ARCTIC ADVISORY GROUP—WRITTEN EVIDENCE (ARC0060)

Arctic Advisory Group

1. HMG’S RESPONSE TO HOUSE OF COMMONS ENVIRONMENTAL AUDIT COMMITTEE ARCTIC REVIEW

In the light of the House of Common’s Committee’s findings in 2013, a policy Framework was put in place to accommodate the interests and views represented by various government agencies, departments, and ministries. Overall direction was given to the FCO, which now coordinates 6 monthly meetings with the interested parties to review and update the Framework.

HMG did not formulate a formal Policy document for the Arctic region for two primary reasons: firstly a policy document was seen to presume upon the exclusivity of the 8 Arctic nations’ sovereignty over the region; secondly, such a document may therefore have invited criticism in terms of any UK Policy content.

Instead the Framework set out the UK’s interests in the Arctic, how it could work with others in the region, and what expertise it could contribute to the development of the Circumpolar North.

2. RECENT DEVELOPMENTS SINCE 2013 THAT MAY EFFECT THE UTILITY OF THE UK’S ARCTIC FRAMEWORK

- The international implications of sanctions in the Russian Arctic, including UK & NATO strategic considerations
- The creation of a business forum by the Arctic Council (AC), known as the Arctic Economic Council (AEC), as well as the arrival of such business oriented forums, as the Arctic Circle
- The changing role of Science in the AC, adapting to business needs, and sustainable development
- Implications of US Chairmanship of AC in 2015 (on Business/AEC; NATO; Observer membership)
- Review of the AC’s role and mandate(s), in light of the above changes
- The increasing appointment of Arctic representatives, by non-Arctic Observer countries
- Increased EU interest & participation in the region, as well as a possible granting/not granting of its “Permanent Observer” status within the AC in 2015
• Increasing Asian / Chinese interest in the European Arctic for shipping, energy reserves (especially Russian gas). Their new Permanent Observer status in the AC, and the implications for the UK’s Observer status - and continuing UK influence in the Arctic

• Steady developments in technology, communications, infrastructure and cooperation which are making the emergence of the Northern Sea Route (“controlled” by Russia), as a new global trade route between the Atlantic and Pacific, increasingly likely in the C21

• Requirement to address different rates of progress between N. American and European Arctic, as well as inter-regional anomalies too, and overall effects on Arctic governance.

• Steady evolution in regulatory/ mandatory and industry standards: Polar Code; Oil Spill response; and mass evacuation legislation

3. JUSTIFICATION FOR AN UK ARCTIC POLICY

All of the above has facilitated and economically underpinned talk of political change and altering international relations both within the Arctic (Greenland’s move toward independence, Russian relations within the European Arctic, increasing role of commerce in the region), and without, as states such as China, South Korea, India, Singapore, Japan, and the EU all express growing interest – and claims, in the Arctic.

So whilst Circumpolar cooperation is seen by all parties to help reduce tensions and avert misunderstandings, this established status quo may be challenged by the equally powerful fact of encroaching globalisation (especially regarding resources and new trade routes), leading to possible associated instability, and compounded by increasing demands from powerful non-Arctic interests.

The Arctic Economic Council

This has partly resulted in the creation of the AEC by the AC to safely manage this industrializing phenomenon on local inhabitants, along with a review of the role of the key Arctic governance forum, the AC, and whether it should now assert direct control over the sustainable development of the region, or remain simply an advisory body.

This therefore is an opportune time to review HMG’s Arctic Framework as a result of such developments and its continued efficacy under these evolving circumstances. There is arguably a necessity now for a definitive UK Arctic Policy reflecting increasing British strategic, business, and international relations’ interests.

EU Arctic Policy and Commercial Competition in the European Arctic
This need is compounded by fierce and increasing competition from both non-Arctic Asian and (anticipated) EU states, which have all without exception, created substantive national Arctic policies with the full acknowledgment and encouragement of the AC.

Moreover it may be the case that the UK will have to radically change its traditional approach to the Arctic in the light of emerging EU policy, an increasing Asian economic and scientific contribution that dwarfs the UK’s current efforts, and a potential strategic threat posed by Russia in the Arctic. Under these pressing circumstances Britain requires a policy, not only to be a part of the shaping/governance of the region by the AC, and to promote our Framework objectives of SD and EP, but also to consider a more strategic contribution to the AC that is unique, and cannot be offered by Asia or the EU.

Increasingly without such a policy the Arctic Council may consider British views on, and input into policy and economic matters, increasingly irrelevant. The lack of a policy may also indicate to the AC and other competing Observer nations a lack of British economic/societal commitment, and political intent.

4. REVIEW OF THE UTILITY OF THE UK’S FRAMEWORK POLICY

The 2013 Arctic Framework’s emphasis on structure and process has admirably served its purpose of framing the critical opportunities and challenges in the region, facilitating a forum for government departments’ and ministries’ opinions, and articulating the Arctic’s growing geopolitical importance to the UK in terms of international relations, business, and key societal issues; environmental protection (EP), sustainable development (SD), Indigenous peoples (IP), and climate, to name but four.

