Working Paper

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The Arctic Region – Perspectives from Member States and Institutions of the EU

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Working Paper, FG 02, 2010/ 04,
September 2010, SWP Berlin

Table of Contents

Paper in the framework of the Norwegian research programme “Geopolitics in the High North”, Work Package 4: “The EU and the Arctic – defining an interest”

The Arctic Region[1] causes many challenges for a set of different EU policies and activities such as the Northern Dimension, the EU's policies regarding maritime security and safety, the EU's research programmes and activities on transport and trade, environmental and climate policies, fishing activities, and the Common Foreign and Security Policy (CFSP). These activities may intersect as for example the climate change and its impact on the coasts and oceans will affect transport and trade options.[2] Additionally, the EU is acting in the context of the Arctic region with a heterogeneous set of actors: there are the external Arctic actors USA, Canada and Russia, and those with deeply institutionalized relations with the EU, i.e. Norway and Iceland.

1. Challenges and opportunities for the European Union

The international focus on the Arctic is driven by climate change, demand for natural resources, and concerns about the division of the Arctic Ocean's outer continental shelf.[3] As a result of climate change, the polar ice is melting. In summer 2008, the Arctic icecap was reduced to only half the size it was 50 years ago. Even if international efforts manage to slow the pace of climate change, global warming and its effects on the Arctic is irreversible.

The starting point for the EU's debate about its potential interest and policies in the Arctic is therefore not if, but when, the Arctic Ocean will open to regular marine transportation[4] and exploration of its natural-resource deposits.[5]

Global warming has already induced a new scramble for territory and resources among five Arctic countries. In 2001, Russia submitted its claim to the UN for 460,000 square miles of the Arctic waters. Although the UN rejected this annexation, Russia dispatched an icebreaker and two submarines to plant its flag on the North Pole's sea floor in August 2007. Days later, Russia ordered strategic bomber flights over the Arctic Ocean for the first time since the end of the Cold War. Canada started to produce new Arctic naval patrol vessels, a new deep-water port, and a cold-weather training centre along the Northwest Passage. To date, Denmark,[6] which controls Greenland, and Norway,[7] which controls the Svalbard and Jan Mayen Islands, did not extend their claims. However, both countries are increasingly concerned about the territorial claims of their

1 In this paper, the Arctic region is defined as the Northern hemisphere region located north of the Arctic Circle, i.e. the circle of latitude where sunlight is uniquely present or absent for 24 continuous hours on the summer and winter solstices, respectively. The Arctic Circle spans the globe at 66.56° (66°34°) north latitude.

2 See Erik J. Molenaar, "Arctic Marine Shipping: Overview of the International Legal Framework, Gaps and Options", *Journal of Transnational Law & Policy*, 18 (2010) 2, pp. 289-326; Claes Lykke Ragner, *Northern Sea Route Cargo Flows and Infrastructure – Present State and Future Potential*, Lysaker: Fridtjof Nansen Institute, 2000 (FNI Report, No. 13/2000); Arctic Council, *The Arctic Marine Shipping Assessment 2009 Report*, April 2009.

3 See Valur Ingimundarson, *The Geopolitics of Arctic natural resources*. Brussels: European Parliament, DG EXPO Policy Department, 2010 <http://www.europarl.europa.eu/activities/committees/studies.do?-language=EN>.

4 See Lawson W. Brigham, "Navigating the New Maritime Arctic", *USNI Naval Review*, May 2009; Svend Aage Christensen, *Are the northern sea routes really the shortest? Maybe a too rose-coloured picture of the blue Arctic Ocean?*, Copenhagen: DIIS, 2009 (DIIS Brief, March 2009).

5 See Dag Harald Claes, "EU Energy Security – Between Internal Market and Foreign Policy", in: Gunnar Fermann (ed.), *Political Economy of Energy in Europe: Forces of Fragmentation and Integration*. Berlin: Berliner Wissenschaftsverlag 2009, pp. 13−39.

6 Denmark, Ministry of Foreign Affairs, *Arktis i en brydningstid. Forslag til strategi for aktiviteter i det arktiske område* [Strategy for activities in the Arctic area, in Danish only], May 2008.

7 Norway, Ministry of Foreign Affairs, *New Building Blocks in the North: The next step in the Government's High North Strategy*, 2009; *The Norwegian Government's Strategy for the High North*, 2006.

Arctic neighbours.[8] The "more alarmist version of the Arctic story starts with the fact that no one agrees on who owns the polar seas and the potentially lucrative sea bed."[9] While Norway and Russia[10] competed on geographical claims on the basis of the Law of the Sea Convention (UNCLOS), the U.S.A.[11,] which has not ratified UNCLOS, disputes with Canada[12] over the right to transit the Northwest Passage. Against this background, there is growing uncertainty "about the fact that the Arctic has no local disarmament or confidence-building regime, and that the institution where Eastern and Western powers have so far met to manage its problems – the Arctic Council – is a well-meaning but relatively weak body without military or direct legislative competence."[13]

It is true that there are currently no clear, i.e. universally accepted rules governing the Arctic region. Scott G. Borgerson from the US Council on Foreign Relations may be too severe when arguing that the Arctic "could descend into armed conflict".[14] However, he gives voice to a general feeling widely present in the US administration about the potential of conflict and cooperation in the High North.[15]

The increased demand for natural resources, the search for new and safe navigable transport routes as well as the challenges of climate change spotlight the Arctic region in international politics. Future technological advances might make the hydrocarbon and other resources in the Arctic more accessible and increase the transport opportunities through the region. Economic activities in the High North are likely to increase and to intensify the strategic and political interest in the region from an economic, environmental, and security perspective.

The Arctic States seek to take advantage of the opportunities provided in the High North in terms of exploiting natural resources and securing "their" energy supplies. Although the Arctic has always been of strategic significance, it is since the end of cold war that geopolitics increasingly focuses on the Arctic and foreign policy priorities shift towards it. Since the Arctic is a traditional place for the geostrategic rivalry of the USA and Russia, smaller riparian states and the EU are called to clarify their approaches – unilateral, multilateral and integrated - for securing their position and safeguarding their interests.

