1. What are the main issues arising from recent and expected changes in the Arctic region? How will these changes impact upon the Arctic and what is the impact for the UK?

1.1. Melting sea ice will allow the expansion of Arctic transit traffic and UK ports should be ready to benefit from this.

1.2. The extent of the summer sea ice in the Arctic Ocean has decreased by about 40% on average since 1979, when satellite measurements started. The decrease in winter is about 8% in comparison.

1.3. Reduction in summer sea ice will expand the navigable area and extend the season. Both the Northwest Passage and the Central Arctic Ocean route could become navigable under summer conditions by mid-century or even earlier.

1.4. For transit between ports in northern Asia and Northern Europe, the distances through the Arctic are shorter than via the Suez Canal. Nevertheless, it should be borne in mind, that speed is reduced in ice so savings in distance may not deliver the same in time savings. Sailing times may also depend on regulatory approvals.

1.5. If however potential cost savings related to shorter shipping routes are achieved then this will contribute to lower logistics costs for the European economy.

1.6. In our opinion, the UK needs to begin the process of assessing the part that UK ports can play in achieving this. In a previous hearing mention was made of the potential strategic importance of Hull as a port of entry for shipping from northern Asia arriving into the EU via the Arctic. The Humber ports of Hull and Immingham are well placed to benefit from this potential traffic and this would also link with the putative project to create a logistics hub in the Humber/South Yorkshire sub-regions which aims to encourage a move from long distance road haulage to sustainable methods such as rail, short sea shipping and river and canal transportation.

1.7. Recommendation

Conference (jointly with European Commission) located in Hull bringing together Arctic maritime specials, oceanographers, climatologists, shipping companies, port companies and others to assess the feasibility of the Humber ports acting as the main point of entry into the EU for shipping from northern Asia via the Arctic.

2. How should economic development be balanced with environmental protection in the Arctic? Are appropriate systems in place to ensure the correct balance is found and maintained? How should the UK be involved in establishing this balance?

2.1. It is clear that the resilience of Arctic ecosystems to withstand diverse events such as ship accidents or incidents during offshore drilling activities is weak. While particular risk
events such as an oil spill are not necessarily more likely in the arctic than in other extreme environments the potential environmental consequences and costs of clean up may be significantly greater.

2.2 Recommendations

The highest possible international standards should be used by oil and gas companies as well as by shipping companies in the Arctic. The UK government should insist that UK companies operating in the Arctic should not only employ those high standards but should be at the vanguard of discussions as to how those standards need to be supplemented for Arctic challenges.

The risks in the Arctic, both environmental and societal, call for new business models. International cooperation, both political and financial, is crucial in achieving this. Therefore, an international finance institution or financing framework should be established in the City of London to provide loans and make capital investments and which would include an emphasis on environmental and social responsibility in Arctic hydrocarbon-related projects.

3. How effectively does the UK interact with Arctic governance structures? Is the UK government’s approach, as set out in the Arctic Policy Framework, proportionate and appropriate?

3.1 The UK (and other EU member states) is affected in the Arctic through changing climate, the opening of sea routes, fishing migration, energy supply, tourism and so on. It is only reasonable that the UK expresses its interests in the Arctic through its Arctic Policy Framework in the same way EU’s strategic approach to the region as first expressed Arctic Strategy of 2008.

3.2 The European Commission has been asked by the Council to draw up a renewed Arctic Strategy by the end of 2015. In our opinion, it is important that this document accentuates the EU’s leadership role across a number of horizontal policy areas particularly environmental, fisheries, transport, energy and tourism. In this way, the EU can focus on those areas where it can make a positive difference and also, as importantly, advance its image in the region.

3.3 Recommendation

That the UK plays a central role in the drawing up of the EU’s 2015 Arctic Strategy, in particular, supporting the EU’s focus on those areas where it can make a difference and thus shifting the strategy away from its current foreign policy and international relations base and towards more practical outcomes in the areas of environmental, maritime, energy, trade and other concerns.

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