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The EU as an Arctic Actor? Interests and Governance Challenges

Report on the 3rd Annual Geopolitics in the High North – GeoNor – Conference and joint GeoNor workshops, Berlin, 22-24 May 2012

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Introduction

In 2010 several research institutes found that the EU-27's final demand for products from the Arctic oil and gas industry numbers to ca. 24%, the share in fish imports from Arctic countries amounts to 39% and that the share of EU tourists in the Arctic is 27%. In 2008 the EU-27 was the third largest emitter of global greenhouse gas emissions (16.3%) after North America (24.2%) and Asia (32.6%) and contributed in this way to climate change impacts in the Arctic. The share of the EU-27's black carbon emission deposited in the Arctic is even higher and amounts approximately to 59%. Black carbon is likely to have a net positive climate forcing in the Arctic by accumulating on ice and snow.¹ At the same time, the retreating sea ice opens opportunities for navigating on routes through Arctic waters and thereby shortening "trips from Europe to the Pacific, save energy, reduce emissions, promote trade and diminish pressure on the main trans-continental navigation channels."² This would also favour the EU, but it must not be forgotten that obstacles regarding drift ice, the lack of infrastructure, environmental risks and uncertainties about future trade patterns must be taken into account.

These challenges and opportunities emerging in the Arctic will have considerable repercussions on the life of European citizens. This causes great responsibilities for the European Union and its Member States in relation to Arctic policies. In recent years a debate has developed concerning the EU's role in the Arctic. As Arctic challenges require a global response, the EU can contribute with its leading role in fighting climate change and in promoting sustainable development as well as with its experience in multilateralism. EU Member States and the European Union are involved in most multilateral environmental agreements of essential importance for the Arctic. Furthermore, European industries are far ahead in developing technologies for safe and sustainable operations in harsh conditions.³

The third annual Geopolitics in the High North International Conference offered a forum for the debate on how the European Union can define an interest and assume a role as an Arctic actor. In session one, different perspectives on an EU role in the Arctic were debated with panellists representing the national governments of Denmark, Norway, Germany as well as the European Commission. Among issues such as the EU's relations with the Arctic Council, the panel discussed the EU's contribution to Arctic research. In session two, governance in the Arctic and the EU position in an Arctic governance framework were debated. Subsequently, session three aimed at discussing EU

¹ Ecologic Institute: EU Arctic Footprint and Policy Assessment Final Report. Berlin 2010, p.ES-2ff. http://www.arctic-footprint.eu/sites/default/files/AFPA_Final_Report.pdf (last checked: 10 May 2012).

² European Commission: Communication from the Commission to the European Parliament and the Council The European Union and the Arctic Region. Brussels 2008, p.8.

³ European Commission: Communication from the Commission to the European Parliament and the Council The European Union and the Arctic Region. Brussels 2008, p.2.

interests and governance challenges arising from natural resources exploration and exploitation in the Arctic. Environmental protection and sustainable fisheries management were addressed in the following session, whereas session five focused on transport and shipping, covering legal and governance issues as well as industry interests. In session six Arctic security developments and possibilities for further cooperation, especially in the area of search and rescue and civil protection, were discussed.

The conference itself was followed by two workshops, one for PhD candidates carrying out research on Arctic affairs and another one for established researchers in the field.

Facts and Figures

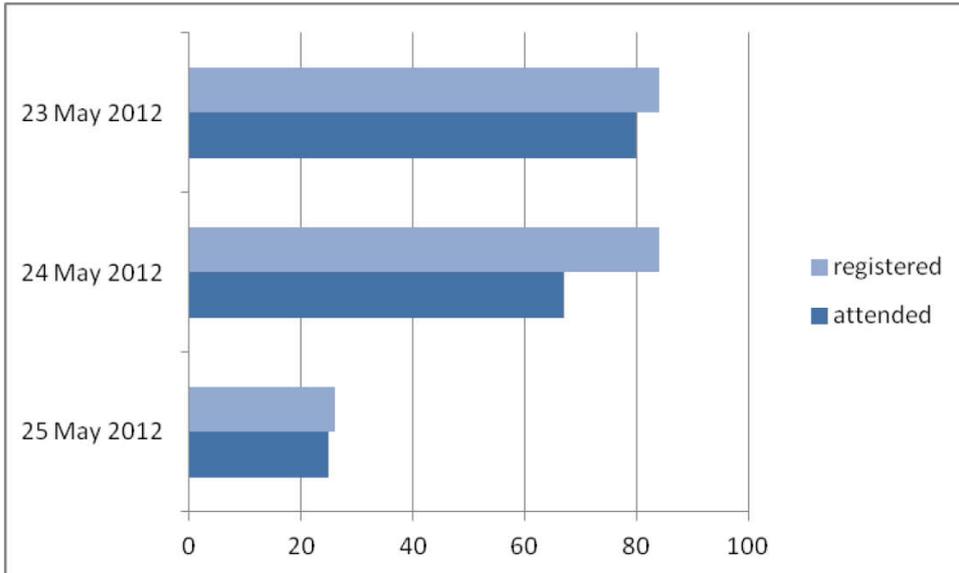
Attendance

23 May 2012: 80 out of 84 registered participants

24 May 2012: 67 out of 84 registered participants

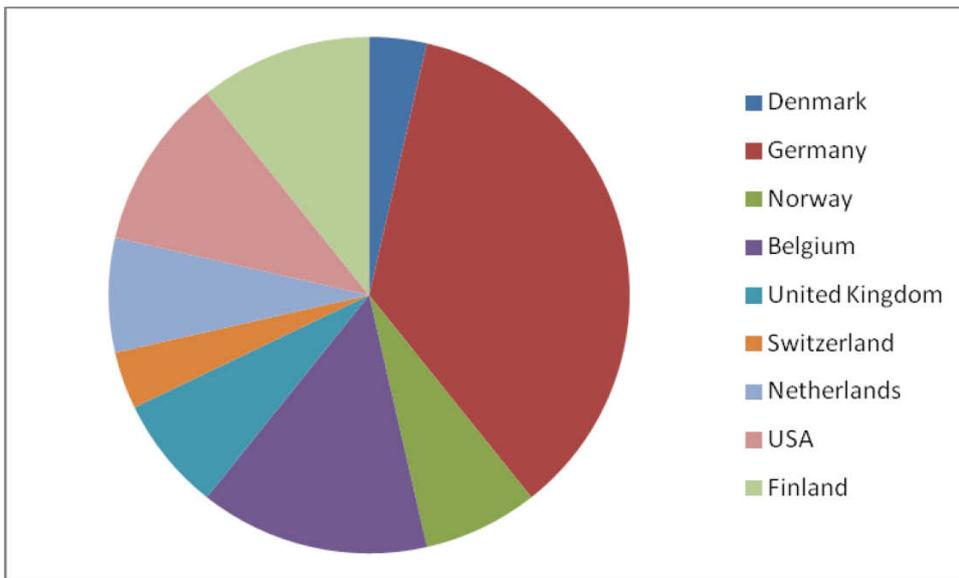
25 May 2012: 25 out of 26 registered participants

Overall: 81 out of 84 registered participants attended the conference



Countries hosting the Organisations of the Speakers⁴

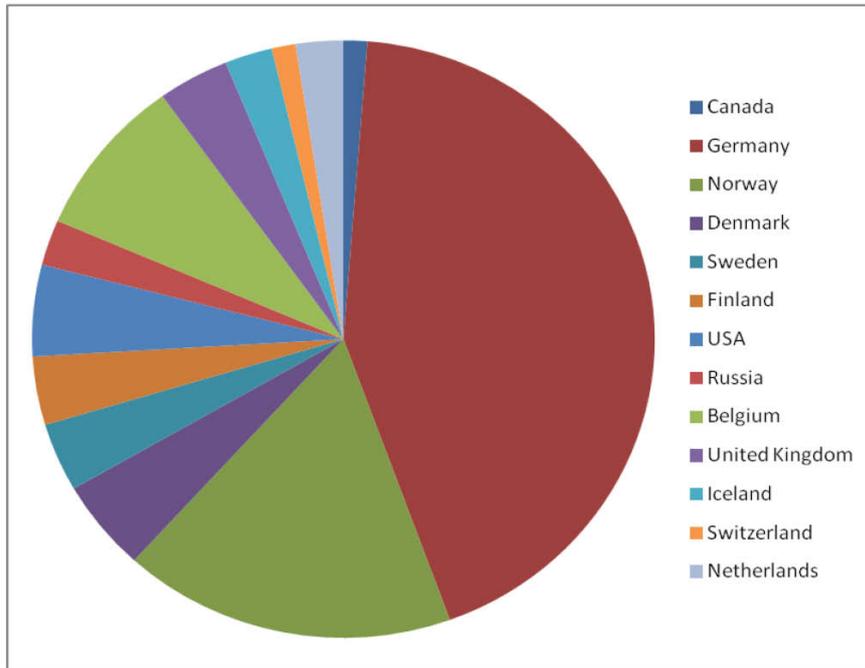
28 speakers from 9 different countries



⁴ Although some speakers belong to more than one organisation, one organisation is counted per speaker.

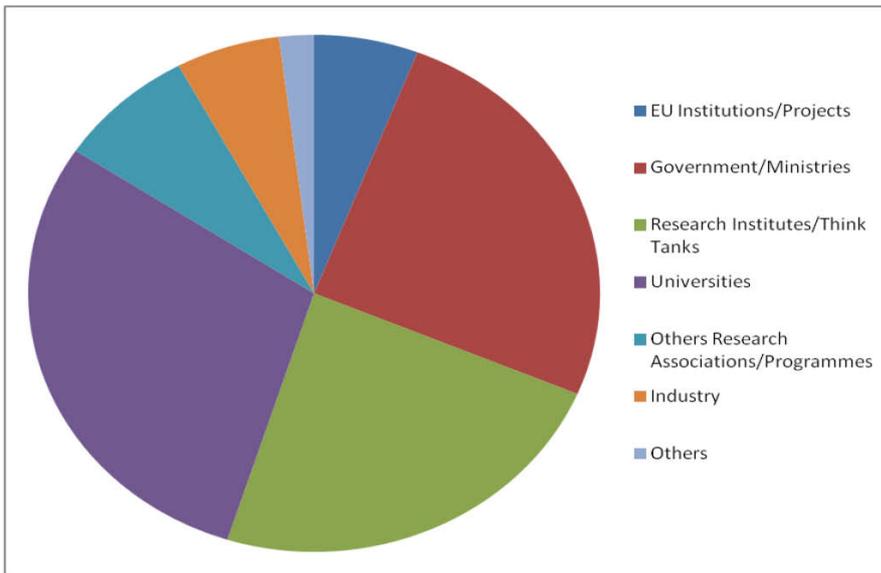
Countries hosting the Organisations of the Participants⁵

84 participants from 13 different countries



Participating Organisations by Field of Activity⁶

51 organisations and projects from research, government and industry



⁵ Although some participants belong to more than one organisation, only one organisation is considered per person.

⁶ All organizations of all participants are counted.

Participating Organisations

EU

European Parliament

European Commission

EU-Project ACCESS

Governments/Ministries

Embassies

Embassy of Canada, Berlin

Embassy of Iceland, Berlin

Embassy of Sweden, Berlin

Royal Danish Embassy, Berlin

Royal Norwegian Embassy, Berlin

Russian Embassy, Berlin

Others

Federal Foreign Office, Berlin

Federal Institute for Geosciences and Natural Resources

German Bundestag

North Norway European Office, Brussels

Norwegian Ministry of Foreign Affairs

Royal Danish Ministry of Foreign Affairs

State-Chancellery of North Rhine-Westphalia

Research

Universities

Berlin Graduate School of Transnational Studies

ETH Zürich

Federal College for Security Studies (BAKS)

Free University, Berlin

Karlsruhe Institute of Technology (KIT)

King's College

Manchester Metropolitan University

Moscow State Institute of International Relations (MGIMO)

Universität der Bundeswehr München

University of California

University of Cambridge

University of Lapland

University of Münster

University of Tromsø

Utrecht University

Research Institutes/Think Tanks

Alfred Wegener Institute for Polar and Marine Research

Ecologic Institute, Berlin

Fridtjof Nansen Institute (FNI)

German Institute for International and Security Affairs (SWP)

International Arctic Science Committee (IASC)

Konrad-Adenauer-Stiftung e.V.

Nordregio Nordic Centre for Spatial Development

Norwegian Institute for Defence Studies

Peace Research Institute Frankfurt (PRIF)

Stockholm International Peace Research Institute - SIPRI

The Arctic Institute - Center for Circumpolar Security Studies, Washington, DC

Other Research Associations/ Programmes

Deutsche Gesellschaft für Osteuropakunde e.V.

