Summary

1. The Arctic region is undergoing an unprecedented period of dramatic change primarily as a consequence of climate change. First and foremost this is affecting the lives of the four million people (including minority indigenous populations who directly depend on the Arctic’s biological resources to sustain their way of life), for example, through the damage melting permafrost is causing to homes, transportation links and other types of infrastructure. More broadly, parts of the Arctic region are becoming more permissive of all kinds of human activity relating to resource extraction, science, militarisation, shipping and tourism. These developments are emerging as a consequence of environmental changes, technological innovation, changes in governance and new economic incentives. It is in the interaction of these drivers that new opportunities and new risks are arising, and all four factors (i.e. environment, technology, governance and economics) must be considered when assessing future trends in the region.

2. UK Arctic policies are complicated by the problem of whether to treat the Arctic as a single, discreet region, or as a patchwork of places, which are of more or less interest to British-based scientists, environmental NGOs, businesses and other stakeholders. If the UK is to have a holistic strategy towards the Arctic region, it would best be defined in terms of what is shared and common as well as exceptional to the Arctic as a discreet region rather than attempt to reconcile different interests (science, energy security, commerce, defence) which produce UK Arctic policy in fundamentally different ways.

Issues

3. The UK is implicated in all four of the above drivers of Arctic change.

4. Greenhouse gas emissions, black carbon and other forms of pollution produced by British industry, transport and homes negatively impact the Arctic environment and those that live there. At the same time, for the UK, positioned as it is in the mid-latitudes, changes in oceanic, atmospheric and cryospheric conditions in the Arctic may lead to further repeats of the very cold winters experienced in 2009 and 2010 (the cost
of which was felt through increased demand for heating and disruption to the UK’s transport infrastructure).

5. The British economy is a hive of innovation. Much of the Arctic is still seen as a frontier environment. The hostile environmental conditions associated with the extreme cold, sea-ice, the effects of magnetism and extreme day/night variation have implications for navigation, communications, scientific equipment and infrastructure resistance, as well as the mental and bodily performance of those visiting the Arctic. Increased interest in developing human activity in the Arctic will necessarily depend on and drive further technological development creating opportunities which British national research centres, universities and businesses can and do bid for and deliver (for example, a number of UK scientific institutions are partners in major EU-funded Arctic science programmes including ICE-ARC and INTERACT).

6. As the British economy recovers from the global financial crisis of 2008, new opportunities to secure the UK’s long-term prosperity are being sought globally. The Arctic is not exceptional in this regard. Nevertheless, the Arctic (e.g. Greenland, Alaska and the Russian offshore continental shelf) has attracted specific interest from British-based IOCs (BP and Shell), and smaller operators (for example, Cairn Energy and Tullow Oil) which are now dependent on their ability to find and develop new large oil and gas fields in order to meet their projections of future global energy demand. However, growing resource nationalism means that IOCs are increasingly limited to securing minority shares in joint ventures led by national enterprises (for example, Rosneft in Russia), and/or exploring for resources in technologically challenging conditions that depend on high-risk investments. While the Arctic offers an opportunity to IOCs, they will constantly be assessing the investment risks against market prices for oil and gas, as well as other ventures relating to deep-sea drilling and shale gas. The economic incentives to operate in the Arctic are therefore highly dynamic and related to other variables. The recent conflict with Russia over Crimea/Ukraine further highlights the potential for political risks to threaten long-term commercial ventures.

7. The eight Arctic states (US, Canada, Russia, Norway, Iceland, Finland, Sweden and Denmark) exercise sovereign rights over much of the Arctic Ocean. A number of these states are seeking to extend their sovereignty with legal reference to the UN Law of the Sea Convention (UNCLOS) and Commission on the Limits of the Continental Shelf (CLCS). The US has not ratified UNCLOS but considers the ‘Law of the Sea’ part of customary international law. In addition to these provisions, the Arctic states established the Arctic Council in 1996. The Arctic Council has emerged as the primary diplomatic forum for exchanging views and reaching consensus on Arctic issues. There are now 12 observer states (including the UK), which attend the Arctic Council to observe meetings and participate in the scientific working groups.
8. Recently the Arctic Council has helped to establish an independent Arctic Economic Council (AEC) where commercial opportunities in the Arctic can be considered. The Arctic Security Forces Roundtable (ASFR) provides a forum for the Arctic states and a number of observer nations (including the UK) to discuss collective security challenges facing the Arctic. Arguably, this tripartite arrangement of the Arctic Council, AEC and ASFR means that there is now a multi-dimensional framework in place which covers a broad range of issues relating to the Arctic, although all three forums are still in their infancy. The UK is involved as an observer in every dimension.

9. The biggest challenge facing international governance in the region concerns how relations are managed between Russia and the other Arctic states (and arguably the Arctic observer states). Russian Arctic policy is typically represented in the West in aggressive, expansionist terms, often without appreciating that the development of Russia’s Arctic Zone (which Russia hopes to turn into its national resource base by 2020) is hugely dependent on outside investment, technology and expertise. On the one hand then, Russia is likely to continue seeking cooperation from North America, Europe and East Asia. On the other hand, no one should ignore the fact that Russia offers its own interpretation of how international treaties apply to both the Svalbard archipelago and freedom of navigation through Russia’s Exclusive Economic Zone and the Northern Sea Route. Conflict in either of these areas (whether independently or as an extension of other conflicts – i.e. the current crisis over Ukraine/Crimea) will likely lead to the marginalisation of Russia – the largest Arctic state – and negatively disrupt the activities of the Arctic Council, AEC and ASFR.

