Mr. Chairman, Senator Lugar, Members of the Committee,

It is an honor to be asked to testify before this Committee.

I was last invited to appear before this Committee four years ago. Although I took ill as I boarded the plane to Washington at that time, my prepared statement was included in the 2004 Report of the Committee, a Report that unanimously recommended Senate approval of the Convention on the Law of the Sea and the related Implementing Agreement. I presented a slightly expanded version of that statement before the Senate Committee on Environment and Public Works in March of 2004. Rather than repeat all that was said there, with your permission, Mr. Chairman, I would propose to append that statement to my remarks today and, for the sake of completeness, to include my written response to follow-up questions posed by Senators Inhofe and Jeffords.

Mr. Chairman, permit me to begin as I did before. Whatever the utility of my remarks today, I hope the Committee will bear in mind the authority, insight and conviction with which the case for the Convention would have been presented by two extraordinary individuals with whom it was my great honor to work most closely, the late Ambassador John R. Stevenson and the late Ambassador Elliot L. Richardson. Both served at critical formative periods as Special Representative of the President for the Law of the Sea. They are unquestionably remembered throughout the world as among the small handful of individuals singularly responsible for the ultimate shape of the Convention.

I hope the Committee will also bear in mind that the Law of the Sea negotiations were a long-term bipartisan effort to further American interests that engaged high level attention in successive Administrations and among distinguished members of both Houses of Congress. President Nixon had the vision to launch the negotiations and establish our basic long-term strategy and objectives. President Ford solidified important trends in the negotiations by endorsing fisheries legislation modeled on the emerging texts of the Convention. President Carter attempted to induce the developing countries to take a more realistic approach to deep seabed mining by endorsing unilateral legislation on the subject. President Reagan determined both to insist that our problems with the deep seabed mining regime be resolved and to embrace the provisions of the Convention regarding traditional uses of the oceans as the basis of U.S. policy. President George H.W. Bush seized the right moment to launch informal negotiations designed to resolve the deep seabed mining problems identified by President Reagan. President Clinton carried that effort through to a successful conclusion and transmitted the Convention and the 1994 Implementing Agreement to the Senate. And President George W. Bush has called on the Senate to complete the job and approve the Convention and the Agreement.
It is no accident that all the living former Legal Advisers of the US Department of State signed a letter in support of Senate approval of the Convention in 2004, and that, more recently, the letter of September 24, 2007 to Senators Reid and McConnell in support of the Convention comes from an extraordinary group of prominent citizens that includes former Secretaries of State Albright, Baker, Haig, Powell, and Shultz.

The Law of the Sea Convention is in large measure the product of American efforts. The United States succeeded in creating a firm, globally accepted basis for long-term order and predictability at sea whose provisions, in President Reagan’s words, “fairly balance the interests of all states.”¹ The result is a Convention that is a legal and political reality. It now has 155 parties, including all other major maritime nations.

Pursuant to an overwhelming vote of approval of the Senate, the United States is already party to the Law of the Sea Convention’s Implementing Agreement on fisheries that entered into force in 2001; in that agreement we accepted much of the fisheries management and dispute settlement system set forth in the Convention.

The United States has long been party to the four 1958 Geneva Conventions on the Law of the Sea, many of whose provisions are copied and elaborated upon in the 1982 Law of the Sea Convention. It is puzzling that a few commentators maintain that dire consequences would flow from Senate acceptance of texts that are no different from those already contained in the Geneva Conventions and other treaties to which we are party.

It is also puzzling that a few commentators maintain that dire consequences would flow from Senate acceptance of texts that President Reagan publicly committed the United States to respect. President Reagan formally declared that “the United States will recognize the rights of other states in the waters off their coasts, as reflected in the Convention, so long as the rights and freedoms of the United States and others under international law are recognized by such coastal states.”²

The Convention provides the legal framework for cooperation with other countries. Almost all of our neighbors, friends, and allies are party to the Convention. At best, they will not agree to cooperative action at sea unless it is consistent with the Convention. At worst, they will keep their distance from us because we are not party to the Convention. During his confirmation hearings for Chief of Naval Operations before the Senate Armed Services Committee on September 27, Admiral Roughead stated that he saw in the Pacific that some countries would avoid participating with us in the proliferation security initiative because we are not party to the Law of the Sea Convention.