Russia and the High North/Arctic (NORRUSS)

TEPSA Brussels

The Research Council of Norway

Industry

Bundesverband der Deutschen Industrie
(BDI)

Nordic Yards Wismar GmbH

Royal Dutch Shell

Shell Deutschland Oil GmbH

Others

EU-ARCTIC Forum

Conference Report

Session 1: The EU as an Arctic Actor? Interests and Governance Challenges

Chair: Dr Barbara Lippert, *SWP* / Dr Andreas Maurer, *SWP*

The political dimension of the various challenges of the Arctic region was discussed in the first session, chaired by Barbara Lippert and Andreas Maurer. The panelists Claus Grube, Karsten Klepšvik, Stephan Auer, Bernhard Friess and Volker Rachold discussed EU Arctic policies of Denmark and Norway, EU priorities and contributions to the Arctic as well as its role in Arctic research.

Danish Perspectives towards the EU and the Arctic

Claus Grube, *Permanent Secretary, Royal Danish Ministry of Foreign Affairs*

By touching on Denmark's special position as an Arctic state as well as an EU Member State Claus Grube introduces his speech on 'Danish perspectives towards the EU and the Arctic'. Challenges in the Arctic are of a global nature and require strong interaction among states. To date, the Arctic is characterized by peace and stability and this situation is about to consolidate since the Arctic coastal states cooperate according to international law and in international institutions such as the Arctic Council (AC) or the Nordic Council. Cooperation in the AC recently resulted in an agreement on Search and Rescue and it is expected to further develop with the ongoing negotiations on a Polar Code for Arctic and Antarctic shipping.

Nonetheless, the use of military forces in the Arctic is needed, for example for fisheries controls. Furthermore, at present there is a lack of capacities for tackling risks emerging from the exploitation of resources. Therefore, it is of paramount importance to build these capacities immediately and all countries, engaged in the development of the Arctic, are considered responsible in doing so. Given the global nature of these challenges and the importance of the Arctic environment, the EU certainly plays a role in these affairs. However, the interest of other players, like China and Singapore, should not be neglected and Denmark generally supports cooperation with other actors. The EU should play an important role, although some states are opposed to the idea of the EU becoming an actor in the Arctic. Yet, if China shows intentions to become an observer to the AC, an even stronger relation to the Arctic is attributed to the EU. Regarding the AC itself, Grube highlights the different statuses of membership and observers and denies that this institution is not a decision-making body since it recently concluded on the Search and Rescue Agreement. Nonetheless, the AC should strive to enhance its pure environmental protection concept. Regarding cooperation with the EU, the latter should support the AC by taking care of the environment when exploiting natural resources in the Arctic.

Touching on the problematic issue of the EU ban on seal products and the associated decline in exports in the course of later discussions, Grube explicated that it is Denmark's objective to foster a better understanding of different perspectives and the protection of the Arctic environment. In addition he pointed out that the EU's decisions on environmental issues also affect the Arctic and that local people in the Arctic have the right to develop local resources.

The EU and Norway in the Arctic

Karsten Klepšvik, *Special Advisor for Polar Affairs, Ministry of Foreign Affairs, Norway*

Karsten Klepšvik proposed to have a realistic view on the world's interests in the Arctic and emphasized the fact that especially China has shown an emerging interest in the region. Greater accessibility of the Arctic seems to be the most important long term trend and with the ice decreasing by 45.000 m² per year - it may even disappear completely during the summer period within a decade. Therefore, all coastal states show an increasing interest in the region. However, since most of the Arctic area belongs to the Exclusive Economic Zones (EEZ) of the Arctic coastal states, only a small region remains as a pure international area governed under the International Seabed Authority. Thus, 90-95% of the resources will remain under national legislation, which though does not exclude activities such as shipping, science, pipeline constructions and tourism.

Turning to the question of observers to the Arctic Council, the Russian Federation seems to be rather hesitant; yet, other potentially influencing factors such as the upcoming elections in the US as well as Canadian-European negotiations regarding a free trade agreement have to be considered, too.

Unlike the Russian Federation Norway has been one of the strongest supporters of the EU's request to become a permanent observer in the Arctic Council and although Norway is not an EU Member State, it is closely linked to the EU on various levels. Nevertheless, a country's contribution to climate change cannot be used as an argument in favour of becoming an observer in the Arctic Council since climate change has been induced by countries outside the Arctic, too. Members of the Arctic Council would not be pleased if the EU would use its presence to coordinate its Member States within the institution's bodies.

The Role and Priorities of Germany in an EU Arctic Policy

MinDirig Stephan Auer, *Commissioner for Globalization, Energy and Climate Policy, Federal Foreign Office, Berlin*

By assuring that Germany regards the Arctic Council as a key player in Arctic affairs Stephan Auer presented a first reason for Germany's strong interest in cooperation. Consequently, the Federal Republic supports the EU's enquiry for obtaining an observer status in the Arctic Council and welcomes the growing acceptance for this important Arctic institution.

Risks emerging in the Arctic as well as effects of climate change do not only have a regional impact; the special vulnerability of the Arctic ecosystem is perceived as a global challenge. Germany offers its support for tackling these challenges, since the Member States' contribute to climate change to a significant extent. Moreover, they play a considerable role in the Arctic fishing industry, which constitutes yet another reason for the Member States' interest in the Arctic Council, supplementary to the aforementioned considerations.

Germany can provide valuable assets for the Arctic region. German icebreakers mirror the country's high standards in Arctic research and sustainable cooperation. Similarly,

German ships were the first to test new shipping routes such as the Northern Sea Route (NSR), which have become accessible due to global warming. Although it is still a long way to the commercial use of these routes, Germany underlines already today that sustainability considerations should constitute a pivotal parameter for any commercial activities in this field.

Especially with respect to the oil and gas industry, more international cooperation will be needed for developing regulations and safety standards.

EU priorities and Contributions in the Arctic

Bernhard Friess, *European Commission, Director, Directorate Atlantic, Outermost Regions and Arctic, Maritime Affairs and Fisheries DG*

By claiming that Maritime Policy has a perspective when looking for (financial) growth, Bernhard Friess introduced his talk on 'EU priorities and contributions in the Arctic'. Regarding climate change, the period between 2005 and 2010 has been the warmest period ever recorded in the Arctic. Today the temperature is about 3.5° Celsius warmer than a century ago. Consequently, the ice is melting fast amounting to a loss of sea ice in 30 years larger than three times the size of France. Substantial economic opportunities arise from these developments, since the Arctic is expected to hold 13% of the world's undiscovered oil and 30% of the world's undiscovered gas resources. In addition to this quarter of the world's undiscovered estimated energy reserves, other natural resources, for example gold, diamonds, copper and zinc are found there, too. Furthermore, the changing environment provides a great potential for the Northern Sea Route which halves the distance between London and Tokyo compared to the route via the Suez Canal. There also exists a potential for tourism with 50% more tourists cruising in the Arctic today than in the early 1990s. Yet, opportunities seldom come without risks, thereby referring to more carbon emissions due to increased sea transport with cruise and container ships. Moreover, the fact that it took three months to fix the oil spill of the offshore drilling rig 'Deepwater Horizon' in the easy accessible Gulf of Mexico shows very clearly the enormous risks associated with an oil spill in the Arctic, where the next vessel to help in such an incident might be 1500 miles away. Therefore, adequate search and rescue (SAR) capabilities are of paramount importance, but even with the recently signed agreement on search and rescue in the Arctic, much room for improvement exists.

With respect to the EU's impact on the Arctic, three main aspects should be considered: First, the 400 million citizens of the European Union pollute the Arctic and in total the EU is responsible for 40% of all emissions in the area. Secondly, the EU contributes to the Arctic by substantially supporting research projects, for example more than €200 million have been spent within its 'Seventh Framework Programme'. Thirdly, with its regional funds the EU also supports projects for the people in the Arctic region, for example in Northern Finland and Greenland. In total, the EU has spent €1,14 billion for developing social and economic projects between 2007 and 2013 and it plans to further support progress in the Arctic region. Turning to the topic of international cooperation, the EU welcomes the exemplary peaceful cooperation among the Arctic coastal states, manifested inter alia in the recently signed maritime border agreement between Norway and Russia. The United States, Canada, Russia and Norway are seen as key partners for the international dialogue. In addition a more structured dialogue with the indigenous

people in the Arctic is aspired. With respect to Arctic affairs, the EU describes its role as one of support and cooperation closely linked to its internal policies and for the future, the following strategies have been developed: More research in the field of fisheries; continuous development of internal instruments such as the protection of the environment but also satellite programmes; development of research technologies and the fostering of eco-tourism as well as greater utilisation of the ocean's energy. A communication will be published soon, accounting for the EU's past and future policies in the Arctic.

During the debate it was affirmed that the EU would welcome Iceland as a future Member State and it expects mutual benefits arising from this further enlargement. Moreover, with Iceland the EU will have another Arctic country among its Member States.

The Arctic Council is a key player and its further development will determine its success in tackling challenges. Since there are global impacts of a changing Arctic environment, the EU has a stake as observer in the Arctic Council. Not much would change if the EU became a permanent observer in it since it only asks to do in the future what it is currently already doing. Clearly, as a non-Arctic coastal "state-like organisation" it won't be involved in the decision-making process. However, the pure intention to be helpful is perceived to be enough reason for becoming a permanent observer.

Turning to the topic of the EU's seal ban the Commission is aware of the position of Canada and the Commission regrets that actions taken hurt the local people. The EU is prepared to fix any unintended consequences. Given that jobs and lives are at stake, the EU is prepared to work on a solution together with Canada.

Arctic Research and the EU – Roles, Topics and Major Challenges

Dr. habil. Volker Rachold, *Executive Secretary, International Arctic Science Committee (IASC) / Alfred Wegener Institute for Polar and Marine Research, Potsdam*

Volker Rachold gave a first impression of the significant changes taking place in the Arctic, which affect the EU and the globe through feedback mechanisms.

The rapid loss of Arctic sea ice is heating up the ocean, which is one of various feedback mechanisms bearing consequences for people and the ecosystem in general. As there will increasingly be more one-year and less thick sea ice the Arctic Ocean can be expected to be ice-free during summer within 30 to 40 years. Melting sea ice is also due to a rising sea level, which is estimated to rise by 0.75-1.5 meters by 2100. The global overturning circulation is also much influenced by the Arctic. Driven by the sinking of dense cold waters at both poles, heat will be redistributed around the globe. Furthermore, 20-25% of the earth's soil is permafrost (soil that is permanently frozen for at least two years in a row). The temperature of permafrost falls due to the warming of the Arctic, which may result in a loss of permafrost, in which greenhouse gas is stored. It is not clear whether it will add to the greenhouse gas in the atmosphere or whether it will be absorbed by some other mechanism.

To conclude, the Arctic plays an important role in the global climate system, global warming furthers the loss of unique ecosystems and a rising sea level, but it also entails greater access to resources, new shipping routes, fisheries and tourism.

With respect to the role of the European Union in Arctic research, there is a trend towards more international polar research activity. The International Arctic Science Committee (IASC), of which many EU countries are members, funds projects. In addition, the EU has spent ca. €mill. 200 on various projects, addressing most of the ongoing processes mentioned above, for example “Changing Permafrost in the Arctic and its Global Effects in the 21st Century” or the “International Network for Terrestrial Research and Monitoring in the Arctic”. Yet, to date there exists no specific Arctic funding and also the International Polar Year did not succeed in generating truly international funding. Polar research needs better observing systems, access to all data available, more cooperation and development of the next generation of researchers in this field. A positive development constitutes the launch of a Future Earth Program by the International Council for Science (ICSU) thanks to international funding through the Belmont Forum of the International Group of Funding Agencies (IGFA).

Comments concentrated on the problem that changes occurring in the Arctic do not originate there.

A lot needs to be done to make the two worlds of scientists and politicians communicate as scientists can only present their findings, yet too many contradictions disturb the dialogue. In addition, the question was raised how science can really affect public opinion in the EU.

Session 2: Governance in the Arctic the Role of EU and its Member States

Chair: Steffen Weber, *Secretary General, EU Arctic Forum*

The second panel focused on the current and future roles of the EU and its Member States in tackling governance challenges in the Arctic. Michael Bravo analysed the way the Arctic is discussed by decision makers and stakeholders, Andreas Maurer scrutinized the differences between Member States’ and EU positions and Steward Arnold took a deeper look into the development of EU Arctic policies. Oran Young emphasized the notion of narratives and portrayed different scenarios for the future.

