Members present

Lord Teverson (Chairman)
Lord Addington
Baroness Browning
Viscount Hanworth
Lord Hannay of Chiswick
Lord Moynihan
Lord Oxburgh
Lord Soley
Lord Tugendhat

Examination of Witnesses

HE Nicola Clase, Ambassador of Sweden to the United Kingdom, HE Pekka Huhtaniemi, Ambassador of Finland to the United Kingdom, and Alan Kessel, Deputy High Commissioner for Canada to the United Kingdom

Q311 The Chairman: Your Excellencies, Deputy High Commissioner, can I welcome you to the Arctic Committee of the House of Lords? This is the second session this morning. You should have received a copy of our interests as Members and an indication of the sorts of areas that we are going to talk about and ask questions on this morning. Perhaps I could ask each of you to briefly introduce yourselves and then we can go straight into questions, if that works. Perhaps I could ask Ambassador Clase to start us off and then we will move through.

Nicola Clase: My Lord Chairman, thank you very much for inviting me. I am the Swedish Ambassador, Nicola Clase, and I am now serving in my fifth year here in London. Thank you.

Pekka Huhtaniemi: Yes, my Lord Chairman. My name is Pekka Huhtaniemi. I am the Finnish Ambassador to the Court of St James’s and I am also in my fifth year here. As to my Arctic experience, I have never dealt with Arctic dossiers directly but of course I have followed with interest the developments in the high north.

The Chairman: Thank you.

Alan Kessel: Thank you, Chair. My name is Alan Kessel. I am the Deputy High Commissioner for Canada. I have been here for a year now. Prior to that, I spent about 10 years as legal adviser to the Canadian Foreign Ministry, which included areas of Arctic concern, particularly
the extension of the continental shelf and dealing with issues related to Arctic sovereignty and security. Thank you.

The Chairman: Thank you, colleagues. Could I also remind you that we are being broadcast? To those that are listening, to state the obvious, obviously you are all Arctic Council members. Previously we had observers. Lord Moynihan, you wanted to start us off.

Q312 Lord Moynihan: Good morning. I would be very grateful if you could set out your current priorities in the Arctic region. To what extent have your policies and priorities been affected by growing international interest in the region in recent years?

The Chairman: Go in whichever order you wish to take it.

Nicola Clase: Sweden has a natural interest in the entire Arctic region being driven by a positive political, economic and ecological dynamic. Ever since the Arctic Council was founded in 1996, there has been a strong consensus that economic, environmental and social development must be seen as a single concept to create long-term sustainable development in the region. Continued Swedish research and education initiatives are something that we find essential if progress is to be made.

Our concrete priorities can be defined as: climate and the environment; economic development; the human dimension, which is improving the situation for the Arctic people; and ensuring that the Arctic remains an area of low tension. It can be seen in that context. Thank you.

Pekka Huhtaniemi: Yes, my Lord Chairman, the Finnish priorities are very parallel to what you just heard from my Swedish colleague. Finland regards herself as an Arctic country, although the whole country is not really Arctic. It does not look like an Arctic country in the south, but one-third of the surface definitely is very Arctic. Geographically, we are located as high in the north as Alaska but the climate is obviously milder thanks to the Gulf Stream. We think that we are an Arctic country, an Arctic nation. We believe we have capabilities and capacities to contribute to useful international co-operation in the Arctic region.

We particularly want to protect the Arctic environment. We hope and we think that we can give a useful contribution to economic development in the Arctic region based on the ideas of sustainable development. Like my Swedish colleague, we emphasise the wish that the Arctic region could be kept as a low-tension area politically and military. The continued stability of the Arctic region is very much in our interest. This requires openness and co-operation among Arctic states. We have to take into account the interests of the people
who are living in the Arctic areas, particularly the indigenous peoples. We have a Sami population in Finland, which is our indigenous Arctic population.

We think Finland can make a contribution to the economic opportunities that are offered by the Arctic region, because we have extensive knowledge and competence in certain areas like Arctic shipping, transport, logistics in those difficult conditions, meteorological technology, rescue technology and so forth. All this means that we are favourable to the development of the economic resources that exist in Arctic areas, as long as we take very good care of the requirements of the environment and sustainable development. These are perhaps the main priorities.

Has the growing international interest had an impact? Yes, because we have had Arctic strategies before, but they have been, let us say, narrower in scope. A new more comprehensive Arctic strategy was drafted by a Government task force last year, and that is now the basis of our policies in the Arctic region. I do not know if you are familiar with the Finnish Arctic strategy. If not, I have copies for you to submit. Thank you.