The question before us is not whether we are obliged to respect the rules set forth in the Convention. Clearly we are. There is no other plausible platform of principle on which to operate. Our legislation has long been consistent with the Convention. No prudent manager or investor in the private sector would plan on any other basis. And we have not been dragged into this posture kicking and screaming. Quite to the contrary, we led the way: we are obliged to respect the rules set forth in the Convention because, as President Reagan made clear, we expect

² Id.
foreign countries to do the same. And we expect them to do the same because their restraint is to our benefit.

The real question is: What are the additional rights and opportunities that we would enjoy as a party to the Convention? In this connection, we might ask ourselves: What is it that we want other countries to do and not do?

The answer has long been quite simple. We want maximum freedom to navigate and operate off foreign coasts without interference.

We want that freedom for security purposes. If we mean to deter and confront threats to our security in the far corners of the globe, then we need to be able to get there and to operate there. The precise nature of the threats may change. But so long as our interests demand that we operate far from our shores, we want to minimize the cost and uncertainty of getting there and operating there.

We also want that freedom for economic purposes. Our economy is dependent on international trade. Much of that trade moves by sea. Our trading partners may change, but so long as our interests demand that we move raw materials and products to and from the far corners of the globe, we want to minimize the cost and uncertainty of the trip for any ship that carries our trade. We want security of supply and the lowest possible cost for delivering both our imports and our exports. And many sectors of our economy are increasingly dependent on the use of undersea telecommunications cables and accordingly on the freedom to lay and maintain them throughout the world.

Physical challenge by foreign states to ships and aircraft navigating off their coast is one possible source of interference that can augment costs and uncertainty dramatically. But negative political and economic reactions by foreign coastal states can also prove costly and destabilizing.

In attempting to address this problem, we must recognize that there are many reasons why a coastal state may not wish to accord maximum freedom to foreign ships and aircraft off its coast. It may prefer to control natural resource activities off its coast. It may prefer to control pollution from foreign ships off its coast. It may fear implications for its security of foreign operations off its coast. It may even hope to leverage control over offshore areas in order to extract political and economic concessions from those who need to pass through or lay and maintain cables in such areas.

Even though it is the principal global maritime power with the most to benefit from maximum freedom to use the seas off foreign coasts, the United States shares many of the interests of other coastal states in controlling activities off the coast.

The result is a contradiction. At best, many coastal states want to maximize freedom off foreign coasts while maximizing their control over foreign activities off their own coasts. At worst, a fair number of people don’t even worry about global mobility, and think of interests in the sea exclusively in terms of controlling foreign activities off the coast. The real challenge in the law of the sea is to reconcile the tension in a manner that reasonably accommodates the conflicting interests both within and between states over time.

If the law of the sea is left to drift, it will drift in the direction of increasing coastal state restrictions on global freedoms. This is not idle speculation. It is precisely what happened in the 20th century. That century began with free high seas except for a narrow 3-mile band along the coast. It ended with coastal state sovereignty within liberal baselines enclosing internal and
archipelagic waters, coastal state sovereignty within a 12-mile territorial sea measured from those baselines, coastal state sovereign rights and jurisdiction for many purposes within a 200-mile exclusive economic zone, and coastal state sovereign rights over resources of a continental shelf that may extend even further where the continental margin is wider than 200 miles. I traced this process in greater detail in a recent essay that, with your permission, Mr. Chairman, I propose to append to this statement for the Committee’s convenience.  

The result in this century is that the drift toward increased coastal state control has already consumed the valuable natural resources of the sea and seabed in large areas off the coast. Now the target of new assertions of coastal state control is more likely to be navigation and overflight and telecommunications.

The reality is that the areas of greatest importance to our global mobility are already subject to coastal state sovereignty or sovereign rights. Our capacity to move around the world depends on the willingness of these coastal states to respect navigation and overflight and related rights and freedoms in waters they already perceive to be theirs. The challenge is not to our capacity to make legal arguments. The challenge is to our ability, at minimum cost to ourselves, to persuade foreign coastal states to restrain their own claims and actions in the first place.

Customary international law will not work well in this situation. Customary law is the creature of state practice. The likely drift of state practice is in the direction of increasing restraints on our global mobility that will be costly to respect and costly to resist.