What’s the Arctic? Narratives and the Role for Governance and the EU

Dr. Michael Bravo, *Senior Lecturer, Department of History and Philosophy of Science, University of Cambridge*

Michael Bravo scrutinized the way Arctic issues are debated and which narratives are utilized. First, a phenomenon dubbed cryopolitics was observed, meaning that ice has become a discursive formation that dominates the discourse. It was pointed out that the resources hype threatens to shift attention away from other important issues. For example, the EU’s interests and competences in the Arctic span from investments in science, climate change and the environment to harder issues such as international trade and energy security.

Whereas the governance of the Arctic Council can be seen as a source of confidence, different senses of autonomies, for example across current and future generations, but also the very different history of the Arctic countries must be duly considered.

Regarding the spatial behavior of global capitalism in the Arctic, it can be asked to which extent the context and models of the Baltic and the Mediterranean Sea are com-

parable to the High North. Attention must be paid to not treating different narratives as historical explanations but rather to using them for a better understanding of the respective notion of autonomy. A better understanding of autonomy can lead to better cooperation. It is argued that we are running risk of neglecting the whole bandwidth of current developments and thereby losing track of important aspects taking place off the principle arenas.

In the Arctic, change stems from overlapping physical and economic forces. At the same time, capital flows are not spread equally and produce socio-economic gradients. As the control, extraction and distribution of resources are subject to distortion, newly emerging power geometries arise. For example, destination shipping impacts the spatial planning of infrastructure, but also economic livelihoods and existing paradigms.

Looking at the key sites for the EU in the Arctic, it is argued that Svalbard could become more important for EU science, the Barents Sea and North Atlantic for security and Sweden, Finland and Iceland for EU identity. Also when interacting with non-EU agents and places, it is of crucial importance for policymakers to be aware of (changing) narratives and their varieties and different perceptions among various agents. Misunderstanding the narratives of the other can come at a high price, for example, threatening the EU's application for Arctic Council observer status. Developments and narratives outside the EU can also impact the situation within, especially in the area of international justice, environmental politics and climate change.

Analyzing European autonomy and identity, it is pivotal to ask what the ways that the EU looks northwards tells us about its own understanding of those notions.

What's the EU and the Member States' Arctic? Perceptions and Realities

Dr. Andreas Maurer, *Senior Associate of SWP Research Division EU Integration*

Andreas Maurer discussed different perceptions and empirical realities of the Arctic within Member States and the EU and raised the question whether the EU should assert its own interests in the Arctic. The analysis pointed to the question whether national interests could and should be embedded in a single EU strategy or whether they should rather be followed separately. Given member states' differences in relation to the Arctic, the EU must decide whether it allows Member States to go ahead and if so, with what sort of institutional link.

Regarding the development of EU Arctic policies, it shall be noted that Arctic policies were already debated in the European Parliament a few decades ago. Furthermore, with the northern enlargement the foundations for the Northern Dimension (ND) policy were laid. When shaping the Northern Dimension, the Commission's approach was careful, coordinating instead of instructing, and wise. With Arctic issues being of relevance across countries, the European External Action Service (EEAS) can offer a platform for deeper coordination. It is, however, not in a position to instruct Member States or to arbitrate between opposing views. The EU's goals in the Arctic span from environmental protection and support for multilateral governance to fostering regional development and securing shipping interests.

Whereas interests of other countries often overlap with the institutional EU position, several differences remain. This is especially true as the EU does not act as a unified actor in its Arctic relations. The United States put much more emphasis on the security

perspective. For Russia the underlying principle of its relations with the EU in the Arctic is interdependence, especially regarding mutual interest in resource exploitation. Here, the EU has to balance its interest in stability with its support for opposition movements as well as the possible neglect of environmental concerns by the Russian side. So far, cooperation between the EU and Russia in the framework of the ND functions fairly well.

There is an agreement with Canada on many Arctic issues; however, controversies like the interpretation of the Northwest Passage (NWP) are still to be resolved. As regards sea routes, a joint framework of the EU and Asian countries sharing the same interests seems possible. In the mid-term, EU-Asia cooperation on issues related to the Arctic may lead to the establishment of a joint “trans-arctic policy strategy”.

There are remarkable divisions among EU Member States on the division of labor with the EU in the Arctic. Denmark, the Member State being the least authoritative on EU Arctic policy, takes a contradictory position as it also speaks for the Faeroe Islands and Greenland. It can therefore not be expected to become a driver of EU Arctic policy and impedes the development of consistent policies. Sweden, on the contrary, competes with Germany for becoming the best mediator between the Arctic Five and the EU and it does not have an outspoken national interest in the area. For historical reasons, Finland is the Arctic EU member most favorable of a strong EU role in the Arctic and tries to embed EU policies on the ground. Iceland which is not (yet) part of the club voices interest to become part of the game.

Under those circumstances, it is believed that the EU does not need an own Arctic strategy, especially as such a document would raise false expectations. The EU should rather rely on (existing) international agreements such as the Partnership and Cooperation Agreement with Russia, the upcoming trade treaty with Canada or agreements with Greenland. Furthermore, the EU should ensure that its existing policies in different areas are consistent as concerns the Arctic. However, the EU could seek to establish corporate social responsibility norms with the Arctic states and make international rules more effective by sanctioning non-compliance. In addition, the EU should work closely with the International Maritime Organization (IMO) and could perform a role in the establishment of Arctic coastguards. Moreover, the EU could take more responsibility when handling its industry’s bilateral investments. In questions related to trade and transit the World Trade Organization (WTO) framework can become an important arena.

EU’s Actors and Policies

Stewart Arnold, *Policy and Communications Adviser, European Parliament*

Stewart Arnold provided an overview of EU actors and their Arctic policies. As the European Parliament resolution on Arctic governance in 2008 demonstrated, there is already some form of European governance in the Arctic. In the future, the EU has to bring more to the table, such as its experience in multilateralism. The current situation in the European Parliament is described as pragmatic and increasingly low-profile. Members of the European Parliament (MEP) are concerned with fulfilling old obligations rather than creating new legal rules. It is also worth mentioning that the recent Gahler report did not refer to governance. At the same time, with the EU’s application for an observer status in the Arctic Council and China’s quest for a stronger role therein,

several governance issues are germane to the positioning of European policy makers. Whereas the EU disposes of significant experience in international cooperation and governance, it cannot push for its organizational, unified interests since some stakeholder states want it to keep out of the Arctic at all. Refusing the EU to become a permanent observer of the Arctic Council, however, would represent a major humiliation of the Union, especially since the EU already provides a significant share of the funding for Arctic issues.

Finally, it is pointed out that citizens indeed do react to developments in the Arctic and that it is necessary to lay down some rules rather than humiliating the EU.

In his reaction to the panelists' interventions, **Oran Young** developed upon the notion of narratives in the Arctic, pointing out that those interpretative frameworks are necessary to make sense out of a complex situation. Those narratives are not fundamentally falsifiable and are subject to politics of framing, this means, they function as instruments for approaching the question of how Arctic issues are structured. As a result, those narratives strongly impact the way we think about governance in the region.

Three major narratives can be identified in the discourse on the Arctic. First, the geopolitical narrative that foresees a conflict in or militarization of the Arctic, leading to a securitization of the issue. This narrative would see Russia and NATO as important future players. Second, the geo-economic narrative that interprets the Arctic in the context of the global economy and revolves around issues such as shipping, fishing, oil and gas, and can be related to the global quest for sustainable development. Following this narrative, there is room for a stronger role of the EU in the Arctic. Third, the geo-ecological narrative views the Arctic as the leading edge of global change, especially as regards climate change, where once again the EU becomes an important actor. While the geopolitical narrative is a route to disaster the remaining two ways of telling the story deserve further attention.

Session 3: Natural Resources in the Arctic: EU Interests and Governance Challenges

Chair: Dr. Kristine Offerdal, *Programme Manager "Geopolitics in the High North", Norwegian Institute for Defence Studies (IFS), Oslo*

In session three Christian Reichert, Jonas Grätz, Robert Blauuw, Andreas Østhagen and Andreas Maurer discussed EU Interests and Governance Challenges regarding natural resources in the Arctic.

EU's interest on Minerals and Governance Challenges

Dr. Christian Reichert, *Head of the Sub-Department Marine Resource Exploitation, Federal Institute for Geosciences and Natural Resources*

Christian Reichert introduced into the EU's governance and resource exploitation in the Arctic. With the astronomical, climatic-geographical and landscape-ecological limitation three different definitions of the Arctic exist, which serves as a resource potential for non-living resources (energy resources, metallic resources) and living resources (fish, marine biological resources). The relationship between the five Arctic states and the EU is one of mutual independence since the EU could be seen as a "back-up"

neighbour with strong economic links and interest in these resources, exclusively accessible for the Arctic states.

The volatile prices of raw materials are regarded as one of the driving forces of the EU's emerging interest in the Arctic. Although the retreat of the Polar ice cap allows better access to the energy resources, most deposits are situated exclusively in the economic zones of the coastal states. However, a scientific perspective could also offer interpretational options of the law of the sea that might increase the area under international authority. Addressing the challenges of developing energy resources in the Arctic will take about 20 to 30 years and such undertaking cannot be regarded as safe investment projects as there is no guarantee for revenues in the long-term. The same holds for the mineral deposits, which also are almost exclusively under the jurisdiction of the coastal states and at the moment still covered by an ice-cap. In addition, the development of raw material deposits in the Arctic region also depends on logistics and transportation facilities.

In respect to governance, there are no major issues left unsettled since the US committed themselves to follow UNCLOS rules and the five Arctic states cooperate together in a peaceful manner. The EU's governance duties are not to replace existing structures that follow international rules. Issues need to be settled by bi- and multilateral or international agreements for which the EU can only pave the way but it cannot interact directly as an economic partner in contrast to the EU Member States and the private sector. Hence, there exists a mutual dependency between the EU and the Arctic states while at the same time the EU has to set a framework for private sector activities.

EU's Interests on Energy Resources and Governance Challenges

Jonas Grätz, *Researcher, Center for Security Studies, ETH Zurich*

By conceptualising the Arctic, Jonas Grätz first identified dimensions and drivers, whose basis is knowledge about the environment and the resources themselves. The second layer is markets, defined by technologies and future prices. Thereon base diverging interests of different actors, which affect geopolitics and the type of polity and societal mobilization that have in turn impact on the regulatory regime and the societal acceptance.

Concerning resources, Russia and Canada have gas resources, which Canada has not yet exploited due to an insufficient infrastructure. With the Shtokman gas field, Russia has one of the largest gas resources in the world and will act as the dominant Arctic energy actor, although difficulties remain such as bringing Arctic resources on stream and a necessity for a relatively high and stable oil price.

Regarding Svalbard, it is unclear whether it possesses an economic zone, so there might be explorations possible in the future. There is currently no support for an exclusive Norwegian economic zone; the EU seems to be taken hostage by fishing interests of its member states. Russia presumably explored the Arctic for hydrocarbons, labelled as "scientific expedition", but didn't publish any scientific data.

Due to technological challenges in the Arctic, a year-round production is problematic because of harsh conditions such as storms and icebergs. Therefore, exploration drilling can only be accomplished during summer. Furthermore, transport constitutes a problem

taking into account the multiphase flow transportation over long distances and the coping with pressure fluctuations. Finally, emergency measures lack of infrastructure.

Norway is the world's second biggest gas exporter and has no internal market. In addition, it has a technological edge in offshore Arctic oil and gas extraction, but its resource potential in the Arctic is not overwhelming.

In contrast, Russia is the world's biggest gas exporter, but has also a huge internal market. Onshore Arctic exploitations are a challenge and Russia has no offshore Arctic technology.

When it comes to the energy interests of the EU, which is the largest global energy importer, Russia is its main (onshore Arctic) energy provider for oil, gas, and coal. Open markets for energy resources are needed to satisfy the energy needs and the diversification of suppliers should be a key policy goal for the EU.

In a technical sense, Arctic energy resources increase security of supply, as it provides additional gas and oil, but unless major new suppliers, such as Greenland emerge, Russia will profit the most from Arctic energy, foremost from gas. Without a diversification of gas sources, it will remain the only gas exporter. Furthermore, there are no possibilities for foreign operatorship, there can only be made one-off deals with investors to obtain technological skills and risk capital and bolster state-connected firms. This is leading to high risks.

Turning to the Norwegian Barents Sea, this region is crucial for sustainable (gas) supply diversity, but Norwegian supplies should not be taken for granted, as they can only be sustained if extraction moves to the Barents.