8 See the basic documents of the Norwegian, Danish, Swedish common objectives for their Arctic Council chairmanships 2006-2012, 27 November 2007 <http://arctic-council.org/article/2007/11/common_priorities>.

9 See Alyson Bailes, "How the EU could help cool tempers over the Arctic?", *Europe's World*, 19 June 2009 <http://www.europesworld.org/NewEnglish/Home/CommunityPosts/tabid/809/PostID/518/HowtheEUcouldhelpcooltempersovertheArctic.aspx, 6/19/2009>.

10 President Medvedev's speech at the Meeting of the Russian Security Council on Protecting Russia's National Interests in the Arctic, 17 September 2008 <http://eng.kremlin.ru/text/speeches/2008/09/17/1945-_type82912type82913_206564.shtml>.

11 United States, White House, *National Security and Homeland Security Presidential Directive*, 9 January 2009, *US Arctic Region Policy*, National Security Presidential Directive/NSPD– 66, Homeland Security Presidential Directive/HSPD – 25, 9 January 2009.

12 CSIS, *Canada's Arctic Foreign Policy*. Transcript of a speech explaining Canada's Arctic Foreign Policy, 6 April 2009.

13 See Bailes, "How the EU could help cool tempers over the Arctic" [see note 10].

14 See Scott G. Borgerson, "Arctic Meltdown: The Economic and Security Implications of Global Warming," *Foreign Affairs*, 87 (March/April 2008) 2, pp. 63−77.

15 See Oran R. Young, "Whither the Arctic? Conflict or cooperation in the circumpolar north", *Polar Record*, (2009) 45, pp. 73−82.

2. An EU Arctic policy by addition? The problem of defining a common approach

Given the relative importance of the Arctic Region in economic and security terms, it is surprising that the EU did not consider a common, integrated approach towards this area until 2006.[16] However, there were several instances before 2006 when EU institutions dealt with the Arctic Region.

The first EU documents found in relation to the Arctic Region are a written question (No 2616/88) by MEP Ernest Glinne to the Council addressing the issue of the state of the ozone layer over the Arctic[17] and another oral question by MEP Habsburg (H-0912/91) to the Council – posted within the framework of the European Political Cooperation – asking for information on the Soviet Union's environmental policy on the Arctic.[18] While these two parliamentary questions reflected environmental, climate and security concerns among the two largest political groups of the European Parliament, the Northern Enlargement towards Sweden, Finland and Austria led to a Resolution on a new strategy for agriculture in Arctic regions.[19] Here, Parliament addressed the Agenda 2000 proposals and the Common Agricultural Policy (CAP) and voiced its opinion to consider that additional costs arising from permanent climatic disadvantages, such as short growing and grazing seasons, long distances, widely dispersed locations of field parcels and cold winters should be taken into account in the common agricultural policy's area-based and livestock subsidies in arctic, sub-arctic and mountain regions. Moreover, Parliament asked the Commission to encourage and enable people to remain in the northernmost regions of Europe and hence stem population loss, and to facilitate immigration to them, in order to prevent depopulation. Establishing a link between the EU's transport, agriculture and environment policies, the resolution also underlined that communications and transport in arctic and sub-arctic regions are seriously hampered by geographical and climatic factors, and that these problems are further aggravated by the sparseness of population and the distances to population centres and markets. Therefore, Parliament asked the Commission to consider, in its Agenda 2000 programme that aid for transport is called for in these regions.[20]

A second European Parliament resolution on Arctic agriculture (2003/2051(INI)[21] particularly featured farming in the EU's subarctic regions and pointed out that the cold climate was a permanent handicap, resulting in a short growing and grazing season which entailed additional costs for arable farming and stock farming. MEPs also drew attention to the high standard of environmental protection and the purity of the water and soil in northern farming regions, and said that a thriving agricultural sector helped to preserve the natural and man-made landscape. MEPs concluded that the rules governing international agricultural trade should recognise more clearly that production conditions varied in different parts of the globe and that farming tasks were not confined to food production alone. They called on the Intergovernmental Conference of 2003 to include a provision in the Constitutional Treaty recognising the "permanent special status" of sparsely populated

16 See Bailes, “How the EU could help cool tempers over the Arctic” [see note 10].
17 European Communities, *Official Journal*, No. C 174 , 10/07/1989, p. 42.
18 Debates of the European Parliament (English ed.), No. 411, p. 241.
19 European Communities, *Official Journal*, No. C 175 , 21/06/1999, p. 27.
20 Interestingly, this resolution can be regarded as the first definition of the Arctic region through EU lenses. According to the resolution, the EU's arctic and sub-arctic regions comprise Finland, the area of Sweden north of Stockholm, and parts of Scotland.
21 European Communities, *Official Journal*, No. C 092 E , 16/04/2004, pp. 115–118.

northern regions. The Agriculture Committee also pointed out that the system of direct aid under the common agricultural policy had been conceived before Sweden and Finland joined the EU in 1995 and was not designed to allow for the special conditions in subarctic farming areas. Pending any reform of the CAP to redress this situation, provision should be made for northern regions to qualify for rural development measures. Consequently, the EP urged the Commission to lay down clear definitions and criteria based on climate, the length of the growing season, low population density and outlying position so as to ensure that permanent handicaps could be taken into account when support schemes were drawn up. Furthermore, the report stressed that subarctic farming areas should be able to produce food locally, among other things for environmental protection and animal welfare reasons. Moreover, if agriculture was to survive in these regions, thereby helping to maintain the vitality of the countryside and prevent rural depopulation, it was important that agricultural entrepreneurship and the motivation to work should be kept alive by maintaining the necessary linkage to production. Lastly, MEPs said that entrepreneurship beyond traditional agriculture and forestry should also be fostered but they warned that such activities, while generating additional income, cannot guarantee a sufficient livelihood unless farming pays.

