

NATIONAL PRESS CLUB LUNCHEON WITH ADMIRAL PAUL ZUKUNFT

SUBJECT: ZUKUNFT WILL DISCUSS CHALLENGES FACING THE SERVICE, INCLUDING CYBER SECURITY, EXPANSION OF THE PANAMA CANAL AND MANAGING LIMITED RESOURCES IN A WORLD THAT FACES A GROWING NUMBER OF THREATS.

MODERATOR: JEFF BALLOU, VICE-CHAIR OF THE NATIONAL PRESS CLUB BOARD OF GOVERNORS

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JEFF BALLOU: (Sounds gavel.) Welcome to the National Press Club. My name is Jeff Ballou I am news editor for Al Jazeera Media Networks English Language Channel, and I'm Vice-Chair of the National Press Club's Board of Governors. Our guest today is U.S. Coast Guard Admiral and Commandant Paul Zukunft.

First, I'd like to introduce our head table guests. I'd ask each of you to stand briefly as your name is announced. From the audience's right, Natalie DeBlasio, Run Haven, and a member of the National Press Club Speakers Committee. Max Lederer, publisher, Stars and Stripes. Lieutenant Commander Natalia Best, United States Coast Guard. Jen Judson, Defense Reporter at Politico and Co-Chair of the National Press Club Young Members Committee. Master Chief Stephen Cantrell, Master Chief Petty Officer of the United States Coast Guard.

Skipping over our speaker right here, Kevin Wensing, retired United States Navy Captain and the Press Club member who arranged today's event. Skipping over our speaker momentarily, Information Systems Technician Second Class Riota Jenai[?]. John Donnelly, Senior Defense Writer, Congressional Quarterly, CQ Roll Call, and Co-Chair of the National Press Club Press Freedom Committee. Will Watson, Deputy Commander of the National Press Club's American Legion Post. And John Gallagher, Senior America's Reporter, IHS Maritime and Trade Fair Play Magazine.

[applause]

I also want to welcome our CSPAN and Public Radio and online audiences on Press.org. And I want to remind you that you can follow the action on Twitter using the Hashtag NPCLunch.

As 25th Commandant of the United States Coast Guard, Admiral Paul Zukunft leads the largest component of the Department of Homeland Security. The non-retired Coast Guard boasts some 88,000 personnel, including active duty reserve civilian and volunteers with a budget of about \$8.1 billion dollars, down a bit from last year.

ADMIRAL PAUL ZUKUNFT: Very.

JEFF BALLOU: Members of the Coast Guard operate ice breakers in the Arctic Ocean and help mitigate recent events like the migrant crisis coming over, the Greenpeace blockade protests against the Royal Dutch Shell, execute counter-drug operations in the Caribbean, and provide security both in the U.S. and even some places as far away as the South China Sea. They respond to natural disasters such as Hurricane Katrina, more on how we are marking that event here at the Club a little later. And human caused disasters, such as the Deep Horizon oil spill in the Gulf of Mexico.

Additionally, the Coast Guard rescues more than 3,000 people each year and searches for boaters who go missing, such as the two teenagers who disappeared off the coast of Florida recently. As the smallest military force, and the only one with law enforcement authority, the Coast Guard has had a role in the defense of the United States for 225 years. In fact, yesterday was Coast Guard's birthday.

Today, Admiral Zukunft will discuss the challenges for the Coast Guard, such as congressional budget struggles, a well debated cyber security plan, maintaining a zero tolerance for sexual assault, and a fleet in high need of modernization and sheer numbers to tackle the next 225 years.

Please give a warm National Press Club welcome to the Commandant of the United States Coast Guard, Admiral Paul Zukunft.

[applause]

ADMIRAL PAUL ZUKUNFT: Jeff, thank you for the flattering introduction. And I had a chance to meet many of you before. And I just want to thank you. There's a lot of places you could be right now, but I'm just delighted that you're here to learn a little bit more about what I would say, "The little engine that could," the United States Coast Guard, whose roots trace back to August 4th, 1790. And I'll tell a little bit about our history, talk a little bit about the present, talk a little bit about the future, and then really open it up to question and answer, and just have a very spontaneous dialogue, recognizing everything we say is on the record.

So this has been a phenomenal week for the Coast Guard. I just returned from Grand Haven, Michigan. It's called Coast Guard City USA. It's a city of about 10,000. But this weekend, it was a city of 200,000 here to celebrate the United States Coast Guard. And every Coast Guard man and woman walking the streets of Grand Haven, Michigan, young teenagers, not giving us flack, but saying, "We love the Coast Guard." Oh, you cannot come back to Washington, D.C. with a better feeling than after spending a little bit of time in Coast Guard City USA, Grand Haven.

Yesterday, we unveiled the Forever Stamp in commemoration of the United States Coast Guard. 15 million stamps printed, because many times, most folks don't realize what the Coast Guard does on a day-to-day basis. I'm honored to be here with you today. Tomorrow I'll be on the pitching mound at National Stadium, to throw an opening pitch. But, more importantly, on Saturday, I'll be in Boston, Massachusetts, as we commission our fifth National Security cutter, which is really paying huge dividends. And I'll tell a little bit about one of those National Security cutters a little bit later on in my remarks.

On Monday, I'll be in San Diego for the ship that's going to return. And I'll tell you that story later. And this is going to be a big media event, a very big show, if you will. And then, on Thursday, I'll be in Havana, Cuba. And so we'll be opening the Embassy the following day. I'll be involved in bilateral discussions with the government of Cuba, with our U.S. interest section. And then Secretary Kerry, as you may know, will be there on the 14th, as we open up the Embassy in Cuba.

And so a little bit different than the Coast Guard that Alexander Hamilton envisioned 225 years ago, as I rattled off, you know, what's on my schedule for just the next two weeks. And the good thing is, this is a slow two-week period. It actually picks up after that. And it's going to cover the Asia Pacific region as well. It's going to cover the Arctic. So we've got a lot going on over there, as well.

