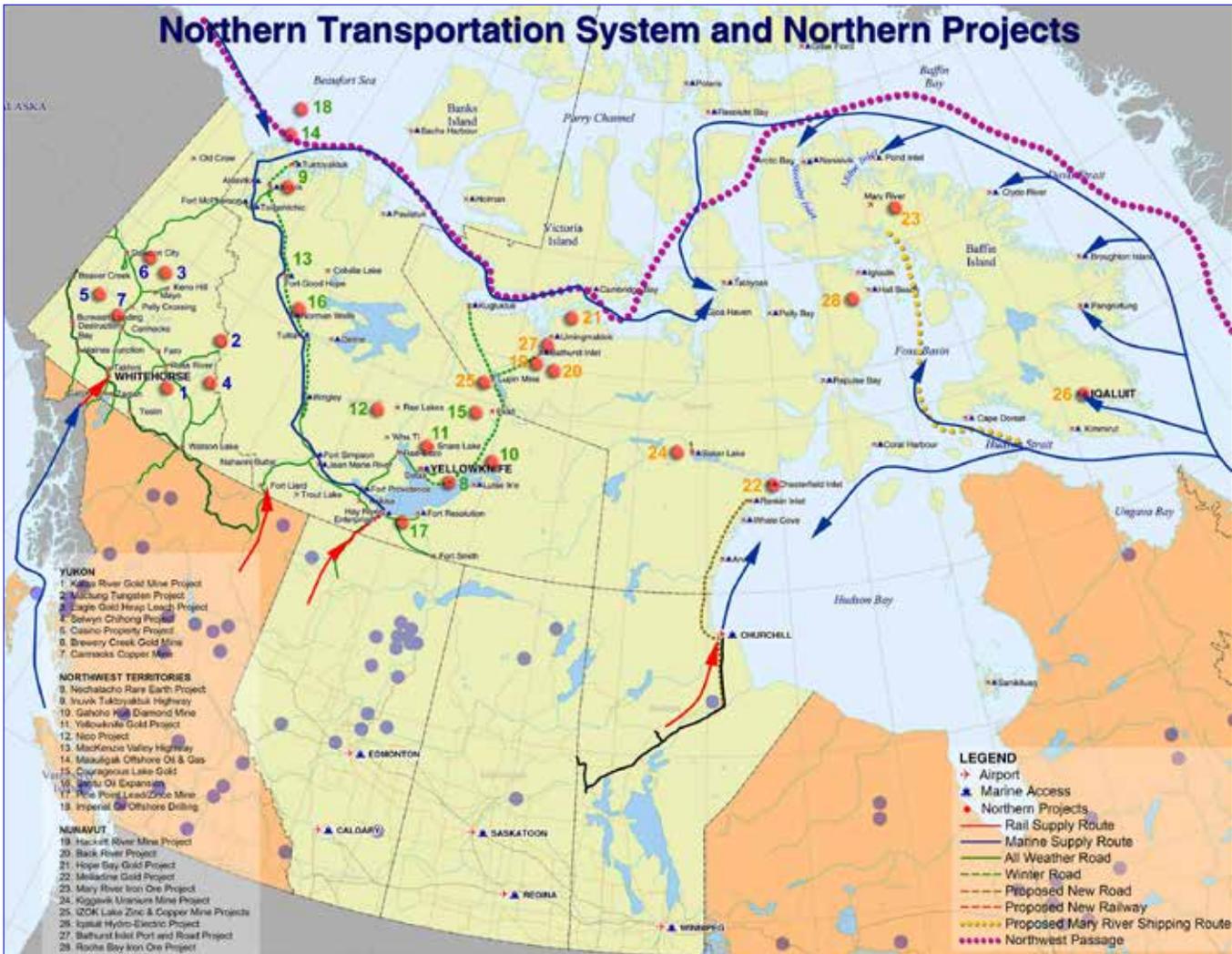
**INTRODUCTION: THE BIG PICTURE**

The Arctic is facing remarkable climatic and oceanic change that is triggering unprecedented opportunities and challenges for Arctic nations, as well as for countries that do not have Arctic territory but are eager to engage and invest in the region. For Canada and the United States, the Beaufort basin offers unique opportunities for Alaska and Canada’s Arctic territories.

Large unexplored and unexploited oil, gas and mineral reserves, local and transpolar shipping, fishing and tourism are the main opportunities provided by the melting Arctic Ocean. International competition in attracting domestic and foreign investments for these challenging Arctic economic activities has started, with Russia and Scandinavia leading the way. Large integrated government and private investments in maritime infrastructure, resource development and shipping projects in the Arctic are central priorities for Russia and Scandinavia.

