



The Importance of the Arctic Region: Implications for Europe and Asia

Lutz Feldt

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Abstract

Asia's and Europe's growing interest in the Arctic has three different causes: Climate change opening new trade routes, new technology allowing for the exploration and exploitation of all kind of natural resources and modern communications ensuring safe and secure operations.

The "Arctic Five": Denmark, Canada, Russia, Norway and the United States are representing an important but informal authority in the region, and the "Arctic Council" with the "Arctic Five" plus Finland, Iceland and Sweden are constituting a close nucleus of countries with full membership rights and responsibilities. These eight states, and some others which already have or are in the process of applying for an observer status, have a national "Arctic Strategy".

Despite a lot of differences caused by serious different national interests, these countries have agreed to solve their disputes in a peaceful manner. Therefore, the majority of countries in the region have declared a strong wish to achieve an equitable and sustainable balance between sovereignty, resource exploitation and environmental protection through peaceful co-operation, rule-based governance and respect for the rights of the indigenous people.

They have no intention to invite other countries to apply for full membership.

An agreement on "Search & Rescue" in the Arctic offers a unique opportunity for deeper cooperation in other areas as well.

China, Japan, South Korea and Singapore together with India and the European Union are applying for an observer status. One obligation to gain observer status is the enduring engagement in one or two of the areas of concern:

- natural and social factors, like changes in ice coverage;
- natural and economic factors, like trade routes;
- legal aspects and a common understanding of the United Nations Law of the Sea, and strategic factors such as the ability to sustain naval presence and including a comprehensive approach to maritime surveillance using both, military and civilian assets.

During the last meeting of the Arctic Council on 15th May 2013, China, India, Italy, Japan, South Korea and Singapore have been invited as permanent observers.



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About the Author of this Issue

Vice Admiral (rtd.) Feldt was engaged in sea duty assignments for 13 years, which included leadership functions on all command levels and duty assignments in different naval staffs.

Since retirement, Vice Admiral (rtd.) Feldt has occupied several posts of honor. He was president of the German Maritime Institute until June 2012 and is now a member of its board. From 2008 until 2009, he was working for the European Commission (from 2008 till 2009) as advisor for the “Instrument for Stability”. From July 2009 to December 2010, he served the European Defence Agency as member of the Wise Pen Team, working on topics of maritime surveillance and maritime security. Since August 2011, Vice Admiral (rtd.) Feldt, in his function as the Director of the Wise Pens International, and his team are working on a study dealing with future maritime capabilities of the European navies.



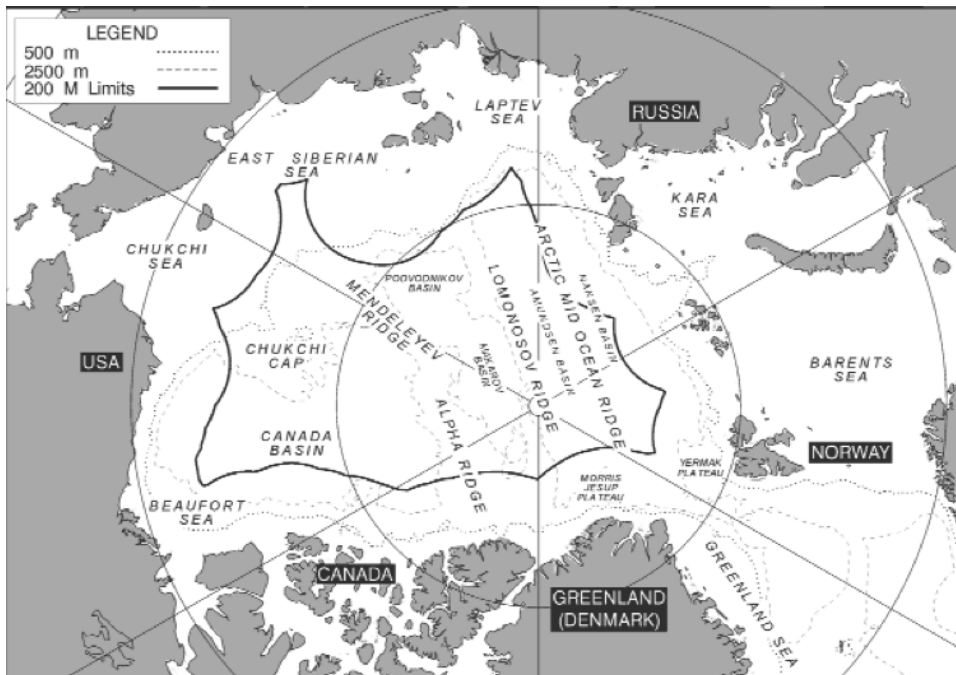
Lutz Feldt

ANALYSIS

Part One

“Sea ice and ocean observation over the past decade (2001 to 2011) suggest that the Arctic Ocean climate has reached a new state, with characteristics different from those observed previously. The new ocean climate has less ice, both in thickness and summer extent, and, as a result, a warmer and fresher upper ocean. ...The September 2011 Arctic sea ice extent was the second lowest of the past thirty years. The five lowest September ice extents having occurred in the past five years, suggesting that a shift to a new ice state continues. The amount of older, thicker multi-year ice continues to decrease and both the Northern Sea Route and the Northwest Passage were ice-free in September.”

