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| **Purpose:** Provide CCG remarks as the guest of honor at a San Diego Military Advisory Council breakfast. The MC is Dennis DuBard, President of SDMAC. There will be no other speakers or stage participants.  **Audience:** ~150 members of the active and retired military, the San Diego business, and defense communities. SDMAC is a non-profit that supports the military, their quality of life issues, and the defense community in the San Diego region.  **Media:** None expected.  **Theme:** Foster understanding and bolster support.  **Duration:** 30 minutes of remarks, 15 minutes of Q&A |

**OPENING**

**It’s great to be back in San Diego! A city that holds a special place in my heart – it’s where Fran and I exchanged our vows what seems like just yesterday.**

**And it’s a city that truly knows how to take care of the Trident of Sea Services – our Navy, Marine Corps, and, of course, our Coast Guard. This winter I was honored to officially designate San Diego a “Coast Guard City!”**

**No question – the United States has *the best* Navy, the best Marine Corps, and the best Coast Guard in the world! We are clearly *the* gold standard!**

**Other Nation’s emulate us… but it is our men and women who serve – who put service before self – that make us the very best. So thank you for all you do – for your tremendous support of our selfless servicemen and women.**

**Because the world that is not exactly breaking out in tranquility – and your support truly makes a difference.**

**As the only military service that is, at all times, a law enforcement agency, the Coast Guard can address challenges in ways others can’t. We complement our Nation’s unmatched “hard power” to ensure our national security.**

**And while our DoD forces are necessarily drawn far from our shores, we are strategically focused where they are not…**

**STRATEGIC OVERVIEW - WHEM**

**…Such as, right here in the Western Hemisphere.**

**The Coast Guard is on the front lines, combating criminal networks in our hemisphere. These networks drive rampant instability. Their indiscriminate drug-fueled violence in Central America has weakened governments, stymied legitimate economic activity, and terrorized citizens.**

* **Mexico has surpassed Iraq and Afghanistan as the world’s second-most deadly conflict zone after Syria. June was the deadliest month in Mexico since 1997 with more than three people killed every hour.**
* **We have criminal violence directly south of our border that is akin to armed conflict – and it is a direct threat to our national security.**

**These networks engage in illicit activities that span from drug trafficking to human smuggling, human trafficking to cyber crime. This is a criminal enterprise worth $750 billion globally and is a direct threat to our national security. There is no question – these criminal networks are organized. Are we?**

**It will take a network of our own to defeat these advanced networks.**

**But, taking our eye off the ball is not an option – lest we forget – it is our drug demand that is driving this instability… The U.S. makes up just 5 percent of the global population, yet accounts for more than 25 percent of the global demand for illicit drugs. The rate of deaths from drug overdoses has increased 137 percent from 2000 to 2016… drugs kill more Americans than car crashes. There is a reason it is called an epidemic.**

**Just last year, the Coast Guard, in concert with our international and interagency partners, achieved a record removal of cocaine – 201 metric tons. And, we brought 585 smugglers to justice here in the United States.**

**But it’s still not enough. There were 580 events last year that we were aware of but could not target as the flow of cocaine continues to increase... Simply put, the Coast Guard is limited by capacity.**

**STRATEGIC OVERVIEW – SW BORDER**

**Inextricably linked to these criminal networks are the issues we see on our southwest border. People are fleeing their homes to escape the instability and violence.**

**As a nation, we play defense once threats reach our land border. But, the Coast Guard plays offense, far from our shores…. to sever illicit pathways, whatever the commodity. As our Service Secretary, General John Kelly, said, our Nation’s border really starts 1,500 miles south.**

**The Coast Guard extends our reach with over 60 bilateral agreements around the globe and we forge important partnerships through diplomatic means. Just last month I was again in Central America as chair of The Interdiction Committee meeting with the leaders of the region….** **heads of State and heads of Service in Mexico… Colombia… Ecuador… Panama… All expressed their commitment to stamping out this shared threat to our hemispheric stability.**

**And, this month, I met with the head of the Mexican Navy where we discussed shared operations to curb the flow of drugs and migrants to our borders. As we deepen our diplomatic ties, we continue to work with Mexico to establish Captain of the Port responsibilities and new Coast Guard functions.**