The international geopolitical and legal Arctic environment has, so far, been conducive to cooperative development; however, recent tensions in relations with Russia over Ukraine underline the importance of insulating (as much as possible) Arctic cooperation from negative forces, as well as examining North American preparedness for a less benign political environment should it evolve.

Arctic maritime transport and infrastructure investment will play a vital role in stimulating sustainable community development, responsible resource development and more efficient resupply in both Canadian and US Arctic regions. Canada and the United States, unfortunately, have not yet forcefully tackled Arctic maritime development, although it will be essential to the overall development of our Arctic



Source: Transport Canada, Prairie and Northern Region.

regions. Canada’s High North, in particular, remains startlingly underdeveloped when compared with southern Canadian provinces and other Arctic regions.

Canadian federal economic support for development in the Arctic is modest and fragmented by domestic Arctic governance issues, despite laudable goals in Canada’s Arctic Council program. In the United States, the Obama administration and the Alaskan legislature and executive are now actively studying new Arctic maritime challenges through a number of policy papers, although important differences over priorities, funding

and action remain. US attention will focus further as its term as Arctic Council Chair (2015–2017) approaches.

### **NORDIC ORION’S PATH-BREAKING VOYAGE: BREATHING LIFE INTO THE CANADIAN NORTHWEST PASSAGE**

In September 2013, the *Nordic Orion*, an ice-strengthened bulk carrier navigated the Northwest Passage (NWP) accompanied briefly by a Canadian Coast Guard (CCG) icebreaker, carrying coal from Vancouver, Canada to Pori, Finland. It was the first

large commercial vessel to freely traverse the NWP and it followed Canadian regulations closely. According to Nordic Bulk Carriers, the Danish-American company that owns the *Nordic Orion*, the usage of the NWP saved fuel, fees and time, reduced CO<sub>2</sub> emissions and allowed 25 percent more cargo on the ship than the permitted draft and weight for ships using the Panama Canal.

**LIST OF CURRENT US POLICY STUDIES**

- “Managing for the Future in a Rapidly Changing Arctic,” A Report to the President, Interagency Working Group on Coordination of Domestic Energy Development and Permitting in Alaska (March 2013)
- President Obama’s National Strategy for the Arctic Region (May 2013)
- US Coast Guard Arctic Strategy (May 2013)
- “U.S. Arctic Marine Transportation System: Overview and Priorities for Action,” Report to President Obama, US Committee on the Marine Transportation System (July 2013)
- US Department of Defense Arctic Strategy (November 2013)
- Alaska Arctic Policy Commission’s Preliminary Report to the Alaska State Legislature (January 2014)
- US White House Implementation Plan for the National Strategy for the Arctic Region (January 2014)
- US Navy Arctic Roadmap 2014–2030 (February 2014)

Although explorers and community resupply ships have been active in the NWP and Canadian Arctic Archipelago for centuries, the *Nordic Orion’s* historic voyage demonstrated the viability of commercial trans-Arctic shipping through Canadian Arctic waters. It drew much media and public attention to the NWP and became an eye-opener to a long-forgotten, mythical passage heretofore mentioned in terms of obstacles and lost Arctic expeditions.

More importantly, the voyage focused attention on the thawing of the Arctic ice cap and the preparedness of the Canadian Arctic waters for increasing domestic and international use. The *Nordic Orion* was the first commercial vessel, but will certainly not be the last. *Cargo Business News* magazine described the NWP as “beginning to become [a] viable commercial route”; with regards to infrastructure, the magazine correctly pointed out that “if you build it, they will come, and if you don’t, they will come anyway” (McCague 2014). Creating essential maritime infrastructure to ensure the safety of future voyages in Arctic corridors through modern charting, upgraded regulation and improved ice-breaking capacity is paramount to avoid potential disasters in the dangerous and sensitive Arctic environment.

**THE NWT’S POTENTIAL**

The NWT is arguably the most promising economic region in the Canadian Arctic in terms of public and private potential, scale of resources, variety of transport routes, well-functioning territorial government and close cooperation with neighbours. On April 1, 2014, the Government of Canada, through the implementation of the Northwest Territories Lands and Resources Devolution Agreement, transferred responsibilities related to onshore lands and resources to the Government of the NWT.

Devolution, however, is no substitute for active high-level planning by the federal government and investment in Canadian pan-Arctic marine development. Sustainable Arctic development is an expensive endeavour that requires strategic and well-coordinated governance and partnerships, as well as significant investments. The federal government retains direct responsibility for the waters of the Arctic Archipelago, not the territories, and has indirect responsibility for littoral development.