The Coast Guard, many times we find ourselves on all seven continents across the globe, including Antarctica. But today, we've got two special people who are with us here today. Right now, we're only on five of the seven continents. But we'll get back to all seven of those. But joining us, first of all, is Lieutenant Commander Natalie Best. She was a Commanding Officer of a patrol boat serving for Central Command in the Straits between Iran and Bahrain. So she was the Commanding Officer of that cutter. And I just want to make a point that, since 1978, every military occupational specialty in the Coast Guard has been open to women. And they literally hit the ball out of the park. But very trying, deployed for a year, young child at home. And it's great to have you back. And we brought her back to Washington, D.C.

[applause]

And you also heard introduced as Petty Officer Riota Jenai[?]. He's an information specialist. He works at an area where we can't say a lot about what they do behind locked doors. But he's also a linguist, and he served on the Coast Guard cutter

Mellon, one of our Hamilton class cutters, that was involved in a multilateral operation, not an exercise, working with China, Japan, Korea, Russia, Canada and the U.S., but really U.S.-led. And he was our linguist, our Japanese linguist, because it's really hard to do combined operations if you can't speak a universal language. And we've been operating in this domain now for a number of years under the auspices of what we call the North Pacific Coast Guard Forum. And it really is a model of collaboration and unity of effort with some of our key Asia Pacific partners. And so Rioto, thank you for your work over there.

[applause]

So imagine, if you will, it's August 4th, 1790. The Continental Navy was disbanded. The last ship was auctioned off in 1785. So, while we emerged as victors from the Revolutionary War, we were very much a bankrupt nation. And our first Secretary of Treasury, Alexander Hamilton, probably a champion of the understatement, said, "If we had 10 Sentinels posted at our ports, might they do some good for the prosperity of our nation?" A tariff act was passed before that. But you had pirates. You had people bypassing our tariff laws. And so, quite honestly, we were a maritime nation but without any maritime governance whatsoever.

And so, Alexander Hamilton had this vision, in that we would charter 10 revenue cutters. And then he wrote a letter to each one of those Commanding Officers. He wasn't so big on the specifications of those 10 ships. He said, "Somewhere between 36-40 feet. Oh, and by the way, each one shall cost \$1,000 dollars apiece." He sent these Commanding Officers out to build them. The first one came in at \$2,500 dollars, two and a half times its initial acquisition cost. Today, our acquisition program, our total acquisition portfolio, our growth is less than two percent. And so we won four of eight of the federal acquisition awards last year. So we've come a little bit, you know, some way, since 1790.

But the most important piece that Alexander Hamilton charged those Commanding Officers is to be mindful that we are a country of three men. And we are impatient of those who don't have a temperate attitude and abuse the rights of our citizens of the United States. And it was that letter to those Commanding Officers that really lives within the DNA of the Coast Guard today, and it's reflected in our core values: honor, respect and devotion to duty.

Last year we used aviation use of force where we used sniper rounds to disable outboard engines. And we did that nearly once each week last year. And there wasn't one person injured during those interactions. Just yesterday, there was a boater in Seattle shooting weapons at police officers. Coast Guard came in. We surrounded him, and we used the most powerful instrument, the strongest muscle in our body, which has the least restraint: our tongue. And we were able to talk this person down at a point in time—So, if you go back to Alexander Hamilton's charge, "Be mindful that we are a country of three men," I'm very mindful of the fact how heavy-handed law enforcement tactics play out on CNN.

And so you do not see the Coast Guard of yesterday or today involved in any of these heavy-handed law enforcement tactics. It's not me, but it really gets back to the DNA of our people serving on the front lines of our Coast Guard today. So I could not be more proud of what they do.

Fast-forward to present day, and I talked about one of our National Security cutters. We have been a member of the National Intelligence Community for some time now. So we're not only an armed service, a law enforcement service, we're also a member of the National Intelligence Community. And when I'm in San Diego this Monday, I will meet the Coast Guard cutter Stratton. It's the third of our National Security cutters. And they're coming off of four and a half months deployment. They have to come in, because right now, they're probably—their load line is below water because of the 32-plus metric tons of cocaine that they have interdicted on one patrol. Not one bust, these are multiple interdictions over a four and a half month period. All of this driven by Intelligence.

Last year, when I came into this job, we had awareness of about 90 percent of the drug flow ultimately destined for the United States. It doesn't come here directly. It comes into countries like Central America, like Honduras, El Salvador, and Guatemala. Coincidentally, those are the same countries of origin where unaccompanied minors were entering the United States. So violent crime, drug trafficking activity, but all of it targeted towards a demand in the United States. So there's a clear nexus between regional stability and drug trafficking. But we have awareness of 90 percent of the flow.

Before coming into this job, we were able to target about 10 percent, about 10 percent. Now some of this Intelligence comes from confidential informants. They're not paid a lot of money from their host nations. It could be a fisherman, and he might be paid \$300 dollars to provide us very actionable information. And now if he's found out, he's going to be assassinated. Not only will he be assassinated, his family will be assassinated. And yet, when we get that information, I just don't have enough ships. I don't have enough assets to act upon that information.

Now the good news is, we've closed that gap by nearly 35 percent in the last year, which means we're not doing something else somewhere else, and I can't tell you what that is. But we've doubled down on the transit zone, and it's making a huge difference today.

Now we're up in the Arctic. And I don't think Alexander Hamilton envisioned the Arctic. Last week we had protesters in Portland, Oregon, as one of Shell's ships was departing. We had repellers jump off a bridge, and we actually held the ship up to strike a balance of, you really can't be protesting here. But eventually, that ship is making its way up to the Arctic. Shell is actually drilling as I speak today, not into formation. But five years ago today, I was down in the Gulf of Mexico, where I spent seven months, which were like dog months, as the Federal Ensign Coordinator of the Deep Water Horizon oil spill.

Make no mistake, a major oil spill in the Arctic you can measure in gallons, not in barrels. And so we need to be very mindful that Shell is responsible in carrying out its responsibilities up in the Arctic. So we will have five ships, and then we'll also have—we already have several helicopters operating up in the Arctic.

