

**Presentation to the Standing Committee on Natural Resources, Ottawa, May 15, 2012, by Martin von Mirbach, Arctic Program Director, WWF-Canada**

Mr. Chairman, Committee members,

Thank you for inviting WWF to appear before you today to contribute to your important study into Resource Development in Northern Canada. I will limit my remarks mainly to offshore oil and gas development in Arctic waters; informed by past experiences in the Mackenzie Valley, as well as offshore developments elsewhere.

WWF's mission is to stop the degradation of the planet's environment and to build a future in which humans live in harmony with nature. With 150,000 supporters across Canada and 5 million worldwide, we have an outstanding history of partnership with government and industry in Canada and globally.

Today, as we address this Committee, WWF is releasing its 8<sup>th</sup> Living Planet Report in major capitals and business centres around the world.<sup>1</sup> Key findings of this latest report are that, while the global demand for natural resources has doubled since 1966, biodiversity has declined by roughly 30 percent over the same period. The economic and human costs of poor stewardship in an increasingly populated world could be devastating to the prospects for society and the world's economies.

WWF recognizes and supports the need for carefully planned economic development in the Arctic, in particular development that provides long-term sustainable benefits to northerners. We also acknowledge that Arctic development is being contemplated in the context of a projected nationwide growth of 500 new projects in the coming decade, attracting \$500 billion in new investments. More than ever, now is the time for our Government to step forward and demonstrate convincingly to Canadians that there is a regulatory and policy regime in place that is equal to the task of planning, assessing and implementing these new projects in a manner that conserves key environmental and cultural values and minimizes conflicts with other social, economic and environmental objectives.

For example, one key cross-cutting objective is the urgent need for effective action to address climate change, requiring national leadership and coordinated global action. WWF has published a study (*The Energy Report: 100% Renewable Energy by 2050*) that charts the potential to achieve a renewable energy future.<sup>2</sup> In this context, new investment in high-cost, high-risk fossil fuel developments is arguably questionable public policy, particularly if it is not accompanied by more effective national climate change mitigation actions than we've seen to date.

Recent measures embedded in Bill C-38 are designed to accelerate the project review and approval process. An effective and streamlined regulatory approach is certainly a laudable goal, but only if it actually accomplishes the objectives of the review process; to understand the potential negative impacts and avoid, minimize or mitigate them. In the case of Arctic offshore oil and gas development there are reasons to believe that a more cautious approach is *appropriate* and, if done right, potentially *beneficial*.

---

<sup>1</sup> [www.wwf.ca/lpr](http://www.wwf.ca/lpr)

<sup>2</sup> [http://www.wwf.ca/conservation/global\\_warming/energy\\_report.cfm](http://www.wwf.ca/conservation/global_warming/energy_report.cfm)

Last year we participated in the National Energy Board's review of offshore oil and gas regulations in the Arctic, and made several detailed submissions<sup>3</sup>. Our key recommendations are summarized in the presentation we made to the NEB Roundtable in September 2011, a copy of which has been shared with you. This morning I'll simply note a few of the knowledge and technology gaps that exist in the Arctic context.

Compared with other regions of Canada, the Arctic has relatively sparse environmental baseline data on species distribution and abundance. This dearth of information is compounded by the accelerating impacts of climate change in Arctic waters, with significant uncertainties about how ecosystem components will respond to those changes. The impacts of unprecedented new developments in Arctic waters add a further degree of uncertainty to the picture. It is encouraging to note that the Beaufort Regional Environment Assessment (although misnamed since it has no assessment mandate) will address many of these knowledge gaps during its five-year mandate. As well, WWF has recently published an analytical tool for identifying and mapping features that support ecosystem functioning in a changing Arctic.<sup>4</sup>

The challenges of operating under Arctic conditions are well-known: woefully inadequate logistical and support capabilities, with technical crews and equipment far distant and difficult to mobilize; short operating seasons; harsh environmental conditions that strain the performance limits of people and equipment; and the unique challenges of spilled oil in icy conditions. Using research prepared for the NEB, we found that during the short summer season in the Beaufort Sea conditions are likely to be too harsh to deploy emergency response personnel 65-85% of the time. Throughout the remaining long winter months there would be no ability to carry out blow-out capping or clean-up operations. And the treatments themselves – including dispersants, containment and *in situ* burning – are less effective in ice-infested Arctic waters.

To put it bluntly, there is currently no oil spill response capacity to address a sizeable well blowout or large-scale spill in Arctic waters. This message is echoed in a recent report from the leading international insurance company Lloyds, which concludes that cleaning up any oil spill in the Arctic would present “multiple obstacles, which together constitute a unique and hard-to-manage risk,” and urges companies not to “... rush in [but to] step back and think carefully about the consequences of that action”.<sup>5</sup> Lloyds is not the only business interest to question the advisability of offshore oil drilling in the Arctic. WestLB, a Germany-based bank, will no longer loan money to offshore oil projects in the Arctic. As a spokesperson for the bank put it, “the further you get into the icy regions, the more expensive everything gets and there are risks that are almost impossible to manage. Remediation of any spills would cost a fortune”.<sup>6</sup>

As you can see, it's not only conservation groups who believe that we're not yet ready to move forward with offshore Arctic drilling. However, while we address the aforementioned knowledge and technology gaps we can and should simultaneously invest in the full range of preparations needed to move closer to sustainable development in the Arctic.

