SIPRI Conference Report
26 April 2011

THE NEW ARCTIC: BUILDING COOPERATION IN THE FACE OF EMERGING CHALLENGES

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INTRODUCTION

As the ice melts, the Arctic region has emerged as a key issue in international politics. The prospect of an increasingly accessible Arctic has raised a variety of important questions about the exploitation of natural resources, the delimitation of territory, the nature of security and political relations, the voice of indigenous peoples, and the place of outside actors—such as China and the European Union (EU)—in the development of the region. Finding ways to manage these emerging issues is a key challenge for the Arctic countries and the broader international community.

In May 2011 Sweden started a two-year term as chairman of the Arctic Council. To mark this event the Swedish Institute of International Affairs (Utrikespolitiska Institutet, UI) and Stockholm International Peace Research Institute (SIPRI) jointly organized a one-day conference on identifying the emerging challenges in the Arctic and exploring how frameworks for cooperative governance—notably the Arctic Council—can be promoted to manage the new situation in the region. The conference brought together

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CONFERENCE SUMMARY

● 26 April 2011, 10.00-17.00
Swedish Institute of International Affairs (UI), Stockholm

Welcoming remarks

Bates Gill, Director of SIPRI
Anna Jardfelt, Director of UI

Panel 1. The role of the Arctic Council and priorities of the Swedish Chairmanship

Panel 2. Key challenges in the Arctic

Panel 3. Building cooperation and managing competition in the Arctic

Closing remarks

Neil Melvin, SIPRI
Ingmar Oldberg, UI

The conference was made possible by the generous support of the embassies of Denmark and Norway in Stockholm and Norden i Fokus, the information office of the Nordic Council of Ministers.

The photograph shows glaciologists towing an ice-sounding radar between kayaks along a melt water ravine on the Petermann Glacier, one of the largest and northernmost glaciers on Greenland. It was part of an exhibition, sponsored by Greenpeace, of work by the British photographer Nick Cobbing that was hosted during the conference. © Nick Cobbing

Panel 1. The role of the Arctic Council and priorities of the Swedish chairmanship

Co-chairs

Neil Melvin, Director, SIPRI Armed Conflict and Conflict Management Programme
Hanna Ojanen, Research Director, UI

Panelists

Gustav Lind, Ambassador to the Arctic, Swedish Ministry for Foreign Affairs,
Thomas Winkler, Ambassador, Head of the Legal Service, Danish Ministry for Foreign Affairs

Comments

Alyson J. K. Bailes, Visiting Professor, University of Iceland

Panel 2. Key challenges in the Arctic

Chair

Niklas Granholm, Deputy Director of Studies, Swedish Defence Research Agency (FOI)

Panelists

Kristine Offerdal, Senior Fellow, Norwegian Institute for Defence Studies
Erik Gant, Acting Executive Secretary, Arctic Council Indigenous Peoples' Secretariat
Steffen Weber, Secretary General EU-ARCTIC-Forum and chief advisor on Arctic issues, European Parliament
Bernt Berger, Senior Researcher, SIPRI China and Global Security Programme

Comments

Pavel Baev, Research Professor, Peace Research Institute Oslo (PRIO)

Panel 3. Building cooperation and managing competition in the Arctic

Chair

Alyson J. K. Bailes, Visiting Professor, University of Iceland

Panelists

Andrei Zagorski, Institute of World Economy and International Relations (IMEMO)
Hans Corell, former Swedish Ambassador and former UN Legal Counsel and Under-Secretary-General for Legal Affairs
Lassi Heininen, Adjunct Professor, University of Lappland

Comments

Anita Brodén, Member of the Swedish Parliament and Member of the Swedish Delegation to the Nordic Council

leading diplomatic representatives, experts and political figures from the Arctic countries and beyond.

The well-attended event at UI's Sverigesalen consisted of three panels. These highlighted (*a*) the role of the Arctic Council and the priorities for the Swedish chairmanship; (*b*) key challenges for the Arctic region; and (*c*) how to build cooperation and manage competition in the region. The direct challenges for the region due to climate change and pollution were a key area of discussion, together with the many indirect consequences of an increasingly ice-free Arctic, including those concerning easier access to Arctic resources such as oil and gas, new shipping routes, and increased maritime traffic. The increased interest of non-Arctic states in the region and the consequent pressure on indigenous cultures and societies underline that the Arctic is not isolated from the rest of the world but rather influences and is influenced by global processes.