The classic options we face in response to increasing coastal state assertions of control over communications rights and freedoms have been described as follows:

1. resistance, with the potential for prejudice to other U.S. interests in that coastal state, for confrontation or violence, or for domestic discord;
2. acquiescence, leading inevitably to a weakening of our position of principle with respect to other coastal states (verbal protests to the contrary notwithstanding) and domestic pressures to emulate the contested claims; or
3. bilateral negotiation, in which we would be expected to offer a political, economic or military quid pro quo in proportion to our interest in navigation and military activities that, under the Convention’s rules, can be conducted free of such bilateral concessions.

Beginning with the determination of basic policy by President Nixon 1970, a universally ratified Law of the Sea Convention was conceived as a more effective and less expensive option for controlling the coastal drift, for protecting our security and economic interests in global mobility, and for providing a basis for protection of the marine environment that is both effective and compatible with these interests. This is so in part because written rules are more easily ascertained and are more determinate than customary rules, and in part because parliaments,

3 Bernard H. Oxman, The Territorial Temptation: A Siren Song at Sea, 100 AJIL 830 (2006). The essay proceeds on the premise that “there is no plausible alternative to the system of territorial states, a system that, for all its limitations, continues to confer significant benefits on humanity.” Id., p. 831.
Courts and the population at large tend to take treaty commitments more seriously than elusive notions of customary law.

But the experience with other treaties suggested that this is not enough: unilateral interpretation of treaties can lead to the same erosion of rights and freedoms as the processes of customary law. Thus from the outset in 1970, the U.S. objective was to include institutional provisions that help persuade coastal states to accept and respect the Convention in general, and the rights and freedoms on which our global mobility depends in particular. To achieve this objective, the United States proposed, and the Convention creates:

- a system for compulsory settlement of disputes that permits a state to challenge actions by another state that are believed to violate the Convention, especially violation by coastal states of navigation, overflight, and telecommunications rights and freedoms;
- an expert panel to review the scientific basis for claims over the continental margin beyond 200 miles, giving the coastal state an incentive to work with the panel by providing added legal security to investors if agreement is reached; and
- an international regime for exploitation of deep seabed hard minerals beyond the continental shelf that blocks further national sovereignty claims, provides the security of tenure to mine sites necessary for investment in response to market demand, and protects high seas freedoms.

That system now exists. For the foreseeable future, it is the basis for the legal and political environment in which we operate every day. It is the only plausible platform of principle for global operations.

But law, even treaty law, never stands still. The question is: How will it evolve?

In my opinion, by becoming party to the Law of the Sea Convention, the United States will be in a much stronger position to control the evolution of the law of the sea and, in particular, to influence the perceptions of foreign nations regarding their rights and our freedoms off their coasts. Let me briefly explain why.

Protecting American Interests: Because we are the main global maritime power, our interests demand that we consider the global effect of the Convention’s rules and their interpretations; there are a number of issues that are of greater concern to us than to most other countries. It is not prudent for us to sit idly by on the sidelines and rely on others to protect our global interests from the inside. For example, despite our close security relationship with most of its member states, there are disturbing signs that the European Community may try to shift the Convention’s balance in a sharply coastal direction in derogation of the freedom of navigation beyond the territorial sea and free transit of international straits.

Practice of the Parties: The practice and views of the parties to the Convention regarding its meaning and application influence the perceptions and behavior of lawyers and governments as well as judges, national and international. If left unattended, that practice is likely to evolve in the same way that customary law would evolve, namely in derogation of the rights and freedoms on which we rely for global mobility. Yet other states find it odd when we criticize their actions as a violation of a treaty to which we have yet to become party. If the underlying challenge to the maintenance of our interests in global mobility is to maximize our influence over the perception of coastal states around the world regarding their rights and our freedoms off their coasts, then it
stands to reason that the enhanced credibility our interpretations would acquire as party to the Convention is an important element in protecting and advancing our interests now and in the future.

_Judicial and arbitral bodies:_ Interpretations rendered by judicial and arbitral tribunals established under the Convention will also influence the perceptions and behavior of lawyers and governments around the world and the future understanding of the law. While the actual judgment may be binding only on the parties to a case, the effect of a judicial or arbitral decision on perceptions of the law is not limited to parties to a case or even to parties to the Convention. By joining the Convention the United States would have the right to nominate and participate in the election of judges to the International Tribunal for the Law of the Sea (ITLOS) that sits in Hamburg, as well the right to add names to the lists from which arbitrators are selected under the Convention. Moreover, by joining the Convention, the United States would enhance the likelihood that judges and arbitrators would pay serious attention to its views regarding the interpretation and application of the Convention, even in cases where the United States is not a party to the dispute and has not exercised its right to intervene under the Convention.