Given limited budget resources in Canada's Arctic territories, greater federal fiscal leadership is urgently required. The NWT, along with the other territories, should use devolution as a new opportunity for enhanced land-marine partnerships with the federal government, similar to federal-provincial nation-building transportation projects in the South — the ports, railways and highways that benefited all partners and grew and united Canada as a country.

The scale and variety of resources, as well as its rich experience in responsible exploitation, are the NWT's greatest advantages, and its ticket to further development and prosperity. Approximately one-third of the NWT's GDP is generated by mining, oil and gas. The NWT is the third-largest diamond producer, by value, in the world. Moreover, the NWT has significant oil and gas potential in the Beaufort area, with more than 90 oil wells drilled to date. The Beaufort basin experienced its most active oil drilling from the 1970s to early 1990s — present activity is limited.

Lack of transport infrastructure is currently an inhibitor of active resource development in the NWT. Although terrestrial transport and infrastructure are being developed, large reserves of mining, oil and gas resources in the region will remain untapped, due to lack of access to markets and investment. Today, most

Canadian oil and gas extraction is found in Alberta's oil sands and in British Columbia; however, the Beaufort Sea is a highly promising area for the next wave of petroleum development, especially if Alaskan and Canadian exploitation of stranded gas can be better coordinated.

Due to the melting of the Arctic Ocean and the potential of NWT resource development mentioned above, shipping companies have recognized that shipping in Arctic waters, and particularly in the Beaufort area, is an important and growing business opportunity. According to some in the shipping industry, the Arctic is an underserved market area in need of cheaper, more frequent and more predictable resupply, equipment, fuel, storage and ice management capacity to support resource development.<sup>1</sup> Increased competition will boost economic activity and help bring down the very high prices in the area. Private companies could provide efficient ice-breaking services in close cooperation with, and support from, the Government of Canada.

The Mackenzie River serves as an important NWT economic artery that facilitates resource development and shipping internally, as well as in the Beaufort area. Despite draft issues encountered by shipping and barging companies, large-scale equipment and modules for resource development to the Beaufort basin are being delivered using the Mackenzie River. The river is a key North-South asset that needs further investment and development. The Mackenzie River corridor is advantageously connected to Alberta and the rest of North America by the CN railway — the town of Hay River, NWT is the railway's northernmost point. The Mackenzie has the potential to become a vital piece in the logistics of the shipment of stranded resources

<sup>1</sup> Private discussion, Yellowknife, NWT, November 2013.

from the South to outside markets through the NWT and Arctic corridors and in reverse, moving resources from Beaufort and NWT inland mines to the South for processing and export.

The NWT is better connected by land and river with neighbouring Canadian provinces than Nunavut, which is almost entirely dependent on sealift, but not as well connected as the Yukon, the most developed Canadian Arctic territory. NWT Premier Bob McLeod is eager to facilitate the shipping of stranded southern oil sands product through a new port in the Beaufort basin (Bennett 2012). Given Canada’s disappointing Keystone XL and Gateway pipeline experiences and the Alaskan plans to build a north-south gas pipeline through the state, the premier’s aspirations and thinking big and new are increasingly hard to dismiss.

The bridge on the highway to Yellowknife and the Inuvik-to-Tuktoyaktuk highway are two important NWT and federal investments to improve territorial transport infrastructure, but they are just the beginning of a national “Roads to Resources” plan needed in the North. They will improve the territory’s road connection to the South as well as the Beaufort area, and opportunities such as facilitated resource development and shipping will follow.

In addition to domestic cooperation, the NWT government also strives for better connections with Alaska through organizations such as PNWER’s Arctic Caucus. There is rich potential for Canada-US cooperation in the Beaufort Sea, including the possibility of joint Canada-US oil and gas development and a possible joint liquefied natural gas export terminal in the Beaufort area for energy exports to foreign markets.

### **NUNAVUT AT A GLANCE**

For details, please see CIGI Policy Brief No. 27, *Nunavut and the New Arctic* ([www.cigionline.org/publications/2013/7/nunavut-and-new-arctic](http://www.cigionline.org/publications/2013/7/nunavut-and-new-arctic)).

- Nunavut’s unique dependence on the sea and lack of basic maritime transport infrastructure keep it from serving basic community needs, including safe transportation, and facilitating responsible economic resource, tourism, fishing and polar shipping development.
- Nunavut is not yet prepared to address the maritime challenges emerging in the High Arctic; nonetheless, it is the Canadian region with the most to gain over the long run from the economic opportunities that melting Arctic ice will present.
- Nunavut has a unique and complex governance structure that blends Inuit consensus principles and rights with Westminster-style government. Territorial autonomy does not, however, reduce the weighty responsibility of the federal government to develop national Arctic maritime transport infrastructure.
- The federal government, in collaboration with stakeholders and in support of its jobs and growth agenda, should develop an “Arctic Maritime Corridors and Gateways Initiative,” starting modestly, but based on a pathway to establish Canada’s maritime and economic leadership in the “New Arctic” as part of a refreshed Northern Strategy.