The conference also marked the launch for the new SIPRI Project on Managing Competition and Promoting Cooperation in the Arctic, a joint initiative of the SIPRI Armed Conflict and Conflict Management Programme and the SIPRI China and Global Security Programme. The project is one of several connected to the Arctic Futures in a Global Context research programme that is generously supported by MISTRA, the Swedish Foundation for Strategic and Environmental Research. The SIPRI project is to run for three years and will address issues concerning governance of the Arctic, security in the region and the dynamics of relations between Arctic 'insiders'—the Arctic literal states—and 'outsiders', most notably members of the EU and, in North East Asia, China, the Republic of Korea (South Korea) and Japan.

THE ROLE OF THE ARCTIC COUNCIL AND PRIORITIES FOR THE SWEDISH CHAIRMANSHIP

Priorities of the Swedish chairmanship

Ambassador Gustav Lind of the Swedish Foreign Ministry started the conference's first panel session by outlining Sweden's priorities for the impending chairmanship.[1] With its northern territory lying within the

[1] The section on Sweden's priorities for the chairmanship is based on Ambassador Lind's presentation at the SIPRI/UI conference as well as his remarks in the Swedish Parliament on 3 May 2011 and the chairmanship programme for 2011–13, which is available at <http://www.sweden.gov.se/sb/d/14766>.

Arctic Circle, Sweden is an Arctic state. Although the Swedish Government has rarely highlighted this in the past, the Arctic is now on Sweden's foreign policy agenda, and in May 2011 Sweden issued its first Arctic policy (see box 1). While emphasizing continuity in the agenda inherited from the Danish chairmanship of 2009–11 and the Arctic Council's tradition of working collectively to achieve consensus, Sweden does have a number of priorities, including three substantive issues:

- environment and climate,
- economic development, and
- the human dimension.

Sweden's top priority in the Arctic will be to deal with the numerous challenges to the environment. The increasing pressure to exploit Arctic resources represents a direct threat to the fragile Arctic ecosystem. Sweden intends to work to strengthen cooperation and coordination around both prevention and preparedness against oil spills in the region. Sweden will target short-lived climate forcers, such as black soot, tropospheric ozone and methane, which have a regional impact on the Arctic climate and contribute to the melting of polar ice. Sweden will also work to strengthen the resilience of nature and society in the face of climate change.

Box 1. Sweden's strategy for the Arctic region

New challenges and the impending chairmanship of the Arctic Council has brought about a new Swedish strategy for the Arctic region. Sweden is the final Arctic state to produce an official strategy on the region.

The strategy makes the point that Sweden is an Arctic state with deep ties to the region. These ties are historical, economic and cultural, but also concern national security, environment and research.

Swedish policy will promote well-functioning multilateral cooperation in the Arctic and aim to maintain a low level of tension in the region through dialogue, openness and confidence-building measures. The Swedish Arctic policy will be exercised predominately through multilateral institutions, most prominently the Arctic Council, but also the European Union, the Nordic Council of Ministers, the Barents Euro-Arctic Council, the United Nations and international organizations for indigenous peoples.

The Swedish policy on the Arctic will prioritize issues within three areas: climate and environment, economic development and the human dimension.

The strategy is available at <http://www.sweden.gov.se/sb/d/1390/a/168312> (in Swedish).

It is a common misconception that the Arctic consists of uninhabited wilderness, since the region has over 4 million inhabitants. Sweden is connected to its neighbouring Arctic states through its indigenous population of Sámi people. The indigenous groups that are permanent participants in the Arctic Council contribute to the institution's uniqueness and provide a reality check in council negotiations. An important question for Arctic populations that the Swedish chairmanship will prioritize is food security, in terms of availability, supply, and safety from toxins in foodstuffs.

Sustainable economic development is, according to the Swedish Arctic strategy, an essential issue for the population of the Arctic. New opportunities are arising and there is potential for economic growth in the region. Traditional industries such as mining, forestry, fishing and hunting are still important to the Arctic economy, but other sources of revenue, such as tourism, are increasing. The peoples of the Arctic need to work together with government and business to ensure that this development is sustainable and benefits local economies. The Arctic Council does have a role to play in this development.