Since the EU aims at ensuring the highest environmental standards for the extraction and transport of hydrocarbons, Norway is its natural partner due to its leadership in technology besides its strict environmental rules. In Russia, implementation of international norms is the key problem and rules are ignored if they are perceived to run against the 'national interest', thus international standard-setting will only have limited effects. Russia transfers technology and practices via industry involvement, but it avoids being taken hostage by environmental concerns. Only the empowerment of local and national civil society may lead to greater institutionalization. It should however not be omitted that Russia works actively in the International Maritime Organization (IMO) to promote mandatory Arctic shipping rules.

The goal of open and equitable access to resources is clearly out of bounds with regard to Russia and the reality in Norway and Greenland. The EU should help strengthen the Norwegian administration of the sea around Svalbard and scrap aspirations at Arctic Council membership. Important for the EU is to find a common position on Arctic energy and territorial disputes, to avoid domination of fishery interests and to avoid protectionist measures on energy resources, e.g. higher CO₂ value for oil sands.

Energy: A private Actors Perspective

Robert Blaauw, *Lead of Shell's Global Arctic Theme, Royal Dutch Shell*

Talking from a private sector perspective Robert Blaauw argues that it is the industry's vision for the Arctic to bring development opportunities to local communities while respecting the unique environment. A responsible development of the Arctic region is

possible and with the exploitation of Arctic resources, approx. 15% of the global energy demand could be met. The world cannot switch to renewable resources while containing the present standard of living. Therefore, the decision of some Arctic states to open offshore seas for the industry in order to search for oil and gas is welcomed and it is clear that it is the responsibility of the industry, governments and stakeholders to make sure operations are carried out in the best sustainable way. There has been economic activity in the Arctic for more than 400 years and it needs to be ensured that the culture of the indigenous people is respected. It is a myth that there is a lack of sufficient scientific knowledge. Shell will explore oil and gas reserves in the Arctic in summer 2012. In Alaska it already has developed a good understanding of the holistic ecosystem. Technology plays a vital role in this business and continuous improvements help to better operate in the ice, mitigate impacts on the environment and reduce the risk of oil spills. As a consequence of the oil spill in the Gulf of Mexico enhanced design and testing regimes have been developed. In addition to technological progress it is important to work together with other parties of the Arctic environment in order to agree on cross-sector operating principles and on Arctic specific international standards. While maintaining a realistic view the EU should continue working towards a sustainable development of the Arctic, preferably by conducting more research in order to ensure technology transfer. In summary, resource exploitation in the Arctic should be rather perceived as an opportunity than a threat.

Processes of Developing Offshore Arctic Oil and Gas Resources: A Comparison between the US, Canada, and Greenland/Denmark

Andreas Østhagen, *The Arctic Institute - Center for Circumpolar Security Studies, Washington, DC / North Norway European Office, Brussels*

Andreas Østhagen stated that the North-American Arctic offshore development is defined by the distribution of power, commercial interests and interest groups.

Offshore development in Alaska started in the 1970s and 1980s in the Beaufort Sea. As oil pipelines were raising in the 2000s the Bush administration implemented a five-year plan (2003-2007). The distribution of power is exercised by the state of Alaska and the Department of Interior. The companies Shell and TAPS have commercial interests and to the interest groups belong indigenous ones, NGOs as well as popular engagement.

Canada has more gas than oil. Power is distributed between the Northwest Territories and the federal level, the Aboriginal Affairs and Northern Development (AAND), National Energy Board (NEB) and the Energy department. Commercial interests could be seen in the exploitation of liquefied natural gas (LNG). In Canada indigenous interest groups exist, too. In opposite to the US there is no strong commercial driver in Canada but a lack of infrastructure, hampering development.

In 2009, Greenland obtained self-determination with responsibility for self-government of judicial affairs, policing, and natural resources. Economic independence is a further aim and the government (Bureau of Minerals and Petroleum) wants to define a commercial interest. Interest groups are the indigenous majority, Greenpeace and the EU. Greenland is especially a target for EU policies. Regional autonomy and commercial interests are defined by the environment.

Germany's Interests on Energy and Natural Resources in the Arctic

Dr. Stefan Mair, *Member of the Executive Board, the Federation of German Industries (BDI)*

Stefan Mair pointed to the German industry's main objective in a reliable, sustainable and affordable supply of energy. German companies do not necessarily need to engage themselves in the extraction of resources as long as functioning world markets exist. However, it is highly questionable whether this is currently the case and Germany is concerned about the recent price developments and potential future shortages. Similarly, for a long time low metal prices created the illusion of functioning world markets but the recently rising prices signal that these markets, too, are heavily distorted. 14 critical raw materials have been identified by the European Commission with respect to their importance and insecurity of supply and the Resource Strategy from the German government in 2010 aims at increasing efficiency of use as well as governmental support for improving access to raw materials for German companies, for example with resource partnerships with relevant countries. Supplementary to governmental policy, German companies have formed resource alliances in order to invest in mining projects to secure long-term supply. In this context, however, there is still a widespread ignorance of the potentials of the Arctic region in Germany and companies rather focus on regions such as Kazakhstan and Mongolia than the High North. The underlying reasons for this blindness are the overall perception of the Arctic countries as having open and transparent markets that simply do not require special attention and engagement as well as high uncertainty about the actual exploitation possibilities. Legal uncertainties add to this general reluctance as land rights are of paramount importance in resource projects that require heavy investment.

Andreas Maurer kicked off the discussion about the EU as a future energy market by arguing that the EU is not the energy market of the future. In the long-term gas and oil will not be exported in huge dimensions to the EU, when considering the EU's internal energy strategies (renewable energy resources) and its demographic trend. There was no common opinion found on that issue. Maurer further stated that the EU will turn to a more outspoken policy to environmental issues, if it is less dependent on oil and gas.

Coming to mineral resources, many stakeholders in the EU depend on mineral resources, but most production is done outside the EU. This generates a long-term need for key industries, as defence industry, shipbuilding or nuclear power to import these resources.

Session 4: Environmental Protection: EU Interests and Governance Challenges

Chair: Antje Neumann

The EU's interest in environmental protection of the Arctic as well as related governance challenges were discussed in session four. The panel consisting of Timo Koivurova, Olav Schram Stokke and Bettina Rudloff discussed possibilities and limitations of an EU involvement in Arctic environmental policy, thereby especially focusing on its interests, its influence in regional governance structures and its role in the Arctic fishing industry.

EU's Interests and Governance Challenges

Prof. Dr. Timo Koivurova, *Director of the Northern Institute for Environmental and Minority Law, Arctic Centre, University of Lapland*

By raising the question whether the EU dominates environmental policy making in the Arctic, Timo Koivurova focused on the EU's opportunities and ambition to influence the environmental protection policies in the Arctic region.

With the melting of the sea ice, the internationally governed area of the high seas in the Arctic will increase. However, due to its own geographical coverage, the EU's environmental protection legislation applies only in a limited area. This poses the question why the EU has developed an international environmental policy despite its limited influence. Moreover, the existing environmental protection in the Arctic is deemed sufficient, since international governmental approaches such as the Arctic Environmental Protection Strategy (AEPS) have started out from the objective of environmental protection. Similarly, the Arctic states have already tried to counter the vast challenges ahead by consolidating the Arctic Council and by pushing for global governance solutions as well as individual ones. However, many of the Arctic's environmental problems are caused from outside the Arctic, for example climate change, ozone layer depletion but also long-range transport of Persistent Organic Pollutants (POPs) and heavy metals to the region. Room for EU action offers the topic of sanctioning non-compliance since the EU has very strong instruments for the protection of its economic interests beyond national jurisdiction.

An analysis of the EU's present environmental protection schemes reveals a rather un-systematic approach. Major obstacles identified are the position of the Arctic as a marginal region from the EU's point of view and a rather complicated governmental system in general. A more systematic approach could potentially be achieved by prioritizing actions that substantially reduce the EU's environmental footprint in the Arctic. From an institutional point of view the main challenge to a systematic environmental policy derives from the fragmented channels of influencing Arctic environmental protection within the framework of the EU.

Having analysed the environmental protection policy of the EU in the Arctic the following conclusions can be drawn: First, the EU is still in the process of developing its identity towards the High North and, with respect to environmental protection, it seeks to be the global leader in tackling climate change. Its Arctic policy should thus be seen as an application of this global agenda to a local neighbourhood region. Being a major polluter of the Arctic, the EU's engagement in its environmental protection also contributes to its image and reputation. Moreover, its conviction of undertaking a valuable investment, the notion of general responsibility as well as security represent strong motives for the EU's engagement in the Arctic.

Finally, in addressing governance challenges the Arctic Council seems to be a major pillar as with increasing its influence in environmental protection it becomes more important for the EU to participate. By gaining permanent observer status, the EU could protect the environment in a more systematic manner and thus contribute more effectively to the preservation of the Arctic region. Nevertheless, in the area of governance several conflicting objectives still remain to be reconciled.

Policy Scope for Action

Prof. Dr. Olav Schram Stokke, *Research Professor, Fridtjof Nansen Institute*

Many Arctic problems need non-Arctic solutions. Olav Schram Stokke introduced the topic of policy scope for action of actors beyond the eight Arctic Council member states, which varies across issues. The EU can help increasing the level of ambition in environmental protection and contribute to a more effective policy if a good interplay between the regional and broader arenas is achieved. Several interdependent factors shape the scope of European influence in the Arctic, namely its activity system, the allocation of competences within the EU and with respect to international rules, as well as numerous policy areas relevant for environmental protection. Having a major footprint in the Arctic, the EU not only contributes to environmental problems but also disposes of the tools to become part of the solution. However, the allocation of competence varies from field to field, when dealing with petroleum regulations, for example, Member States claim strong sovereignty rights.

The threat of the Arctic becoming a sink for Persistent Organic Pollutants (POPs) and heavy metals cannot be tackled with regional solutions, so action on a global level is required to solve issues of mercury and bioaccumulates. In the United Nations Environmental Policy (UNEP)-based mercury negotiations the EU has pushed for legally binding instruments which is one example for its support to solve key Arctic problems in the global arena. However, as the EU's contribution to pollution is declining, its scope for action increasingly shifts to providing support for policy development.

Although being home to the biggest cod stock in the world, the Arctic cod is governed by a regional regime. However, as it suffers from extensive illegal, unreported and unregulated (IUU) fishing, mostly from Russian actors, the efficacy of those governance mechanisms can be questioned. On the other hand, EU's membership in the North East Atlantic Fisheries Commission (NEAFC) serves as a model case for EU Arctic policy as it supported the coastal-states amendment proposal and a scheme of control and enforcement in the convention area.

Finally, the EU has a substantial share in global black carbon emissions whose small particles potentially have a significant impact on global-warming. Therefore its regional weight in this global issue is significant and it committed itself to reductions by 2020 in the Convention on Long-range Transboundary Air Pollution (CLRTAP), thus taking an intermediate role between Arctic pushers and Arctic laggards.

The EU has steadily become more vigorous in the interplay with the Arctic Council and its impact on the policy progress depends on how well both institutions cooperate. So far only one binding agreement has been signed, the Search and Rescue Agreement. Whereas it is already possible to identify a trend of Arctic Council governance moving from knowledge building towards more policy guidance, there is also a rationale for greater EU involvement as it would broaden ownership basis of such measures.

In short, there are many aspects of environmental governance which are not only relevant for Arctic but also for non- and partly Arctic players. Having regional weight and ambition, the EU can play progressive roles in shaping the policy scope for action in the Arctic region, ideally in a close interplay with the Arctic Council and broader forums.

EU's Interests on Fish and Governance Challenges

Dr. Bettina Rudloff, *Senior Associate of SWP Research Division EU External Relations*

By presenting the role of the EU as a fishing actor in the Arctic, Bettina Rudloff added an economic perspective to the discussion and elaborated on the EU's strong bargaining power as a key market for Arctic fisheries.

To date there exists no unique definition of the Arctic fishing area which has so far been only of minor importance since only about 5% of world catches originate from the Arctic. Due to the high complexity of ecosystems and food webs any assessment of future fish stocks is subject to uncertainty, let alone the additional influence of climate change and a general lack of knowledge of the relevance of the ice-coverage. Among others, temperature, salinity, acidification and streams are potentially influenced by climate change causing impacts on the food web by migrating species and import of diseases. With increased access, catches can be expected to expand in the Arctic region. Additionally, shipping and land-based activities such as agriculture indirectly impact the fragile ecosystem which might lead to migration of fish stocks due to noise and emissions from rivers.