The Chairman: Feel free to distribute them after the meeting. Thank you, Ambassador.

Deputy High Commissioner.

Alan Kessel: Thank you, Chair. I know you have had the opportunity to hear from Vincent Rigby on a number of issues. I will try not to duplicate, but clearly he and others have said how dramatically the Arctic is changing. It is a testament to how our common vision comes out when you see the three of us saying very similar things. Let me just talk a little about the Canadian interest. Essentially, we have 104,000 Canadians who live in the north, whose interest we, as a Government, have to promote and protect. We launched our northern strategy in 2009—I am sure you have copies of that—and it clearly articulates our approach to what we are doing.

There are four interlinked areas that are of interest to us, focusing on the exercise of Canadian sovereignty in the north and dealing with the reality that, while the Arctic has been a protected area in the past, we are now seeing intrusions from areas in the south. To that end, we have been upgrading our level of coastguard protection and expanding our Arctic patrol vessels. Another example, of course, is that we are very much following the requirement of the UN Convention on the Law of the Sea that we do an extension on our continental shelf, and to that end we submitted a partial submission as of last year. Of course, the recent discovery of the remains of the Franklin expedition also helps to attract
attention. That has gained a tremendous interest not only in what we are doing but in how joined up Canadian and British history are—and we can talk about that a little more—as well as what, in fact, we can do together.

Other issues are, of course, promoting social and economic development, a theme that you have heard here already, and our environmental heritage. Part of the Canadian Government’s intent is also to improve the devolving of governance in the north. I point to the creation of Canada’s newest territory in 1999, Nunavut, and this followed largest land claim settlement in Canadian history. Of course, we are now developing province-like responsibilities for this territory.

In the broader Arctic region, our priorities can be summarised under essentially four headings. We are encouraging our neighbours to resolve boundary issues. We are securing international recognition for the full extent of our extended continental shelf. There is also Arctic governance generally, but the overarching issue is environmental stewardship. You have heard from us and certainly, I would hope, from other Arctic Council states that we are working to create, essentially, international conditions for sustainable development. That is essentially seeking trade and investment opportunities while promoting an ecosystem-based management approach with Arctic neighbours and others. I can certainly pursue this further with other questions, if required.

Q313 Lord Moynihan: Thank you for what is broadly a common vision. The Committee is very conscious that 50% of the Arctic region lies in Russia and that some 50% of the indigenous people, if not more, are Russians. Where do you see your policies and priorities differing from those of the Russians? Could you give some specific examples of that? Two of you spoke about the tensions that exist and the importance of recognising those tensions. Could you tell us what causes the tensions that concern you?

Alan Kessel: Those who mentioned tensions should maybe talk about the tensions.

Pekka Huhtaniemi: If I may start, my Lord Chairman, it is not a high-tension area at the moment, but we just hope it will not become one in future either. Obviously, however, when important natural resources are located in a certain area, it can lead to some sort of rivalry and competition for those resources.

Regarding differences in the approach of various countries concerning their indigenous populations, I know how we deal with that issue in Finland. The Sami population actively take part in local politics in the regions where they are living. They have their own
Sami Parliament, which deals with issues of their cultural autonomy and tries to enhance their own cultural identity. I know that a similar parliament exists in Norway and Sweden—although not in Russia, as far as I know. However, there is the Sami Parliamentary Council, where these national Sami parliaments have their representatives, and that, I understand, includes some representatives from the Russian Sami minority, although they do not have a parliament of their own in Russia. There are differences in how the various countries are dealing with these issues, but it is difficult for me to speak very deeply about the practices of others.

Nicola Clase: I can only concur with the Finnish Ambassador. We see the Arctic Council as a big asset, and it is a major achievement that eight Arctic countries can sit together in an intergovernmental forum and discuss these issues, whether they are environmental issues or many other aspects. The work that is being conducted and now taken on by the Canadian chairmanship to continue to strengthen the Arctic Council is critical. The addition of observers is also critical, because observers can play a key role as well—as we have seen with the Committee taking this interest in the Arctic. We strongly welcome that, but there is so much more work to be done. That is very clear.