'The Arctic is hot'—Gustaf Lind

Strengthening the Arctic Council is, in addition to the three substantive issues, a national priority for Sweden during its chairmanship. The council should work to counter the alarmist sentiment that is prevalent in media reporting around the Arctic by providing facts, not fear. In order to do this effectively, the council needs to work on its strategic communication, not least through its web pages. Even though military security is excluded from

the council's agenda, the issues at hand often have security dimensions and so the council can and should address wider security issues. The structure of the council also needs to be strengthened by establishing a permanent secretariat and budget, as well as holding additional sectoral ministers' meetings, such as the Arctic Health Ministers' Meeting of February 2011. Sweden is also positive towards bringing more observers into the Arctic Council and will take an inclusive approach on this issue.

Lessons learned from the Danish chairmanship

Ambassador Thomas Winkler of the Danish Foreign Ministry began his presentation on the lessons learned during Denmark's 2009–11 chairmanship by stating that the challenges in the Arctic are not emerging; they are already there. Climate change is a reality, cruise ships are sailing Arctic waters and the migration patterns of fish are changing now. While challenges to the Arctic are in many ways unique, the region is essentially no different from others regions of the world. Winkler dismissed any suggestions of a new legal regime to govern the Arctic similar to the 1959 Antarctic Treaty. The Arctic and Antarctica are different and the existing legal frameworks in the Arctic are sufficient to govern the region. The reasons for the continued reappearance of suggestions of a new Arctic regime include the lack of communication by the Arctic states on these issues and a degree of ignorance about the region among non-Arctic actors, as well as pressure from powerful economic interests. The way to counteract myths, misconceptions and suspicion is increased cooperation between the Arctic states, their populations and the rest of the world, for example by inviting observers to Arctic Council meetings.

'Challenges in the Arctic are not emerging; they are already there'—Thomas Winkler

In her comments, Ambassador Alyson Bailes of Iceland University pointed to the potential of the Arctic Council to stabilize relations, find common goals and avoid conflict by containing and soothing frictions. As a subregional organization, albeit with a limited structure, the council should represent the region to the rest of the world, working to avoid confusion and mixed messages. The council should not try to take on issues of military security, which are handled elsewhere, but realize that issues such as resilience, food security, health and the human rights of people coming into the Arctic are all matters located within a broader security spectrum. Bailes also agreed that bringing observers into the council is an important tool, even if it is not always popular with the permanent participants. An inclusive approach will keep non-Arctic states from acting outside of the existing frameworks and can contribute to the creation of norms and codes of conduct in the Arctic.

KEY CHALLENGES IN THE ARCTIC

Exploitation of energy resources

In the second panel on key challenges and issues in the Arctic, most attention was devoted to the exploitation of the energy resources. Dr Kristine Offerdal of the Norwegian Institute for Defence Studies noted that the region has become the world's new energy frontier, which has caused disputes over

economic zones between the littoral states. According to the US Geological Survey, the Arctic may contain up to 22 per cent of the world's remaining undiscovered oil and gas resources. Offerdal underlined that most of these resources are in Russian territory—for example, Russia holds about 70 per cent of Arctic gas resources—which makes the country a key player in the region. At present the focus is on the Yamal peninsula, since Russia lacks the capabilities needed to exploit offshore resources. Offerdal saw little geopolitical tension among the coastal states at present, but in the long term she did not exclude competition between Europe and Asia for Russian gas in the Arctic, depending on demand in global energy markets and Russia's need for technology. However, the exploitation costs will remain high. Pavel Baev of PRIO remarked that Russia is overoptimistic about the size of undiscovered resources.

'Conflict between coastal states over oil and gas is not likely'—Kristine Offerdal

The environmental effects of economic development and climate change

A closely related issue is the environmental effects of economic development and climate change. Analysing the national strategies of the Arctic countries, Professor Lassi Heininen of the University of Lappland found that all of them give high priority to economic development, whereas only some emphasize the environment. Oil spillage is a major environmental problem in Russia, for instance on the Yamal peninsula, while climate change is not recognized as a major challenge, even though it greatly affects Russia. Nor is the challenge of climate change fully appreciated in Greenland, where it is mainly seen as facilitating the exploitation of potential oil and gas resources. Heininen also noted the dual attitude of Norway, which considers itself as an international leader in environmental protection but whose exploitation of oil and gas resources is both increasing and moving north. The most concerned states are Finland, Iceland and Sweden, which have little or no Arctic coastlines.