These risks have to be adequately addressed, putting regional bodies in a pivotal position with regard to granting catching rights and ensuring surveillance. However, the Arctic region is so far characterised by a "regulatory gap" due to the different competencies of Regional Fisheries Management Organisations (RFMO). More specifically, some regulatory areas are covered by spatial RFMOs such as the North East Atlantic Fishery Commission (NEAFC) and the Northwest Atlantic Fisheries Organisation (NAFO), whereas others are only addressed by RFMO's without a spatial focus such as tuna, tuna-like and anadromous RFMOs. For example, the most northern area no. 18 is not covered by any geographically defined organisation but only by species-specific organisations that could potentially be relevant given the type of fish present in the area.

As a fishing actor the EU can be characterized as having little macroeconomic relevance and limited own catches, however, as a major importer with ambitious quality standards it can potentially play a strong role. Whereas the EU only accounts for 4% of all Arctic catches and only 2% of the EU's worldwide catches are carried out in the Arctic, it is responsible for 42% of the world's imports and thus constitutes an important market place for fish. This makes the Union the largest fish importer worldwide and gives it particular leverage over Iceland and Norway for which it represents the predominant export market.

As a result, the question is raised what the EU's scope for action is regarding catches, imports and trade barriers. First, with respect to catches, it could support an Arctic-related RFMO, potentially achieved by an adjustment of the NEAFC convention area. Concerning its objective of environmental protection it could also support ecosystem-approaches similarly to the Convention on the Conservation of Antarctic Marine Living Resources CCMLAR more strongly and generally foster research on stock modelling. In addition, limitation of its own catches also seems desirable and could be realised by more binding propositions by the International Council for the Exploration of the Sea (ICES) propositions, a maximum sustainable yield approach and stricter regulations of discards. Secondly, with its substantial bargaining power as a major importer the EU could push for and impose stronger rules against IUU fishing whereby a joint approach

similar to CCMLAR with data sharing and a common monitoring systems seems to be highly promising. Subsidies for sustainable fishing or more market-oriented approaches such as “IUU-free” or “Arctic-free” consumer labels are only two examples of how the external environmental effects of Arctic fishing could be priced in. Finally, the EU could offer additional market access as an incentive to support sustainable fishing.

Despite its marginal role in Arctic fishing the EU could use its position as an important regional market place for fish products to foster environmental protection and sustainable fishing practices in the Arctic region.

Commenting on the previous presentations **Rasmus Ole Rasmussen**, Senior Research Fellow from Nordregio, pointed at the often neglected fact that there is a social environment connected to the natural environment. He therefore raised the question to what extent the local people should be included in the governance of the Arctic region. Environmental protection in the Arctic takes place at three broad levels, namely at a global, a regional and a local level. From a global perspective, climate change does not originate from the Arctic, but people in the Arctic have to adapt to those variations. At a regional level, fishery management schemes such as NEAFC and NAFO take care of the fish resource management enabling local people to have a voice in this matter. The local level has not been approached so far. In general, fisheries management schemes and the implications of large scale fisheries for seal and whale hunting are vividly debated topics in Greenland. Regarding the International Council for the Exploration of the Sea (ICES), working groups have looked into Arctic fisheries resources and ecosystem-management and it is recommended that the EU takes more initiative in establishing an ecosystem-based approach in the Arctic. The Arctic Council seeks to move from analysing the source of pollution towards responsibilities of the different actors in the region. However, as regards turning responsibility into action the EU could facilitate progress.

One needs to recognize the population in the Arctic as part of the environment and the EU should be encouraged to take initiatives, such as its support for human development in Greenland, in order to better account for the opinions and needs of the local communities.

Session 5: Shipping and Transport: EU Interests and Governance Challenges

Chair: Dr. Bettina Rudloff, *Senior Associate of SWP, Research Division EU External Relations*

Paying special attention to the issue of shipping and transport, the fifth panel raised the question which European interests are at stake and which role the EU could play when tackling the governance challenges in the Arctic. Erik Molenaar discussed legal questions related to international relations in the Arctic, Josep Cananovas focused on the role of the EU and Burghard Zimmermann brought the industry perspective to the debate.

EU's Interests and Governance Challenges

Prof Dr Erik Molenaar, *Netherlands Institute for the Law of the Sea (NILOS)*

Erik Molenaar clarified several crucial facts regarding the EU's legal position and the overall legal framework applicable in the Arctic. As regards the shipping sector, compe-

tencies are shared between the EU and its Member States. The EU itself is not a member of the International Maritime Organization (IMO) and as a consequence does not speak with a unified voice in this arena. Furthermore, not being a coastal state of the Arctic, the EU does not enjoy special powers to exercise its influence. However, it is to be noted that some Member States have extensive experience in shipping in the Arctic, most notably Finland. Furthermore, Member States can enforce rules in their capacity as flag and/ or port states and even when their nationals own shipping fleets sailing under foreign flags. Thus, the EU has rights, interests and obligations in the Arctic.

On the one hand, the International Convention of the Law of the Sea (UNCLOS) seeks to provide global customary minimum standards serving as rule of reference for domestic regulation, on the other hand, coastal states such as Russia and Canada enforce residual unilateral regulation. Claiming that the Northern Sea Route (NSR) and the Northwest Passage (NWP) are part of their territorial waters, respectively, those countries enforce discharge standards. The ongoing dispute on whether the legal status of “transit passage” can be applied to the above-mentioned passages illustrates the raising awareness of non-coastal states. The transit status would grant ships the right to navigate freely, even in the exclusive economic zones (EEZ) of coastal states. This, however, does not imply the right to access foreign ports under general international law. Canada and Russia have an outspoken interest in advocating against this status to maintain their full influence over what they see as their internal waters. As major trade actors, the EU and the USA, on the contrary, have an – not always overtly expressed – interest to limit precisely this influence and call for a transit passage and could consider resorting to diplomatic protest. In a move criticized by the United States, the United Kingdom (UK) and Germany, Canada, for example, introduced legislation requiring ships to report to Canadian authorities before passing the NWP. Regarding issues such as risk prevention and environmental protection, it should also be noted that generally Arctic states are in a position to apply more stringent standards (than those of the International Maritime Organization (IMO)) to those ships relying on their ports.

With respect to shipping the Arctic Council, which can be rather characterized as a decision-shaping than a decision-making institution, is engaged in the Arctic Ocean Review (AOR) project providing recommendations for strengthening the current regime.

As an institution, it is in the EU’s interest to make optimal use of navigational rights and freedoms and to contribute to the resolution of the transit passage dispute. In this context, the EU could consider whether an alliance with the USA bears the potential to be fruitful. As a vocal proponent of multilateral regulations the EU should support the development of the Polar Code. It is beneficial for the EU to safeguard its reputation as a high-performance shipping power, thus it is vital that its vessels comply with international rules and that it considers implementing pro-active regulation. Regarding its existing policies towards the Arctic, it should ensure consistency of shipping interests and other policy areas.

EU's Policy Scope for Action

Josep Casanovas, *European Commission, Directorate-General for Mobility and Maritime Transport, Transport Policy Unit*

Josep Casanovas illustrated what role the EU is playing in the Arctic and could play in the future. Referring to the EU Arctic Communication from December 2008 as the beginning of the EU Arctic Policy, protecting the environment, supporting the sustainable use of resources and contributing to Arctic multilateral governance (especially UNCLOS) were highlighted as main objectives. Reference was also made to the 2008 European Parliament resolution on Arctic governance. The European Maritime Safety Agency is engaged in the area and €1.14 billion of structural and regional funds are destined for the region. Furthermore, the EU supports Arctic research projects with €200 million. With the settlement of the territorial dispute between Norway and Russia, there is room for optimism as regards possible future conflicts.

With a potential of cutting distances by up to 40 percent, new Arctic shipping routes promise to reduce time, costs and emissions – an Endeavour which was underlined by Beluga Shipping's transit of the Northern Sea Route (NSR) in 2009. As a result, there is a high potential for future growth in traffic. Controlling almost one third of the world's shipping fleet; the EU is a major player in the sector.

With the International Maritime Organization (IMO) as the key framework, the current development of the Polar Code and the EU's role as a coordinator for its member states within the IMO framework, supporting the objective of reaching a maximum consensus, were emphasized. Furthermore, the importance of international cooperation with the Arctic Council as well as the EU's application for an observer state was highlighted.

There are various challenges ahead for the future development of Arctic shipping, ranging from maritime safety and ship construction to navigation, human resources, monitoring, search and rescue capabilities, infrastructures or communications systems. In areas such as safety and environmental standards there is also a crucial role for EU industry.

The UNCLOS is perceived as the key reference convention and legal principles such as the freedom of navigation and right of innocent passage which was also mentioned in the EU Council conclusions were underlined by the Commission representative. Warning of discriminatory and unlawful practices, more monitoring and an institutional follow-up are regarded as necessary means to develop a common EU position towards the Arctic region.

Business Actors Interests and Scope for Action

Burghard Zimmermann, *Nordic Yards*

Burghard Zimmermann brought the business perspective to the debate and illustrated the economic potential of Arctic shipping as well as the technological and economic challenges.

Arctic shipping is already a reality for a variety of purposes, such as destinational shipping for the Inuit population, transport of natural resources from Arctic regions, tourism, scientific exploration or geological surveys. Transit voyages, however, are not of

economic importance. The current and future development is driven by the (expected) natural resources in the region, increased interest in cruises, the promise of shorter sea routes and technological progress reducing costs of cold climate technologies. The Northern Sea Route, for example would allow cutting the distance between Rotterdam and Yokohama by more than 50%, compared to the Suez Canal Route and even the distance between New York and Tokyo could be cut significantly. Drawing on the various scenarios elaborated in the Arctic Council's Arctic Maritime Shipping Assessment (AMSA) report, industry hopes for the Arctic saga: a high demand for trade and resources, and a stable governance permitting a healthy rate of development, including preservation of the local ecosystems and cultures.

However, several challenges in the areas of governance, economy as well as technological constraints and strong limitations of the reliability of services represent major hurdles. Specific challenges for shipbuilders and crews include the harsh environmental conditions, icing on deck, and deterioration of general operability, permanent darkness and problems caused by the remoteness of the shipping routes. For those reasons, Arctic shipping is likely to be only profitable in niche areas such as the transport of special metals from the region.

Zimmermann also presented the German "Production, Operation and Living in Arctic Conditions" (POLAR) cluster, an industry initiative receiving support from the federal government and aiming to develop system solutions for exploitation, storage and transportation of resources in Arctic regions with a major focus on the challenge of achieving cost effectiveness in such undertakings. Industry already offers a wide range of ships adapted to Arctic conditions, ranging from tankers to icebreakers and emergency vessels.

Session 6: Security Developments in the Arctic: Scope for Cooperation?

Chair: Colonel (GS) Rainer Meyer zum Felde, *Vice-President of Federal College for Security Studies (BAKS) in Berlin*

Chaired by Colonel (GS) Rainer Meyer zum Felde, session six discussed the security developments in the Arctic and explored the scope for cooperation. The panel consisted of Clive Archer, Stefan Steinicke and Carlo Masala.

Arctic Maritime Security Cooperation from a British Perspective

Prof. Dr. Clive Archer, *Manchester Metropolitan University*

Clive Archer introduced into the issue of security and governance in the Arctic from a British perspective. Whereas many of the sea areas of the Arctic lie in Exclusive Economic Zones (EEZ), there is still room for disputes. In this context, national security of the Arctic and non-Arctic states was balanced against the security of the Arctic maritime region and hard, traditional military security against soft, societal, environmental and economic security.

The Cold War induced the securitisation of the Arctic region, including the East-West divide and militarisation. The access to the Arctic was very limited until October 1987, when Gorbachev started his Murmansk Initiative, which meant a shift away from confrontation and from hard security and there emerged a new strategic reality: the Soviet

Union seized to exist, NATO established links with Russia and there was a shift away from militarisation.

But there are still hard security issues present in the Arctic, the Russian flag-planting in 2007 was one of them, although it did not have any territorial effect. A further one is the new presence of Russian military in the region. Outstanding disagreements exist between the US and Canada, Denmark and Canada, the US and Russia. In addition, the non-ratification of UNCLOS by the US remains an issue of conflict. Furthermore there are questions of access to new emerging sea routes. So there is a hard security aspect of new resource and transport issues and NATO's role in the Arctic is yet to be determined.

In matters of soft security, economic interests come into play: a lot of oil lies under uncontested jurisdiction of one state, but the melting of Arctic ice opens up shipping passages for most or all year and there are prospects for increased tourism in the region. All this gives greater incentives and possibilities for economic activity in the region. This, however, also generates outside dangers, encompassing non-state threats as terrorism, pollution or accidents which will increase the need but also the willingness to realise further investment in air-sea rescue capacities.