Proposal for Consideration

However, following a review of the rapid developments in the Arctic (see Points 2&3) and other recent significant factors, a change in emphasis is recommended whereby there is a shift from process (Framework) – to implementation (Policy).

Reasons for an explicit UK Arctic policy with regard to recent AC announcements and their possible effects on the UK include:

- addition of Asian Observers to the AC and associated questions of governance
- implications of EU Observer membership and UK coordination (or not) with an emerging EU Arctic policy
- changing role of science from an emphasis on underpinning policy development, to substantiating sustainable business
- creation of the AEC and attendant international commercial competition
- AC’s position in the light of western sanctions against Russia in the European Arctic, and implications for the UK’s defence policy
Explicit demands from the AC for Observer countries to increase their burden sharing responsibilities (including budgets).

**Shortcomings of the UK Arctic Framework**

The intellectual underpinning of the Framework states that the UK has no right to impose upon the sovereignty – (and create allied concepts such as a formal policy) – of Arctic nations; thus the UK Framework emphasises instead the process by which our interests, contributions, and support of the AC are promoted.

However the UK’s sensitivity about sovereignty *per se*, is questionable. Every major western nation with interest in the Arctic and many significant Asian Observer states too, are now announcing their Arctic policies (the latest are land-locked Poland and the island of Singapore). The EU too, will produce a policy which will complicate the UK’s position as an EU member state. No AC state considers foreign interest in their Arctic territories as undermining their sovereignty and/or statehood.

Furthermore, precedent has already been set. The UK expressed no reservations vis-a-vis sovereignty in the similar case of the development of the Caspian Sea in the mid-nineties. This was/is a sea surrounded by 5 littoral nations, and included at that time very sensitive sovereignty issues with a recently independent superpower, Russia, a sanctioned Iran, newly created sovereign states Kazakhstan and Turkmenistan, and a recently at war, Azerbaijan (Nagorno-Karabakh, etc). This effort was augmented by the appointment of a former oil executive (reporting to, and paid for, by HMG) as a UK representative to the region, expressly to seek energy business with individual Caspian states for UK Plc, and which proved to be very successful.

5. **THE UK FRAMEWORK AND THE AC’s ALTERNATIVE FRAMEWORK**

In contrast to the UK Framework, the essential underpinning of the AC’s own Framework – and which is adopted by all Arctic nations and every non-Arctic Observer nation - is sovereign rights (SR), not sovereignty.

SRs are central to the equitable and safe prolongation of indigenous peoples’ livelihoods, commercial activity, good governance, and the implementation, regulation, and monitoring of the AC’s Framework guidelines such as SD and EP.

British/Observer states’ commerce for instance, *does not require sovereignty over Arctic nations* in order to operate, but rather requires (via SR instruments), *access* to Arctic resources and *use of routes*, *across* Arctic states’ territories. SR instruments such as maritime law (UNCLOS) and legislation (e.g. the Polar Code), are typically employed to agree such activities (along with evidence based scientific findings, such as the extent of continental shelves), with Arctic governments.

*AAG’s conclusion is that the UK’s reservation about creating an Arctic Policy on the basis of sovereign concerns is both a false flag, and out of step with the AC’s own Framework and Policy (and our competitors’), which will now hinder the UK’s overall ability to operate, contribute, and benefit in the region.*
The Present situation within the UK Framework

Secondly, the promotion of SD and EP as UK policy aims within the UK Framework is confusing; within the AC Framework these factors are not policy (or otherwise) aims, but simply objectives that act as guidelines and milestones – to enable the delivery of a policy aim, (for instance, “a safe, sustainable, and secure globalisation of the region, for the benefit of the Arctic’s indigenous peoples”).

The AEC is for instance an instrument of that AC policy, which requires all projects (and the AEC itself) to adhere to the AC Framework guidelines (SD/EP, IP, etc.), and be approved by an Arctic nation minister, appointed by the AC.

There is clear daylight in other words, between the AC’s process / objectives (Framework), and strategic aims (Policy), which in turn leads to implementation (in this example, by the appointment of the AEC instrument). In this manner, AC policy determines process (Framework), and not vice versa.

In response to continuous change in the Arctic, the AC is reviewing its policy aims. Allied to that will be a concomitant change in the AC’s Framework (to facilitate these emerging policy aims). At some stage the UK will therefore have to alter its Framework to mirror these developments in the AC’s Framework.

But for the UK it is policy that is appropriate in response to say, Russian sanctions in the Arctic. As we have no declared policy (and therefore no strategy for implementation of that policy), resorting to alterations in the Framework’s objectives does not address the lack of UK Policy - and these changing circumstances, nor progress our positioning in the Arctic. Policy fulfils that function, along with an accompanying implementation strategy.