More explicit ideas about an EU Arctic Policy developed only in late 2005. In December 2005, MEP Diana Wallis asked the Commission, what steps it intends to take to get more active within the Arctic and the Barents Euro Arctic Councils and in particular what initiatives it considers to take in relation to the preparation for a possible "Charter for Arctic Governance" to coincide with International Polar Year.[22] The Commission replied[23] that it has, as a member of the Barents Euro-Arctic Council (BEAC), participated actively in major BEAC actions, like the Barents rescue 2005 exercise held in Finmark, Norway, and that it provides inputs in the ongoing negotiation for a BEAC multilateral agreement in the field of emergency and rescue operations. This rather unsatisfactory reply inspired Mrs. Wallis and several other MEPs to intensify the debate on the EU's Arctic policy.

On 12 September 2007, MEP Wallis put another written question to the Commission on EU Arctic Policy.[24] Given President Barroso's visit to Greenland in June 2007 and the Russian dispatch of an icebreaker and two submarines to plant its flag on the North Pole's sea floor in August 2007, she asked the Commission if it intends to properly participate in the work of the Arctic Council and to set up a dedicated Arctic desk, with a view to developing a coordinated and cross-cutting EU Arctic policy. The Commission answered by referring first to the EU's Northern Dimension policy as a framework for cooperation with Russia, Norway and Iceland on the Arctic, including the Barents region. As to the Arctic desk, the Commission replied negatively and argued that due to the cross-cutting character of the issues pertaining to the Arctic, any substantial contribution of the Commission could only be ensured by coordination and cooperation between all Commission services. Some months later, on another question by MEP Wallis,[25] the Commission explained its series of strategic, cross-cutting documents with an impact on the Arctic such as the Integrated Maritime Policy Package, the Marine Strategy Framework Directive and the Integrated Climate and Energy Policy. Given the insistence of the European Parliament,

22 European Parliament, *Resolution on the Northern Dimension (Arctic Governance)*, 13 December 2005, following the written question by Diana Wallis (ALDE) to the Commission.

23 Answer given by Mrs Ferrero-Waldner on behalf of the Commission, E-4860/2005, 7 February 2006.

24 Written Question by Diana Wallis (ALDE) to the Commission on EU Arctic policy, P-4519/07, 12 September 2007.

25 Written question by Diana Wallis (ALDE) to the Commission on Arctic policy, P-0620/08, 1 January 2008.

the Commission finally agreed that the effects of climate change, the discussions about the legal order and the settlement of territorial claims in the region, the exploitation of hydrocarbon and other natural resources, the use of possible new navigation routes and — last but not least — the environmental, maritime and fisheries aspects "might effectively require increased coordination and a strengthened cross-cutting approach."

Again, the answer given by the Commission did not satisfy the Parliament. Consequently, Wallis and other MEPs, in September 2008, posted an oral question with debate and resolution on "Arctic governance in a global world" to the Commission.[26] Their starting point was the Ilulissat Declaration of May 2008, issued by the five countries bordering the Arctic, Canada, Denmark, Norway, Russia and the USA, which spoke against the conclusion of a specific legal agreement for the Arctic. According to Parliament, the declaration is of particular interest to the EU, which counts three Arctic nations amongst its Member States and an additional two neighbouring states closely related through the EEA, in addition to which economic, environmental and research issues dictate that the EU cannot be indifferent to the Arctic region. The Commission was asked to identify the possible elements of a sustainable and comprehensive EU strategy in order to take a more proactive role towards the Arctic Region and specifically with regard to the security, economic and environmental dimensions in the High North. Moreover, Parliament asked how the Commission analyses the fact that the Arctic is currently not yet governed by any multilateral norms and regulations. More precisely, they wanted to know the Commission's position with regard to a binding Arctic Charter. Parliament's resolution[27] considered these topics within the context of the Commission's Communication on 10 October 2007 on "an Integrated Maritime Policy for the European Union"[28], the High Representative and the Commission policy paper of 14 March 2008 to the European Council, on "Climate Change and International Security"[29], the Ilulissat Declaration of May 2008, and the announced Commission communication on Arctic policy. The resolution called the Commission to present options for a "future cross-border political or legal structure that could provide for the environmental protection and sustainable orderly development of the region or mediate political disagreement over resources and navigable waterways in the High North", to include energy and security policy in the Arctic region on its agenda, and to propose, suitable subjects and joint working procedures for the EU and the Arctic countries in the fields of climate change, sustainable development, security of energy supply and maritime safety. Furthermore, the MEPs expressed their deep concerns "over the ongoing race for natural resources in the Arctic, which may lead to security threats for the EU and overall international instability", and urged the Commission to take a more proactive role in the Arctic by "at least, as a first step, taking up 'observer status' on the Arctic Council", and by setting up a dedicated Arctic desk. Finally and most controversially, Parliament proposed the opening of "international negotiations designed to lead to the adoption of an international treaty for the protection of the Arctic, having as its inspiration the Antarctic Treaty, as supplemented by the Madrid Protocol signed in 1991, but respecting the fundamental difference represented by the populated nature of the Arctic

26 Oral question with debate pursuant to Rule 108 of the Rules of Procedure by Diana Wallis, Bilyana Ilieva Raeva and Johannes Lebech, on behalf of the ALDE Group to the Commission, on Arctic governance in a global world, O-0084/08, 4 September 2008.

27 *European Parliament resolution of 9 October 2008 on Arctic governance* <http://www.europarl.europa. eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P6-TA-2008-0474+0+DOC+XML+V0//EN>.

28 European Commission, COM (2007) 0575.

29 Council of the European Union <http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/reports/99387.pdf>.

and the consequent rights and needs of the peoples and nations of the Arctic region". As a minimum starting-point, an Arctic Treaty could at least cover the unpopulated and unclaimed area at the centre of the Arctic Ocean.