Alan Kessel: If I could just support the views of my Swedish colleague, if you take a look at the Arctic Council it is really a remarkable, visionary organisation that was created quite a few years ago in Ottawa. In fact, it has been the bedrock of our relationship within the Arctic region. It has allowed us to share views on where we wanted to go and how we get there. It has allowed us to know our neighbours in a way that we could not in very tense times back in the early part of last century. From its inception, it has done something no other organisation has done: it has included indigenous peoples as Permanent Participants—as members of an organisation that is based on building consensus around a table. In essence, we have done quite a bit to encourage that relationship between the states and also to allow, if necessary, those bridges to be crossed if and when we need to in more tense times. We have done quite a bit to maintain the integrity and security of a region that is of interest to all of us.

Lord Moynihan: Would it be right to conclude that there is board consensus between the three of you and the Russians at the moment on policies and procedures in the Arctic?

Alan Kessel: You say “in the Arctic”. That is a very general question.

Lord Moynihan: It is. I am very happy to hear specific examples where there is not.
Alan Kessel: Quite frankly, we sit around a table together. We have done so for many years. We continue to sit around a table together. We work by consensus, so by definition we are not voting. Unlike our parliaments, we are encouraged to come to conclusions together. We have been very successful up until now, and I expect we will continue to be successful. It is an intimate environment. It is quite interesting that you did discuss the issue of observers—maybe we will get into it in more detail later on—but that intimacy is a rather important thing that we created all those years ago. That intimacy allows for a capacity to talk to one another in a way that you would not when you are in a fishbowl.

Lord Hannay of Chiswick: Could I follow up on this point of security and tension? Obviously, you are as aware as we are that the relationship between Russia and the western countries has sharply deteriorated in the last year and that sanctions have been imposed on Russia as a result of its actions in Crimea and Ukraine. Could you tell us whether any of your three Governments have identified any spillover or increase in tension in the Arctic area as a result of that deterioration? If the answer to that is “no”, are you confident that that will continue to be the case? For example, if Russia were to block the EU’s application for observer status, would you regard that as a spillover of the tension?

Pekka Huhtaniemi: My Lord Chairman, I am sure the question of EU observership will come up in the next Ministerial Meeting of the Arctic Council in north-east Canada. It remains to be seen what the Russian position is. At least in Finland we hope the application of the EU could go forward and be adopted. If Russia decides to block that, one can of course speculate that the more general situation is behind this, but that remains to be seen. We have not seen acute expressions of new high tension in the Arctic in recent times. We hope it stays that way. That is why these co-operative platforms such as the Arctic Council—let us not forget the other one, the Barents Euro-Arctic Council, where we are all members; you are observers there as well—are important platforms, where the dialogue and co-operation hopefully can go on despite the tensions elsewhere. At least that is the sort of credo that we wish to voice regarding these co-operative arrangements—that they could continue as normally as possible, despite the tensions caused by the Ukrainian situation.

Nicola Clase: I would just add that dialogue, transparency, confidence-building measures and co-operation in line with international law in the Arctic area with the Russians is something we must pursue, and that can very much add to the goal of keeping it a low-tension area.
The Chairman: Does Sweden believe that potential harassment by Russian vessels recently potentially increases tension in the Arctic?

Nicola Clase: It is always wise to have an ongoing dialogue. In the case of the Russians, that is something we need to pursue. If there is something that happens that is not in conformity with how we see that things should be done, we should deal with it—and we should deal with it in a transparent way.

Alan Kessel: The issue of observership was raised and I just wanted to make it clear at least that, certainly from the Canadian perspective, as you will recall in July 2014 both Canada and the EU negotiated a declaration, a joint statement, on the access to the European Union of seal products from indigenous communities in Canada. Following the conclusion of the talks that we had with the EU, Canada lifted its objection to the EU’s application to be an observer at the Arctic Council, so we see no impediment from our point of view.

Baroness Browning: Did the recent announcement by the Russians of their plans to increase their military capability in the Russian Arctic by 2016 not cause some comment or tension within the Council? I know the Canadian Prime Minister was reported as having given quite a robust response to that announcement.

Alan Kessel: Our Prime Minister is on the record as to his views. I have not had personal experience in the council of the discussions on that. Maybe Mr Rigby could have filled you in on that and, certainly, if you need further information I am sure Mr Rigby could fill you in. However, I have no personal knowledge of those discussions in the council.

Baroness Browning: Does the council regard this announcement by Russia as being a proportionate response to their obvious right as a sovereign nation state to defend themselves? As it is specific to the Arctic, however, does the council regard that as proportionate?

Pekka Huhtaniemi: My Lord Chairman, I do not know if it has been deliberated on or discussed under the auspices of the council, so I simply do not have information on this particular point. Who knows? Maybe this will come up in the ministerial in April, but that is still quite a few months away. We always hope that the sort of general tensions may be reduced by that time.