6. POTENTIAL SOLUTION – AN EMERGING UK ARCTIC POLICY

An UK Arctic Policy with a singular vision and aims (e.g. strategic, societal, scientific and commercial) would publically articulate UK intent, facilitate a mechanism by which the UK can dovetail (and separate out when necessary), its contribution and needs in the Arctic with other AC countries, and by doing so, reduce some of the confusion and hesitation that the UK Arctic Framework constitutionally engenders.

The lack of an UK Policy is something our allies in the Arctic increasingly look upon as bewildering. With the US as chair of the AC in 2015, Admiral Robert Papp, the US special representative to the Arctic, has already suggested that burden sharing in the form of possible payments are on the cards for Observer members, in order to maintain their position in the AC.

It is imperative therefore that the UK has a substantive and detailed Arctic policy in place soon, in order to meet this possible challenge; Papp has stated that he will make the AC “more forward leaning” with a focus on implementing solutions. Without a UK policy it is difficult to see how implementation can occur. But with a policy in place the Framework’s sole role would
then be to rightly facilitate the implementation of UK Arctic policy, and provide policy guidelines/objectives (such as EP/SD etc.).

**Recommendation**

A strategic shift in orientation is therefore recommended which moves the focus from the establishment of the Framework, in which EP/SD and societal issues are the essential building blocks, to creating a policy instrument in which these building blocks are no longer seen as an end in themselves, but rather in policy terms, as a means to an end (that “end” being implementation of policy).

**Possible Consequences of a Framework - only UK Position**

Without a clear strategic policy (and attendant vision for the region, along with specific UK aims), the UK’s efforts in the Arctic will be limited - tactical rather than strategic, non-linear in effect, and incoherent to our allies in the region, with whom we want and need to work.

As and when the EU becomes a Permanent Observer to the AC, the lack of an UK Policy will further dilute our influence in the formulation of Europe’s Arctic policy, and hobble our ability to align with Europe’s own policy.

Lacking a UK policy it is difficult to see how the UK will compete commercially with other Observer states too that do have Arctic policies - and can thus articulate and negotiate their own wishes with AC nations around *common aims, frameworks, and implementation measures*.

**Sequencing of an UK Arctic Policy**

Any emerging Arctic policy will first of all have to take into consideration, other UK foreign and defence policy imperatives (e.g. the Antarctic where we have territorial responsibilities, the cost of any augmentation of Arctic activity, and the strategic implications of Russian relations with the west at present).

Once those strategic priorities for the Arctic are established by central government, then direction can be given to creating an UK Arctic Policy, (e.g. a business and strategic oriented policy, or alternatively an environmental and human rights oriented policy), hopefully overseen by the FCO’s Polar Regions’ desk where our greatest Arctic expertise lies.

It is also recommended that with competing policy emerging from Asia and the EU, any UK policy created is especially unique, strategic in vision, and far reaching in thinking to have any real impact upon AC policy, and be seen by the AC as the significant contribution by an Observer country to burden sharing, as stipulated by the AC, and most recently by the US chair of the AC, Admiral Papp.

7. **PROMOTING PROJECT UK ARCTIC POLICY**

   a). Raising UK Awareness
• Commission study on state of Arctic play from Polar experts: with input from academia, business, NGOs and government.

• Structurally incorporate (invite) external expertise onto HMG Polar committees, advisory boards and policy brain-storming sessions in order to inform (but not create) UK policy formulation.

• Offer structured briefings to key departments (MoD, DECC, FCO, DEFRA, DFID, BIS, UKTI etc.) in order to raise awareness and garner support for creation of UK Arctic policy.

• Raise issue in Cabinet, looking for Ministerial “sponsorship” - following departmental briefings and feedback.

• Conduct series of one-to-one briefings with key PPSs in targeted ministries/departments.

  o Discussion with officials – future SDSR and effect on Arctic policy and UK role regarding MOD tasking. Strategic aspects to be discussed with Norway as priority.

  o Discussion with commercial organizations/institutions on an Arctic policy.

  o Consider coordinating a geopolitical/strategic oriented Polar Centre of expertise in UK. (non-existent at present). Establish an UK Arctic policy party to assist with EU policy formulation.

  o Culmination: debate in houses of Commons/Lords on need for creation and budgeting of an Arctic policy for c21.

b). Short term International Signal of Intent

Appoint Arctic business figure/coordinator for Arctic/Poles – based partly in region.

• Individual would be expected to spend at least 50-75% of his/her time abroad.
• To be tasked by HMG when/where appropriate
• To coordinate Arctic efforts between UK Plc and UK government offices
• Represent UK Arctic interests abroad and explain revised UK Arctic policy to AC
• Maintain/increase physical presence in region, (conferences, workshops, speeches, publications/interviews, bi-lateral talks)
• Interface with British/Arctic industry (e.g. oil/infrastructure/shipping) in situ, to understand commercial issues and political needs
• Interface at home with academia, Think Tanks, commercial institutions (IMO/Lloyds, OSPAR, etc).
• Make regular and detailed strategic and tactical recommendations to HMG

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