On 20 November 2008 the Commission adopted its communication on the EU and the Arctic region which aimed to be a first layer of an EU policy for the Arctic. The communication proposed to protect and preserve the Arctic in unison with its population, to promote sustainable use of natural resources and to enhance Arctic multilateral governance on the basis of UNCLOS for the settlement of maritime disputes, including those concerning delimitation of boundaries. The Commission also proposed further developing Arctic multilateral governance by negotiating solutions that involve all European actors, in particular all EU Member States and the European Economic Association (EEA), European Free Trade Association (EFTA) partners.

The second largest political group of the European Parliament also thought to initiate a dialogue with the Council on the EU's Arctic Policy and issued an oral question to the Council in March 2009.[30] More specifically, the Members asked the Council what steps it plans to take to make the Arctic "a zone of peace and cooperation, reserved solely for peaceful activities and free of disputes over sovereignty, and to develop security cooperation in the Arctic". A similar question was put to the Commission[31] asking for a binding Arctic charter along the lines of the Treaty on the Arctic, as proposed by the European Parliament in its resolution of 9 October 2008, for a "polar navigation code" for the Arctic to safeguard the region's security, and for the opening of negotiations with Russia to guarantee freedom of navigation and right of passage and ensure that no discriminatory practices are followed, especially as regards charges, compulsory services and rules and regulations, to ensure the viability of new shipping routes.

On 6 May 2010, the High Representative and Vice-President of the Commission, Baroness Ashton answered a Parliament question with regard to the EU representation on the Arctic Council.[32] She referred to the previous Commission Communication of 20 November 2008 on the EU and the Arctic Region that claimed to "enhance input to the Arctic Council in accordance with the Community's role and potential" and announced the Commission applying for permanent observer status in the Arctic Council. The Council welcomed this attempt in its Conclusions of 8 December 2008. Accordingly the Commission addressed a formal application in December 2008. At the Arctic Council's meeting of 29 April 2009, the discussion on the role of observers in the Arctic Council was not finalised, so that the Commission's application, as well as those of Italy, China, Japan and the Republic of Korea, remain for the time being on the table. The EU will have to wait for the next Foreign Affairs Ministerial meeting in April 2011.

The Council Conclusions on Arctic issues of 8 December 2009[33] recognised the Arctic Council as the primary competent body for circumpolar regional cooperation and expressed its support for the applications by Italy and the Commission to become permanent observers in that body. The

30 Oral question with debate pursuant to Rule 108 of the Rules of Procedure by Véronique De Keyser, Jan Marinus Wiersma and Hannes Swoboda, on behalf of the PSE Group to the Council, 17 March 2009, O-0060/09.

31 Oral question with debate pursuant to Rule 108 of the Rules of Procedure by Véronique De Keyser, Jan Marinus Wiersma and Hannes Swoboda, on behalf of the PSE Group to the Commission, Subject: Opening of international negotiations designed to lead to the adoption of an international treaty for the protection of the Arctic, 17 March 2009, O-0061/09.

32 Written question by David Campbell Bannerman (EFD) to the Commission on EU representation on the Arctic Council, E-1217/10, 24 February 2010.

33 Council of the European Union <http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/EN/foraff/111814.pdf>.

Council encouraged Member States, and the Commission together with the EEA to continue to contribute to the work of relevant Arctic Council working groups.

At the plenary meeting of the European Parliament on 8 March 2010, Baroness Ashton made a general Statement on the EU policy on Arctic issues. As the Council before, she identified as drivers for a coordinated EU approach the effects of climate change, and environmental transformations in the Arctic that are having an impact on its people, its biodiversity and its landscape, both on land and at sea. However, her strategic outline did only refer to the Council's latest conclusions of 2008 and 2009. Referring to the European Parliament's 2008 resolution, Ashton welcomed Parliament's support for the efforts to ensure that the EU is recognized as a competent and responsible Arctic actor is important. The main axes of the Commission's Arctic Communication would provide the road map for developing the EU's Arctic policy further: to contribute to the protection of the Arctic region and population; to ensure that the EU is treated fairly in this area, in particular with regard to transport and access to natural resources, thus creating new opportunities for the EU and its industry, and to contribute to enhanced governance in the Arctic through the implementation of relevant international agreements, frameworks and arrangements. In this regard, Ashton underscored that governance in the Arctic region could not be developed along the lines of the Antarctic Treaty regime: Unlike the Antarctic, which is a vast, uninhabited continent surrounded by an ocean, the Arctic is a maritime space surrounded by land and inhabited for thousands of years, and belongs to sovereign countries. Therefore proposals to replicate the Antarctic Treaty system in the Arctic region would be unrealistic and even detrimental for the positive and proactive role that the EU aims to develop.

Overall, the EU aims for the protection of the Arctic environment and population, sustainable use of resources, and promotion of multilateral governance in the region. The major Arctic powers share the first two goals, at least by word. However, most are sceptical about multilateral initiatives that may limit their claims over resource-rich areas. The EU's nascent Arctic policy thus faces a challenge in reconciling the competing priorities not only of Arctic governments but also of various stakeholders and interest groups.

The question remains why the EU should join the "grab for the Arctic" and if the EU has real interests to protect, joint contributions to offer and instruments for promoting them.

3. Actor settings

3.1 The EU and the Arctic-8

The UNCLOS, concluded in 1982 and in force since 1994, governs the Arctic. All Arctic states have signed UNCLOS, but the US Congress has not yet ratified it. Within 10 years of joining UNCLOS, a country may submit scientific proof that its continental shelf extends beyond 200 NM from its shoreline, earning the right to exploit resources in the area. Several Arctic countries undertook expeditions in search of such evidence, claiming areas that sometimes overlap, like the Lomonosov ridge, claimed by Canada, Denmark and Russia. Russia was the first to stake its Arctic claim in 2001 but evidence was deemed insufficient and Russia must re-apply by 2011. Norway applied in 2006, while Canada has until 2013, and Denmark until 2014.