This last winter, we saw the record low sea ice extent up in the Arctic region. And now, as the ice starts to retreat, we may see a record retreatment of sea ice as well. 2012 was a record year. Fourteen of the 15 warmest years in the Arctic have all happened in the last 15 years. What I do know is that there's a lot more water than where there used to be ice. And not only that, but about five percent of this region, five percent is charted to what I would say modern-day standards.

I was in Iceland a month and a half ago. I was on the Icelandic Coast Guard vessel Thor. What a great name that is, Thor. [laughter] And so I looked at their charts. In the datum is from 1915. That's when the most recent survey work is. So when the Thor is operating up there, they send their boat up in front of them, with the side scan sonar, so they don't stumble upon anything.

And yet this year, we'll have 200,000 tourists that will venture into the Arctic. And many of these cruise ships go flying by at 20-25 knots through the same waters that Thor, very used to operating in this area. And the reason I say that, when I met the Captain, a little crusty, I said, "How many years of sea duty do you have?" 58. More than Magellan. [laughter] And so he is uncertain about what's up there.

But what happens if one of those cruise ships were to find a pinnacle in 39 degree water temperature? We knew what happened with Titanic 103 years ago. In fact, we know, because we're still flying the international ice patrol 103 years later, to warn mariners of any icebergs that drift into the shipping lanes. But if you have a mass loss of life up in the Arctic, there again, the Coast Guard will be pressed into service.

And so we're in a very active campaign. I am, during my term as Commandant, as we look at recapitalizing the Coast Guard. When you look at an ice breaker, it's a national asset. It's not just a Coast Guard asset. And it serves multiple stakeholders' interests, not just Coast Guard, National Science Foundation, Arctic Research Council, Department of Defense, Department of Interior, the list goes on and on. But it's not like passing the hat or passing the plate at church and say, "Okay, everyone donate. We'll give our tithes and offerings, and we'll have an ice breaker." So there's violent agreement that this is a national requirement. We just need to come up with a way of how do we fund this.

The next big acquisition for the Coast Guard is going to be the offshore patrol cutter. I took a ranking member from Senate down to visit one of our ships. And we went on there, it was 210-foot cutter. It's 50 years old. We're now on the nearly fourth generation of coasties that have now served on this very same ship. It doesn't have dedicated ballasts, which means as it burns fuel, it rocks around a little bit. So we're

having lunch, and this member said, “It’s probably a good time to go out and look at the horizon.” And so we’re only on the ship for 90 minutes, and he’s already uncomfortable.

But we’re sending our crews out there for months on end to serve on this very same ship. And I said, “Let me just show you the engine room real quick.” And so we go down there, and we look at the two main diesel engines that were dropped in there back in 1964. And the engineer of the watch says, “Senator, welcome to the one platform in our inventory in the United States that is impregnable against a cyber attack, because there's not one digital system on this ship.” [laughter]

So yes, we do need to recapitalize these assets. And that’s why the offshore patrol cutter, as many of you may have heard me say, is our number one priority going forward. But, when you look at cyber, I was over where Rioto works. And I was just over there yesterday to wish him happy birthday. But in one of those vaults—and there was a very aggressive nationally sponsored cyber attack that took place. It was a spear fishing attack. I can't say a whole lot more about that. But it’s had a significant impact on a federal agency in U.S. government. And I'm not talking about the OPM hack. This is highly classified.

But it was our cyber watch standers that were able to kill that spear fishing attempt before it even reached our recipients. Had those recipients opened it, we would have had to take them off the net. And it’s no coincidence that many of the targeted recipients were very senior officers in the Coast Guard. Fortunately, they can't spell Zukunft. [laughter] So they couldn’t get my email. So I said, “Oh, if there's some advantage to having a name you can't spell or pronounce.”

But we’re very active in the cyber domain as well. I released a cyber strategy. We pushed that out this last fall. And industry is now coming to us. We regulate the maritime industry. In post-9/11, probably one of the most sweeping pieces of legislation was the Maritime Transportation Security Act of 2002. And it required vessels, and it required our maritime facilities, recognize that 90 percent of our global trade moves by sea, that they need to implement safeguards, physical security at their facilities.

And so they’ve done a great job of that. I happened to be down at an L & G facility that's still being built out in Louisiana. I won't give you that name, because it would be an insider trade secret. But this facility, when it’s fully up and running, will move more liquefied natural gas than there are gas carriers in the world, to move that product right now. And what a great time for them to do this, at a point where the United States sits on the largest reserves of L & G as well, and the Panama Canal expansion project, when I was in there last November, by all indications will open up probably on or about the first of April of 2016. That’s 180 feet wide, but initially it takes ships up to 160 feet wide. But what it means is that L & G carriers from the United States can now supply the Asia Pacific market with L & G and do so in a timely fashion, which is good.

So, when I talk to the facility operator, and you know you're in Southern Louisiana when the road kill shifts to alligators. [laughter] And they have the fences, they

have the cameras, they have the physical security. And I said, “Well, what are you doing about zeroes and ones? Zeroes and ones? I'm not following you.” I said, “What are you doing about the invisible attack?” He says, “Well who would want to attack us?” I said, “Well, you're supplying the Asia Pacific market. There's another peer competitor, it's called Russia. And if you think that it's—you know, the ground rules haven't changed when it comes to cyber these days, you know, might someone like a national targeted attempt try to shut you down so you don't take their market share away?”

I said, “Ooh, what's the Coast Guard's standards for cyber?” We don't have those. But industry is now very incentivized of how do they get smart on cyber? We need to be able to leverage cyber as well. Four weeks ago, we had six drug interdictions. These are 30-foot Pangas, each one loaded with about a ton of cocaine. But over an area from Canada, the United States, Mexico, Central America, six boats over an expanse that large in the open ocean. And we got all six of them. We would not have gotten any of those if we were not able to leverage the cyber domain and vector our ships to where we knew these threats were operating.

Many of you that have worked in the Intelligence Community probably can figure out how we do that. But if someone compromises our ability to do cyber, then we're not able to do that. And, when you just look at search and rescue, I only wish those two teenagers had an emergency distress beacon. We would have found them in a matter of minutes, not even an hour. You know, that signal goes up to a satellite. It comes down near real time. And we're ready to launch within 30 minutes. And we would have been on scene within 30 minutes of that E-perb [?] being activated.