Thus, even though the United States opts for arbitration under the Convention rather than accepting the jurisdiction of ITLOS, by joining the Convention our influence will extend well beyond any arbitration to which we may be a party. Moreover, we gain the right to seek urgent temporary provisional measures from ITLOS pending the constitution of an arbitral tribunal. As the Senate recognized when it approved the existing Implementing Agreement regarding fisheries to which we are already party, this enhances our leverage over foreign fishing on the high seas adjacent to our exclusive economic zone. Becoming party to the Convention extends that leverage to fishing vessels flying the flag of any country that is party to the Law of the Sea Convention.

_Amending the Convention:_ The parties to the Convention have the right to decide whether to try to amend the Convention. Such an effort could easily alter the balance of the Convention, whether or not we accept the amendment. This could weaken the platform of principle on which we currently operate globally, as well as our capacity to influence the perceptions and behavior of foreign coastal states. It is not easy for a non-member to convince the members that they should or should not change their agreement. As a party to the Convention, we would have substantially greater influence over the question of whether and, if so how, to approach the question of amendments or new implementing agreements.

_The Continental Shelf:_ There is an extensive continental margin beyond 200 miles off the coast of Alaska and elsewhere off the coast of the United States. As a party to the Convention, we will be able to submit the results of our scientific studies regarding the seaward limits of the continental margin to the Commission of experts established by the Convention. Once we are satisfied with the outcome of our exchanges with the Commission, we can exercise the right to declare limits that are final and binding on all parties to the Convention. This will increase the certainty of our control and the willingness of private capital to make the substantial investment required to explore and exploit areas as deemed suitable for development.

Moreover, as a party to the Convention, we acquire the right to nominate and participate in the election of members of the Commission, as well as the right to comment on both the procedure and the substance of the Commission’s work. These rights are important because we have a major interest in influencing the review of continental margin claims around the world.
before they become final and binding, in order to ensure that reasonable claims are confirmed and made more secure, and that excessive claims do not limit our own access to the areas in question for economic, scientific, or other purposes. Mr. Chairman, the Canadian and Russian Governments have every right to seek to use the Commission to advance their interests. But Alaska is caught in the middle, and our capacity to protect our interests off Alaska and in the Arctic generally will be enhanced by getting on the inside and making sure our concerns are heeded.

Deep Seabed Mining: The way in which the International Seabed Authority carries out its mandate will be decided by its members. The Convention limits the role of the Authority to regulating the mining of deep seabed minerals beyond 200 miles and the continental margin, and carefully prescribes the manner in which that mandate is to be exercised. In particular, the adoption of mining regulations requires consensus on the 36-member Council. Once the United States takes its guaranteed seat on the Council, our blocking power will permit us to ensure that the Seabed Authority remains within its mandate and that the content of any regulations is satisfactory. We will have additional influence over the budget by virtue of our membership on the Finance Committee, which also functions by consensus. In addition, the United States will acquire the ability to sponsor the mining applications of American companies and to ensure that their access and other rights are respected.

Mr. Chairman, I have outlined some of the benefits of becoming a party to the Convention. But as many of us have learned, the best things in life may be free, but the rest has a price. What exactly is that in this case?

A treaty is typically a reciprocal bargain in which each of the parties agrees to limit its own freedom of action in exchange for the limitations imposed on the others. That, Mr. Chairman, is an exercise of sovereignty. Indeed, entering into treaties with foreign powers is one of the most important ways in which sovereignty is exercised.

The most significant obligation that we undertake as a party to the Convention is to respect the same substantive rights and freedoms as every other state under the Convention. But this involves no incremental cost to us. The Convention is in fact the platform of principle on which we rely to protect our own interests at sea every day. President Reagan committed us to respect those rights and freedoms, and that commitment has been honored by all of his successors and by Congress in relevant legislation. The reason for undertaking the commitment is to promote our interests in persuading other states to do the same; thus, we would undermine our own interests if we abandoned our respect for the Convention even if we did not become party.