During the last three years, the riparian states of the Arctic were trying to back up their national claims for sovereignty and territories in the region to secure their political influence and access to natural resources and transportation routes. The EU is confronted with the fact that within the Arctic region, international, European and national legal systems come into play. Finland, Sweden and Denmark are Member States of the EU, but since Greenland opted out of the then EEC, it possesses extensive autonomous powers in the form of home rule. Iceland and Norway are members of the EFTA, and therefore bound by European law as parties to the European Economic Area Agreement (EEA). However, the Norwegian Svalbard Islands are excluded from the EEA Agreement by a special Protocol. All A8-States have subscribed to a number of international treaties. All of the land area – continents as well as islands – is firmly under the sovereignty of the Arctic States, and the Arctic waters now largely fall under their exclusive maritime jurisdiction. The core of the Arctic Ocean remains part of the high seas, as well as some holes encircled by the Exclusive Economic Zones (EEZs) of Arctic coastal States. The deep seabed is governed by the International Seabed Authority, although some Arctic States are developing claims to the Commission on the Limits of Continental Shelf to extend their continental shelf to deep seabed ridges of the Arctic Ocean floor.

3.2 The EU and the Arctic-5

Policy documents recently adopted by the five countries directly bordering the Arctic commit them to cooperate, protect the local habitat, and extract resources responsibly. However, the documents also reveal tensions that might escalate in future, pitting stakeholders against each other. The main fault-line lies between Russia and the remaining four, which all belong to NATO. However, these four also have unresolved disputes among themselves.

Canada's "Northern Strategy" combines existing and new policies. It envisions military and surveillance operations to assert sovereignty over areas such as the Northwest Passage, which Ottawa – unlike Washington – considers as Canadian territorial waters. The Government is also to issue 1.8 billion Canadian dollars in offshore gas and oil exploration licences in the Beaufort Sea. As regards Arctic governance, Canada seeks to play a leading role in the Arctic Council which it regards as the optimal forum for cooperation. Domestic and foreign observers argued that the strategy concentrates excessively on military and sovereignty aspects, to the detriment of the Arctic Region's ecological and developmental needs.

Denmark's foreign ministry and Greenland's home rule government issued, in May 2008, a joint strategy for the "Arctic at a time of transition". Here, they seek to avoid confrontation and to promote regional cooperation. The introduction of self-rule in July 2009 granted Greenland control over their natural resources and even the option of full independence.

In March 2009, Norway updated its "High North Strategy", drafted in 2006 and based on three principles: presence, activity and knowledge. Norway called for closer partnership, especially with Russia, on resource extraction, environmental management and research. At the same time, the strategy asserted Norway's Arctic sovereignty, and in August 2009, Norway moved its military command headquarters to Bodo, north of the Arctic Circle. In January 2010, the new defence minister pledged again to uphold sovereignty and exercise authority in the Arctic.

In 2008, the five countries directly bordering on the Arctic - Denmark, Canada, Norway, Russia and the USA (the "A5") - adopted the Ilulissat Declaration (ID) as a common outline for co-operation. The ID defines basic principles to be applied regarding legal arrangements, research, managing natural resources and the ecosystem of the Arctic Ocean. The A5 point the strict application of the international law of the sea to the Arctic, thus arguing against any kind of a specific Arctic agreement analogous with the Antarctic Treaty.

Clearly, given the political and economic potential of the High North, the A5 interest is to claim their supremacy as states that are exclusively called by international law to resolve issues with regard to the future of the Arctic Ocean. With the ID, the A5 also assert their supremacy vis-à-vis the other Arctic states Iceland, Finland and Sweden. However, it can be questioned if the A5 as a group is able to solve "their" conflicts in the High North alone. Russia is openly claiming for an extension of the boundaries of its national continental shelf. Norway also submitted a claim; Denmark and Canada intend to establish claims. To date, there are unresolved claims between Russia and Norway in the Barents Sea, the US and Russia in the Bering Strait, and between US and Canada in the Beaufort Sea. Moreover, Canada and Denmark still dispute over the Hans Island. In addition, Norway and several other countries, including EU Member States, interpret the applicability of the Svalbard Treaty in the 200 nm area around this archipelago differently. Finally, one should keep in mind that the USA is not a signatory to UNCLOS, which makes any multilateral or international solution difficult.

Overall thus, the A5 seem not willing to give much room for cooperation for third parties. The ID did not mention either the observer states in the Arctic Council or the civil organisations of indigenous peoples participating in it or the European Union.

Finland, Sweden, the potential EU member Iceland as well as the EU should not take the initial A5's rejection of a specific Arctic agreement for granted. But as long as they do not raise their voice into the game, the A5 might feel no need to open up their core towards the Arctic Council and/or the EU.

3.3 The Arctic, the EU and the US

In 1973, the US National Petroleum Council published a report assessing the effects of the Law of the Sea on the American Petroleum Industry. Although the UNCLOS Treaty ratification was almost unanimously supported by the US oil and gas sectors alongside the Pentagon and the Executive Branch, the legislator strongly objected to the jurisdiction of the International Seabed Authority, due to concerns about the US' freedom of action. However, in 2007, the Bush Administration called on the US Senate to ratify UNCLOS. Richard Lugar, Chair of the Senate's Foreign Relations Committee, supported the White House initiative. He argued that the US should be present at the future negotiations and should prevent Russia from pressing its claims "without an American at the table".

Overall, the Arctic Region holds an important place in the US domestic policy debate regarding the possibility of removing a ban on the exploration of oil reserves off the coast of Alaska. Moreover, the Region remains a place of security tensions with frequent encounters between Russian and US nuclear submarines. In August 2007, the US Senate, without having ratified the UNCLOS, passed a bill allotting an additional 8.2 billion US dollars to the US Coast Guard and in-

creasing the number of officers and soldiers. The government also decided to boost its Arctic navigation capacity by modernising two existing polar-class icebreakers and building two new ones.