**STRATEGIC OVERVIEW – ARCTIC**

**The Coast Guard is also securing the Polar Regions.**

**If you weren’t aware, your Coast Guard has been present in the Arctic since we first became an Arctic nation. In 1867, when we purchased the Alaskan Territory from Russia, it was the Revenue Cutter Lincoln that carried the U.S. delegation to Alaska for the transfer ceremony.**

**And exactly 120 years ago today, the Revenue Cutter BEAR arrived in Point Barrow to pick up the stranded whalers who had been rescued by a heroic team of Coast Guardsmen. This team, led by 1st Lt. David Jarvis and 2nd Lt. Ellsworth Bertholf, made the epic 8 month journey across 1,500 miles of sea ice, frozen tundra, and mountain ranges to save the men caught in the Arctic ice.**

**Since our beginnings, Coast Guard men and women have done whatever it takes to save people and safeguard our way of life.**

**Today, the Arctic landscape is changing like never before. Waters are opening and traffic is increasing as state and non-state actors alike are positioning to take full advantage of this newest frontier.**

**[Resources] The USGS concluded that about 30% of the world’s undiscovered conventional natural gas and 13% of the world’s undiscovered conventional oil resources (or 90 billion barrels) might be found north of the Arctic Circle and half is in the ECS of the United States – an area the size of Texas.**

* **Arctic and non-Arctic Nations alike are vying for rights to these rich resources.   
  All the military services are unified in the position that we must ratify UNCLOS. Nation’s are submitting their extended continental shelf claims to the Commission but without ratification, we cannot. Ratifying and submitting our data to the Commission is the best way to perfect our claim.**

**[Shipping] Of course, it’s not only Nation states operating in the Arctic.**

* **We are seeing more shipping activity than last year. [CRYSTAL SERENITY: 1070 passengers/655 crew; LE BOREAL: 264 passengers/139 crew; C/S BREMEN: 155 Passengers/110 crew plus 12 cruise ships in the Canadian Arctic; and around 500 commercial tankers and barge transits/voyages per year.]**

**[Militarization] I’d be remiss if I didn’t mention the increasing militarization of the region.**

* **Just this year Russia opened an Arctic military command and launched as many icebreakers in June of 2016 as the U.S. Coast Guard has launched in the past 40 years. When you look at the chart of the area you can see why Russia has so many more, but we still do not have the fleet we require. And Russia plans to add two Arctic corvettes, armed with cruise missiles, by 2020. The corvettes will combine the qualities of a tug, icebreaker, and patrol boat. In addition, China is making strides to become a bigger player in the Arctic through investments in the region as well as in icebreakers. Toward the end of 2019, China plans to double the capacity of its icebreakers!**

**Prudence demands that we prepare *now* for all possible contingencies. For the Coast Guard, this means getting out of the starting block on building heavy icebreakers. We need 3 heavy and 3 medium PIBs – based on a 2010 High Latitude Mission Analysis Study - that need to be equipped to respond to our current needs while reserving space, weight and power to meet future demands. This urgent need was just verified by the National Academies of Sciences.**

**We are an Arctic Nation and when I look at the receding sea ice in the Polar Regions, we need assured access to assert our sovereignty and to ensure our National Security. And we must not dely.**

**STRATEGIC OVERVIEW – ENERGY**

**In our Nation’s heartland, keeping our Maritime Transportation System safe, secure, and resilient is another national security imperative.**

**The United States has one of the largest systems of ports and waterways in the world. This system contributes over $4.5 trillion to our Nation’s economic activity on an annual basis – trillion.**

**And, the Coast Guard is the only federal presence on most of our Nation’s inland waterways.**

**These waterways are a critical part of our infrastructure. They provide resiliency while they relieve other modes of transportation. Case in point: just one tank barge takes the equivalent of 144 trucks off our already congested highways. A single common tow arrangement on our inland rivers removes more than 2,000 tanker trucks from the road.**

**Keeping our waterways and ships safe and secure – ships that are growing and growing - is no small feat. But our MTS is a strategic asset that represents a global advantage for our nation. It must be protected. Not only does the Coast Guard protect it, but we also enable this incredible economic machine to ensure our Nation’s economic prosperity now and into the future.**