Nicola Clase: Can I just add something? The Arctic Council does not have a mandate to discuss military issues. We should remember that when we refer to the Arctic Council.
The Chairman: One thing I would just say is that obviously we are not just interested the Arctic Council. That may have been the framework of the question, but we are interested in Arctic policy generally, outside and within the Council.

Q314 Viscount Hanworth: How should economic and industrial developments in the Arctic, including oil, gas, mining and shipping projects, be balanced with the need for environmental protection? How does the perception of the appropriate trade-off vary among Arctic nations? How do the ways they propose to manage it vary? I would indeed like to have comments on the perceptions and practices of others. Even though there may be a consensus among you, there may be others that differ.

Nicola Clase: The real issue is how we manage economic development so that commercial advantage is not gained at the expense of the life of the indigenous people or environmental destruction. This is very much echoed in the Kiruna declaration from 2013, which stresses the importance of the sustainable use of resources and environmental protection and commits to strengthen efforts to diminish the negative effects of climate change on the fragile Arctic environment. It is critical that we get regulators, Governments, policymakers and administrators working together to create the conditions in which Arctic development can be safe, environmentally sound and sustainable. Here the Arctic Council has an important role as a platform in raising awareness of these issues. The council could promote best practices and this could also be a task for the newly established Arctic Economic Council.

Sweden very much promotes greater use of environmental impact assessments in the Arctic: for example, in the mining, shipping and oil extraction industries. We see it as important that especially sensitive areas should be protected from exploitation, and the reports produced by the Arctic Council should focus on increasing the level of protection.

We did have agreements on oil spills and search and rescue enter into force during the Swedish chairmanship, and we are very pleased that recently the IMO adopted the international code for ships operating in polar waters—the so-called Polar Code. That is going to be mandatory and should enter into force at the beginning of January 2017. During the Swedish chairmanship of the Arctic Council, Sweden introduced the concept of corporate social responsibility in the Arctic and arranged for a conference on Arctic shipping in London, which took place in March this year. CSR is a concept that also could be further developed in the Arctic.
Viscount Hanworth: Could I give you back your own words? You said that this economic development should not be at the expense of the environment, but invariably it will be. Perhaps there are opinions that there should be moratoria on things like fishing and mining, which some of you are proposing it and others are opposing.

Nicola Clase: We have to look at both challenges and opportunities. It is easy to say that we should not be doing anything in the Arctic, but that is not realistic. But when we do things, we should do them in a sustainable way. That is what we should be focusing on.

Pekka Huhtaniemi: Yes, my Lord Chairman, this very much coincides with the Finnish approach. It is often said that Arctic nature—the Arctic environment—is particularly fragile. I think that is generally accepted. Usually, in other parts of the world, nature heals itself easily, but in the Arctic regions, for obvious reasons, that does not happen very quickly if there has been a heavy intervention. However, the economic opportunities are really considerable in the Arctic regions. There are these possibilities regarding mining, oil, gas and shipping. More road and rail links will surely be needed. Tourism is going to be, I am sure, of some importance—maybe of major importance to some parts of the Arctic. We just have to be somehow able to develop or exploit these possibilities, but crucially always bearing in mind the environmental fragilities and trying to work on the basis of principles of sustainable development. This is very much the guiding philosophy or approach in the Finnish Arctic strategy that I was talking about earlier.

Alan Kessel: Chairman, you will be hearing the refrain often, which we all share, that since the establishment of the Arctic Council one of its pre-eminent objectives has been a commitment to sustainable development. Sustainable development has evolved since we started and has become a guiding principle and an economic reality in a very difficult environment. We, Canada, are committed to responsible resource development in a manner that balances economic, social and environmental imperatives. This is very much consistent with our northern strategy, which is also consistent with Canada’s position as Arctic chair. It is very much a seamless transition from the Swedish chair, and there will be, in a way, as you see the Americans come on board, another seamless transition. There is a theme of continuing to build for our communities. You mentioned the Kiruna ministerial. The agreement on co-operation on marine oil pollution, preparedness and response in the Arctic is a very interesting development, because we now have, together with search and rescue, two binding documents, which changes the nature from our non-binding discussion
group into a much more norm-setting environment. For those of you who are looking for an evolution in what the Arctic Council has been doing and what we in the north have been doing in relation to changes in the environment, we have gone from the development of and then talking about binding instruments.