There are a lot of industry plans promoted at the moment, such as Shell's intention to drill in the Chukchi and Beaufort Sea from July to October 2012. In matters pertaining environmental security, Greenpeace alarmed that on the surface of the Arctic, global warming is happening twice as fast as anywhere else on the planet. There was an estimated loss of 75% of the Arctic sea-ice cap in the last 30 years and temperature rose by 1.1°C in the last 50 years, while summer ice is receding 12% per decade. This causes differential environmental maritime security consequences for Arctic and non-Arctic regions and has also implications for indigenous peoples, that have to increasingly change their lifestyle. In addition, the effects of the economic development on indigenous people evoke a greater intrusion from the south e.g. by tourism.

Furthermore wider effects of the environmental change also include European maritime states like the United Kingdom (UK). Maritime security also encompasses several human and societal issues. Especially for indigenous people the increasing insecurity raises significantly with more and more outsiders involved. This entails equally high costs, as there are only a few instruments available for their protection. A need to use hard security instruments to safeguard environmental, social and human security is thus identified.

For the future, scenarios such as an "Arctic meltdown" due to a rush for resources or on the contrary, a "virtual battle for nonexistent resources" are discussed. It seems possible, that actors such as the EU, NATO or China will challenge existing rules in the future. In this game, the main players in the Arctic are: the eight Arctic Council member states, the five coastal states and outsiders as the EU, China or Japan. Main non-state actors which might have a different understanding of maritime security are indigenous peoples (ICC), NGOs, companies for oil, gas and other minerals exploitation, for fisheries, travel and transport.

Coming to Chinese interests in the Arctic the shipping distance from China to the EU is 4,000 nautical miles closer than the distance of the usually used route. In September 2010 the Hong Kong-flagged MV Nordic Barents carried 40,000 tons of iron ore from

Kirkenes to China through the Northeast Passage (NEP). China has one large research icebreaker, the Snow Lion (Xuelong), which is used for Arctic and Antarctic research and China seeks an observer status in the Arctic Council.

As instruments for security cooperation the following institutions are deemed crucial: United Nations Convention of the Law of the Sea (UNCLOS), the International Maritime Organization (IMO), the Barents Euro-Arctic Council (BEAC), the European Union (EU) with its Northern Dimension and Arctic policies, the Arctic Council (AC) and NATO, which has to work on its relations with Russia. Other multi- or bilateral cooperation exist between Norway and Russia in the division of the Barents Sea; also the Nordic Council and the Nordic Council of Ministers are bases for cooperation, and the Stoltenberg Report heavily refers to Arctic maritime cooperation.

Two potential outcomes deserve consideration: In the first the Arctic Ocean is perceived as a sea of disputes, resources are seen as an incentive for national competition and the greater access to Arctic waters is bringing in outside states e.g. China and non-Arctic EU states. This could lead to a re-militarised region, where Russia's dominance needs to be balanced. In the liberalist institutionalised vision the Arctic Ocean becomes a sea of cooperation and institutions. Mineral resources are mostly on land and under national control, fisheries are somewhat regulated. The Arctic melt needs to be tackled, opening opportunities for cooperation, economically and environmentally. This institutional status is needed for outsiders and militarisation is not so serious, so that it would be possible to work with Russia within the institutions.

In matters of the UK and maritime security the UK pushes to enhance the northern members of NATO and strengthens important bilateral links with Norway and Canada. Furthermore it uses the Northern Grouping and the Northern Future Forum. The UK has a strong interest in commercial, transport, environmental and scientific aspects of the Arctic and chose the Arctic Council as an instrument for cooperation, but is divided on the EU and the Arctic. The UK is taking a liberal institutionalist approach with an emphasis on resolving soft security issues.

Is there a CSDP Role in the Arctic?

Dipl.-Pol. Stefan Steinicke, SWP, *Research Assistant Geopolitics in the High North*

Stefan Steinicke assessed a possible role for the EU's Common Security and Defence Policy (CSDP) and the EU in the Arctic. Although he sees no role for the EU in traditional security matters, there might be one for soft security matters. Especially Germany, France and the UK see a strategic relevance of the Arctic for economic and environmental security. For the EU, its growing dependence on energy imports as well as the prospects of new maritime transport lines render the Arctic an important region. However, there is no consensus among Member States with regard to the role of the Common Security and Defence Policy. The Arctic opens huge economic opportunities, but its remoteness and its harsh environment require more and tighter cooperation.

The EU has two assets to contribute to soft security cooperation; the first is the new Galileo satellite program, launched as a joint initiative by the European Space Agency (ESA) and the European Commission. Galileo is Europe's initiative for a state-of-the-art global satellite navigation system, providing a highly accurate, guaranteed global positioning service. It guarantees the availability of the service under all but the most ex-

treme circumstances and will inform users within seconds of any satellite failure, making it suitable for safety-critical applications. Galileo will achieve better coverage at high latitudes by placing satellites in orbits at a greater inclination to the equatorial plane than GPS, as it reaches 70° north this makes it particularly suitable for operations in northern Europe, an area not well covered by GPS. Galileo is under civilian control and allows sending SOS signals, thus it could be useful for the build-up of a regional search and rescue system. However, the system will only be fully operational in 2019.

The other asset is GMES, a European initiative for Global Monitoring for Environment and Security (GMES), which provides data to help deal with a range of disparate issues including climate change and surveillance. It can be especially important for weather forecasting or situation awareness. In cooperation with the Canadian coastguards it has also shown its potential to improve the targeting of icebergs and ships.

The EU has to meet internal challenges when it comes to the role of the CSDP. The foremost challenge is to harmonise Member States' and Commission actions. So far there is no consensus among the EU member states about a potential CSDP-role in the Arctic.

Arctic Security Affairs from a German Perspective

Prof. Dr. Carlo Masala, *Universität der Bundeswehr München, Department of Political Science*

Carlo Masala looked into the German state of consideration about security matters in the Arctic. Although there is no military dimension in the German discourse it is important to keep this dimension in mind and to be prepared for the unexpected. Other partners in the EU, for example, regard the Arctic as a site of potential conflict and both in Russia and in Canada the military dimension plays a role. The question is thus, how to talk about the military perspective whilst avoiding further tensions.

In Germany the hard dimension of security is represented through NATO and Norway has argued for a stronger role of the organisation in the High North and even connecting the region to Art. 5. However, considering Russian sentiments, NATO will not pick up Arctic hard security issues, but could maybe use hard security capabilities for tackling soft problems. There could also be an opportunity to improve military to military cooperation by using the Euro-Atlantic Partnership Council (EAPC), in which Russia also takes part. Such cooperation could encompass maritime rescue operations but also training and education.

NATO could use its experiences to get involved in the Arctic, but it will not and does not have the claim to become a main player. It could offer help in capacity-building to the Arctic Council, in technical support and in creating a coastal sea guard. If NATO would come into play in other areas, this would arouse Russian suspicion. At the same time, hard security tools as the navy and the air force are needed to face future soft security challenges.

As regards the EU, a specific Arctic strategy is not seen as necessary. Germany, however, should give more importance to the military dimension, because then it could play a more productive role, for example, as a mediator. Germany is very suitable for this role because of its good relations to Russia and all other players as well as its experience in confidence building measures. It must thus overcome its "Arctic blindness".

In her intervention discussant **Helga Haftendorn** touched upon four Arctic security issues, namely security development, CSDP in the High North, instruments of CSDP and national Arctic policies.

Firstly, there are two scenarios for the security development in the Arctic a positive versus a risky development. According to the first states continue to settle their conflicts in a peaceful way, whereas in the second enhanced Russian military presence will prevail in the Arctic. So far, however, Arctic states seem to act consistent with international law, as the treaty between Norway and Russia and the pragmatic cooperation on search and rescue matters have shown. As regards Russia's military presence, it is largely restricted to border guards, giving little indication for the second scenario.

Secondly, looking at the role of the CSDP in the High North, it is admitted a role in peace and security but naval missions seem unlikely. Thirdly, the CSDP could, however, be used as an institutional framework by the Arctic states, for example, the European parliament's committee for security and defence. This role, however, is challenged as most countries prefer working on a bilateral basis. Since NATO has more Arctic members than the EU, it is evident that the EU needs to operate closely with other institutions and organisations. When talking about security, it should also be considered that indigenous people hold very different views to the Scandinavian ones.

Fourthly, regarding national Arctic policies, Germany's role in research should not be overestimated. Furthermore, Germany's offer to assist with search and rescue was not accepted by the Arctic states.

In the subsequent discussion the opinion was expressed that today's Russia is a normal capitalistic country and not the counterpart of NATO, neither has it to be balanced. Furthermore, in SAR matters every help is seen welcome, however, NATO is not welcome as a permanent institution in the Arctic. It is moreover questionable whether the Arctic needs NATO, although NATO might need the Arctic to construct its identity. It was moreover highlighted that security and safety measures are of different nature and that countries without relevant military capacity, like Germany, cannot seriously talk about military security in the Arctic. On the other hand, it was argued that Germany can contribute its experience while NATO has the tools.

Discussing where Finland and Sweden are to be placed in the relation NATO-CSDP-Arctic Council, both countries were seen as the best Partnership of Peace partners NATO has.

Considering the visions of armed conflict presented in the media, the question why NATO should only participate in soft security issues in the Arctic can be raised. Here it was argued, that the securitisation portrayed in the media concerns another part of International Relations.

Regarding the solidarity clause of the Lisbon Treaty in relation to e.g. oil spills, a joint action in this direction was only mentioned by France and the UK, not by Germany.

Session 7: Conclusions: EU Interests and Governance Challenges in the Arctic

Chair: Dr. Andreas Maurer, *SWP*

In the concluding session of the conference, Andreas Maurer summarized the discussions and topics of the foregone six sessions as depending on a number of different fac-

tors. These included rules and agreements, political interests, both outspoken as well as hidden agendas, time scales and the EU's autonomy as an, due to the financial crisis currently not truly convincing, actor in international relations.

In order to recap on what has been found out throughout the conference, the Chairs of the prior six sessions briefly commented on three aspects of the EU's policy in the High North, namely what the EU is currently doing, what it should do and what it should avoid doing.

With respect to the first question on the EU's current activities related to Arctic affairs, its strong engagement in Arctic research was highlighted as a promising area for gaining more acceptance as a legitimate actor in the region. Moreover, as its activities are a major cause for pollution and climate change, the EU has substantial impact on the environment, in addition to its impact on trade in the Arctic region. Taking a closer look on this latter aspect, one identifies the EU as a major trade power, which has already established close bilateral economic relationships, especially in the fisheries sector. It has established this role as an important business partner in the shipping industry, too, in which it has rights, responsibilities and interests. Furthermore, by pointing at the neglected human dimension of its environmental policy, the EU's need to rethink its environmental actions in the Arctic was stressed.

Recommendations for more EU activities

Being included and accepted as a legitimate actor in the Arctic was identified as an important goal. The EU should develop an idea of its own interest, responsibility and capacity in order to be able to answer the question of its role in a changing environment, thereby not only referring to the Arctic region but the world in general. Therefore the EU should leverage its economic dominance as an important market place to support environmental protection by for example pushing for stronger regulations against IUU fishing.

Actions the EU should avoid

Firstly, it is advocated against the development of an own Arctic strategy in favor of a continued presence in different arenas linked to Arctic affairs. Secondly, the EU should avoid having an unrealistic perception and too much self-confidence, not so much in terms of Realpolitik but rather in terms of science. Thirdly, the EU should avoid giving the impression that the local population in the Arctic is not sufficiently considered. Finally, the EU is warned not to remain self-referential but rather both internal and external perspectives should be combined when discussing its role as an international actor.

After having opened the floor to comments, a remark addressed the too high influence of narratives, as these cannot be falsified and therefore, the Nordic communities are encouraged to go beyond these narratives. Another advice targeted policy circles and academia, namely not to treat the Arctic as a unitary region, but to take into account the various layers reaching from global to local levels. Therefore, the starting point of any research should be a phenomenon, which is then studied with the Arctic serving as a specific case study, rather than beginning with a general interest in the Arctic region. Moreover, the topic of the seal ban was mentioned again, questioning its reasonableness while highlighting that the European Parliament acted on behalf of strong lobby from its own voters. This institution acts similar to national parliaments, by trying to keep a balance between resource exploitation and the preservation of the Arctic. The Lofoten Is-

lands serve as an example for these tensions as due to public complaints drilling activities were simply shifted to the Barents Sea, a region where no voters live. Also in regards of public opinions, the European Citizens' Initiative was welcomed as a promising means for sending a signal from people to institutions. Final remarks reflected on the EU not being a unitary actor as well as a general emphasis of the economic-ecological dimensions of Arctic affairs as interest, resources and space in the broader sense seem to be the paramount parameters around which discussions are centered.