**STRATEGIC OVERVIEW – CYBER**

**I understand you recently heard from Admiral Mike Rogers, USCYBERCOM.**

**Cyber is on everyone’s mind…. And for good reason.** **Our world relies inextricably upon information technology. We are locked in… And cybercrime costs are expected to saddle businesses with a whopping $8 trillion price tag over the next five years, as connectivity to the Internet rises but security system upgrades don't keep pace.**

**Running older software that has not been patched is just one problem. Another growing problem is the greater availability of easy to use ransomware toolkits that requires little to no programming skills on part of the cyberattacker.[[1]](#footnote-1)**

**The Coast Guard is ideally suited to tackle the cyber issues… To work with industry to secure against attacks in the MTS, while systematically hardening our own systems and use it as a tool to enable our operations.**

* **We are the only military agency in DHS.**
* **A Coast Guard Admiral is the Director of J6 (C4 and Cyber) on the Joint Staff.**
* **We have members at the U.S. Cyber Command.**
* **We are leading the International Maritime Organization.**
* **And we are a member of the National Intelligence Community**

**Just last month we saw a cyber attack that hit computers and ports around the globe. The consequences of even a minimal disruption in the flow of goods in U.S. ports can be catastrophic. The just-in-time delivery system of U.S. commerce would grind to a halt in a matter of days. In some ports, a disruption affecting energy sources would send a shockwave through the U.S. and even the global economy.**

**The cyber domain is another border – a virtual border – that we must secure.**

**Last month, the Coast Guard stood up our new Cyber Battle Bridge which is being joined by the DHS Enterprise Security Operations Center (ESOC). And thanks to the incredible support from Congress our FY17 budget will allow us to drastically expand our cyber workforce in this emerging domain.**

**BUILDING A 21ST CENTURY COAST GUARD**

**To meet these challenges and more, we must continue to invest in both our people and platforms.**

* **Fast Response Cutters: We awarded Phase II earlier this year. We minimized acquisition cost growth, and Bollinger Shipyards delivered the last five – hulls 19 through 23 – with zero production discrepancies.**
* **Offshore Patrol Cutters: We awarded a contract for the first nine to Eastern Shipbuilding Group. This is just the first wave of progress towards 25 capable platforms – all at an affordable price.**
* **Polar Icebreakers: We launched an Integrated Program Office with the Navy and are on track to deliver the first heavy icebreaker in 2023, the first in a fleet of both heavy and medium icebreakers. But this major purchase remains up uphill battle.**
* **Inland River Tenders: Rebuilding this fleet is long overdue with an average age of 52 years of age for these platforms and the fact that they facilitate $4.6 trillion of economic activity annually.**
* **UAV: Another thing I currently need is more “eyes in the sky” – ISR and UAS is sorely lacking across DoD and the interagency. But this capability – appropriately deployed – can take us to the next level, particularly in our campaign in the Western Hemisphere.**
* **Additionally, our $1.6 billion shore infrastructure backlog inhibits readiness and is trending in the wrong direction.**

**I am truly grateful that we have an administration that understands what it takes. Secretary Kelly, who has been here in San Diego a number of times already during his tenure – including the commissioning of the Coast Guard Cutter MUNRO – understands what it will take to combat the threats we are facing. And I could not be more grateful for the incredible support from Congress.**

**But challenges remain, including the fact that the Coast Guard is the only Armed Force that has been funded below the BCA floor in our annualized operations and maintenance appropriation. Frequent continuing resolutions stall acquisitions and unnecessarily add costs. Going forward, we need five percent annual growth in our operations and maintenance accounts and at least a $2 billion acquisition budget per year to operate and maintain our assets and preserve our critical acquisition programs.**

**CLOSING / THANK YOU**

**Before I close – I’d like to again thank you for your incredible support of our Armed Forces. San Diego is home to the highest concentration of military personnel in the world and the Coast Guard, alongside our DoD brethren, could not do what we do without you by our side.**

**Thank you for all that you do to support the dedicated men and women of the Coast Guard. Our men and women stationed here are indeed lucky to call this great city home.**

1. https://www.juniperresearch.com/researchstore/strategy-competition/cybercrime-security?utm\_campaign=cybersecurity17pr2&utm\_source=prnewswirepr&utm\_medium=email [↑](#footnote-ref-1)