Under Sweden’s Arctic Council chairmanship, the eight Arctic Council members at Kiruna launched a new task force on oil pollution prevention to develop an action plan to be presented to the ministerial meeting in April 2015. We are all very much aware of the Gulf of Mexico BP experience—nobody in their right mind could not be—and to address some of these things, in Canada we have developed a comprehensive off-shore drilling review undertaken by the Canadian national energy board, which has resulted in a new Arctic offshore oil and gas regulation. That will, in fact—and we are very proud of this—ensure that the Canadian Arctic region is subject to one of the most robust oil and gas regulatory regimes in the world and that we are sure that the board has the necessary tools in place to protect the safety of workers, the public and the Arctic environment.

Maybe to toot our horns just slightly, 40 years ago in the 1970s—it is hard to believe—we were rather innovative in coming up with what we called the Arctic Waters Pollution Prevention Act, which was considered quite extraordinary at the time. Some people still consider it extraordinary. We consider that Act, which extends our jurisdiction out to 200 nautical miles within our EEZ, to apply an environmental regime within our waters, without extending to the high seas. In fact, we have consistently put a challenge out there to other Arctic states to emulate that legislation, which we consider rather visionary.

_Pekka Huhtaniemi:_ If I may, Lord Chairman, I will just add a point about the Polar Code, which my Swedish colleague mentioned. That is an important new instrument in the making, which is supposed to tackle the important issues that are looming on the horizon in the Arctic region. That work is being done here in London at the IMO, as you know. It has been important that the IMO has been able to have links with the Arctic Council. The Secretary-General of the IMO has been able to explain to audiences in the Arctic Council what is really going on at the IMO regarding maritime disciplines. I think here that some of our countries that are located in the Baltic sea region have a knowledge and know-how about somewhat similar issues, because we are facing the same kind of situation where, during part of the year, maritime transport has to take place through very icy Arctic waters. The Baltic Sea is also a fragile maritime environment. Our experts have been able to
contribute usefully to the work of the Polar Code, which I understand is now reaching its final stages. I guess you will also take evidence from the IMO regarding this particular issue.

**Viscount Hanworth:** I believe that there are substantial differences of opinion among Arctic states on this business of whether a balance can be struck between economic and environmental issues, but we have not managed to extract any of that from you. If you wish to heighten these differences, I would be interested, but I can understand if you want to judiciously ignore them.

**The Chairman:** I think we have gone through probably as much as we need to at the minute, because we need to move on to Lord Soley. Thank you, Viscount Hanworth.

**Q315 Lord Soley:** I wondered if I may turn to the indigenous people again. You have all spoken about that and we have met and talked to representatives of the indigenous groups. Obviously there are good and bad examples of economic development, and I will come to that in a moment. I am trying to get an idea of the overall feeling of some of the indigenous groups—the Inuit, the Sami and others. Are they really welcoming economic development? In others words, if you took a poll or a vote among them, would they be saying, “Yes, we are really pleased about economic development taking place in the Arctic”, or would they back off and say, “No, it is interfering with our traditional way of life”. We will turn to specific examples of good and bad in a moment, but I am trying to get an overall feel of what indigenous people want. Perhaps the Ambassador for Sweden could start on that. I know you have given some thought to it, as I am sure the others have too.

**Nicola Clase:** Lord Chairman, can I first start by commending the Canadian chairmanship? They have been excellent at addressing issues relating to indigenous people in the Arctic. That has been a main priority of the Canadian chairmanship, which we think is very important. The well-being of all Arctic people is fundamental as the Arctic region develops, but it is very important to acknowledge the importance of indigenous people’s traditional ways of life to their economic well-being, culture, health and language. The basic prerequisites for the people living in the Arctic is that there are opportunities for them to earn their livelihood and that there are good communications, social care et cetera. But how local and indigenous people benefit from economic opportunity depends on where you find yourself in the Arctic. The challenges are not necessarily always Arctic specific but similar to regions—areas with scarce population and limited communication.
As was stressed by my Finnish colleague previously, we have a Sami population in Sweden, and there is very close co-operation between Finland, Norway and Sweden, with Sami parliaments where you can discuss a lot of these issues. There is also a presence in the Arctic Council. Many of the issues that relate to indigenous people can be raised. The fact that the Canadian President is taking a broader approach to this issue is very helpful.

Lord Soley: Can I be clear? Your answer is that broadly the indigenous people in Sweden would welcome more development in the Arctic. Is that what you are saying?