By becoming party to the Convention, we also acquire rights as well as duties under the institutional and dispute settlement provisions of the Convention. The institutions created by the Convention are independent organs and are not part of the United Nations.

In this regard, let me emphasize that I would expect any first-year law student to be able to conjure infinite risks of incalculable magnitude from virtually any legal text. The real question for those entrusted with policy decisions is one of assessing probable risks and probable benefits and their probable magnitude. It is that perspective that informs my own analysis; it is one that I believe would be most useful to members of the Committee.
The Seabed Authority. The best known of the institutional provisions are those in Part XI of the Convention and related annexes that concern the International Seabed Authority. We rejected those provisions. Our reasons for doing so were specifically and successfully addressed in the 1994 Implementing Agreement, which supersedes inconsistent provisions of the Convention. With your permission, Mr. Chairman, I will attach for the record a copy of my published analysis of the ways in which this was achieved.

There are now 130 parties to the 1994 Implementing Agreement, which expressly provides that it prevails over the Convention. The parties include all other major industrial states. From the day the Seabed Authority opened its doors, it has functioned in accordance with the 1994 Agreement. There is no doubt whatsoever among the parties to the Convention on this score.

The Seabed Authority is a lean organization based in Kingston that employs approximately 30 people and has an annual budget of some $6 million. The primary function of the employees is to support meetings of representatives of the states parties. Those meetings may involve all or only some of the states parties depending on the organ in question, and each state party pays for its own participants.

The Deep Seabed Hard Minerals Act of the United States expressly contemplates, and indeed encourages, the creation of an international regime for deep seabed mining as part of the law of the sea negotiations. One of Congress’s purposes in enacting the statute was to provide a basis for interim reciprocal cooperation among industrial states, so as to make clear to the rest of the world that the deep seabed mining interests of industrial and consumer nations would have to be accommodated in the law of the sea negotiations to a greater degree than was apparent at the time. It took some time and some serious bumps in the road, but that strategy worked.

The Commission on the Limits of the Continental Shelf. The Convention also creates another institution, the Commission on the Limits of the Continental Shelf. The Commission is comprised of experts elected by the state parties. Salaries are paid by the State that nominated the commissioner.

Under the Convention, coastal states that have continental margins that extend beyond 200 miles may submit precise seaward limits of the continental margin and supporting data to the Commission for review. An iterative process between the Commission and the coastal state is likely to follow if there are some points of doubt or disagreement.

There is no obligation to comply with the Commission’s conclusions. Once the Commission makes its recommendations to the coastal state, that state is free to ignore them. However, if the coastal state chooses to establish the seaward limits of its continental shelf beyond 200 miles on the basis of the Commission’s recommendations, those limits will be final and binding on all parties to the Convention. The result is a high level of certainty that avoids disputes and facilitates investment in areas the coastal state deems suitable for oil and gas development.

Dispute Settlement Procedures. The parties to the Convention are given a choice regarding the procedures for binding settlement of disputes concerning the interpretation or application of the Convention that are not settled by other means. Unless they declare otherwise, the parties are deemed to accept arbitration under Annex VII. While the Convention determines which disputes are and are not subject to arbitration under the Convention, and sets forth the
procedures for constituting an arbitral tribunal, the parties to the case have the right to select the arbitrators and bear the costs of arbitration.

Since 1994, there have been five arbitrations under Annex VII: the first was dismissed for lack of jurisdiction; the second was suspended pending a determination of jurisdiction by the European Court of Justice; the third was settled; the remaining two resolved maritime boundary disputes between neighboring states in the Caribbean area.

The Convention also establishes a standing tribunal, the International Tribunal for the Law of the Sea. ITLOS sits in Hamburg in an impressive facility built with German funds. Only the President of ITLOS resides in Hamburg full time, where there is a small permanent staff. The remaining judges receive a fixed stipend plus remuneration for actual days worked. The budget for 2005-2006 was $21 million.

ITLOS may hear cases between states that file declarations accepting its jurisdiction under the Convention or that submit disputes under another agreement. In addition, ITLOS may hear cases brought by any party to the Convention in three limited situations. The first two involve urgent situations: where a state has failed to comply with its obligation under the Convention to promptly release on bond a vessel and crew that have been detained for an alleged fisheries or pollution violation, and where there is a request for temporary provisional measures pending the constitution of an arbitral panel in a dispute that has been submitted to arbitration under the Convention. The third involves certain disputes regarding deep seabed mining in the international seabed area, which are heard by a special chamber of ITLOS.

