



Transcript

Environment and Geopolitics: The Future of the Arctic

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Bernice Lee:

Good evening, everybody. Let me start by welcoming you all to this event tonight at Chatham House on environmental politics, The Future of the Arctic. My name is Bernice Lee. I'm the Research Director for Energy, Environment and Resources Futures here at Chatham House.

We're very happy today to have three very distinguished speakers and we will start tonight with His Excellency Jim Wright, followed by His Excellency Yury Fedotov and then Charles Emmerson. I will introduce them in turn.

Obviously the arctic has been a source of fascination for many of us who don't live that close to it but also a source of mythologies. But, not only because of environmental change, we're having to face a lot of new realities and it is indeed in this context that we are particularly happy to have such a distinguished panel to join us today.

We will have about 30 minutes of talk followed by 30 minutes of questions and answers. The first part of the meeting will be on the record whereas the Q&A session will be off the record. Thank you.

So if I may introduce our speakers quickly, His Excellency Jim Wright has been Canadian High Commissioner to the UK since 2006. He joined the Canadian Foreign Service in 1972 and has worked in the office of the prime minister. He has been posted to Moscow, Washington, as well as London before. In the late 90s he was Director General for Central, East and South Europe bureau and in the early 00s he was Political Director and Assistant Deputy Minister for the International Security branch. He has represented Canada at G8 summits and other international fora.

HE Jim Wright:

Thank you very much. It's great to be here, Bernice. It's a pleasure to be on this panel with two colleagues and one very old friend, Yury. Yury and I had an opportunity to work together before coming to London in a G8 context, and the issue that we're discussing this evening is important, relevant and very much on the top of the agenda both from a domestic and foreign policy perspective from Canada's perspective.

We are first and foremost a northern country. Canadians are deeply influenced by the vast expanse of our arctic. The arctic in Canada occupies about 40 per cent of our land mass and if you look at the Canadian north, it's roughly equivalent to the size of the European Union. Our north is home to about 100,000 Canadians across three territories: the Yukon, the Northwest Territories and Nunavut. And our northern inhabitants: they are First Nation, they are Inuit, they are Métis and their ancestors have lived in Canada's north not for centuries but for millennia.

A hundred years ago today Canada was only 43 years old. We were back then a booming country of 6.8 million people and the Canadian government back then had sent out expeditions under AP law J D Moodie and the famous Canadian Captain Joseph Bernier to uphold our claim to this vast territory. The race to the North Pole and arctic exploration in general was big news back then. It captured the imagination of millions of people just as it does today. The arctic is front and centre in newspapers, on webpages and academic journals and of course at events such as the one we are enjoying this evening at Chatham House.

Let me just outline very briefly for you Canada's vision for the north, both present and future. In Canada I think we have a good understanding of the challenges and opportunities the north holds and that includes first and foremost of course the well-being of northerners, international collaboration among arctic states, safety and security, the opening of new transportation routes and energy and other natural resource potential for the region.

The Government of Canada publicly launched its Northern Strategy in the summer of 2009. This strategy articulates our approach to developing and protecting the arctic. The strategy is based on four equally important and mutually reinforcing principles: 1) to encourage economic and social development that benefits northerners; 2) to protect environmental heritage; 3) to exercise our arctic sovereignty as international interest in the region increases; and 4) to provide northerners more control over their economic and their political destiny. And it is through this strategy that we are allocating more resources and attention to northern issues than at any time in our country's history.

By way of illustrating this approach in the north, I want to just touch on one aspect of this issue that I know is of great interest here in the United Kingdom and that's the potential for new transportation routes. We all recognise that climate change is having a disproportionate impact on the arctic. Some experts predict that the entire Arctic Ocean could be ice free in the summer season of 2013. Others say this isn't going to happen until 2050. We recognise that much more research is needed to fully understand sea ice trends. We've committed now 156 million to research as part of the international polar year. In 2007, the Canadian government made a commitment to build a new arctic research station in Canada's high arctic and in 2009 provided significant new funding to upgrade current research facilities across Canada's entire arctic region.

Britain, with its distinguished record in polar research, is a valued partner for Canada and in 2008 we signed a Memorandum of Understanding with Britain for cooperation in polar research activities.