Both the EU and the US released important statements regarding their Arctic policies. In November 2008, the European Commission issued its Arctic Communication, which laid out EU policy objectives in a number of different areas, including environmental protection, indigenous peoples, sustainable use of resources, and international governance options. In January 2009, an US Presidential Directive on Arctic Region Policy outlined a similar set of issues, with the notable addition of US security interests. The two policy statements do agree on several issues, thus providing an opportunity structure for potential policy cooperation. These areas of agreement include:

- the commitment to the extensive law of the sea framework already in place,
- the preference for working within existing institutions and frameworks rather than creating new overarching governance regimes,
- the recognition of the threats posed to indigenous communities by the rapid environmental change,
- the commitment to greater cooperation in scientific research and monitoring,
- recognition of the need for greater coordination on matters of safety and emergency response, and
- the commitment to governance regimes in the marine Arctic according to the principles of ecosystem-based management.

3.4 The EU, Russia, and the Arctic

Russia started its Arctic activities in 1910 when the navy explored and mapped the Northern Route. In 1926 the Soviet leadership took a unilateral decision to establish new state borders in the Arctic, declaring 5,842,000 square kilometres of territory between the North Pole, the Bering Straight and the Kola Peninsula as part of the Soviet Union. In 1997, the Russian Federation ratified the UNCLOS Convention. Russia made a submission to the UN Commission on the Limits of the Continental Shelf to extend its Exclusive Economic Zone beyond the 200-mile radius in 2001. The claim was rejected and the 2009 deadline pushed Russia to gather new geological data. Therefore, in summer 2007, Russia sent two expeditions to explore the Lomonosov Ridge, which it claims to be a natural continuation of Siberia's continental platform. If the UN would accept, Russia could claim 45 % of the Arctic.

Moscow's interest in the Arctic is not limited to the development of hydrocarbon and bio-marine resources. Other important issues are the protection and sovereignty of its Northern maritime route, environmental challenges and the importance of the Kola Peninsula as a major Russian navy base.

The Russian National Security Strategy until 2020, approved by President Dmitry Medvedev on 12 May 2009 clarified the nature of the strategic environment facing the country. Much attention is devoted to the potential risk of future energy conflicts, in regions including the Arctic, where Russia intends to defend its access to hydrocarbon resources. As the world's biggest gas supplier,

Russia regards the Arctic deposits as a strategic priority, and exploitation of the Arctic's energy reserves shall start in 2020. Similarly, the Russian gas companies are pinning most of their hopes on the Arctic seabed: Hence, Russia's biggest gas fields – Shtokmanovskoye, Rusanovskoye and Lenigradskoye – lie all in the western Arctic. About 70% of all Russia's offshore oil and 90% of its natural gas are concentrated in the Arctic sea shelf and basin. While the region represents only 1% of Russia's total population, it accounts for 20% of Russian gross domestic product and about 22% of its exports. The total value of Russia's proven and potential reserves in the Arctic is estimated at $15 trillion. Obviously, Russia is prepared to protect its interests in the Arctic. The Arctic is seen as a new area for potential armed conflict. According to the strategy, Russia will deploy special troops in the disputed area to protect Russia's interests and security "in any military and political environment".[34]

The EU's major instruments to deal with Russia in this regard are the Northern Dimension policies and bilateral Partnership, Cooperation and Trade Agreements.[35] The Northern Dimension region is geographically defined by Iceland and Greenland in the west, North-west Russia in the east and the Baltic Sea in the south. For the Northern Dimension parties, the EU, Russia, Iceland and Norway, the region offers obvious opportunities for economic growth, linked partly to the rich resources of the Barents and Baltic seas. But at the same time the area, or parts of it, constitute vast challenges. Hence, the Northern Dimension area is characterised by a vulnerable ecosystem that clearly requires long-term strategies for sustainable development and cross-border cooperation.

For the first time the idea of the Northern Dimension was made public by Finnish President Martti Ahtisaari in 1994. At the Luxembourg Summit in December 1997 Finland made an official proposal for the development of the Northern Dimension as part of the European Union's common policy. Two years later, in December 1999 the Helsinki European Council invited the European Commission to work out together with Member States and partner countries a Northern Dimension Action Plan.

Since then, it has developed as an integral part of the EU's external relations policy towards its Northern and Eastern Neighbourhood. Originally, the Northern Dimension was designed as a framework to promote dialogue and co-operation in Northern Europe and to improve welfare through regional and cross-border cooperation. It is implemented within the framework of the Partnership and Cooperation Agreement (PCA) with Russia, as well as the Agreement on the European Economic Area (EEA – Norway, Iceland). The EU enlargement of 1 May 2004 modified the focus of the Northern Dimension policy to a considerable extent. Since 2004 eight of the nine countries around the Baltic Sea are EU Members. This has led the Northern Dimension to enhanced activities with Russia, especially in North-west Russia. EU-Russia relations have further been strengthened by the adoption of the "Four Common Spaces" in 2005 when the Road Maps on how to proceed with the establishment of the common spaces were agreed between the two sides. The Northern Dimension is referred to in the EU-Russia Road Maps for the Common Economic Space: "…The implementation of actions under the CES, priorities jointly identified in the

[34] See Yuri Solozobov, "Escalating tensions over hunt for oil and gas in the Arctic – Russia Now", *Rossiyskaya Gazeta*, 28 August 2009.

[35] See Kristine Offerdahl, "Arctic Energy in EU Policy: Arbitrary Interest in the Norwegian High North", *Arctic*, 63 (March 2010) 1, pp. 30–42.

framework of regional organisations and initiatives, such as the Council of Baltic Sea States, the Northern Dimension etc., will be taken into consideration"[36].

In January 2004, the Second Northern Dimension Action Plan (NDAPII)[37] entered into force. As a three-year plan (2004-2006), it covered five priority sectors: 1) economy, business and infrastructure; 2) human resources, education, scientific research and health; 3) environment, nuclear safety and natural resources; 4) cross-border cooperation and regional development; and 5) justice and home affairs. Within each of these areas, the Action Plan provided strategic priorities and specific objectives and indicated the priority actions to be followed in order to achieve the objectives. Specific attention was paid to two geographical zones where development gaps and sectoral problems exist, i.e. the Arctic and sub-Arctic regions and the Russian Kaliningrad Oblast. Here, the Northern Dimension aims to enhance synergies between the Council of Baltic Sea States (CBSS), the Barents Euro-Arctic Council (BEAC), the Nordic Council of Ministers (NCM), and the Arctic Council (AC), which has a wider geographical coverage, maximising the use of the resources available for the region while avoiding possible overlapping. In operational terms, Action Plan provided for two Partnerships; the Northern Dimension Environmental Partnership (NDEP) and the Northern Dimension Partnership in Health and Social Wellbeing (NDPHS). Financial support from the EU draws on the existing EU financial instruments Tacis and Interreg.