Indigenous peoples

Another important issue in the Arctic is the role of the indigenous peoples, who are directly affected by both economic development and environmental disruption. They are a recurrent topic in the national strategies of the Arctic states and permanent participants in the activities of the Arctic Council. The main speaker on this subject was Erik Gant of the Arctic Council Indigenous Peoples' Secretariat (IPS). Gant, a native Greenlander, spoke about the efforts of the six member organizations of the IPS to create a permanent forum, for example by holding workshops.

Migration, globalization and military security

The issue of migration in the Arctic was raised in the general discussion. Non-natives make up a majority of the population in, for example, Arctic Russia, even though many have moved south since the 1980s as a result of economic pressures. Heininen noted that the growing exploitation of natural resources might lead to an influx of non-indigenous workers. Ambassador

Hans Corell stressed that the human rights of migrants should be respected, while Ambassador Bailes pointed out that trafficking and illegal immigration are new problems in the region.

Much attention was devoted to globalization, not least the challenges it poses to the indigenous peoples. According to Heininen it brings economic modernity ('Coca-colanization') and weakens states in the region. State sovereignty and defence are therefore top priorities in the national strategies of the five littoral Arctic countries. Globalization also has positive benefits such as decolonization and the growth of regional autonomy, the universal recognition of indigenous rights, strengthening the rule of law, and multilateral environmental initiatives. This global perspective is considered in some national Arctic strategies, not least in Scandinavia.

On the issue of military security, Professor Andrei Zagorski of IMEMO noted that the Russian military budget is rising and that increasing economic activity and melting of the ice in the Arctic can be a motive for a strengthening of military activity in the region. He noted, however, that the new generation of Russian strategic submarines is being deployed to the Pacific Ocean rather than the Arctic Ocean, a change that could allow for a demilitarization of the Arctic. Zagorski advocated military cooperation among the Arctic littoral states, confidence-building measures (CBMs) and common rules of conduct. He cautioned that the plans of the USA to build a missile defence system in the Arctic could raise regional concerns.

Relevant in this context is a question previously raised by Dr Neil Melvin of SIPRI: where should security matters in the Arctic be discussed, if not in the Arctic Council? Bailes admitted that CBMs could be a topic in the council and pointed out that the planned agreement on cooperation in search-and-rescue operations (subsequently agreed at the ministerial meeting in Nuuk, May 2011) was a step involving the military. Ambassador Winkler saw no special need to discuss military security in the Arctic Council. He maintained that the main thing was to build trust and that the exchange of data concerning military activities and construction could be a good means to that end.

Arctic outsiders: the European Union and China

The panel on issues and challenges in the Arctic also included presentations on the roles of two Arctic 'outsiders': the European Union and China. Both have participated in the Arctic Council as invited observers but have so far been denied the status of permanent observer. Steffen Weber of the European Parliament noted that the EU is already a major Arctic actor by means of its legislation, for example on fishery, as well as having three Arctic countries as member states—Denmark, Finland and Sweden. EU agencies have delivered a number of reports, organized seminars, and financed research projects on the region, among other activities. Weber stated that the EU and companies in member states are interested in access to the Arctic resources of energy, minerals, fish, wood and so on, as well as in the transport routes across the Arctic Ocean. The EU can offer technology and know-how in the exploitation of resources. He noted that the EU has a responsibility in the environmental field since its member countries contribute to climate change

'We shouldn't be afraid of a strong EU policy on the Arctic; we should influence it!' —Thomas Winkler

and pollution in the Arctic. In the discussion following the presentations, Baev expressed scepticism over the EU's ability as a foreign policy actor in general—with implications for its ambitions to play a role in the Arctic—as highlighted by its peripheral role in the Libya crisis, while the financial crisis affecting many member states may also lead to questions about the EU's economic capacity.

'The Arctic is not a no man's land'—Steffen Weber

Bernt Berger of SIPRI gave a brief presentation of China's approach in the Arctic region. China's recently awakened interest in the region stems from the commercial potential of an opening Arctic. China's economy is heavily dependent on shipping and so shorter transport routes to Western markets would have great value. China is also eyeing potential energy resources but currently lacks the technology and the know-how to become a credible partner in resource extraction in the Arctic. With China's steadily increasing dependence of imported oil, this situation might change in the future. The country has devoted considerable resources to polar research, mostly in the field of climate change impact, but also on the geopolitics of an Arctic ice melt. China remains a low-key player in the Arctic and maintains a non-confrontational approach in order not to alarm the Arctic states and thereby jeopardize future access to the region and its resources.