Nothing is harder for me as a Commandant when I tell a family member that one of ours has died in the line of duty. But all of our sector commanders, they make those notifications to first of kin. And when we make those notifications, it's as though we have lost a member of our family as well. We don't do it callously. We do it in the spirit as Alexander Hamilton reminded us, that we are a country of free men. And so we gave it our best effort. We searched an area of over 44,000 square miles, from Florida all the way up to North Carolina. We didn't find these two young boys, which we always take personally.

But cyber is a big enabler in our ability to do that. So a little bit about the past, a little bit about the present. And I'm very excited about the future of the Coast Guard. The future of the Coast Guard is really represented by two people sitting here at the head table. This is the best educated Coast Guard that I have seen in my—if you count my academy years—42 years that I have been around the Coast Guard. I clearly know that I would not get into the Coast Guard Academy today. The new leaders that are coming out of the Coast Guard are by far superior than where I stood. And obviously, I did okay in the Coast Guard. But you're going to have many more capable future leaders of our service.

Not only that, but they're fully empowered. I talked to BM2 Russo on the Coast Guard cutter Stratton yesterday. He's a pursuit coxswain. And he chased down a panga

because the helicopter couldn't fly that day. He shouldered it, and he was able to interdict a ton of cocaine. And his voice went something like this: "Well Admiral, I had watch. I went out, and we stopped the boat." I said, "There's more to the story. Come on. You know, highlights." I said, "Well tell me a little bit more about the Stratton." Then his voice picks up. He goes, "These are the best people I have ever served with. I am honored to be on this ship. This is the best ship in the Coast Guard."

I asked him, "Well, what are you going to do next year?" He goes, "Well, my tour is up." And he's going to be serving on the Stratton. And they're deployed for 230 days out of the year. He goes, "I'm going to ask my detailer if I can get a one-year extension, because I'm going to be a qualified underweight OOD, which is normally reserved for line officers, as an E5 boatswain mate in the Coast Guard." I've got 88,000 BM2 Russos in the Coast Guard. So with that, when people talk about budget, I said, "Really, the bedrock strength of this service, our backbone as it was, going back to 1790, is our people. We just got a little bit more complex mission sets than we did in 1790. But Alexander Hamilton's vision is alive and well, because his letter to those Commanders resonates with each and every person in the Coast Guard."

I'll now read my notes. No, actually, I'm done with that. [laughter] And what I'd like to do is open it up to question and answer.

[applause]

JEFF BALLOU: And now the fun part. Some of the questions have been quite interesting, Admiral. Let's see. Senate Armed Services Committee members are concerned that Russia has 40 Arctic ice breaker ships and America has one. Is that going to change? And when? I know you addressed that a little bit earlier.

ADMIRAL PAUL ZUKUNFT: Yep. So as I stand before you today, I have one of my Vice-Admirals is with the National Security staff up in the Arctic to see firsthand what some of the challenges are up there. When you're up in Barrow, Alaska, you now see berms being built, because you used to have a natural berm, a barrier if you will, by all of the ice. So you're seeing a lot of coastal erosion. And you're seeing a nearly threefold increase in human activity up there.

But you look at the inventory of the United States, and the United States has one heavy ice breaker. We have a medium ice breaker and the Coast Guard cutter Healey. It can break ice up to eight feet thick, which is operating up there right now. But the Polar Star, our only heavy ice breaker, is nearly 40 years old. And so this past winter, when the Polar Star was coming back from Antarctica, doing deep freeze, the Polar Star is the most powerful non-nuclear powered ice breaker in the world. It is an awesome ship. But it's 40 years old.

And so on the way back, there was a New Zealand trawler that was beset in ice 150 miles into an ice field, some of that ice in excess of 15 feet thick. So the only ship anywhere in that hemisphere that could rescue them was the Polar Star. And they did.

They did a great job. But, when they got 150 miles in, and I'm thinking this is a 40 year old ship. God forbid they have a casualty. Who is going to come to their rescue? We do not have a U.S. rescuer for the rescued, if you will. No buddy system. So we really do need to build out our capacity in the Arctic.

This is drawing a lot of attention. I've been working very close with the National Security staff, with both House, Senate, authorizers and appropriators. As I said earlier, how do you fund it? That is really the billion dollar question right now. But this is really generating a lot of interest. And I am optimistic that, on my watch, we will see, no fooling, forward progress, as we look at building a national fleet of ice breakers. We had seven when I came into the Coast Guard as an ensign. We're down to two right now. So we've moved in the wrong direction over the last nearly 40 years.

JEFF BALLOU: Admiral, you talked about the phishing attack. When was it? Did it just target the Coast Guard? Can you say anything else?

ADMIRAL PAUL ZUKUNFT: This happened in the third week in July. We were not directly targeted. But the Coast Guard is on the .mil domain, as are all the armed services. So the Coast Guard hides behind, if you will, the lead curtain for all of DoD when it comes to information protection. There were a number of other higher level officials than—Well, I wasn't on the list. But you can imagine, there were some pretty high targets on that. And some of those attacks were successful, which means those individuals, their files had to be taken down completely. And it takes a while to build those back up again. So it does cause a disruption. Good news is, we were not disrupted. But we were not the primary target.

JEFF BALLOU: Continuing along on the cyber questions, some critics are saying that the Coast Guard's cyber security strategy lacks potency, personnel, cyber hygiene, originality and funding.

[laughter]

ADMIRAL PAUL ZUKUNFT: Was that a question or a statement? [laughter]

JEFF BALLOU: Do you agree or disagree?

ADMIRAL PAUL ZUKUNFT: Actually, I disagree. Yeah, we have a 70—a company, if you will, of 70 cyber experts. I call them experts, and I don't call them warriors, because their first job is to defend our cyber domain. Just as we did with the spear fishing attack, and we've seen a number of others. And, quite honestly, you know, there are attempts to infiltrate our data systems on a daily basis. At the same time, they're the ones that keep an eye out. I mean near real time, if someone says, "Oh, I need to charge my iPhone. I'm going to plug it into the domain," alarms go off, and you know, when it comes to cyber hygiene, the next step is accountability. Now I have to be careful how I word that, because then it's considered undue command influence.