The European Commission plays an active role in the implementation and monitoring of the Action Plan and co-ordinates with e.g. the four regional organisations in the North and by compiling the list of current Northern Dimension projects in the Northern Dimension Information System (NDSys). The Second Northern Dimension Action Plan (NDAPII) is based on the proposals made by the European Commission and the Northern Dimension Partners. Implementation of the NDAPII is monitored annually and the European Commission prepares progress reports on it.

Due to the focus on energy, transport and nuclear safety, the Northern Dimension gained some new momentum within the context of the Operational programme for the Austrian and Finnish Presidencies of the EU Council in 2006.[38] The renewed Northern Dimension policy was launched at Helsinki Summit in November 2006. Cooperation among the actors in the region was intensified substantially. At the political level the new Northern Dimension Political Declaration[39] and the Northern Dimension Policy Framework Document[40] were adopted to substitute the Action Plans of 2000-2003 and 2004-2006. The main characteristics of the renewed policy are the co-ownership of EU, Iceland, Norway and Russia, a stronger and explicit link between the Northern Dimension policy and the four EU/Russia Common Spaces, and the definition of the extensive Arctic and Subarctic areas including the Barents Region as new priority areas for the Northern Dimension policy.

36 *Road map of the Common Economic Space – Building blocks for sustained economic growth*, 15th EU-Russia Summit, Moscow, 10 May 2005.

37 Source on the NDAPII available at: <http://ec.europa.eu/external_relations/north_dim/index_en.htm>.

38 Council of the European Union, *Operational Programme of the Council for 2006 submitted by the incoming Austrian and Finnish Presidencies*, 22 December 2005.

39 *Political Declaration on the Northern Dimension Policy* <http://ec.europa.eu/external_relations/north_dim/docs/pol_dec_1106_en.pdf>.

40 *Northern Dimension Policy Framework Document* <http://ec.europa.eu/-external_relations/north-_dim/docs/frame_pol_1106_en.pdf>.

To facilitate the project implementation within the framework of the Northern Dimension policy, the NDEP and the NDPHS were re-created. In October 2008 the Northern Dimension members decided to establish a proper Northern Dimension Partnership on Transport and Logistics (NDPTL) to improve the major transport connections and logistics in the Northern Dimension region, and to stimulate sustainable economic growth. It covers all modes of transport including road, rail, inland waterways, aviation and maritime.

Given its institutional and financial structure, the Northern Dimension could develop into the key operational tool for the EU's Arctic policies. However, most of the projects and instruments that run under one of the Northern Dimension Partnerships still focus on the Baltic Sea and the Barents Sea area. This concentration mirrors a benign neglect towards the High North by the EU's Member States. On the other hand, the Northern Dimension is the major financial instrument of the EU to cooperate with Russia in the Arctic Region. Although this cooperation currently focuses on nuclear safety, there is a clear trend towards more economic cooperation projects between the EU, Russia, Norway and Iceland with regard to maritime transport, environment and climate protection in the Arctic Region.

4. Conclusion: Open questions on how to identify European interests

Until recently, the EU's presence in the Arctic region had been rather limited, primarily due to the fact that only Denmark (due to its control of Greenland) has direct access to the Arctic Ocean. Two other EU members, Sweden and Finland, have strong interests in and around the Arctic, and all three have robust economic ties to current non-members Norway and Iceland.

Arctic issues first appeared on the EU's agenda during the formulation of the EU's strategy with regard to the Northern Dimension. Like this strategy that was driven by security and economic considerations, the EU's interest in the Arctic is determined by the region's rich energy resources and potential for new sea routes. The EU intends to increase its presence in the Arctic, and may seek to become a regional power. Regarding its functional scope, the EU's future Arctic policy is likely to represent a balancing act between gaining sustainable access to natural resources and the need to preserve the region's fragile environment.

If the EU indeed intends to rely on institutional ties and multilateral diplomacy as the means for implementing its nascent Arctic policy, it will be challenged by increasingly intense inter-state competition over the region and declining opportunities for cooperation. It is likely that the EU's readiness to play a more robust role in the Arctic could conflict with the interests of other states - Canada, the United States, Norway and Russia - as they compete to exploit the region's rich resources.

Russia keeps a watchful eye on the region: Of importance to European regional players is Russia's sensitivity to any outside presence in the region, including that of Western organisations such as the EU and NATO. Compared to Russia, Norway is the closest and most logical ally with which the EU could cooperate on its Arctic strategy. The two sides are moving towards closer cooperation in the fields of energy and trade. The EU has announced that it will expand its imports of natural gas from Norway from 100 billion cubic metres per year to between 125-140 billion cubic metres by 2020. For the EU, this measure is particularly important in terms of decreasing its reliance on Russia's energy. Yet Norway maintains a highly pragmatic foreign policy line, and fa-

vours bilateral ties and the primacy of national sovereignty as much as other regional players. Norway remains outside the EU politically, and prioritises its own national interests on matters of Arctic governance. The “Russia factor” is not likely to make the Norway-EU relationship stronger, as it does not go beyond energy and trade. Hence, Norway strongly relies on NATO to guarantee its security interests.

In light of increasing competition and bilateralism in the region, the institutions that the EU could use to promote multilateral cooperation become a particularly salient concern. Such arenas are the Arctic Council (AC) and the Barents-Euro Arctic Council (BEAC): The European Commission is a member of the BEAC, and it wants to obtain observer status in the AC in the near future. The AC is the most important of the existing regional inter-governmental organisations, despite its relatively low public profile. However, the EU's interest might draw more attention to the AC. Two Nordic EU members - Denmark and Sweden - co-chair the organisation since 2009, increasing the likelihood that the EU will obtain observer status. As far as Russia is concerned, while Moscow might back the idea of expanding AC membership, it is not yet clear whether Moscow would ask for concessions in exchange for approving the EU's observer status in the AC.

