

**SUPPLEMENTAL STATEMENT:
GOVERNANCE OF COASTAL AND OCEAN ASSETS**

**J. I. PALMER, JR.
REGIONAL ADMINISTRATOR
U.S. ENVIRONMENTAL PROTECTION AGENCY – REGION 4**

**PRESENTED TO THE
U.S. COMMISSION ON OCEAN POLICY
NEW ORLEANS, LOUISIANA**

July 16, 2002

The purpose of this supplemental statement is to elaborate on the remarks I made to the U.S. Commission on Ocean Policy (hereafter, Commission) on March 8, 2002.

Environmental Context

The Gulf of Mexico, characterized by many as America's Sea, is a vast and productive body of water that is of tremendous value in ecological, economic, and social terms (Appendix 1). However, its bounty is not endless, and today the Gulf is a resource at the sustainable crossroad. The Gulf's vastness and diversity often mask the fundamental relationships between the living and non-living workings of this magnificent ecological system. As a result, the physical magnitude of the Gulf is both its strength and its weakness. Its size and diversity contribute to its productivity, yet they also contribute to a sense of complacency with regard to day-to-day human activities and their unintended consequences.

A closer look reveals that human actions have both large scale effects and repercussions, as well as, local ecological and economic impacts. The importance of the Mississippi River to the Nation and to the Gulf cannot be overstated. I am not going to repeat the excellent information you have already received on two critical issues that are important to Louisiana, and also to the entire Gulf ecosystem: Gulf hypoxia and Louisiana coastal land loss. Suffice it to say, that these issues while critically important for the Gulf are also important to the Nation for the many reasons you heard described at the public meeting.

At the local level, the Gulf States have identified water quality impairments caused by microbial contamination, excessive nutrient enrichment, mercury contamination of recreational and commercial fisheries, and others. If you consider these water quality impairments with other important issues, such as, habitat losses of seagrass and coastal wetlands, the increasing recognition of invasive species problems, and the persistence of harmful algal blooms, you can readily see that there exists the pressing need for a strong framework of governance that allows and facilitates both horizontal and vertical coordination across agencies and organizations.

The environmental and natural resource challenges I have listed for the Gulf of Mexico

are, for the most part, common to each of our coastlines. And even though issues like Gulf hypoxia and Louisiana land loss are being experienced on an unprecedented scale here in the Gulf, these very same issues are seen to a lesser degree, though not lesser importance, on each of our coasts. All of these issues illustrate the complexities of modern day efforts to manage the coastal resources of our Nation at the local, regional, and national scale. It is against this backdrop of environmental concern and importance that I will now turn to the issue of governance.

A National Policy Frame

Discovering, understanding, and effectively managing the interplay among the natural and human forces of the coastal environment defines the challenge confronting all organizations and levels of government that are involved in the business of public health and natural resource protection in the Nation's coastal and ocean areas. To successfully meet this challenge, I believe as a Nation we need a coherent policy framework to achieve the high degree of both vertical, as well as, horizontal collaboration and cooperation at the local, regional, and national levels of government. We need a policy on coastal and ocean governance that demands this collaboration and cooperation, not as a means of eliminating the appropriate checks and balances inherent in our system, but as a framework for allowing those checks and balances to operate in an effective and efficient manner for the common good. In the Gulf, we have taken the initial steps to establish a mechanism to allow such collaboration to occur – the Gulf of Mexico Program.

As we consider what form a national policy framework should take, I believe it is useful to examine the lessons learned from our experiences in the Gulf of Mexico. As I mentioned in my verbal testimony, I and several others conceived of the Gulf of Mexico Program as an experiment in better government – as a complex, yet simple, concept. Complex because of the nature of the issues and the perplexing array of federal, state, and local statutes, regulations, and institutions in place to address (or not) those issues. Simple in that creating a forum for vertical and horizontal collaboration to occur – a forum that includes public and private organizations and entities that represent a broad spectrum of stakeholders – we could have the collective dialogue needed to identify priority issues, define solutions through consensus, and marshal the necessary resources needed to help the Gulf States and coastal communities address those issues. Our vision encompassed a Program that was not another regulatory initiative, but as a voluntary effort that could move us to collective action that avoided duplication among agencies, proved more cost-effective through the leveraging of resources, and enhanced our ability to achieve environmental results through stakeholder involvement in designing the solutions.

Thus, the Gulf of Mexico Program was initiated by the U.S. Environmental Protection Agency (EPA) in 1988 as a non-regulatory program. And because no single agency or level of government had either the necessary technical or financial resources, or the legal mandate to address the spectrum of environmental and public health issues facing the Gulf, the Gulf Program was and is today a collaborative effort that includes a consortium of key stakeholders that share significant interests in coastal and marine resources (Appendix 2). It is an ecosystem-based approach founded on the principles of bringing the appropriate science, together with the financial and technical resources, to help the Gulf States and coastal communities effectively

address their environmental problems within a broader regional and national context.