But we need to look at accountability standards if we have training and the like, when it comes to not plugging unauthorized devices into our network. But it still happens. So right now, our biggest threat is in the cyber—is cyber hygiene. And it's not just us. There was a mobile offshore drilling unit that drove off the site it was drilling on, because the control systems that operates on a SCADA network, somebody on that drill unit had plugged in a device that had malware. And now, all of a sudden, that DGPS signal on a mobile offshore drilling unit couldn't communicate with the thrusters. And now that mobile offshore drilling unit drove off the site. Fortunately, the blow-out preventer kicked in, didn't have a spill. This was over off the coast of the Nigeria. But it cost that drilling company millions of dollars to get back on the site and then reestablish it. So cyber hygiene is a big piece.

We're part of U.S. Cyber Command. We have a Coast Guard flag officer in there. He's in the J3 Directorate. And it's really where the Coast Guard belongs, because we operate in the .mil, .gov and the .com domain. We're the only armed service that does that. So we're a unique instrument when it comes to cyber security. So there's an opinion, but let me just counter it, point/counterpoint. But that's my retort to that particular question.

JEFF BALLOU: Thank you Commandant. What, given veto threats over the Homeland Security, what figure, the dollar figure, given veto threats over the Homeland Security budget, does the Coast Guard actually need to tackle its mission going forward, and why?

ADMIRAL PAUL ZUKUNFT: Our total budget is actually about \$10 billion dollars. And last year, for the second consecutive year, the Coast Guard had a clean financial audit opinion. I talked about our acquisition program. Less than two percent growth across our entire acquisition portfolio. And then, when we buy stuff, we keep it. We maintain it very well. The fact that we have ships 50 years old—I was on one up in Grand Haven this weekend that's over 55 years old, still doing Coast Guard business.

So one, we mind our checkbook. Two, we drive a hard bargain when we buy stuff. And when we buy it, we take very good care of it. What we haven't had over the last several years is a reliable and a repeatable acquisition budget. We've seen swings as wide as nearly 40 percent. And so when I'm challenged that my program of record is not affordable, it's like saying your mortgage is not affordable either, when someone just took 50 percent of your disposable income away from you. Yeah, you're going to have to foreclose. But, if you didn't cut me 40 percent, this is a very sustainable program of record.

But we've seen wide swings. And right now, we're seeing a shift in direction, where the value proposition of the Coast Guard. Some examples that I gave you when I talked to you earlier, is fully being appreciated. And a number of members, both sides of the aisle, both chambers, are saying, "We need to invest in the Coast Guard." So on that note, people aside, I am very optimistic with the markups we've seen so far. I can't share

those with you, but it may very well bring the largest acquisition budget to the Coast Guard in Coast Guard history. So I'm pretty excited about that.

JEFF BALLOU: One quick semi-follow-up to that. In fact, one of your recent hearings, some members criticized the Coast Guard for a lack of timely delivery of your capitalization plan. How would you respond to that, in terms of your acquisitions?

ADMIRAL PAUL ZUKUNFT: There's a two-part story to that. You know, one's a five-year plan and the other is a 20-year plan. And it's very difficult to chart out to 20 years. And if that is going to be, you know, a bold statement that you're going to make 20 years from now, we know that 15 years ago, we didn't predict 9/11. When the QDR was released a year and a half ago, we did not predict the rise of ISIL. We did not predict Ukraine. We did not predict Ebola. And let's face it, we live in a very dynamic world today, where if you walk your way across from east to west and around the world, I challenge you to find a region of tranquility, if you will. So it's a very complex operating environment. So it's very difficult to predict out 20 years what the world is going to look like 20 years from now.

But, if you look at the systems that we have acquired, when you look at the Hamilton Class cutters that were brought online in the mid-'60s, we modernized those as we went along. So you make sure that whatever you buy has space, weight and power availability to accommodate new systems for new threats that are somewhere over the horizon. And so, when you look at the National Security cutter, that is an optimal cutter to work in what is a very probably opaque world, if you start to look 10, 15 years. But those ships are going to be operating well after I cross the bar.

And so I think we've made smart decisions on what we have acquired within our program of record, recognizing they'll be around 20 years from now, as well.

JEFF BALLOU: Facebook is building drones that are man-free and solar powered. They can fly for three months consecutively. Could that technology help the Coast Guard in the future with constant coverage? And I'm going to add one little thing to that question. When you're engaged in drone technology, there's always the debate between civil liberties and actual deployment and personal enforced use. How do you deal with (a) the technology of lengthy usage of drones? And (b) the ongoing debate over usage of drones in terms of civil liberties?

ADMIRAL PAUL ZUKUNFT: Well fortunately, out on the high seas, it gets pretty lonely out there. One, it gets lonely, in that we're the only entity that has really a unique compendium of authorities outside of 12 miles of U.S. waters, which is the high seas. We have over 60 bilateral agreements that deal with counter-drug, that deal with proliferation security, that deal with fishery regulations. But, as I stand before you today, we're using drone technology on the Coast Guard cutter Healey, flying out, look where there's leads in the ice. It has thermal imaging. Look to see where there might be mammal activity, so we don't disturb it. And it's much easier to use drone technology in

sometimes marginal weather that you would otherwise put human beings at risk, that can do the exact same thing, and it can do it persistently.

So drone technology, we've only seen—no pun intended—but the tip of the iceberg. And we've used it in counter-drug operations as well. In fact, we used it in one intervention, where normally the ship comes charging over the horizon, blue lights screening. This case, one of our National Security cutters launched a drone. And they realized it was a refueling vessel waiting for that super panga loaded with cocaine to get refueled and continue on its way. So, instead of charging over the horizon for the next 36 hours, it's kind of like sitting in a deer blind. And you've put a salt lick down there as well.