In sum, the EU's interest in increasing its role in the Arctic Region is logical given the region's economic potential. However, by making multilateral governance a focal point of its policy, the EU may set itself up for confrontation with the sovereignty-driven policies of the Arctic region's non-EU members. In order to gain a stronger foothold in the region, the EU has to calculate the needs and interests of its counterparts, which may test the seriousness of its pledge to focus on multilateral arrangements.

Whether the debate on the EU’s Arctic policy intensifies largely depends on the interests and attitudes of its member states and on whether they want to bowl alone or as a team. The EU Commission and the European Parliament only recently proposed yardsticks for an EU arctic policy approach by setting out proposals for common actions around specific policy areas and shared interests. However, both the Commission and the EP assumed “European interests” in the region without carefully analysing the Member States’ basic understanding of the High North, their potential and/or real i.e. outspoken strategic interests, and their positions towards an EU Arctic policy.

How should the EU assert its own strategic, environmental, energy, shipping and research interests in the Arctic? How should national interests that Member States would be ready to put into an EU wide, integrated "C-Arctic-FSP" basket be weighted? Should the EU allow or even invite a group of Member States to move ahead on the EU's Arctic dimension? Should this pioneer group (always) include EU institutional links or should it move freely, i.e. Schengen- or Prüm-like?

Increasing demand for energy worldwide and threats to the stability and security of existing supplies of energy make the exploration of Arctic energy resources important. Petroleum activities in the Arctic Region are not new as such. Russia, the U.S. and Canada have already exploited gas and oil with Alaska and Siberia as two of the world’s most important areas for oil and gas production. While operations in these areas have largely been pursued onshore, the Arctic waters represent new frontiers. The new opportunities are mostly related to the large oil and gas resources that are perceived to exist under the sea bed. The exploitation of these resources, although still in its early days, will influence developments in the Arctic region and its neighbourhood for decades to come as it may potentially become Europe’s most important petroleum province.

In Northern Russia large-scale onshore production is already working and both Norway and Russia are starting offshore production. The development of petroleum resources in the High North is taking place at a time when oil production in other parts of the Norwegian continental shelf is reaching its peak and this has made it especially important to develop production in the area. Interest in the area has existed for quite some time. The first production licence in the Barents Sea was awarded as early as 1980 but the whole of the Southern Barents Sea was formally opened for petroleum operations in 1989. Until 2006 a total of 41 production licences have been awarded and over 60 exploration wells have been drilled in the area.[41] Developments are however rapidly unfolding and concentrated efforts are currently being undertaken on both the Norwegian and Russian side of the Barents Sea.

In 2000 the U.S. Geological Survey completed an assessment of the world's undiscovered petroleum resources and estimated that about a quarter of the world's undiscovered petroleum reserves are located in the Arctic basin as a whole[42]. As for the Barents Sea, according to the 2005 Norwegian Foreign Ministry's White Paper to the storting on opportunities and challenges in the North, rough estimates of the undiscovered resources indicate that about one million cubic metres of oil equivalents remain to be discovered in the Southern Barents Sea area which would represent about a staggering third of the total undiscovered resources on the Norwegian continental shelf. The potential is therefore great but on the other hand Barents Sea is still Norway's least explored petroleum province considering that in comparison to the 60 exploration wells in the Southern Barents Sea, 1000 exploration wells have been drilled in the other parts of the Norwegian continental shelf. So far, a number of small and medium-sized discoveries have been proven in the Barents Sea, most of which are gas. The gas field Snøhvit, which is the first field to have been approved for development is being developed with a Liquified Natural Gas (LNG) processing plant on Melk-island. As for Russia, authorities have announced plans for systematic exploration activities on its side of the Barents Sea where major deposits of oil and gas have been proven. These are huge reserves with the best-know discovery off northern Russia, the Shtomkmanovskoye, the world's largest offshore gas field, holding resources estimated to be about 3,200 billion cubic metres. Russia is now the largest exporter of gas to Europe and Norway is the second largest. A similar scenario exists as concerns oil. These two countries are EU's strategic energy partners and in EU's quarters there is a big impetus in fostering future cooperation with the two nations, not least due to the opportunities presented in the High North – Barents Sea area.

What should be the contentious benchmarks for a comprehensive EU energy security strategy with regard to the Arctic region encompassing the issues of security of delivery, transportation, infrastructure against any threats, and environmental security?

Since there is only little analysis on the geopolitical significance of the Arctic mineral resources, the EU should start to initiate joint efforts with the A5 to research the significance of these resources, and how these resources could be brought to markets (by e.g. considering extraction costs, infrastructure, transportation and environmental and climate impacts). Support for the ex-

41 Norwegian Ministry of Foreign Affairs, *Opportunities and Challenges in the North*, Report No. 30 (2004-2005) to the Storting.

42 *USGS World Petroleum Assessment 2000*. New estimates of undiscovered oil and natural gas, natural gas liquids, including reserve growth, outside the United States, 2000.

ploitation of Arctic hydrocarbon resources should be provided in full respect of international and EU environmental standards that should take into account the particular vulnerability of the Arctic.

By what means should the EU promote its edge in technologies for the sustainable exploitation, extraction and transportation of Arctic hydrocarbon resources? What instruments should the EU use vis-à-vis the A5 group to promote the principles of a level playing field and reciprocal market access?

Arctic governance strategies could build upon effective security and environmental governance frameworks throughout the world. Since the Arctic Ocean is a central component in the global climate crisis, and since the Arctic region is believed by some geologists to have some of the world's largest remaining oil resources, the EU should promote international efforts to identify and to protect common, universal interests in the Arctic, which might include environmental protection, peace and security, science for progress, and indigenous livelihoods.