## THE NWT'S CHALLENGES AND THE URGENT NEED FOR ARCTIC MARINE TRANSPORT AND INFRASTRUCTURE

In terms of broad challenges and weaknesses, the NWT resembles its Northern neighbours, in particular Nunavut. The NWT has a very small population and a very high cost of living. Its current pace of development is conditioned by fiscal dependence on the federal government and the complexities of the devolution and Aboriginal self-government processes. There are a number of Aboriginal groups in the NWT pursuing complex treaty negotiations and arrangements. Some treaties have been completed, some not. Until the governance environment becomes clearer and better functioning, Canadian Arctic resource development and investment will not be as agile in taking advantage of global opportunities before other countries.

Devolution of federal powers to the territories does not extend to offshore waters, which remain the responsibility of the federal government. Since a large part of the NWT's gas and oil reserves are situated in the Beaufort basin, offshore control is increasingly becoming a concern for the NWT government. It is worth noting that Yukon, Canada's most advanced Arctic region in terms of devolution and self-government, does not control its offshore zone, although talks concerning offshore devolution have been carried out with the federal government.

### YUKON

Yukon is more devolved and is highly integrated with Alaska and British Columbia in terms of transport infrastructure.

Yukon has a small frontage on the Arctic Ocean. Although the territory has ocean access through the Alaskan port of Skagway, Arctic maritime transport is not as directly important for Yukon as it is for Nunavut and the NWT.

In addition to governance challenges, the NWT also suffers from a critical lack of Arctic maritime infrastructure, which prevents it from fully realizing its resource potential and improving the lives of its inhabitants. Arctic marine transport is important for NWT communities for a number of reasons. Resupply via oceanic and river transport is efficient and cheap, and vital for a number of communities that do not have road connections. Marine transport provides significant seasonal employment for northerners in various links of the supply chain.

Ice distribution in the melting Arctic is a serious new challenge for the territory. While the extent of the ice is decreasing, ice distribution and the unpredictability of ice conditions are increasingly posing serious challenges to navigation (and oil exploration) in traditionally accessible shipping channels. Ice and record-low levels of water in the Mackenzie River have posed yet another challenge to resupply and resource development support in the last few years. In addition, equipment to remove ice from small harbours and along the Mackenzie is scarce.

Arctic charting needs radical improvement, particularly in specific areas that are the most used now and — it is

expected — in the future. At the moment, only about 10 percent of Canadian Arctic waters have modern, accurate and reliable charts. According to Arctic charting specialists, it is not necessary to chart 100 percent of Canadian Arctic waters; given modern GPS and other technology, an additional 10 percent of charting of the most utilized Arctic areas, particularly the Beaufort Sea, would be more than enough for safe shipping in the Arctic.<sup>2</sup> To identify which areas need to be better charted, charting specialists must collaborate with shipping and resource development industries that work regularly in Arctic waters, and consider new Arctic projects in the coming decades that might require new corridors and passages.

The *Deepwater Horizon* oil spill disaster in 2010 weighs heavily on Arctic petrochemical development. Oil spill response capability in the Arctic Ocean is a significant challenge. The federal government has a worryingly limited capacity to mitigate or respond to an oil spill should it occur in the extremely harsh, dangerous, yet highly sensitive Arctic environment. Oil companies have very advanced and expensive drilling technologies that they claim are able to operate safely in Arctic conditions. For some companies determined to drill in the Arctic, the main challenge is year-round supply logistics or the choice between tankers and pipelines, not safety or oil spills. In any case, given the nature of the Arctic environment, the federal government cannot afford to leave oil spill response and mitigation solely to the industry. Coordinated, state-of-the-art Canada-US countermeasures to deal with oil spills/blowouts should be developed by oil and shipping industries, with government support.

**RECENT FEDERAL POLICY  
INITIATIVES AND THEIR  
IMPLICATIONS FOR ARCTIC  
MARITIME DEVELOPMENT**

Recent plans by Transport Canada (TC), the CCG and Canadian Hydrographic Services (CHS) to develop the Northern Marine Transportation Corridors Initiative could become an important opportunity for the Canadian Arctic territories, in particular the NWT. The NWT’s strategic access to the Beaufort Sea, an important part of a potential North American Arctic marine corridor, could provide the territory with much-needed access to emerging maritime opportunities, including shipping, resource development, cruise tourism and, eventually, fishing.