And so they stalked this thing for 36 hours. And then, as soon as that go-fast showed up, they bring the drone back, and then they launched the armed helicopter. Shot out the outboards and we got several tons of cocaine out of that as well. More importantly, we got the bad guys, and they're now in a safe house, if you will, providing us very valuable information.

None of that would have been possible without drone technology. Are we going to own the upper edge technology-wise on that? Probably not. Commercial off the shelf or adversaries, organized crime is \$750 billion dollar industry. So I'm going after that with a \$10 billion dollar budget. So their biggest challenge is, how do you launder \$750 billion dollars? There's no budget control act. There's no sequestration with these ill-gotten gains. [laughter] So there's a little bit of a mismatch as we try to match technology against our adversaries.

And I think, when you look at drone technology, I see that as a challenge, as we look 20 years out, and probably less than that. Probably in the next five years.

JEFF BALLOU: You mentioned your coordinating role in the Deep Water Horizon spill. And there have been a few spills in the news lately. Given your experience as the onsite coordinator for—was it five or seven months—what are the lessons learned from Deep Water Horizon as permits are now opening up, and more drilling is opening up, ten years later, that the Coast Guard can apply?

ADMIRAL PAUL ZUKUNFT: Tip O'Neill probably said it right. He said, "As in politics, all things are local." And it's no different with oil spills. And if you're not engaged, first and foremost, at the local level—So what we realized very early on during Deep Water Horizon, as it impacted the Gulf states, very hurricane-prone part of our country, that is very accustomed to operating under the Stafford Act, you declare a national emergency. Then, under the Stafford Act, the governor reigns supreme.

Under the Clean Water Act, and with an oil spill, the federal government reigns supreme. And this impacted five states. Not only did it impact five states, it impacted five Republican states leading up to midterm elections. So, if you're looking at an oil spill,

you need to kind of look at it like a Rubik's Cube, and look at every angle behind this. One, it's a huge media event.

So it was my job to get it out of the national press, at least get it on the back fold of the *Washington Post*. And so how do you work with the media to tell your story? I was never going to win the day over a tar ball on the beach. But what I could win the day, when you looked at the daily lease rate of all the offshore relief well drilling, the skimming and all of that activity, just offshore alone, was probably in the neighborhood of 50 million dollars a day being expended by BP as we wrote out, "Here's the incident action plan and what you need."

We had 47,000 responders, bigger than our active duty Coast Guard, responding to this as well. But getting the media out to where the heavy artillery was, you know, trying to get at the source of this oil and where we were the most effective, was offshore. And then, getting all of that out into social media. We worked with NOAA, and we created this application called ERMA, Environmental Response Management Application. And then we pushed it out onto the web once we got that fully up and running. And on the first day, we had about 200,000 hits. On day two, it was 2.2 million. And it just went viral after that.

So, rather than people waiting for the news cycle, they could go to this near-real time, look at JPG encrypted photos, what was happening with the response. They could manipulate the data and draw their own conclusions. Then the final piece was, we had 70 Coast Guard officers detailed to every coastal mayor, parish President, every governor. So, if they didn't like the way their county, their parish, their state was being allocated resources, you go to that Coast Guard person first. You don't go to CNN and try to, you know, steer the ship through national media. But let's work together on this and build unity of effort. But if you don't have unity of effort, you know, this will become a media event. And, at the end of the day, the environment is going to suffer as a result. So a lot of good lessons learned for what proved to be probably one of the most complex responses the Coast Guard has had to deal with.

JEFF BALLOU: A Freedom of Information Act lawsuit was recently filed to require that Shell make public details of the safety of their Arctic drilling equipment. Do you agree those should be made public, given the Coast Guard's mission to make the Arctic safe?

ADMIRAL PAUL ZUKUNFT: Certainly, when it comes to safety, there is a need to know. There's clearly proprietary information when it comes to oil spill leases. The auctioning of these leases is actually one of the largest sources of revenue generation in our Federal Treasury. So, without divulging, you know, the expanse of a given reservoir, but the safety standards that are in place, they're shared with us, they're shared with the Department of Interior. And clearly, I believe, there is a need for the public to be informed of what safeguards are in place to mitigate any impact to the environment.

JEFF BALLOU: You spoke a lot about budget constraints and all the challenges. At some point, some priorities are going to win, some are going to lose. You've talked a lot about what's going to win, what's going to lose.

ADMIRAL PAUL ZUKUNFT: What can't lose is four structure. All the service chiefs are grappling with the same dilemma. You know, how do you modernize and maintain four structure at the same time? Our active duty Coast Guard component, among the 88,000, is right around 40,000 people. Of that 88,000, 31,000 of them are all volunteers, Coast Guard auxiliary. I can't even call them a forced multiplier, because I pay them nothing. So, whatever you multiply by zero, you get zero. But they provide millions, millions of free man hours, supporting Coast Guard missions that don't involve putting themselves at risk, mostly are recreational boating community. But I can't cut four structure. And maybe you make those very difficult decisions of what operations that you would have to cut.

And we've also always defined ourselves by 11 statutory missions. And some may say, "Well, just get rid of one of those missions." Well each one of those missions has a funding line, a program element assigned to it. So when you divest of a mission, you divest of the funding that goes with it. And all you have, at the end of the day, is a smaller Coast Guard.

A hundred years ago, it was when the Coast Guard, the name "Coast Guard" first came into being. And the first Commandant of the Coast Guard, Bertoff, was under attack by the Taft Commission that said, "We need to strip away all of this and move all your authorities into the Navy." And when they did the study, they realized it was going to cost the Navy over 40 percent more of what it cost, at that point, the revenue cutter service, to do what it did on a day-to-day basis.

So, if you're looking for efficiencies, you're not going to find it, because quite honestly, many of our platforms are Swiss Army knives that can operate in a multiple of domains and mission sets, including working side by side with our Navy, with our Department of Defense service members as well.

So people are the most critical asset. But you may have to trim operations. You may have to slow down an acquisition, as painful as that is. You can recover from that, but there's a check valve. When you get rid of people, it's very difficult to bring them in absent a major contingency like a 9/11. So my approach to our human resource capital is to hold fast on the human resource capital that we have and look at where there's opportunities for further growth, especially in the cyber domain.