Nicola Clase: If you look specifically at Sweden, if we look at the mining industry, which is a key industry, 90% of the iron ore produced in Europe comes from the northern part of Sweden. There is a Sami population in the area. There is a very interesting project going on. There is the city of Kiruna with 23,000 people. Thirty-five per cent of the city now has to pack its bag and move down the road in order to continue with the mining, otherwise they cannot continue. The contribution to the Swedish economy from the iron ore industry is such that it would not be possible not to continue mining. But there you have a very good discussion. It is not only to do with the indigenous people but with the population of this town. As an example, with reindeer herding, they came up with this project that meant they could continue that in a way that was conducive to continuing the way Sami herders have traditionally done things. It is very much a dialogue.

Pekka Huhtaniemi: In my previous statement, I have already told you about how the Sami population is given a voice in Finnish politics and decision-making. That is an important aspect: that they can, at least, express their pre-occupations, their worries, their interests, and that they are also heard by those who take the ultimate decisions. I have not sensed any sort of opposition for principle reasons against economic development projects in the Finnish high north. What has mainly been happening there is mining projects and then tourism development projects. They are important sources of livelihoods and jobs. I think the Sami population accepts that, as long as their traditional culture and economy based on reindeer herding is protected and they can continue also to get their traditional livelihood the normal way.

Lord Soley: Your view is, again, that they are broadly supportive, bearing in mind that there are good and bad examples.
Pekka Huhtaniemi: That is my sense broadly. We have not had violent protests, which we have seen in some other countries in the past decades, concerning some economic development projects.

Alan Kessel: It is a really superb question, because it does highlight how different and varied the Arctic is. Some people talk about Africa as if it is some homogenous thing—you know, “I went to Africa”. Well, “Congratulations”. “I went to the Arctic”. “Congratulations, too”. It is all so different. The beauty of your Committee is that you are digging into some of the texture of that. Part of what you are doing is educational, and we are delighted to be here certainly on that level.

The thing I would point out is that all these areas are part of our countries, as the Hebrides are part of your country. It is as much part of downtown Toronto as it is Iqaluit. Having said that, clearly areas require different approaches. Our Prime Minister, when looking forward to the Canadian chairmanship of the Arctic Council, made a very deliberate decision. He said that if our theme is going to be development of the people of the north, then we have to engage those people in the north. He appointed Minister Aglukkaq as the Canadian proposed Chair of Arctic Council. She is a Member of Parliament, she is an Inuk, she is from Gjoa Haven, Nunavut, and she is the Minister of the Environment. You have the food groups there that are key to promoting that holistic approach to our Arctic. When we did extensive consultations regarding our Arctic Council chairmanship, we heard time and time again from indigenous contributors about the need for more concerted development but done with those key issues in mind.

The flagship initiative of the Canadian chairmanship of this period of the Arctic Council has been the creation of an Arctic Economic Council, because people want to be self-sufficient. It held its founding meeting in Iqaluit, Nunavut in September 2014. Permanent Participants have representatives at the Arctic Economic Council, which ensures that indigenous people and their expectations and concerns regarding sustainable development are incorporated into the mandate and work plan.

Unemployment in some of these areas is endemic. When you have the opportunity to raise the standard of living and provide skills and jobs to people, as the Government it is incumbent on us to do that. An example is the Agnico-Eagle gold mine at Baker Lake, which took unemployment in the community down from over 75% to 5%. It also gave skills and a future to people who had not had some before.
At the same time, we want to ensure that there is benefit to northerners in a vast area of disciplines. To that end, we have pumped a large amount of money into the Canadian High Arctic Research Station. It is going to be one of the signature deliverables of Canada’s integrated northern strategy, and the construction of that station started last summer, with 80% of the workers employed in the local community of Cambridge Bay. Other job opportunities will flow for local people when the station becomes operational. I cannot overemphasise the integration between the local interest in improving sustainable development in their community, while at the same time bringing decision-making down to a local level and putting people in charge who have an interest in and who live in and come from that area. We have been quite successful in doing that.

The Chairman: Lord Soley, I am going to have to move on.

Lord Soley: One more very brief one again to the Ambassador for Sweden. A bad example I have heard about—and I do not know whether it is true or not—was Beowulf Mining in Sweden, which is a British company. Do you know anything about that, and would you regard it as good or bad, or not?

Nicola Clase: I am not familiar with that company.

Lord Soley: I will leave it there.

The Chairman: With Lord Addington’s permission, I am just going to move on to the final couple of questions, which I am going to put together because of time constraint. I would therefore like to ask you what role observers should play in the Arctic Council, whether there is an optimum number of observers and when that limit might be reached. Within that context, what do you see as the areas in which the UK can work with Arctic nations and what are the strengths that the UK can offer? I am going to ask, Lord Soley, if you could just take over the chair temporarily for five minutes for me. If I could ask the ambassadors to continue on that, I will be back.