It should be emphasized that regular unobstructed usage of Canadian Arctic marine corridors for more than a few months per year is still many years into the future and is dependent on continued oceanic warming, the availability of the necessary maritime infrastructure and new generations of ice-capable ships and icebreakers.

The near-term merit of the TC-CCG-CHS initiative is its facilitation of simplified resupply, resource development and destination shipping in the Canadian North, including the NWT. The joint Northern Marine Transportation Corridors Initiative will truly succeed only if (in addition to adequate long-term planning and funding and close cooperation with other federal departments involved in the Arctic) private sector stakeholders are made welcome and effective partners at the table.

Given the shortage of resources needed to make the initiative a success due to increased traffic in the Arctic, it is essential that the CCG Arctic activities be part of a new and sustainable finance arrangement. A source of funding for the initiative could be to charge fees

<sup>2</sup> Private discussion, Yellowknife, NWT, November 2013.

for navigating in Canadian Arctic waters to all vessels (excluding local vessels), including small-scale stunt adventure craft. Currently, according to CCG regulation, only vessels that exceed 300 tons in weight can be charged. Small vessels engaged, for example, in private adventure trips are becoming increasingly common in the Arctic, requiring costly search and rescue services in some recent instances. By charging all types of non-local vessels fees for sailing in Canadian Arctic waters, the CCG would be able to acquire additional funding for further safety activities and innovation in its Arctic activities.

In addition to the Northern Marine Transportation Corridors Initiative, another useful element of federal leadership policy in Arctic maritime development is TC's Tanker Safety Expert Panel and development of a new government policy on ship-source spill preparedness and response requirements in the Arctic, as well as requirements for a system to deal with hazardous and noxious substances. This panel's review will inform Canadian national regulation in the Arctic Ocean and Canadian positions on the International Maritime Organization's Polar Code.

## **URGENT POLICY AND PROGRAM PRIORITIES**

Federal maritime infrastructure investments in Canadian Arctic territories through small, practical projects are increasingly necessary to facilitate and support efficient and affordable resupply activities for Northern communities, safe destination shipping and responsible resource development. Such investments are clearly within the broad federal responsibility to develop national transport infrastructure, which would integrate the North more efficiently within the Canadian national transport system and allow for the

expedited development of isolated and dependent northern communities.

Accurate and up-to-date charts are essential for safe Arctic shipping, whether it is tourist, destination or transit. Well-coordinated efforts between the shipping industry and the Government of Canada, in particular the CCG, TC, CHS, and Aboriginal Affairs and Northern Development Canada, to identify key areas in the Arctic that need to be better charted, will improve safety and save time and resources.

Safe shipping in the Arctic also requires skilled and experienced ice pilots to navigate ships through ice-covered waters. According to some experts, current requirements to become "ice pilots" are low.<sup>3</sup> Canada does not have an Arctic marine pilot authority that would enforce stronger and more formal qualifications for ice pilots, which is a serious safety gap. Setting up an Arctic Pilotage Authority, similar to authorities that exist for southern marine pilots, but adapted to the unique northern conditions, would fill this gap and enhance shipping safety in the Arctic. One of the mandates of the Arctic Pilotage Authority should be to develop a career path in ice pilotage for young Northern Aboriginals who would bring valuable traditional knowledge about ice and language skills to the task.

## **THE WAY AHEAD: INTERNATIONAL COOPERATION AND A BEAUFORT BUSINESS COUNCIL**

Cooperation with the United States on Arctic economic development should be a top priority in Canada's bilateral relations and should be brought to a new and higher level, especially given recent Arctic policy ferment in the US administration and Alaska, and

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<sup>3</sup> Private discussion, Yellowknife, NWT, November 2013.