JEFF BALLOU: A few on climate change and Alaska. How is, since the President gave one of his commencement speeches at the Coast Guard Academy, how is climate change going to change the Coast Guard's job in the next few decades?

ADMIRAL PAUL ZUKUNFT: That's a tough one. And I use the open water versus ice-covered water comparison. And we're seeing, you know, large expanses of

open water. It is widely agreed that the sea water temperature is rising and sea level is rising. And I'll just go back. And the phenomenon with that is, you have more frequent and more severe typhoons. We're just clearing out a category 2 typhoon that just hit Saipan. So we have several assets up there today.

But two years ago, super typhoon Hyan hit the Philippines with the highest ever recorded winds of nearly 200 miles an hour. So, if you can imagine a tornado 60 miles across. Now, if one of those hit the United States, we might be convinced that what is going on with the world's climate today. But rising temperature, and as water expands, it rises as well.

So we have low-lying islands in the Pacific Islands that are inundated with water at extreme high tides right now. So those are some of the challenges that we need to look at. When we look at infrastructure that's being built today, that's going to be around 100 years from now, did you factor in a rise of five or six feet of sea water?

An area that doesn't get a lot of attention is Greenland. And so, when you look at Greenland, as those glaciers melt, it's fresh water and it sinks. And, as it sinks, it displaces warmer saltwater that rises to the surface. And now you have warm saltwater and you've got cold ice. And you have this temperature gradient that usually causes more severe winds, that accelerates erosion, more ice being released.

So you can't put this on a linear model in terms of ice melt, rising sea levels. But, if you don't at least plan for that when you look at our coastal infrastructure, we're very much a coastal nation. But we need to take all of these factors into account, as does the Coast Guard, as we look at some of the challenges. But you can't plan this in two, four or six year windows of time. We really need to be thinking 10-15 years out. And it's very easy to delay that decision, say, "Well, it's not going to happen on my watch."

So on my watch, I need to make sure three Commandants from now says, "I'm glad they at least paid attention to some of this," so we're keeping a close eye on this.

JEFF BALLOU: Another one somewhat climate—or Arctic related, actually. How much of navigable waters increased in the Arctic?

ADMIRAL PAUL ZUKUNFT: I wouldn't say it's increased. There's a lot more activity up there. There's actually a cruise ship that's planning to run from the Bering Sea towards Greenland carrying over a thousand passengers next year through the Northwest Passage. There's no aids to navigation up there. As I said earlier, much of this area is about five percent is chartered to what we would call 21st century standards. So the charting void that's up there is of great concern, because if one of these ships does find a pinnacle, we have a seamount that's named after the Coast Guard cutter Healey, because they found one. It rises up over 10,000 feet from the seafloor. Fortunately they found it with their side scan sonar and not with their hull. But that's a big concern right now, as you look at charting, navigation.

We're also looking at a traffic separation scheme in the Bering Strait to assure that you don't have collisions at sea up there as well.

JEFF BALLOU: A couple similar questions, but I'll just take this one. Should the Navy take possession of the Coast Guard's ice breakers? What would you say to giving up that mission? Also, how important is it to have more than just a few ice breakers and to modernize the ships you have, given Russia's proliferation of military assets in the Arctic region now? How is the Arctic mission changing, given Russia's new buildup there?

ADMIRAL PAUL ZUKUNFT: We meet probably once a week, I see the CNO and the Tank[?]. So I have a seat, you know, with the Chairman and the other service chiefs. And then each year, we have what we call staff war fighter talks. And we've had lengthy discussions about the Arctic. And I am confident that Abu Grenert[?] does not want to take on the ice breaking mission. [laughter] But, when you look at what does an ice breaker need to do in the 21st century, clearly it needs to break ice. It needs to be able to support a scientific mission. Russia is militarizing the Arctic. And they turn the Arctic into an area of access denial.

So, if you look at an ice breaker, as you look into the future, and then if you look at modular systems, you want to make sure that you reserve space, weight and power, so you can put Navy type systems in an ice environment to protect U.S. sovereignty up in the Arctic domain. And those are the discussions that we're really having. You know, not to pass this off to one or the other, but you look at the future requirements of a heavy ice breaker, it's going to have to do more than just break ice, support science. It's going to have to do a multitude of things. And you want to make sure that you have some modularity built into that, if that's being used as an instrument to exert U.S. sovereignty.

JEFF BALLOU: I'll move to another part of the world, the South China Sea. Some in the Coast Guard would call this a success story. But you hear a lot in military parlance about the Asia pivot. What specifically is the Coast Guard's role, given its limited resources, given its shrinking budget, given its trying to shoot—rob Peter to pay Paul? What's its role in the diplomacy in the South China Sea? And anything else in that region?

ADMIRAL PAUL ZUKUNFT: Next month I'll be in the Philippines. I'll be in Vietnam. And then I'll be in a six-way discussion with five other nations, including Russia, including China, including Japan and Korea. Canada will be at the table as well. China has created a China Coast Guard. They used to have five sea-going services called the Five Dragons. Now there's four. Four of those services come under the auspices of a China Coast Guard.

There's been a lot of discussion that we should deploy Coast Guard cutters over to the East and South China Sea. Our U.S. policy right now is one of non-intervention. So I kind of liken it to a dog that chases a bus, and now you've caught the bus. What do you

do with it? But, if I send one ship over there, China can send ten to my one. And Japan can send six to our one.

So, if it's a numbers game, I'm never going to win. But, when I look at the one ship that's over there, to me, I look at the real opportunity costs. So this last fall, we wrote out a strategy for the Western Hemisphere. The USS Kaufman, peri-class frigate, the last of the peri-class frigates to be decommissioned, but it was a peri-class frigate, so it was doing the lion's share of a lot of the drug interdiction activity that we've seen in the Western Hemisphere with Coast Guard law enforcement teams embarked on those.

So, as the Navy is rebalancing, you know, there are some tradeoffs being made there as well. So, if they're vacating one region, I need to make sure that I'm doubling down on that void that's been created by the Navy. So the opportunity costs significant if I send one ship to the East and South China Sea. The dog that catches the bus, what is our policy going forward? And then, you know, the void that I've left behind as well.