Since 1994, ITLOS has heard and decided only one full case on the merits, which was a textbook case of illegal interference with freedom of navigation off Guinea. Most of ITLOS’s cases have been brought under a special procedure designed to secure prompt release on bond of detained vessels and crew awaiting trial in a national court for fishing or pollution violations. Some of these cases were dismissed on jurisdictional or similar grounds, some have determined whether the bond set by the detaining state is reasonable, and one resulted in release before the hearing was held. These decisions have been highly deferential to coastal state interests in enforcing conservation laws and regulations.

Three of the arbitrations under Annex VII of the Convention were preceded by requests to ITLOS for provisional measures pending the constitution of the arbitral tribunal. While some provisional measures were prescribed in all three cases, in two of those cases ITLOS declined to order suspension of the activities in dispute, and in one of the cases ITLOS temporarily reinstated catch limitations on fishing that had previously been agreed by the parties.

The declarations contained in the resolution of advice and consent recommended by this Committee in 2004 opt for special arbitration under Annex VIII of the Convention for certain categories of disputes to which that annex applies, and arbitration under Annex VII for the remainder.

Virtually all agreements to submit future disputes to arbitration designate some neutral individual to make the remaining appointments in the event that the parties to the dispute fail to appoint the requisite number of arbitrators within a specified time. Annex VIII of the Convention designates the Secretary-General of the United Nations for this purpose, and Annex VII designates the President of ITLOS. Each party to the Convention has the right to add a certain
number of names to the lists of individuals eligible for selection as arbitrators where the parties have not appointed the full panel themselves.

In assessing the costs and benefits of this system, it is important to bear in mind that the objectives of the United States are served if a state that violates its obligations to respect navigation, overflight, and other communications rights and freedoms is subject to suit by any party to the Convention. The plaintiff need not be the United States.

On the other hand, the United States can also find itself in the position of a defendant. That is the risk that comes with the benefit. The United States successfully endeavored to minimize that risk by supporting both mandatory and optional exceptions to the obligation to arbitrate or adjudicate disputes. Let me highlight a few:

First, the obligation applies only to disputes concerning the interpretation and application of the Law of the Sea Convention that have not been settled by other means.

Second, the obligation does not apply to disputes that are also subject to arbitration or adjudication under some other agreement.

Third, the obligation does not apply where there is an agreement between the parties to settle the dispute by some other means, and that agreement excludes any further procedure.

Fourth, only a very limited category of cases may be brought against coastal states with regard to their exercise of sovereign rights or jurisdiction. The most important of these, central to the objectives of the United States with respect to the Convention as a whole, involves alleged violation by the coastal state of the provisions of the Convention regarding rights and freedoms of navigation, overflight, submarine cables and pipelines, and related uses.

Fifth, a state may file a declaration excluding disputes concerning maritime boundaries between neighboring coastal states, concerning military activities, and concerning matters before the UN Security Council. A declaration excluding all such disputes is contained in the resolution of advice and consent contained in the Committee’s 2004 report.

The record of dispute settlement tribunals under the Law of the Sea Convention to date is certainly reassuring. Very few cases have been brought since 1994. All have been handled with considerable caution and prudence, especially in terms of the operative provisions of the judgments and awards.

My conclusion, therefore, is that the probable costs and risks are small, that the magnitude of the probable benefits is very high, and accordingly that America’s interests are best served becoming party to the Convention. To put it differently, the risks of damage to America’s long-term security, economic, and environmental interests by not becoming party to the Convention are far greater than the risks of becoming a party.

The major stakeholders in our country agree that the United States would benefit substantially from becoming party to the Convention. They are supported by an extraordinary array of present and former political and military leaders of our country’s foreign, defense, and economic policies. Virtually all of our friends and allies around the world are already party to the Convention, and remain puzzled by our hesitation.

Mr. Chairman, it is time for the Senate to heed President Bush’s call to approve the Convention on the Law of the Sea and the 1994 Implementing Agreement as soon as possible. I urge it to do so promptly.
Mr. Chairman, this concludes my prepared remarks. I will be happy to respond to any questions you and your colleagues may have.

Thank you, Mr. Chairman.