---

<sup>3</sup> [http://www.wwf.ca/conservation/arctic/oil\\_exploration/](http://www.wwf.ca/conservation/arctic/oil_exploration/)

<sup>4</sup> *RACER: Rapid Assessment of Circum-Arctic Ecosystem Resilience* ([www.panda.org/arctic.racer](http://www.panda.org/arctic.racer))

<sup>5</sup> *Arctic Opening: Opportunity and Risk in the High North*  
(<http://www.chathamhouse.org/publications/papers/view/182839>)

<sup>6</sup> <http://www.businessweek.com/news/2012-04-27/westlb-oil-platform-lender-won-t-do-arctic-antarctic-business>

1. Time is needed to develop and test new methods to increase the safety of operations and the efficacy of oil-spill cleanup, to strengthen Arctic support infrastructure, including search, rescue and spill response capacity and to provide the training needed for northerners to benefit from new developments in their territory.

2. There are no easy shortcuts when consulting with affected parties, especially Indigenous rights holders. In this regard, I call your attention to the “*Circumpolar Inuit Declaration on Resource Development Principles in Inuit Nunaat*,” copies of which have been shared with you.<sup>7</sup> This declaration was developed by and on behalf of the Inuit Circumpolar Council and its constituent members. It recognizes that responsible development – including from non-renewable resources – “can make an important and durable contribution to the well-being of current and future generations of Inuit.” But a common concern throughout is that the pace of development must not outstrip the capacity of Inuit to participate meaningfully in addressing the challenges and taking advantage of the benefits of development. I urge you to study this Declaration, and to invite the ICC to speak with you about it.

3. The regulatory review process for offshore oil and gas activity would proceed more smoothly and with less expensive and time-consuming conflict if it occurred in the context of a previously completed regional Marine Spatial Plan. Such a plan would consider all significant activities in an integrated way and explicitly delineate areas where activity can occur as well as sensitive areas meriting special consideration. It would be developed in an inclusive manner involving all stakeholders, resulting in an open, transparent and accountable decision-making process that produces socially acceptable decisions. Those conditions don't currently exist in the Canadian Arctic, although there are noteworthy planning processes such as the Beaufort Sea Partnership that can be built upon and learned from. As well, Strategic Environmental Assessment is a tool that can address cumulative impacts and set overall thresholds for an entire region. Investment in up-front ecoregion-wide planning ultimately results in less financial and political uncertainty.

4. We have an excellent opportunity to strengthen the circum-Arctic governance regime for offshore development. After all, oil spills ignore national boundaries; therefore it is in our strong self-interest to ensure that there are consistent and good regulations in place and effectively implemented throughout the Arctic. Initiatives are currently underway through the Arctic Council – the chair of which Canada will assume in 2013 – to create internationally binding rules on offshore Arctic oil development. In taking part in those negotiations, Canada has an opportunity to secure the well-being of its northern people by ensuring that development in Canada and in neighbouring countries is held to the same high standards.

5. Lastly, we have the opportunity in Canada to develop a truly visionary Canadian Energy Strategy, charting a course for Canada that is aligned with this country's climate change commitments, and addresses the shortcomings noted in the recent report from the Environment and Sustainable Development Commissioner. Opening up new frontiers for oil and gas development – without a long term energy plan that tackles CO<sub>2</sub> emissions – risks pushing us further from our national goals and international responsibilities. In an increasingly carbon constrained world this can affect not just Canada's reputation, but also our access to markets for our products and services.

---

<sup>7</sup> [http://inuitcircumpolar.com/files/uploads/icc-files/Declaration\\_on\\_Resource\\_Development\\_A3\\_FINAL.pdf](http://inuitcircumpolar.com/files/uploads/icc-files/Declaration_on_Resource_Development_A3_FINAL.pdf)

In conclusion, there is currently insufficient knowledge and inadequate technology and infrastructure to safely carry out drilling in Canadian Arctic waters. More time is required to address these gaps, but this necessity can become a virtue if at the same time we collectively invest in the research, planning, infrastructure and dialogue that are the key characteristics of responsible stewardship. It may take longer for new Arctic developments to come on stream, but those developments – whatever they turn out to be – will be better planned, less contentious, with greater social license, and less risky – for investors, for governments, for communities and for the environment. WWF stands ready to work collaboratively with government and industry to chart a course for well-planned and sustainable development in the Arctic, and once again I thank you for giving me the opportunity to share our views with you.