BUILDING COOPERATION AND MANAGING COMPETITION IN THE ARCTIC

A central issue to emerge from the first two panels was the need to develop cooperation and improve governance in the Arctic region. Anita Brodén, a Liberal member of the Swedish Parliament and its delegation to the Nordic Council, argued that we are now at a crossroads between peace and conflict in the Arctic and that it is time to show statesmanship. Professor Heininen was less concerned about developments in the region, noting that there are no real conflicts in the Arctic. With the exception of disputes over maritime borders, the Arctic is a peaceful region with high stability based on inter-governmental and regional cooperation. What we see is changing positions and a proliferation of national agendas, strategies and policies among the Arctic countries as a result of changing conditions. Heininen pointed out that, even though sovereignty is at the top of the agendas, all the national strategies pay attention to improving governance, for instance regarding sea safety and rescue operations, and to promoting scientific cooperation.

Ambassador Corell, former UN Under-Secretary-General for Legal Affairs, underlined the significance of international law and its role in settling the contentious issue of maritime borders in the Arctic Ocean. He strongly disagreed with suggestions that the Antarctic Treaty, which reserves the continent exclusively for scientific and peaceful purposes, could be a model for the Arctic. The only lesson to be drawn from the Antarctic agreement is the value of good cooperation and addressing environmental concerns. In contrast to Antarctica, the Arctic is an ocean surrounded by continents. There is a legal regime—the 1982 United Nations Convention on the Law of the Sea (UNCLOS) and the mechanisms necessary for its implementation. In accordance with UNCLOS, the Arctic Ocean will be divided into territorial waters, exclusive economic zones (EEZ) including the continental shelves

and, beyond them, areas of common world heritage. All littoral states have signed and ratified the UNCLOS while the USA abides by the treaty although its has not ratified it. In Corell's view the planting of a Russian flag on the sea floor at the North Pole in 2007 has zero legal relevance as a claim. (A conference participant from the Russian Embassy had previously affirmed that the act had scientific but not political importance.)

Concerning the 2008 Ilulissat Declaration by the five Arctic littoral states, which has been criticized for excluding the other Arctic Council member states and creating an inner circle, Corell pointed out that the signatories affirmed their commitment to UNCLOS and an orderly settlement of overlapping claims. Some disputes have already been settled, notably the one between Russia and Norway in 2010, but a few remain, for instance those between Canada and the USA and Denmark. In addition to maritime borders in the Arctic, Corell saw a need for regulation of navigation, search and rescue, fisheries, petroleum extraction and environmental protection. In this context Corell presented the Arctic Governance Project, whose action agenda includes recommendations such as honouring and implementing existing agreements, strengthening the Arctic Council, establishment of regulatory mechanisms to address issues proactively, institutionalizing the science–policy interface and involving non-governmental organizations. Corell finally made a strong plea for involving the EU in view of its engagement in the field of environment and climate change. He saw the Arctic as a region for cooperation and its development as an opportunity to demonstrate statesmanship.

CONCLUSIONS

The Arctic has in recent times become a hot topic. This is the result of a number of economic, environmental and security reasons. There is also a new situation in the region as a result of human activities and climate change. Several states—even some outside the region—aspire to a role in Arctic matters. Some have even claim that the Arctic has moved from being an object of world politics to being a subject. The Arctic offers a unique combination of being a highly strategic area since the cold war; a region with rich natural resources, special habitats, and indigenous and non-indigenous peoples; a laboratory for research on environment and climate change; and a region of stability and peace, where former enemies have the opportunity to engage in cooperation. The Arctic could in several respects become a model for other regions of the world.

Important steps have been taken to begin to address 'soft' security concerns in the Arctic—notably through an agreement on search and rescue. While harder security issues are not pressing, the long-term stability of the region would benefit from initiatives to strengthen transparency, increase mutual confidence and enhance comprehensive cooperative approaches to security issues. The Arctic Council could play a significant role, creating or reinforcing norms of cooperative behaviour and broadening and deepening the meaning of security.

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