10. The UK’s current security posture toward the Arctic is rooted in providing strategic reassurance to Norway (a major exporter of energy to the UK) and the broader Nordic/Baltic region. The UK currently lacks the expensive naval capabilities required to operate surface warships in icy waters. However, the area of strategic interest to the UK (primarily covering parts of the Norwegian, Greenland and Barents seas) is characterised by warmer waters where surface warships can operate without ice-strengthened hulls. The greater challenge for defence is to maintain a watching brief to assess whether to increase deployments in these waters. For example, in light of the recent deterioration of relations between NATO and Russia, the UK may be asked to increase its presence in near-Arctic waters in support of Nordic and Baltic allies (in September 2014 it was announced that the UK would lead a new NATO joint expeditionary force comprising the UK, Denmark, Norway, Estonia, Latvia, and Lithuania, and the Netherlands). How the UK responds will need to be weighed against other strategic priorities in the wider world.

11. UK Arctic policy, as it is set out in the Arctic Policy Framework (APF, 2013) appears broadly cognisant of the above issues. The government’s current approach is to devolve
responsibility for different policy areas to those departments with the appropriate level of policy expertise to lead on the government’s response. The Cross-Whitehall Arctic Network, chaired by the Polar Regions Department (PRD) of the Foreign and Commonwealth Office, provides an important mechanism for information sharing and coordination of interests. The PRD remains the most logical lead department coordinating UK Arctic policy as it represents the UK at the Arctic Council and as such requires a holistic view of British interests and activities.

12. Arguably, there are two significant challenges facing the further development of UK Arctic policy.

13. The first concerns communication. In practice, British interest in the Arctic is heterogeneous, often limited to specific sites and activities, rather than the Arctic as a whole. There is a disjuncture then between what happens in practice and the presentation of British policy in the Arctic as British policy toward the Arctic. The APF currently obscures the fact that few actors in the UK consider the Arctic to be a single, discreet space (indeed the ‘Arctic region’ is arguably a post-Cold War geopolitical construct). Similarly, this creates a further problem that the PRD, as the UK’s ‘Arctic Face’, is often unfairly assumed to exercise full responsibility for the development and delivery of UK Arctic policy while the work of other departments appears to be rarely recognised or scrutinised in the same level of detail.

14. The second concerns the material delivery of UK Arctic policy. Britain currently is not in a position to compete with other Arctic states and Arctic Council observers (such as Norway, Russia, Korea and China) in terms of the financial and material resources that it can commit to the Arctic. This is because budgets for science and defence are prioritised elsewhere. The lack of state enterprises means that the decision to pursue economic opportunities rests with British-based businesses themselves (although they might work with government to alleviate political risks). In governance terms, as an observer the UK only has a limited role in the Arctic Council, AEC and ASFR. Use of the UK’s polar logistics (including the planned future research vessel) will be prioritised in Antarctica (although NERC’s Arctic Office and Arctic Research Programme will continue to direct a small proportion of the UK’s polar resources to the Arctic).

**Recommendations**

15. The Government needs to decide on, and publicise, the priority it affords to the UK’s Arctic interests, relative to other geographic regions. These priorities will not be uniform across government (science, commerce, diplomacy and defence will have different requirements). Even if resources for delivering Arctic policies remain limited, re-
emphasising the British government’s commitment to the region will help the UK to punch above its weight, diplomatically, scientifically and economically.

16. The Government should appoint a special representative to the Arctic who is accountable for the delivery of UK Arctic policies. The special representative should not be an ambassador (as this would conflict with the country ambassadors already in post in Arctic states) or a minister (as the UK does not have ministerial representation at the Arctic Council). The special representative should chair the Cross-Whitehall Network Group with support from the PRD and have the authority to scrutinise policy development across government. This will create a clear line of accountability in the delivery of UK Arctic policy across all of the government departments involved in Arctic policy development and provide a rallying point for stakeholders (including business and environmental NGOs with Arctic interests). The special representative may be based in the PRD but should exclusively focus on Arctic issues (leaving responsibility for Antarctica to the PRD and relevant ministers).

17. The Arctic Policy Framework should be reframed as a set of policies to be pursued in the Arctic rather than toward the Arctic. Doing so allows for a clearer expression of geographical variation and prioritisation of interests, reducing the potential for the Government to be accused of pursuing contradictory policies.

18. The Government should commit to updating the Arctic Policy Framework at least every 5 years in line with the electoral cycle (while also being prepared to respond to more sudden developments) to reflect the changing priorities and resource capabilities of the UK in the Arctic. As such, the next full review of the APF should take place in 2015. As part of this review, every government department involved in Arctic policy development should be required to reassess whether the priority afforded to their Arctic-related interests is still appropriate given the current dynamism of regional developments.

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