By reflecting on the overall success of the conference due to its interdisciplinary character and its exceptionally high participation rate throughout the three days, the session was closed.

For the purpose of presenting research proposals and discussing their strengths as well as areas of structural improvement, two further sessions were held on Friday, 25 May 2012.

Workshop I: The European Union's roles and Instruments for dealing with the Arctic Region

Chair: Ronja Kempin, *Head of SWP Research Division EU External Relations*

Workshop I on the European Union's roles and instruments for dealing with the Arctic region was chaired by Ronja Kempin. Tobias Etzold and Bettina Rudloff participated as discussants, alongside further distinguished participants of the conference.

The United Kingdom's Arctic policy and security issues

Prof. Dr. Clive Archer, *Manchester Metropolitan University*

Traditionally, the UK as a trading nation was eager to prevent any power from dominating the Arctic and promoted the freedom of the seas. Until the second world war its major economic interests were in hunting whales and in fishing, with the latter's importance growing ever since. Tracking the activities of the Soviet Union's fleet and air force in the Arctic region was the major objective of the UK's security policy in the High North throughout the early Cold War period. This task also partly constituted a NATO duty, which significantly increased as the presence of the USA and the Soviet Union in the North Atlantic grew at the end of the 1970s. In response to the speech by Mr. Gorbachev on the Murmansk Initiative on 1 October 1987, Mrs. Thatcher described him "as a man with whom we can do business with," which led to a turn towards cooperation and naval confidence-building ideas on development, environment and science.

After the end of the Cold War, the Arctic region was of declining importance with respect to hard security concerns, and the UK and NATO withdrew from the region. Still in the National Security Strategy from 2008 the Arctic region received only little attention, thereby rather focusing on its potential sea routes than on its role as a security driver and consequently, much of the British military hardware was moved away from Northern Europe to the rest of the world. This changed significantly by 2010 with the new centre-right government paying more attention to the Nordic states. An informal Northern group of NATO together with the Nordic and Baltic countries, Germany, Poland and the Netherlands was formed to serve as a clearing house for capabilities to meet shared threats. Similarly, the prime ministers of the Nordic and Baltic States met

the British prime minister for the first time in 2010 to discuss the potentials of a future British-Nordic-Baltic Northern Forum. Additionally, Norway and the UK signed a number of agreements, among others a memorandum of understanding on bilateral defense cooperation, which is usable in the field of search and rescue.

Unlike on hard security considerations, topics such as environment, resources, transport, science and research are subject to soft security concerns. As the Arctic ice melts these topics could become sources of new opportunities but also areas of risks and of conflict. Regarding economic interests, the UK is primarily interested in oil and gas and it is aware that both Russia and the US are willing to actively secure their territorial claims and economic investments in the Arctic, too. Admittedly, the Arctic will be dominated by Russia as a matter of fact. Consequently, all players must define for themselves how much they are prepared to pay in order to secure their economic interests.

Moreover, the ongoing climate change fosters economic activity in the Arctic, potentially exacerbating tensions affecting British investments. These exist in form of British-based companies involved in Arctic oil and gas exploration such as BP, Shell and Cairn and the Arctic's strategic relevance for the UK as an energy source. The issue of sustainable fisheries in the Arctic thereby serves as a model case for the overarching conflict between economic interests and environmental security. This also poses a challenge for the British government which finds itself caught between its sustainability objectives and the voters' demand for affordable fish products. In short, it is a question of "here and now" versus the future.

Turning to actions in the field of soft security policy, the UK has only been marginally involved in the exploration of the Northern Sea routes. Yet, with London being one of the insurance companies' capitals of the world, new shipping routes could yield economic gains. In contrast, significantly more action has been undertaken by the British government with respect to pushing for International Maritime Organization (IMO) Polar water guidelines. Also in the field of science the UK shows a strong presence through various research institutes such as the Natural Environment Research Council (NERC), the British Antarctic Survey (BAS) and the Scott Polar Research Institute (SPRI). Science, research and technology is perceived to be the motor of British interests in the region and these activities served as the British ticket to observer status in the Arctic Council. Again, tensions might arise due to the trade-off between resource exploitation (energy) and environmental protection.

There exist a number of external institutions dealing with the Arctic region, ranging from the United Nations Convention of the Law of the Sea (UNCLOS) over the Arctic Council (AC) and the Barents Euro-Arctic Council (BEAC) to NATO and the Arctic Military Environmental Cooperation (AMEC), in which the UK participates to different extents. Despite increased EU involvement in the Arctic since 2008, UK officials have only been partly involved in this development as the European Scrutiny Committee of the House of Commons chose the Arctic as an issue on which to question the European Commission's competence (note that the European Union Act 2011, passed by the Conservative-Liberal Democrat coalition, now requires a referendum for any proposal to increase the EU's competences). Thus, given the fairly skeptical public opinion on increasing EU supremacy, the British government prefers working through international channels such as the Arctic Council and the International Maritime Organization (IMO) rather than through EU bodies in Arctic matters.

Internally, a number of different British institutions are involved in Arctic policy-making, for example the Ministry of Defense, the Department for Environment, Food and Rural Affairs and the Department for Transport. As an attempt to coordinate policies in domestic institutions, the Foreign and Commonwealth Office convenes and chairs the Cross-Whitehall working group but nonetheless incoherent overlaps and tensions between the various ministries remain.

To conclude, there is no UK Arctic strategy despite great diplomatic interest in the region. Its standing in the Arctic is mainly based on its contributions in the field of research and technology.

Comments addressed inter alia differences and similarities to other European States' Arctic strategies, for example whether other Member States also follow a process of rising and falling interest in the Arctic, and the opinion of the British public on Arctic affairs.

Search and Rescue – capabilities and options for the EU and Germany

Stefan Steinicke, *Research Assistant of SWP Research Division EU External Relations*

To date, only one multilateral agreement on Search and Rescue initiated by the Arctic Council exists and as activities in the Arctic have been accelerating, demand for search and rescue operations is likely to increase. The paper focuses on the respective capabilities required, which can be categorized into Maritime Domain Awareness (MDA) systems, an alert system in case of emergency and sufficient number of rescue and containment units in the region. Satellites and weather forecasts are examples for Maritime Awareness Systems serving as “ears and eyes” for observing the vast region. A current lack of adequate resources already identified is Maritime Domain Awareness (MDA) systems located 70° north. Additionally, the mere size of the region poses a major challenge as it takes time and sufficient fuel for ships, helicopters and planes to reach the emergency destinations.

Possible assets which the EU could offer to address the identified present and future gaps between available resources and estimated demand. The Galileo programme is Europe's initiative for a global satellite navigation system, providing a highly accurate, guaranteed global positioning service under civilian control which could be used in the Arctic as a Maritime Domain Awareness (MDA) system. Moreover, since planes and ships might not be able to reach certain positions in time for rescue measures, forward operating bases could be installed at key points along the main traffic routes in the Arctic. The EU could contribute financially, but also provide infrastructure and stand-by forces, specifically trained to manage emergency cases. Other considerations concern potential cooperation of Arctic coastal states with the private sector as otherwise a sufficient search and rescue scheme may not be feasible.

In the subsequent discussion the question of liability regarding costs of search and rescue operations, but also oil spills, was raised several times. Preventing accidents upfront by ensuring that only sufficiently equipped ships operate in the region was promoted as a pre-emptive and thus more effective approach to the Arctic's safety challenges. Moreover, it was pointed out that several systems to monitor activities in the Arctic are already in place, such as the Northern Canada Vessel Traffic Services NORDREG and Russian satellites. By touching on sensitive topics such as the role of the military in

search and rescue activities and sovereignty rights at key sites in the Arctic, the relevance of this research project for policy-makers was further underlined.

EU actors and interests

Steffen Weber, *Secretary General EU-Arctic Forum*

A stronger focus on EU policy-making distinguishes this paper from the preceding presentations. It analyses the different actors and processes within the EU shaping EU policy in the Arctic. The overall objective is to understand the constellation of actors and to study the coherence of EU Arctic policy from several perspectives: Who are the actors involved in EU policy-making regarding the Arctic, what are their interests and underlying intentions, how do they interact and what implications do these governmental structures have for the EU's policy in the Arctic?

As a first step, the paper disentangles the different levels of EU Arctic policy by applying a process-oriented, linear approach, while nonetheless differentiating between different policy cycles. Findings are checked against the assumption that the European Commission, the European Parliament and the European Council function as one unitary actor. While exploring opportunities and constraints of EU Arctic policy, the EU's external relations as well as the impact of the financial crisis should be taken into account, too.

Given the EU's multi-layer governance system, four different arenas are relevant for its policy-making process. The focus of the first arena is on the actors' initial reactions to a problem. Empirical evidence for processes on this level can be gathered from debates and speeches of individuals. On the next level, the policy-shaping arena, actors such as political groups and delegations provide and discuss alternative options, thereby being influenced by informal actors, namely lobbying organizations. Drafts of Commission Communications can provide an insight into the degree of intra-institutional coherence in this arena of preference articulation. Characteristically for the decision-making arena is the supplementary involvement of formal actors such as the European Court of Justice. By analyzing legislative and non-legislative documents from the European Parliament, the empirical focus at this third stage clearly lies on the assessment of inter-institutional coherence between the European Commission, the European Council and the European Parliament in its different representatives, e.g. different groups in the Parliament. Following on this procedure of choosing policy options, negotiating compromises and ensuring adoption, the implementation arena constitutes the fourth and final stage of the EU's policy-making process. Rather than implementing a single law, objectives and priorities are adopted by inter alia the European Commission, its agencies, the European External Action Service and Member States. These actors then identify suitable financial and diplomatic instruments and decide on participation and support for respective programmes and projects. At this stage the degree of vertical coherence is analyzed by comparing actions of the European Union with the ones' of its Member States.

Workshop II Recent Developments and Studies in European Arctic Research

Chair: Antje Neumann, *Associate of SWP Research Division EU Integration*

In the second workshop PhD students presented their current research, ranging from the future of EU Arctic Policy to the social and environmental impacts of climate change in the Arctic, the seal ban of the EU to infrastructure in the region and trans-Arctic shipping. The workshop was chaired by Antje Neumann and Andreas Maurer, the discussant was Timo Koivurova.

Building Common Interests in the EU's Energy Security Policy on the Arctic - from 2012 onwards

Michael Laiho, *Arctic Centre, University of Lapland*

The EU is part of the Arctic but neither an Arctic coastal state nor an Arctic Council member state or observer. Outlining the particular strengths on which the EU can base its claim for being a legitimate and powerful actor in the Arctic, the following key attributes of EU policy-making are identified: First, European common values give European citizens the right to be heard on Arctic matters. The EU's project of achieving sustainable energy consumption should be named in this context as the EU has decided to be a key environmental strategist in global climate change issues. In addition there are Europeans living in the Arctic Circle and there are direct cultural ties to Finnish and Swedish indigenous Arctic populations. The EU's Arctic population might even grow in the future if Iceland and Greenland (re-)join the EU. Moreover, the EU is an important player in Arctic research, e.g. in funding various large-scale projects as well as in developing new satellite programs. Secondly, the EU's has strong relations with actors within the Arctic region, such as Greenland's and Russia's energy corporations. These relations could be strengthened further to ensure future EU trade and energy interests. Thirdly, there is a further potential for EU member states to work together more effectively and to bolster internal and external energy management on the basis of the treaty provisions on solidarity within the EU, through joint action by the European Commission and the European Court of Justice. In all three areas the EU can be seen as a valuable system for all member states to form, aggregate and execute common interests, to trade in a common energy market and to act jointly for common progress. Expectations to EU policy are the production of results for EU energy consumers, sustainable development and a multilateral approach to the Arctic.

Shortfalls are especially seen with regard to the dilemma between the EU's need for natural resources and its goal to simultaneously reduce its carbon footprint in the Arctic. Furthermore there is a lack of jurisdiction and competencies in the Arctic energy policy in respect to high politics and the EU has no bargaining power in the Arctic Council. Despite those limitations the EU is seen as a soft power to be reckoned with and the time is ripe for more Arctic policy. This is especially true during the current Danish presidency of the Council.

The paper discusses the validity of neo-realist and Europeanization theory with respect to integration theory, Neo-Institutionalism, Actor-Network Theory in the field of Constructivism and Media Studies in the public sphere.

In the subsequent discussion it was argued that Europeanization is too broad as a term and that media theory could offer a new approach to the whole topic, whereas an application of neo-realism and neo-functionalism might also lead to valuable outcomes.