In my verbal testimony before the Commission on March 8, I noted that, in my opinion, the Gulf of Mexico Program has not become today what was originally envisioned 14 years ago. I hasten to add that the Program has accomplished some very important work, laid the foundation for broader collaborative efforts, and served as a catalyst for a range of actions to address key issues. For example, historically the Program played an important role in assisting the Gulf States address marine debris under the International Convention for the Prevention of Pollution from Ships (MARPOL) and in achieving a Special Area Designation for the Wider Caribbean. Today the Program is providing essential support to the Gulf States for improving the collection and treatment of domestic sewage, restoring important marine habitats, coordinating regional actions to address invasive species, and educating high risk consumers concerning issues of fish and shellfish contamination. Nevertheless, I believe we have to examine the major factors that have proven to be significant barriers to our original vision in order to define the parameters for any future national policy on coastal and ocean governance. Please note that I am stating these factors in general terms and that there are exceptions to these problems, even within the experience of the Gulf Program. However, I believe they are a reality and are significant issues for any multi-agency, multi-state endeavor. The five principal factors I will highlight are not mutually exclusive:

- (1) A lack of support for the Gulf Program at the federal level – This lack of support takes two forms: (a) the Gulf Program has rarely been viewed or utilized by the federal agencies as a serious venue for utilizing the discretion that all agencies have for coordinating activities, leveraging resources, and developing policies and initiatives through a collaborative process; and (b) short of a flurry of legislative proposals in Congress during the early 1990's, there has never been any national mandate that formally established the Gulf Program's purpose and function. Therefore, there is little incentive at the national or regional level for agencies to step outside traditional "stove pipe" lines of authority to develop and pursue common objectives through complementary actions.
- (2) A lack of support at the State level – The Gulf of Mexico is a large marine ecosystem that is diverse, not only in its ecology, but also in its social and political traditions. The Gulf States have yet to recognize the Gulf as a shared resource with ecological and economic interdependencies to an extent that translates into coordinated political positions and actions. Therefore, in spite of significant efforts to emphasize State leadership in the Gulf Program, that leadership has been uneven across the five States.
- (3) Fear of additional regulation – EPA is the administrative lead for the Gulf Program. As a regulatory agency, concern has existed and continues today that there is a hidden regulatory agenda. Ironically, this concern was greatly heightened with the development of the Great Lakes water quality regulations and guidance. This package was a comprehensive set of regional regulations developed by the eight Great Lakes States and EPA in the mid-1990's. As a result, this concern has curtailed and discouraged any effort to utilize the Gulf Program as a venue for addressing policy or regulatory inconsistencies

at the federal or state level, or for developing new approaches, including incentive-based approaches, that may involve future regulation.

- (4) The lack of a strong, vocal, and well-coordinated public interest that calls for better governance across the Gulf – Concerned citizens were initially vocal in their call for improved coordination and consistent policies when the Gulf Program was first formed. Today, while there continues to be citizen interest and involvement on Gulf issues, the concerns and calls for action only on occasion transcend specific issues, specific localized areas, or embrace the concept of integrated, coordinated management of the Gulf as a large marine ecosystem.
- (5) Finally, our ignorance of just how the Gulf functions as an ecological system – Our inability to articulate, based on scientific information, the inter-relationships and interdependencies of important living, as well as, nonliving natural resources that cross political boundaries and form the foundation for many of our coastal economies continues to be a major challenge. And as a result, we run the risk at the very worst of destroying that which we fail to understand and at the very best of missing opportunities for improved management and economic development of our coastal resources. The Gulf of Mexico is a magnificent sea of discovery – in many respects an ideal laboratory for elucidating physical, chemical, biological, and ecological interactions and phenomenon.

The above issues, while prevalent for the Gulf, are also not unique to the Gulf. I believe that as you continue to develop recommendations related to improved governance of our coastal and ocean resources you will repeatedly confront these very same issues in one form or another.

Conclusion

Members of the Commission, I thank you for the opportunity to provide these supplemental remarks. As I stated in my verbal testimony on March 8, the dream we had when first envisioning the Gulf of Mexico Program is still alive. This Program has undertaken many projects over its 14 year history at both the regional and local level, and today it continues to make progress on significant issues in spite of the barriers I noted above. However, we are not satisfied because we believe programs like this hold so much promise for a different and better way of doing environmental business while fostering the sound economic development and use of our rich coastal and ocean heritage. I believe that your efforts to provide recommendations to the Congress and the President on a national framework for coastal and ocean policy is a necessary step for moving regional programs like the Gulf Program to the next level of performance, *in terms of better governance not more government*, and for helping coastal states and communities address fundamental and pervasive needs.

Appendix 1

The Gulf of Mexico – A National Asset

With a total area of about 600,000 square miles, the Gulf is surrounded almost completely by the United States, Mexico, and Cuba. The Gulf's watershed covers almost two million square miles. Of this huge area, about 1.6 million square miles are in the United States and Canada. Approximately two-thirds of the area of the continental United States drains into the Gulf: all of the states between the Rocky Mountains and the Appalachian Mountains. That includes states as far away as Montana and New York.

Some 33 major rivers drain into the Gulf, as do innumerable small rivers, creeks, and streams. The greatest of these by far is the Mississippi River Basin System which drains over 40% of the continental United States (i.e., over 1.2 million square miles).