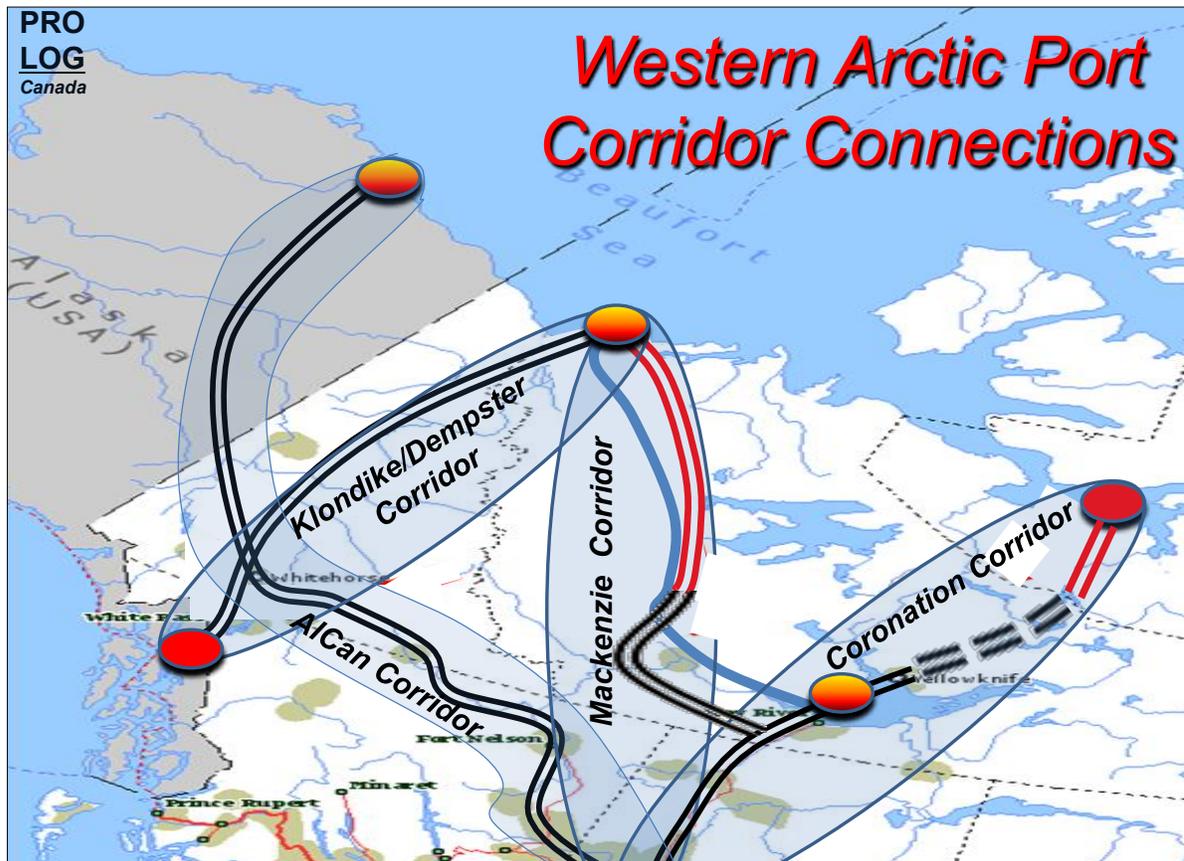
passing the Arctic Council torch to the United States in 2015.

Arctic Canada and Alaska experience similar development issues; Alaska is, therefore, a natural ally and partner for Canadian Arctic territories. The shared Beaufort region offers important opportunities in developing safe marine corridors, joint energy development, border dispute settlement and joint regulation of transit shipping, which will contribute greatly to the sustainable development of both countries' Arctic communities.

Recent developments involving Russia, Ukraine and the future of energy markets have turned the development

of the NWP vis-à-vis the Northern Sea Route (NSR) into a real and urgent question of North American economic security.

Better-integrated transport infrastructure and corridors to support joint resource exploration in the Beaufort are obvious areas where the two countries could collaborate. Lack of public and private partnerships prevents these corridors from materializing. The two countries should examine new mechanisms to advance cooperation, including the possibility of a joint North American Safe Arctic Marine Corridor Administration, without prejudice to bilateral legal differences.



Proposed corridor integration in the North American Western Arctic. Better integrated, multi-modal transport infrastructure in the Western Canadian Arctic and Alaska would avoid multiple cross-border jurisdictions, duplication of ports and roads, overlaps and intersects.

Source: Kells Boland, PROLOG Canada.

Constructive and organized maritime cooperation in the Beaufort basin would present an attractive avenue for Canadian and US private sector representatives, as well as federal and regional governance bodies interested in supporting and advancing marine transport and resource development in the North American Arctic. At the moment, there is, unfortunately, no effective forum for high-level dialogue between Canada and the United States (and Alaska, the NWT and Yukon) on future shared energy development in the Beaufort Sea. With the launch of the Arctic Economic Council by the Arctic Council, a Beaufort private-public organized and representative voice, for example, a Beaufort business council, as suggested by PNWER, would be a helpful tool in synthesizing and articulating the interests of Arctic stakeholders in North America.

An example to such an effort could serve the recent Barents Euro-Arctic Council's (Norway, Sweden, Finland and Russia) Joint Barents Transport Plan.<sup>4</sup> The plan's ambition is to "develop an efficient transport system in the Barents Region with good internal connectivity between the Barents countries and with good external links to world markets" (Barents Euro-Arctic Council 2013). A well-integrated Barents transport system would meet the needs of and facilitate growing economic and social development in the region.