Climate Change in the Arctic – Geopolitical Impact and Scenarios for the Future

Fabienne Kürner, *Institut für Geographie und Geoökologie - Karlsruher Institut für Technologie (KIT)*

Global Warming affects the Arctic ecosystems instantly, which causes rapid and far reaching changes. The paper starts from the analysis on the interdependence of Arctic climate and global climate. It aims to connect the dots between natural changes and political, economic, social and ecological problems and to contribute to a sustainable solution of existing and arising problems. The theoretical background combines ideas of socio-economic metabolism and the Actor Network Theory. This refers to the interdependence between the changing environment and society and includes global influences. The combination of these two models creates the possibility of distinguishing between “nature” and “society”. Moreover, the interdependencies between the global nature and the Arctic nature and between the global society and the Arctic society can be included in the combination due to the “Hybrid-Arctic”.

Climate change affects the highly specialized Arctic ecosystem instantly and therefore has deep impacts on, for instance, the cryosphere with its disappearing ice layer, which is bound to a changing albedo value. These aspects are important if it comes to the usability of shipping routes. The impacts caused by Global Warming also affect the pedosphere with its recently vanishing permafrost, which changes the shape of the landscape very quickly. As a part of the biosphere, the typical Arctic tundra vegetation is affected by the changes as well as other terrestrial Arctic species.

The global warming in the Arctic has advantages and disadvantages. The disappearing ice layer, the rising availability of Arctic resources, as well as the invasion of neophytes induce both opportunities and risks. Moreover, the gaining of new living space might also embody an advantage, whereas the danger posed for the lifestyle of Arctic people represents a negative side.

The recent changes in the Arctic also affect the political, economic and social systems. It is of international concern that several territorial questions remain open. The recent changes due to Global Warming do not only affect the Arctic Five (USA, Canada, Russia, Norway, and Denmark). They also have impacts on a global scale, leading many other countries to make efforts to get involved in Arctic policy making, e.g. to obtain Arctic territory and to gain access to Arctic resources.

An ecological outlook shows that the habitats of some Arctic species will shrink because of the melting sea ice. And that Global Warming will cause changes in the biodiversity and extend the habitats of alien species. The melting of permafrost will result in a release of gas and a harming of Arctic food sources and infrastructure.

A political, social and economical outlook suggests that if the warming continues, it will lead to a greater exploitation of resources and as a result the interdependencies between

the Arctic climate and Global Warming will persist. If Global Warming cannot be retarded, the number of conflicts will increase and involve more countries.

Ignoring the Seal in the Room – The EU and the Seal Product Ban

Nikolas Sellheim, *Arctic Centre, University of Lapland*

This paper scrutinizes the impact of the EU's import ban on (Sub-)Arctic commercial seal hunters.

On August 10, 2010, Commission Regulation No. 737/2010 laying down detailed rules for the implementation of Regulation (EC) 1007/2009 of the European Parliament and the Council on trade in seal products came into force, putting an effective ban on the import, export and placing on the European market of seal products. The ban is used as an argument of the Arctic Council member states and Permanent Participants to deny the EU permanent observer status in the Arctic Council.

The European seal products regime started in 1983 with the Council Directive 83/129/EEC concerning the importation of skins of certain seal pups and products derived therefrom and banned the import of products deriving from harp and hooded seal pups. The Council Directive 92/43/EEC on the conservation of Natural Habitats of Wild Flora and Fauna (Habitats Directive) from 1992 allows, under strict conditions, the hunting of specific seal species in the EU. Since 2009 the Regulation (EC) No 1007/2009 on trade in seal products of the European Parliament and of the Council bans the trade (import, export, placing on the EU market) in seal products and 2010 Commission Regulation 737/2010 laying down detailed rules for the implementation of Regulation (EC) No 1007/2009 of the European Parliament and of the Council on trade in seal products, it implements the ban of trade in seal products and makes it effective.

The paper focuses on the latest developments whose overall purpose is to shut down commercial seal hunting. It began in 2006 when a European Parliament Declaration requested the Commission to elaborate a regulation to ban the import, export and sale of all harp and hooded seal products. In addition the German Parliament voted unanimously for an import ban on seal products and the Council of Europe's Parliamentary Assembly issued recommendations on seal hunt, calling for abandoning cruel hunting methods, sealers' training, and monitoring, and thereby highlighted the political nature of the seal hunt controversy. In the beginning of 2007 the European Commission (DG Environment) replied to the European Parliament that the process is set in motion to assess seal hunt. The European Food Safety Authority (EFSA) carried out a study on "Animal Welfare Aspects of the killing and Skinning of Seals" and the Consultancy within Engineering, Environmental Science and Economics (COWI) prepared an "Assessment of the Potential Impact of a Ban of Products derived from Seal Species". The public was consulted via an internet survey which had a strong anti-seal hunt outcome – however, its methodology was highly questionable. Similarly, the desktop study itself acknowledged that "policymakers will have to base their decisions on incomplete information". Despite those limitations to existing studies, several EU members imposed national bans.

In 2008 the European Commission presented its proposal for a regulation of the European Parliament and of the Council concerning trade in seal products which was ac-

accompanied by the Impact Assessment and summarized the European Food Safety Authority (EFSA) and the COWI Reports and the Public Consultation.

On May 5, 2009 the European Parliament decided on an amended version of the proposal, which allows the placing on the market of seal products only for Inuit and other indigenous communities, imports shall also be allowed where they are of an occasional nature and consist exclusively of goods for the personal use of travelers or their families. The import is only allowed as by-products of hunting that is regulated under national law and conducted for the sole purpose of sustainable management of marine resources. As a result this proposal aimed at a blanket ban on products derived from commercially hunted seals. The regulation was concluded in 2009 and one year later detailed rules for the implementation were laid down.

The ban does not recognize sealing as a cultural, identity-giving activity beyond the indigenous population, which is, however, affecting thousands of people. Furthermore, it does not provide the commercial sealers with a right to property, a right to their culture, a long-standing tradition of sealing and who are facing severe socio-economic difficulties in times of a declining seal product market. However, in principle a way for a re-opening of the market could be imagined when animal welfare criteria as set out by EFSA are met.

In conclusion, the EU Seal Products Ban can be described as an internal measure with a strong external dimension, which excludes the external and human dimension of the trade measure. It is based on incomplete information and purposefully excludes the commercial sealers, whereas it takes adverse impacts on the Inuit into account and recognizes the adverse impact on local economies, but does not elaborate on the issue. So it presumes a denial of property rights of commercial sealers and does not recognize the integrity of the ecosystem.

The EU should in future recognize the human dimension of commercial sealing beyond public perception. It has the possibility to interact with the commercial sealers to increase animal welfare standards and can set new international standards by including the external dimension of internal policies. The EU should pay due regard to the sealing issue in its Arctic strategy.

In the discussion it was mentioned that issue is instrumentalised by Canada within the negotiations for the comprehensive free trade agreement in order to deal with Canadian products in the same way as with seal products of Greenland or the Faroe Islands. Looking back, the lobbying of animal rights organizations was successful in 2006 and exposed Canada unexpectedly. Despite focusing on commercial sealing, indigenous aspects should also be taken in consideration to fully understand the issue.

The Arctic Infrastructure Survey – Present Status and Future Outlook of Infrastructure in Arctic Littoral States

Kathrin Keil, *The Arctic Institute - Center for Circumpolar Security Studies and Berlin Graduate School for Transnational Studies, Freie Universität Berlin*

The Arctic Infrastructure Survey is to provide a roundup of “hard” infrastructure in the United States of America/Alaska, Canada, Denmark/Greenland, Iceland, Norway, and Russia, giving special attention on transport, maritime, and energy infrastructure.

- Alaska is marked by a significant distance from world markets and relies heavily on air transport. With only one deepwater harbor, shipping is mostly destinational and the state is irrelevant for US shipping. Whereas Alaska disposes substantial natural gas resources, their exploitation is not feasible at the current world market price. It is, however, the second largest oil producing US state. The US commands three ice breakers.
- Canada's transport system in the north is very limited, with some communities being accessible exclusively via air. As in Alaska, shipping is mostly destinational. The much debated North West Passage does not play a significant role neither for Canadian nor for international shipping - and is also not promoted by the country. Whereas there are no deep water ports in the north, the port in the Hudson Bay can handle Panama size ships and disposes of a railway connection. Canadian hydrocarbon has a great potential, but the relevant areas are mostly found outside the Arctic region. However, it must also be noted that vast areas of the north still remain unexplored.
- Greenland almost exclusively relies on air and sea travel. Although it is equipped with 16 harbors, only a few can handle larger ships and search and rescue capabilities are limited. Whereas analysts believe that Greenland has a significant hydrocarbon potential, which also might impact its efforts to gain independence, much of the exploration is still to be carried out.
- Iceland overcame many of its infrastructure challenges and has succeeded in turning its main airport into an international connecting hub and has put into place a good road system. Whereas it does not command any icebreakers, its coast guards are well-equipped. There are no trains on the island.
- Norway's transport system is well integrated and provides good air, rail and road routes. Maritime transport is of major importance and in the government's support for transport development new railroads are being discussed. Norway has its own icebreaker and robust search and rescue capabilities. Due to its dependence on the EU market, new pipelines are being discussed.
- Russia runs several railroads, especially in its European part, as well as the second largest waterways in the world. The Northern Sea Route bears potential for future transport development and shipping is high on the Russian agenda. Russia commands four nuclear-powered ice breakers, which represents the largest icebreaker fleet in the Arctic. With much of its oil and gas located in the Arctic, Russia is deemed to be dependent on foreign technology and finance for exploiting its northern resources.

Given that current infrastructure, in general, is not seen as sufficient for the expected demands of economic development, more infrastructure investments and surveillance are seen as necessary to realize safe economic activity in the Arctic. In this context, the

changes broad about by global warming, such as sea water rise and disappearing sea ice, will add additional challenges and opportunities to the equation. Infrastructure will need to adapt to this rapidly changing environment.

The Future of Arctic Shipping Along the Transpolar Sea Route

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This paper analyses the potential of Arctic shipping across the transpolar route, asking the question why it is said to be an unviable option.

To date, the transpolar route (TPR) which is the central route crossing the Arctic still is of a theoretical nature. Whereas it is deemed inadequate to predict when it will be viable, a four level assessment allows shedding light on the factors coming into play when scrutinizing the route's potential.

Environmental and climatic uncertainties and opportunities: Analysts are currently witnessing a trajectory to a new seasonally ice-free region. It is predicted that the route will be ice-free during summer, for up to 120 days, as soon as by the end of the first half of this century. The disappearance of sea ice, especially of the fast melting multi-year ice, does not only correspond to a loss of volume but also triggers new risks such as an increase in floating sea ice and icebergs. Other environmental challenges include sea spray, wind chill, remoteness, limited weather forecasts, and polar lows. On the contrary, wind patterns and ocean currents might benefit shipping along the TPR.

Legal uncertainties and opportunities: Being located outside the exclusive economic zones of Arctic states, the TPR might become the route of choice due to its limited legal uncertainty when compared to other Arctic options. Not being covered by Art. 234 of the United Nations Convention of the Law of the Sea (UNCLOS), there will be a key role for the International Maritime Organization (IMO), especially for the International Convention for the Safety of Life at Sea (SOLAS) and International Convention for the Prevention of Pollution from Ships (MARPOL) and the upcoming Polar Code. Furthermore, several memoranda of understanding are in place to regulate port control, and Iceland, as potential trans-shipment hub, could fulfill an important role in this context. In addition, the 2011 Arctic Council agreement on search and rescue in the Arctic contributed to improving legal certainty.

Economic uncertainties and opportunities: Although being a common habit, it is seen as inappropriate to simply treat the shorter distance of the TPR as equivalent to faster trips and lower cost. Being a complex system, issues like predictability, punctuality and economies-of-scale have to be added to the equation of maritime trade. Taking those aspects into consideration, shipping across the TPR is expected to become only a small, albeit profitable, economic factor.

Geopolitical uncertainties and opportunities: The future development of Arctic shipping routes will also depend on shifts in economic, geographic, and political spheres of influence. Security threats such as the ongoing conflict with Iran, terrorism and piracy could adversely affect existing trade routes between Europe and Asia. Being the world's largest exporter of manufactured goods and second-largest importer of globally shipped goods, China has an interest in diversifying its trade routes and thus in navigating across

the Arctic Ocean. It is in this context that the increased cooperation between Chinese and Icelandic policymakers must be interpreted.

Whereas this assessment allows to better anticipate which factors might come into play as the TPR becomes more accessible, a myriad of uncertainties still remains to be scrutinized.