As regards the Northwest Passage, that fabled name referring to the various internal waterways in the Canadian arctic archipelago, our own Canadian Ice Service believes that it will not likely be a reliable commercial shipping route for decades owing to extreme ice

variability. But there can be no doubt that we must be ready to act for an eventual increase in shipping.

In 2009 we expanded the application of the Arctic Waters Pollution Prevention Act from 100 nautical miles to the limit of Canada's 200 nautical mile exclusive economic zone, and the right to exercise its strict pollution prevention measures in ice-covered waters out to a maximum of 200 nautical miles is codified of course in the UN Convention on the Law of the Sea. Canada has recently implemented mandatory ship reporting for vessels destined for Canada's arctic waters within the same 200-mile limit, replacing the current voluntary system. The purpose of mandatory reporting is to enhance the safety and security of vessels navigating arctic waters and to provide us with a better tool for pollution prevention in these waters.

We're also ensuring that we have the capability and capacity to protect and patrol the land, sea and sky in our sovereign arctic territory. Significant investments in the new capabilities on land include establishing an arctic training centre in Resolute Bay on the shores of the Northwest Passage, expanding and modernising the Canadian Rangers and the Rangers are a component of Canadian Forces Reserves, which consist of aboriginal volunteers responsible for providing presence and surveillance and for assisting with search and rescue. In sea, we're establishing a deep-water berthing and fuelling facility in Nanisivik on Baffin Island and procuring a new polar icebreaker. We're further bolstering Canada's arctic capable fleet in new patrol ships capable of sustained operation in first-year ice. Safe, secure and environmentally sound shipping in the arctic will also require the international community to agree on rules for arctic shipping and the appropriate multilateral body for work in this area is the International Maritime Organisation based right here in London and Canada is playing a helpful role in the development of a mandatory polar code. The Arctic Council is the pre-eminent multilateral body for arctic cooperation and work is underway there to develop a legally binding agreement for cooperation between circumpolar nations on search and rescue in the arctic. Make no mistake about it: operating conditions in the arctic will remain challenging for the foreseeable future and the shipping community will depend on circumpolar countries to provide search and rescue capacity in extreme remote areas.

To conclude, I was asked to consider whether the future of the arctic will be characterised by competition or cooperation. My view and that of my government is that the arctic is in fact an area of cooperation, as exemplified by the important work of the Arctic Council. The five coastal states bordering on the Arctic Ocean – Canada, Denmark, Norway, the Russian Federation and the United States – exercise sovereignty and jurisdiction over most of the region and very little of that jurisdiction is disputed. And those areas where there are disputes are well managed bilaterally. We already have an extensive international legal framework that applies to the Arctic Ocean. Notably, the UN Convention on the Law of the Sea provides for important rights and obligations concerning continental shelf delineation, marine environmental protection and the other uses of the sea. And in the 2008 Ilulissat Declaration,

all five arctic coastal states reaffirmed their commitment both to the framework and to the orderly settlement of any possible overlapping claims.

The UNCLOS process to delineate the extended continental shelf is legal and it is orderly. It's not adversarial and it's not a race. Rather it's a collaborative process based on a shared commitment to international law. Canada is doing its best to invest in science, strengthening our regulations, enhancing our capacity to enforce those regulations. We're working closely with our circumpolar neighbours and the broader international community to ensure that rigorous rules are in place in preparation for the day when arctic shipping becomes commercial viable. The Canadian government has established this Northern Strategy to realise the true potential of Canada's north for northerners and for all Canadians. And I look forward to the discussion and your questions afterwards.

Bernice Lee:

Thank you very much, High Commissioner, for articulating the Canadian vision.

The next person I would like to invite to the podium is Ambassador Yury Fedotov, who has been ambassador to the UK since 2005. He entered the Diplomatic Service in 1971 and worked in various postings, including a member of the USSR delegation in the UN Disarmament Committee in Geneva and as a deputy minister for foreign affairs of the Russian Federation in charge of international organisations.

HE Yury Fedotov:

Thank you. I would like to thank you for this kind introduction and for all of you coming here in this day of July. It may be very timely to start to discuss the arctic during this heat wave in Europe. It may not help to cool down the temperature outside but it may help to cool down some political emotions.