The Gulf of Mexico is endowed with a variety of immensely productive habitats. Gulf wetlands comprise nearly 50 percent of the Nation's total coastal wetlands. There are important and unique coral reef ecosystems, such as the Flower Garden Banks National Marine Sanctuary, extensive salt marshes, freshwater swamps, tidal flats, seagrass and barrier island ecosystems, productive estuaries, as well as, shallow nearshore and deep oceanic ecosystems. At least fifteen threatened and endangered species exist in the Gulf of Mexico.

The major estuaries along the Gulf coast account for 24 percent of all estuarine area in the 48 contiguous states, and 55 percent of the marshes. About 98 percent of the fish and shellfish caught in the Gulf depend on the quality of estuarine and marsh habitat.

Fishery resources of the Gulf are among the most valuable in the United States. Approximately 40 percent of U.S. fisheries landings come from the Gulf of Mexico, including about 80 percent of the national total of shrimp and more than 60 percent of the national total of oysters. Commercial landings of fish and shellfish have an annual dockside value of about \$991 million (approximately 1.8 billion pounds).

Millions of people live along the coast of the Gulf of Mexico, and more than 25 million visit from elsewhere, resulting in over \$16 billion in spending annually. Most of the people who live around the Gulf get their livelihood from it in some manner. They may be fishermen, or in the oil and gas industry, or engaged in maritime shipping, in the tourist trade, or in the protection of the Gulf resources.

The Gulf Coast is one of the major recreational regions of the United States, especially for sport fishing and beach-related activities. Commercial and recreational fishing support other important Gulf industries ranging from vessel construction to a wide-range of post landing fisheries processors and distributors. The recreational fishing economy alone supports an expansive network of motels and sport and bait shops, as well as boat building, boat charters and gear manufacturing; the total economic impact is estimated at \$17 billion annually. The Gulf of

Mexico leads all other regions in the level of marine recreational fishing.

The Gulf of Mexico is the most active area in the world for offshore oil and will continue to be the world's most important offshore oil and gas province for many years to come. There are nearly 1,600 outer continental shelf leases in production in the Gulf of Mexico, yielding about 97 percent of U.S. offshore production. Most offshore mineral, oil, and gas production takes place offshore of Louisiana and recent discoveries of oil and gas have expanded production into the deeper waters off the slopes of the Continental Shelf. As of September 2001, the Minerals Management Service shows 119 exploration wells (47 are in water depths exceeding 1000 feet) and 4,021 producing platforms in the Gulf.

In addition, the Gulf oil and gas industry fuels an enormous complement of land-based companies and facilities including chemical production, oil field equipment dealers, cement suppliers, drilling tool and equipment suppliers, helicopter services, caterers, and divers. In addition there are numerous large facilities such as platform fabrication yards and shipyards. Texas and Louisiana are home to most of these companies and facilities, which are important contributors to the economic life of the coastal communities of these States.

Agriculture production is another mainstay of the Gulf coastal region, totaling nearly \$28 billion in 1997. In Florida, citrus farming brings more money into the state than any other product. The total tonnage of Florida's oranges, grapefruit, and tangerines is almost one third larger than the combined tonnage of all the rest of the fruit produced in the entire United States. Rice and sugarcane are Louisiana's leading agricultural commodities and beef cattle are the most important agricultural commodity in Texas.

Of the ten busiest ports in the U.S., seven are located on the Gulf Coast with New Orleans as the busiest port in the country. Shipping tonnage in the Gulf has increased from 83 million tons in 1982 to 734 million tons in 1999. Petroleum – crude oil and refined products – is the commodity shipped over the Gulf waters in the greatest amounts with coal, grains, chemicals, fertilizers and iron and steel as other important commodities. Of the top seven ports in the world, two are in the Gulf of Mexico – New Orleans and Houston.

Appendix 2

The Gulf of Mexico Program Partnership

The Gulf of Mexico Program's organizational partnership currently includes:

- ☒ The lead agency appointed by the Governors in each of the five Gulf States
 - Alabama Department of Conservation and Natural Resources
 - Florida Department of Environmental Protection
 - Louisiana Department of Environmental Quality
 - Mississippi Department of Environmental Quality
 - Texas Natural Resource Conservation Commission

- ☒ The Conference of Southern County Associations, representing local governments

- ☒ The Gulf of Mexico Coalition, representing business and industry

- ☒ The American Farm Bureau Federation's Gulf of Mexico Committee, representing production agriculture

- ☒ The Gulf Restoration Network, representing environmental and social justice interests

- ☒ The Gulf States Marine Fisheries Commission

- ☒ The Nature Conservancy

- ☒ The Gulf State Coastal Zone Managers

- ☒ The Gulf National Estuary Programs

- ☒ The Citizens Advisory Committee – citizens with backgrounds in business and industry, agriculture, fisheries, tourism and the environment – each appointed by their respective Gulf State Governor

- ☒ The U.S. Environmental Protection Agency

- ☒ The Department of Commerce

- ☒ The Department of Defense

- ☒ The Department of Agriculture

- ☒ The Department of Health and Human Services

- ☒ The Department of Interior.