So we've written a cooperative strategy for the 21st century, Navy, Coast Guard, Marine Corps. Each service chief has signed that. And so I look at the Coast Guard as feeling some of those vacuum spots created as the Navy rebalances, where can the Coast Guard fill some of those requirements as a sea-going service?

JEFF BALLOU: Speaking of coordination, does the Coast Guard currently have a strong ability to share resources in real time with multiple Homeland Security partners, like customs and border patrol and others? If not, would this help improve the mission's success of the Coast Guard?

ADMIRAL PAUL ZUKUNFT: Yeah. We've come great strides for—The department has only been around just over 12 years. It wasn't until 1986 that Goldwater Nichols came to the realization that we need jointness among our armed services. We do not have a Goldwater Nichols Act for the interagency partners. But, what we do have within the Department of Homeland Security today, we have three task forces, Joint Task Force East, which is primarily maritime, West, that deals with the southwest border, and then one for investigations, which is really the Intel piece of this.

But at each of these task forces, you have Coast Guard, you have CBP, and you have Immigrations and Customs Enforcement working side by side. Now we have a Joint Requirement Council within the Department of Homeland Security that looks at joint requirements across, in this case, the Army, the Navies and Air Forces of the Department of Homeland Security, Coast Guard and CBP.

So one of our ISR platform is Minotaur, that we're using. It's a DoD enterprise. But we're using it in the Coast Guard. And, as a military member of DHS, this really works. This is a great system. And so CBP is putting that in their P3s-8s. So we're also looking at interoperability and commonality of systems. It makes it more affordable, makes parts more reliable, and then you could also capitalize on the schoolhouses for some of these systems as well.

So we have come pretty far in a very short time within DHS, building unity effort across the various components.

JEFF BALLOU: Some tangential. Do you ever see a time of the Coast Guard returning to the Department of Defense and out of Homeland Security?

ADMIRAL PAUL ZUKUNFT: Probably not. And you know, the one value we bring to DoD is we can go Title X. We're a Title X service, which means we're a military service. But we could also do Title XIV. So, if you look at any campaign plan, there's probably some viral[?] provision written into that, that may require a law enforcement authority which the Coast Guard can bring to the table. And then, if we have to go to Title X, we can just as easily do that on the fly as well.

Our systems are interoperable. And I think that's a key part. So we don't come with systems that can't speak with DoD systems. So our new platforms have what we call Navy-type, Navy-owned, but fully interoperable, in this case, with our Navy and sea-going service brethren, allied brethren at that.

JEFF BALLOU: Winding down. When it comes to migration, especially from the Caribbean, do you support the feet-dry policy, one foot dry foot policy? How have recent diplomatic efforts in Cuba are likely to affect that and other matters in that region from your point of view?

ADMIRAL PAUL ZUKUNFT: I'll let you draw your conclusions. But we have brand new fast response cutters. They're great platforms. And there was an expectation that our migration policy was going to change right around Christmas. It didn't, but that was a perception back in Cuba. So we had a spike in migration. We were able to apprehend almost every one of those boats destined for the Florida coastline.

But then, it takes about five days to go through a screening process before these folks are brought back to Cuba. Within the last two weeks, we had two migrants that shot themselves and then were medi-vaced before we apprehended them. So they were medi-vaced back to the United States. We had another four that found bleach on one of our ships and drank it. And so we had to medi-vac them. We have others that will self-mutilate to do whatever it takes to get their feet dry in the United States. And meanwhile, our crews are trying to safeguard these folks for five days while they're picking up more, because of a feet-dry policy.

So it puts our people at risk. It puts others at risk. But, when you look at our policy versus what's played out off the North Coast of Africa, we're saving lives. I mean yes, we're apprehending. But many of these folks are in really unsea-worthy, just flotsam that might have a motor on it. But it's a humanitarian mission as well, that they're going to live. And they'll probably go back and try to cross again. But the feet-dry policy does make it a challenge for those trying to better their lives and for those doing enforcement

to be able to safeguard them until we have a clear light to be able to repatriate them back to Cuba.

JEFF BALLOU: Just have a few seconds left before I ask the final question. I'm going to at first present you with the National Press Club mug.

ADMIRAL PAUL ZUKUNFT: Thank you.

[applause]

JEFF BALLOU: And noting that we are the leading organization for professional journalists and fight for a free press worldwide, I'm going to ask you one little question about the Mets. Are you going to—Are the Mets going all the way this year?

ADMIRAL PAUL ZUKUNFT: So 1969. So you had Don Clendenin, he was a late acquisition. He was the MVP of that World Series. The names have changed a little bit. Now they're names like Cespitis, Arribe. The Mets have already had the Tom Seavers, the Jerry Cuzmans. They have names like The Grom and others. So they've got the pitching staff. They've got the hitting. They've got the Commandant of the Coast Guard, for crying out loud, pulling for them. [laughter] So when I throw the opening pitch tomorrow, you know, if I throw a worm-burner, and if it hits Matt Scherzer in the shin, and he's taken out for the next two weeks—[laughter] I wouldn't do that. I wouldn't do that. But it's good.

As you know, you know, the Mets were caught up in the Bernie Madoff scheme, and they auctioned off a good part of the team. But again, I go back to 1962 and Casey Stengel, when they had no place to go but up. And so, when you look at a Coast Guard, sometimes you can relate to the Mets. You've got no place to go but up. [laughter] You've got the Mets destined for the World Series. And you got the Coast Guard doing the same thing.

[applause].

JEFF BALLOU: How about another round of applause for Admiral Zukunft.

[applause]

JEFF BALLOU: We'll see you back here hopefully on August the 12th with the Reverend John Richard Bryan, Bishop of the African Methodist Episcopal Church. I'd like to thank the National Press Club staff, including our Journalism Institute staff and Broadcast Center for organizing today's event. If you would like a copy of today's program, or to learn more about the National Press Club, please go to our website www.press.org. Thank you. We are adjourned.

[gavel]

[applause]

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