Lord Soley: The music stops and I am here.

Q316 Lord Addington: My question is about how the decisions made within the council are implemented within the individual states themselves. We are trying get at how this comes down to the individual actions of those who have the power to do it. How does the council strike an effective balance between long-term goals, which are probably shared by the entire council, and the fact that you have these two-year rolling chairmanships? How have you
managed to square that eternal circle of long-term goals and that particular bit of leadership and that particular bit of ground here?

**Nicola Clase:** My Lord Chairman, just briefly, most of the recommendations and agreements that are reached in the Arctic Council will be implemented nationally. In Sweden, it would generally be by a governmental agency with specific competence in that area. When it comes to looking at long-term goals, the Swedish contribution was the long-term document *Vision for the Arctic* that I am sure you have all come across. That was adopted at the Kiruna ministerial meeting in 2013. This is a rather short and highly political statement on how the Arctic states and indigenous groups would like to see the future of the Arctic.

**Pekka Huhtaniemi:** Yes, my Lord Chairman. The basic rule is that the Arctic Council makes recommendations to member countries and decisions concerning only its own activities. Then these recommendations are dealt with at the national level, as my Swedish colleague just explained. Long-term goals are obviously very important, because some of the issues that are relevant in the Arctic are, indeed, very long term, like climate change, which is an overarching aspect or issue. We believe that the rotating chairmanship system that we have is positive and that it tends to emphasise continuity. When a country assumes the chair of the Arctic Council, it is a situation whereby you really have to take a broader view rather than simply a national view on things. It tends—we hope, at least—to increase the ownership concerning the various policies and long-term orientations that have been adopted. We generally find the rotating chairmanship system conducive in this regard.

**Alan Kessel:** Chairman, I will try to be brief on this one. I cannot disagree with anything that my colleagues have said and, frankly, we share exactly that view. This is how it works: recommendations come out of the Arctic Council and, to the degree that they are relevant within our jurisdictions, they are applied by domestic law or regulation. The one thing I did want to chat about again is in reference to my earlier comment that we do have a seamless transition approach to moving from chair to chair. For example, beyond the 11 Canadian initiatives, Canada ensures that the current chair makes reference to the 85 projects that are ongoing as well. Prior to coming in to the chairmanship, we had extensive discussions with Sweden, and as we leave the chairmanship we are already having extensive discussions with the Americans, who are already also talking to other members. There is that relationship that goes on. It is not just that one day one Government are in and the other Government are out—“Good luck”. For instance, we are trying to encourage the US to build on some of
the work that we began under our chairmanship in such areas as traditional knowledge, mental wellness and sustainable Arctic economic development, including the Arctic Economic Council.

Lord Addington: We are talking about the fact you have a consensus. Everybody has come into the consensus. Therefore you are effectively saying, “As we have agreed, implementation of these things at a national level is not that difficult because you have had a chance to block it”. That is the subtext here. Have you noticed any state that will make it quite clear that it will not agree to something as a result of a very strong national interest? Let me turn it on its head. Is it part of the experience of the council that there have been certain areas that have been directly blocked?

Nicola Clase: In an organisation that is based on consensus, it is clear that once you have reached an agreement, as has been mentioned before on the marine oil pollution agreement and on search and rescue, countries are expected to deliver on those agreements and to implement them. I do not know of any specific area currently where there would be a blockage, so I am not in a position to answer that.

Lord Addington: Are there structures of regional government that have objected to what national Governments have done et cetera?

Nicola Clase: It is always the case in an organisation where you have to reach a consensus that it is not always as easy to come to a decision; it can take quite some time. We have seen some major agreements put in place, and the work that is now being carried on by the Canadians does show that there is constant progress, but we have to be patient. We also have to remember that the Arctic Council is a relatively young organisation. We are talking about a council that was started up in 1996. If you look at what has been achieved in those years, it is quite remarkable. The enormous interest that we see today certainly was not there in 1996.