Special attention should be given to bilateral and trilateral cooperation with the United States and, as circumstances permit, Russia. Canada, as well as the United States, could benefit from pragmatic cooperation with Russia, the Arctic maritime superpower. Russia is steadily developing her Arctic by carrying out major infrastructure projects, building ports, acquiring icebreakers and other ice-capable vessels for military

and commercial purposes, as well as re-opening Soviet-era military and search and rescue bases along its NSR. In addition to working through multilateral fora, Russia is also interested in bilateral and regional cooperation, particularly with Arctic countries that have similar views and interests.

Attempts should be made to preserve practical bilateral and multilateral Arctic cooperation with Russia and shelter it from political infection from other parts of an increasingly difficult relationship. Attending, contributing to and supporting the Arctic Council and, in particular, its working-level groups and taskforces that are doing useful joint work on important Arctic climate, environment and sustainable development issues will be more important than ever. Closer cooperation among Canadian, American, Russian and other coast guards, for example, will provide Arctic countries with an innovative opportunity to undertake practical cooperation in key Arctic areas, such as search and rescue, traffic management, and oil spill mitigation and response. This would operationalize Arctic Council agreements in these fields.

## BLUEPRINT FOR ACTION

The Government of Canada should:

- Develop with stakeholders a comprehensive long-term plan and timetable for responsible Canadian Arctic maritime development as the Arctic Ocean melts, addressing urgent destination and transpolar opportunities and taking into consideration the sensitivity of the Arctic environment. Arctic marine transport and infrastructure are central to the sustainable development of Canadian Arctic communities.

<sup>4</sup> See [www.beac.st/in-English/Barents-Euro-Arctic-Council/Working-Groups/BEAC-Working-Groups/Transport](http://www.beac.st/in-English/Barents-Euro-Arctic-Council/Working-Groups/BEAC-Working-Groups/Transport).

- Recognizing budget imperatives, focus first on modest but tangible steps in developing marine corridors, including strategic charting, harbour improvements, search-and-rescue and oil spill mitigation, aids to navigation and communications capabilities.
- Establish the funding of the CCG on a more robust basis (including fee for service) that recognizes its vital and growing role in the Arctic as traffic increases and sailing seasons lengthen.
- Bring federal Canada-US bilateral Arctic marine cooperation to a new level, given recent Arctic policy ferment in the US administration and Alaska, the passing of the Arctic Council torch to the United States in 2015, and new economic and security concerns.
- Together with the US federal government, support and focus on concrete cooperation between the territories and Alaska in the Beaufort basin, where rich and untapped opportunities exist for community and Aboriginal development, and marine corridor, energy, business and maritime border settlement.
- Support PNWER's proposal of a Beaufort business council that would be a step toward a more forceful and coherent Arctic voice for North American business in a critical binational area.
- Examine the possibility of a joint North American Safe Arctic Marine Corridor Administration, similar to the St. Lawrence Seaway and existing maritime cooperation in the North American Aerospace Defense Command, without prejudice to bilateral legal differences. Responsible development of the NWP as a joint marine corridor is very much in

North America's long-term economic and security interests.

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## ABOUT CIGI

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CIGI's current research programs focus on three themes: the global economy; global security & politics; and international law.

CIGI was founded in 2001 by Jim Balsillie, then co-CEO of Research In Motion (BlackBerry), and collaborates with and gratefully acknowledges support from a number of strategic partners, in particular the Government of Canada and the Government of Ontario.

Le CIGI a été fondé en 2001 par Jim Balsillie, qui était alors co-chef de la direction de Research In Motion (BlackBerry). Il collabore avec de nombreux partenaires stratégiques et exprime sa reconnaissance du soutien reçu de ceux-ci, notamment de l'appui reçu du gouvernement du Canada et de celui du gouvernement de l'Ontario.

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## SPECIAL REPORT

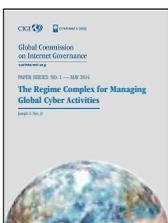


### Facing West, Facing North: Canada and Australia in East Asia

*Leonard Edwards and Peter Jennings, Project Leaders*  
February 2014

Canada and Australia have shared interests in bolstering economic prosperity and security cooperation across East Asia. This special report, co-published with the Australian Strategic Policy Institute calls for policy makers and business leaders in Canada and Australia to consider the broader and longer-term benefits of greater bilateral and multilateral cooperation in East Asia.