I'm afraid I will continue in the same logic as my friend Jim about the importance for Russia of this region because Russia is an arctic country. Almost one-fifth of our territory lies inside the Arctic Circle. Roughly the same share of Russia's gross domestic product – 20 per cent actually – and total exports of 22 per cent originate in this region. Russia is a home country of a number of indigenous people over the north, which are, as I understand, relatives of those people living on the other side of the Arctic Ocean. The arctic is a promising source of natural resources and global warming will make those assets more accessible.

Certainly we should be extremely careful not to damage very fragile and vulnerable environments to ensure the development of the region. In 2008 we approved in Russia the guidelines of the state policy in the arctic until 2020 for the aim of sustainable development of the region and improvement of the quality of living and working there, including ensuring a

favourable environment for the indigenous people. This policy envisages different areas of exploration and exploitation of the region and many of them were interested in active cooperation with our arctic neighbours and countries and companies from other regions.

Russia is interested in active use of its North Sea route, also known as the Northeast Passage. We see it as our major natural competitive advantage to be exploited yet. Russia is currently preparing a new, clear set of rules of navigation along this major transport artery. Decisions have been taken to restore and renovate the infrastructure and build a new generation of nuclear powered icebreakers. We will also consider as a priority and actively participate in the elaboration of a mandatory polar navigation code in the [inaudible].

The Russian government promotes joint ventures in scientific research. It will help to develop the potential treasures of arctic, for the benefit of domestic consumption and for the world market. We're interested in engaging in this work with technically and financially advanced countries and companies from other parts of the world. Last March we had a special meeting of the National Security Council under the chairmanship of President Medvedev especially devoted to the development of the arctic region. This autumn an international scientific conference on the arctic is scheduled to take place in Moscow under the auspices of the Russian Geographical Society.

Growing accessibility of natural resources of the seabed stimulated countries to expand the outer limits of their continental shelf if they have one. It is also the case of Russia. There are large areas where our sovereign rights arising from the correspondent provisions of the UN Convention on the Law of the Sea can apply. For among other things, there is a need to prove scientifically that the additional shelf a country is claiming is a geological continuation of the continental platform. Russia is working to finalise its own submission later this year and there are clear rules and effective international regulations and mechanisms. The UN Commission on Limits of the Continental Shelf will not recommend to the submissions of states if they overlap. So contrary to what sometimes is thought, these procedures stimulate countries to cooperate and not to conflict with each other. According to some assessments, up to 25 per cent of all potentially exploitable natural resources in the region are covered by the sovereign rights of one or another littoral state. All the necessary agreements are in place, primarily the UN Convention on the Law of the Sea, and the arctic states have been capable so far to reconcile their differences. In 2008 the Ilulissat Declaration of five arctic coastal countries confirmed their commitment to solving all possible discrepancies through negotiations building on the existing and sufficient legal instruments. For example, you might be aware that recently Russia and Norway were able to overcome their longstanding maritime border dispute.

Apart from the growing bilateral ties, an ample and sufficient structure of multilateral intergovernmental fora have been set up in the region. We've established cooperation between the five arctic coastal states and basic uses of security, conflict prevention and

governance of the Arctic Ocean. There are the Arctic Council and the Council for Barents Euro-Arctic Sub-region for cooperation in such areas as business, transport, energy, environment, tourism, customs, emergency preparedness and response, public health, culture, education, scientific research and many, many others. Last December we made a successful start of negotiations on the first pan-arctic instrument of international cooperation in aeronautic and maritime search and rescue to be completed next spring. At Russia's proposal, the Arctic Council has recently adopted an initiative to work out an arctic-wide multilateral system of prevention in fighting man-made emergencies, which would comprise of a set of standards of economic activity in the arctic, a real-time monitoring system and a network of rapid reaction centres located in a way so to assure an effective neutralisation of emergency should they actually happen.

We've also agreed to cooperate in researching into a state of natural fish stocks and their ecosystems in the arctic so that we are able to timely assess emerging trends and their implications. We believe that the situation in the arctic remains calm and under control. The region is not an area of potential conflict. Security threats do not come from the arctic. Surely domestic politics which sometimes use a scarecrow of external threat to win budget fights or votes from time to time will generate stories about a coming third world war in the arctic or for the arctic. But those who know the reality can counter it by explaining that that is wrong and even dangerous. Arctic problems should not be dramatised or overblown. All of them are manageable through cooperation and negotiation based on already existing positive experiences of cooperation between the arctic states.

Thank you very much.

Bernice Lee:

Thank you very much, Ambassador, and it's really reassuring to hear that there are many, many good prospects to look forward to in the arctic.