Q317 Lord Soley: On the Arctic Council, we are, as a Committee, very interested in it. I must admit that I find it a very encouraging development and an innovative structure. What a number of us are struggling with is—certainly I would like your guidance on this—is that the number of observers is expanding. I wonder if you see a limit to that expansion. There are many countries around world that could say, “Well, we want an input because of the opening up of the northern sea route”. How do you see the role of the observers and the number of observers evolving as the council evolves?
**Alan Kessel:** As the current chair, it may be useful for me to start and then to ask my colleagues to jump in. This is an issue that warmed up during the Swedish presidency and certainly landed on our laps. There is no set limit on the observers, and this issue was considered considerably by Arctic Council members. To that end, we developed a manual for observer engagement, which essentially says that the primary role of observers is to observe. I go back to my earlier comment that the incredible value of this group has been its intimacy, and that the objective—certainly of the Canadian leadership—has been to preserve that intimacy, to engage with those who have a valuable contribution to make and to ensure that there is no dilution of that capacity to engage as states and permanent observers within that context.

Having said that, we are extraordinarily beholden to observers and the contribution that they can make. It goes without saying that 99% of the pollution that we find in our Arctic region emanates from some of those observers who are with us. If those states really want to do something, domestic regulation on issues would be helpful. Mercury is an example of where we worked together. Take a look at the Canadian experience: 5% of the mercury that we find in Canada and in our Arctic region comes from Canada, 95% comes from elsewhere. There is work to be done elsewhere. Black carbon is an example, as are methane and migratory birds. All this needs that interaction with the observers, as you heard from your, I think, Singaporean witness earlier today.

With respect to the UK, it has made an extraordinarily significant contribution to the Arctic Council since its inception in 1996. The UK Arctic policy statement from 2013 clearly acknowledges this and the UK’s contribution to the council’s working groups cannot be overstated. The working groups are where rolling up the sleeves and getting down to it happens. You have this balance between the plenary, where the intimate group gets to talk to themselves about the things they need to do, and the working groups, where the pointy bits get going. We tend to listen more to the observers who come with something useful to say and who have experience in the area, as you can imagine.

On the optimal number of observers, that is a moveable feast. I am happy to discuss that further once you have heard from my colleagues.

**Lord Soley:** That is a very helpful summary. I would summarise from that that you are not looking at a finite number. You are asking, “What can someone bring to the table?” Would the other two agree with that as a broad statement on that issue?
Nicola Clase: My Lord Chairman, Sweden would certainly agree with that. We have had a very positive view on the role of observers, just as my Canadian colleague has been pointing out. The contribution from observers can take different forms, as has just been said—sending experts, circulating reports, hosting meetings or participating in the funding, which is very important, or field studies. There is so much that can be done. What is quite helpful is the fact that we now have an observer manual, so it is clearer what the observer role is about. To set a number is something that the Swedish side thought would not be very helpful, because once you set that number it is going to be awfully difficult to handle. With so many countries that could contribute, we should look at the increased role of observers instead.

One more aspect is that we do hope that the EU as a permanent observer will become a reality in the spring when we have the next ministerial meeting. That is something that we are very much supporting.

Q318 Lord Soley: May I ask Canada and Finland whether you would take the view that the European Union ought to come in as an observer? I know that there are some delicacies to this from the past.

Pekka Huhtaniemi: Lord Chairman, I fully concur with what my Swedish colleague said. I do not see any nuance between what she said and what I would say. I would have emphasised the EU aspect as well, so you can take that as an affirmative answer for my part.

Lord Soley: Does the representative from Canada want to comment on that, or would you rather leave it there for now?

Alan Kessel: I made it clear earlier that we were very satisfied with our discussion with the EU and we are not the impediment.

Viscount Hanworth: When my colleague talks about bringing matters to the table, I am bound to think of the seating arrangements in the plenary sessions and the entitlement to speak. Can you briefly fill me in on this? It is a curious question, but it has come up several times in my mind at least.

Alan Kessel: Do you mean in the actual council itself?

Viscount Hanworth: In the actual council.

Alan Kessel: The states and the permanent representatives sit together. There is no hierarchy.

Viscount Hanworth: And the observers?
Alan Kessel: The observers sit behind.

Viscount Hanworth: And remain silent?

Alan Kessel: During the session, yes. Their role takes on greater impetus during the working groups.

Viscount Hanworth: Effectively, they cannot intervene in a plenary session.

Lord Soley: Thank you very much. Can I thank all of you? You have been extremely helpful. If you have any other views you want to put in, we would be glad to hear from you. Mr Kessel, you were very helpful on the British role in the Arctic Council, but if you have views about what else we could do as an observer, in co-operation with other countries or in other ways, please do not hesitate to send those comments in to us. You will get a transcript of the hearing and you will have an opportunity to make sure it is a fair record of what you have said. I really would like to thank you very much indeed. You have been very helpful. I now conclude this session.