## PAPERS



### The Regime Complex for Managing Global Cyber Activities

Global Commission on Internet Governance Paper Series No. 1  
*Joseph S. Nye, Jr.*  
May 2014

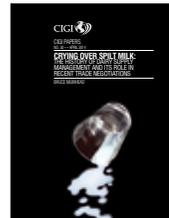
The Internet has become a substrate of modern economic, social and political life. Analysts are now trying to understand the implications of ubiquitous mobility, the “Internet of everything” and the storage of “big data.” The advances in technology have, so far, outstripped the ability of institutions of governance to respond.



### Development: Advancement through International Organizations

CIGI Paper No. 31  
*Rohinton Medhora and David Malone*  
May 2014

This paper examines the history of international organizations focusing on development, including the Bretton Woods organizations, the UN system and the regional development banks, and considers the parallel emergence of foundations and the role of international development actors.



### Crying over Spilt Milk: The History of Dairy Supply Management and Its Role in Recent Trade Negotiations

CIGI Papers No. 30  
*Bruce Muirhead*  
April 2014

This background paper explores the historical evolution of dairy in Canada, and why supply management was eventually implemented in the 1960s. While supply management has been protected by Canadian governments, rising international pressure has led Canada to begin to reconsider its support, especially as bilateral trade negotiations and partners are unequivocally opposed to dairy supply management.



### The Big Break: The Conservative Transformation of Canada’s Foreign Policy

CIGI Papers No. 29  
*John Ibbitson*  
April 2014

The big break — or the Conservative transformation of Canada’s foreign policy — has been heavily criticized by academics, former diplomats, politicians and journalists, but it has also had a few defenders. This paper examines how the big break came about and what it looks like. It also seeks to place the transformation within the context of a foreign policy that was already in flux.

## POLICY BRIEFS



### The UN Declaration on the Rights of Indigenous Peoples: Monitoring and Realizing Indigenous Rights in Canada

CIGI Policy Brief No. 39  
Terry Mitchell and Charis Enns  
April 2014

Indigenous peoples in almost all countries experience a lack of recognition of their fundamental political and human rights; globally, they share the worst measures on all indicators of health, education, and social and political participation. The Canadian Human Rights Commission should review and address Special Rapporteur James Anaya's report, and establish mechanisms for the implementation of the UN Declaration on the Rights of Indigenous Peoples.



### China's Long March toward Economic Rebalancing

CIGI Policy Brief No. 38  
Hongying Wang  
April 2014

After more than three decades of sustained economic growth, China has become the second-largest economy in the world. Chinese policies and behaviour have come to shape the global economy in profound ways. This policy brief examines China's external and internal economic imbalance and analyzes the political obstacles hindering its economic rebalancing.

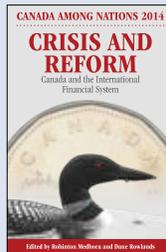


### The IMF's Preferred Creditor Status: Does It Still Make Sense after the Euro Crisis?

CIGI Policy Brief No. 37  
Susan Schadler  
March 2014

Throughout the history of IMF lending, the institution has had preferred creditor status (PCS) — that is, distressed countries borrowing from the IMF are expected to give priority to meeting their obligations to the IMF over those to other creditors. This brief starts with a short history of the IMF's PCS and then examines new issues concerning PCS.

## BOOKS

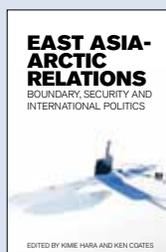


### Crisis and Reform: Canada and the International Financial System

Rohinton Medhora and Dane Rowlands, Editors  
June 2014

The 28th edition of the Canada Among Nations series is an examination of Canada and the global financial crisis, and the country's historic and current role in the international financial system.

Paperback: \$32.00; eBook: \$16.00

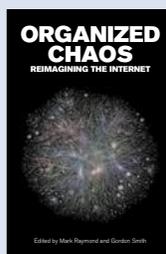


### East Asia-Arctic Relations: Boundary, Security and International Politics

Kimie Hara and Ken Coates, Editors  
July 2014

The Arctic's profile as a region for engagement and opportunity is rising among both circumpolar and non-circumpolar states. In addition to countries like Canada, Russia and the United States, which have expressed a renewed interest in the region, East Asian countries, such as Japan, Korea and China, are now increasingly fixated on prospects offered by the Arctic.

Paperback: \$25.00; eBook: \$12.50



### Organized Chaos: Reimagining the Internet

Mark Raymond and Gordon Smith, Editors  
July 2014

Leading experts address a range of pressing challenges, including cyber security issues and civil society hacktivism by groups such as Anonymous, and consider the international political implications of some of the most likely Internet governance scenarios in the 2015–2020 time frame.

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