We now have Charles Emmerson, who has been waiting patiently and he is in fact the author of the book that you see here at the front being sold, *The Future History of the Arctic*, which was published earlier this year. He studied Modern History at Oxford and International Relations at Sciences Po and he worked at International Crisis Group and well as the World Economic Forum before.

As I was preparing this meeting, I must confess I was cramming the book last week so I was cheating thinking, "let's look at the book reviews". I found out that in fact it was incredibly well reviewed in most of the major newspapers. Congratulations and please share the learnings that you had from the book with us.

Charles Emmerson:

Thank you very much. Well first of all I'd like to thank the representatives of the two northern nations who are here, Canada and Russia. Being a Brit and also an Australian I can stand back and perhaps take the 30,000-foot view rather than the view of the arctic states themselves. And also I want to agree very heartily with one point that's been made by both the speakers thus far, which is that it's highly unlikely there will be a third world war in the arctic. If there was a chance of that ever happening, the chances for that were really during the Cold War in the 1980s, when there was genuine military strategic competition in the arctic around submarines et cetera. The issues today are different but I think they're no less important.

The case I want to make to you really is that now when we read about the arctic, we read about the arctic in the newspapers perhaps on the travel pages, sometimes on the business pages, I would argue increasingly on the politics pages and indeed increasingly on the front page of the newspaper. I think that's where we're going to find arctic issues in the future, not necessarily because of conflict or war but for various other reasons which I'm going to outline to you.

I want to basically point to three big issues, three buckets of issues, which we need to be thinking about and which I think mean that we should view the arctic as a global issue. The first is the physical environment, the second is economic resources and the third are questions of ownership and control. All of these issues of course collide in the arctic and all of them in one way or another actually are drawing non-arctic countries as well. We've just heard a view of two arctic countries but what's very interesting over the last couple of years has been the interest expressed in the arctic by non-arctic states and the involvement of various other institutions and organisations might play in the arctic in the future with the European Union, NATO and indeed China, which is expressing some additional interest in the arctic.

But to get back to those three points: firstly, the environment. We've heard about the retreat in sea ice; we've heard about thinning of sea ice. It may actually be the case that in 2010 we may actually reach a new low for the extent of sea ice. That's not yet certain; we'll know that in September. But if the graphs continue in the way they've continued over the last few months, we may in fact reach a new low this year. What does this mean? Well, first of all of course it means greater access in some places but not all. We heard about the Northwest Passage and how that may actually remain clogged with icebergs for really quite a long time to come. The Northeast Passage however is a different prospect across the coast of Russia. That may open much, much earlier. And of course the Russians are quite keen for that to be open for economic reasons and for strategic reasons. But also of course the reduction in sea ice has global impact. If there is a reduction in sea ice, there will be a reduction in the albedo effect – a reduction in the amount of heat which is radiated back out of the atmosphere. That will have global impacts.

Secondly, the melting of the permafrost. Well, the results of that over the long term are fairly obvious I think. Melting of permafrost has major, major costs for infrastructure whether it's railways in Canada or indeed oil pipelines in Russia, which is a very, very serious issue for a lot of Russian oil and gas companies.

And thirdly, of course, over the really, really long term, the melting of the Greenland ice sheet. Now that's something which will happen, if it happens at all, over an extremely long period of time. But if it does happen even quite slowly that will of course have impacts on sea level and that's clearly of global importance.

So what we're talking about in the physical environment are issues where there are huge uncertainties. There are local impacts but there are also massive global impacts. And what we really end up with is a remaking of the map of the world. I think that's something which doesn't happen very frequently in human history and it is happening now in the north. And we're only beginning to grasp what that really means in terms of trade, business and politics. I was asked on an Alaskan radio show a couple of weeks ago – in fact last week – “Is the arctic going to become the new Mediterranean?” Sort of the centre of human civilisation. My answer to that was, “well no, not any time soon”. But all these things do serve to explain China's increased interest in the arctic. For example, China announced last year that it would build an icebreaker to replace its current icebreaker, which was in fact purchased from the Ukraine back in the early 90s. And this summer there is expected to be an oil shipment through the Russian Northeast Passage of oil – Russian oil – to China.

So enough of the physical environment.

Economic resources. I hear what we're really talking about is energy, but there are other questions out there – minerals, prospecting for biological resources. And you have very different pictures in fact when you go to different parts of the arctic. Different pictures because there are different resource endowments in different parts of the arctic. Different pictures also because there's a different willingness, a different appetite, for development. In the US where there's a sort of great psychological drama around the production of arctic oil and gas resources. On the one hand you have security hawks who say, “Alaskan resources must be developed. This is a question of national security.” This is in fact actually an argument which has been around for quite some time. It was used in the early 1970s to get the Trans-Alaska pipeline built. The final authorisations were issued by the president just a couple of weeks after the beginning of the Yom Kippur War. And President Nixon, the president at the time, promised energy security flowing from Alaska in the same way that some would say Alaskan deposits must be developed now in order to provide energy security. That's unlikely really to happen.

On the other side you have environmentalists who say, “Actually these resources are not as important as some people think and they will not provide energy security.” And I would tend to put myself more on that side of the argument. Not that there's not an argument for producing

these resources. There is. Certainly Alaskans are interested and a lot of companies are interested. And there is some marginal benefit to the United States, but this is not an absolutely central – should not be, in my view – an absolutely central national priority. And of course the arguments of environmentalists are tremendously strengthened by what's happening in the Gulf of Mexico. And the bottom line here is that if development doesn't happen in the US arctic, it won't be because there aren't resources there. It won't be because there's not infrastructure there. It'll be because of politics. And it won't be because of politics in Alaska. Alaskan politicians are very much in favour of development. It'll be because of politics in Washington and this won't just hurt BP. It will also hurt Shell, which has made tremendous investments in the offshore arena of Alaska.

We may be experiencing something, a parallel to this a little bit, in Canada as well where there's been, the current government has generally been rather favourable to development of oil and gas deposits including in the far north. But there will now be great political pressure as a result of the Gulf of Mexico spill on the Canadian government to retrench from that. It would be very interesting to see, I think it's too early to say now, I think it would be very interesting to see how that all plays out.

But then turn your eyes to the other side of the arctic. Turn your eyes to Russia and you have a very different picture. In Russia, as we heard, development of these energy resources is a tremendous strategic priority. Medvedev has called for the arctic to be the country's strategic resource base by 2020. This is vital for Russia's oil and gas exports. It's a lynchpin of Russia's geopolitical position and indeed it's a lynchpin domestically for the regime in terms of internal stability et cetera. So the big question is can Russia do it without Western companies. I think the jury's out on that one.

And then turn your eyes also to Greenland. In Greenland there is a tremendous political interest in producing oil and gas resources. At the same time that President Obama was postponing, in effect, development of arctic resources in the United States, the Greenland self-rule government was giving the go-ahead to a British oil company to push ahead with various exploration licenses it has there. One thing I've discovered in researching the book is not only is the arctic far more important, interesting, strategically important than I had actually thought, even when I started it. But the attitudes of those who live in the arctic are different to those that we expect. Some Greenlanders, perhaps many Greenlanders, think that climate change is actually quite a good thing. I remember spending time with the man who's responsible for the leasing programme off Greenland and he showed me with great glee maps of the coast of Greenland which had these little squares showing the reduction in the number of iced up days off the coast of Greenland.

So all these issues lead to anxieties about ownership, control, presence, capacity. I'll leave the ownership issues to one side for a second because they've been dealt with. We know that UNCLOS is out there. There is a body of law that deals with a lot of these issues but not all of

them. And arctic states certainly do not want a new treaty to intervene. They're very much against that. But nonetheless, there are increases in pressures in debates domestically within arctic states but also there is a question mark over how arctic states will deal with the rise in economic interest and political interest, not only from arctic states but from outside. Norway has moved its military headquarters to the north. There are questions being raised about this in NATO. There are questions for example about what level of cooperation the Canadians and the Americans should have on maritime domain awareness, and this is quite a difficult issue for the Canadians because Canada views the arctic very much as a sovereignty issue yet actually perhaps the best way of controlling the region may be to bring in the Americans. So lots of difficult questions here.

So to conclude: a fascinating region, a changing region, a region where economics matter a lot more than in the past. A region where global power matters a lot more, and ultimately a huge and difficult set of responsibilities for arctic states trying to manage these issues in a way which promotes cooperation and good governance rather than fragmentation, competition and conflict. And of course all these issues are discussed in my book.