The following figure shows the Arctic littoral states, their Exclusive Economic Zones (EEZ) and continental shelves, as declared in UNCLOS. It is obvious that the centre of the Arctic Sea remains international waters.



The quotation is taken from a report dated September 2011 by NOAA the US National Oceanic and Atmospheric Administration and is one of a huge number of reports about the influence of climate change on the global maritime domain and the Arctic in particular. A lot of interest by all stakeholders, countries as well as national and multinational companies are assessing opportunities and risks of climate change. The fact that 10% reduction in ice each year on average over the last 10 years could be seen as one indicator: there now appears to be certainty about what I like to call “a linear” and therefore predictable development.

It is and will remain a challenge, to look into the future, where are uncertainties than certainties, more unknowns than knowns, but based on existing facts and figures some trends in the maritime domain are already obvious and deserve our special attention.



Part Two

Is this region an area where cooperation between Europe and Asia could be a wise investment for positive development in the Arctic region for both Europe and Asia?

1. The Arctic region is achieving greater visibility, not only amongst the “Arctic Five”¹: Denmark, Canada, Russia, Norway and the United States, the countries bordering the Arctic, but beyond the region as well.² Accepting that the “Arctic Five” have no actual mandate, but significant political power and capabilities, to project that power, is important. However some analysts see multinational corporations as more powerful in exploiting the region in their own interests.
2. The “Arctic Council”³ is a high level, intergovernmental forum, which has assumed responsibilities for almost all aspects of the Arctic Sea, the indigenous people and the protection of the maritime environment. Finland, Iceland and Sweden are members of the Council together with the Arctic Five. These members form a close nucleus with full membership rights. It includes representatives from the indigenous communities of the Arctic and its stated objectives are: scientific cooperation, preservation of the environment and social and economic sustainable development of the indigenous people.

An important achievement of the Arctic Council is the signing of a “Search and Rescue”⁴ agreement for the Arctic Sea. This represents a step towards better cooperation, but so far it lacks the appropriate civil and military capabilities.

Recommendation No 1:

Europe and Asia should discuss participating in the process to implement the agreement. Technical research, especially in information sharing and maritime surveillance, could be one option.

In the context of this agreement, two basic issues have to be considered: Cooperating closely in information sharing and maritime surveillance. We know that many charts of the Arctic waters are old, inaccurate and

¹ <http://rt.com/news/arctic-conference-quebec-criticism/>

² <http://www.alaskadispatch.com/article/next-arctic-five-will-be-oil-companies-not-nations>

³ <http://www.arctic-council.org/index.php/en/>

⁴ <http://www.ifrc.org/docs/idrl/N813EN.pdf>

incomplete, which adversely impacts on safety and security. This is primarily the responsibility of the coastal nations, but the International Hydrographic Bureau⁵ could be used as a platform for European and Asian participation. The publication quoted provides an opportunity for further engagement, and it is up to the nations to increase the focus of attention needed to achieve better safety and security in the Arctic region.

“IHO STANDARDS FOR HYDROGRAPHIC SURVEYS (S-44)”

“This publication is designed to provide a set of standards for the conduct of hydrographic surveys for the collection of data which will primarily be used to compile navigational charts for the safety of surface navigation and the protection of the marine environment.”



And SAR can be used as a facilitator to launch the necessary cartographic work.

Part Three

The members of the Arctic Council face many challenges with respect to maritime border disputes and approaches to safety, security and defence which have yet to be coordinated in the region. The Arctic Five in particular appear very reluctant to expand the membership of the Council, arguing that it should remain their responsibility to solve all the challenges in the region.

Apart from China, four other Asian countries are knocking on the door of the Arctic Council hoping to become permanent observers, namely Japan, South Korea, Singapore and India.

Japan has been invited as ad-hoc observer and has contributed in scientific observation and research.

The Republic of Korea wants to contribute to the preservation and development of the Arctic region with a special focus on transportation.

Singapore has an urgent interest as one of the world's major shipping nations.

⁵ http://www.go-ship.org/Manual/IHO_bathy.pdf



India's contribution was laid down in the Svalbard Treaty and has been limited to scientific studies and a research station on Svalbard.

China's wish to join as an observer is driven by their engagement in research in the Arctic since 2004 and their research station on Svalbard. China's ambition is to emphasise that the Arctic is a "Common heritage of mankind."

In trying to establish some fundamental principles for the Arctic there appear to be four sets of challenges:

1. Natural and social factors like changes in the ice coverage and coastlines and in this context the future of the Gulf Stream is of utmost importance.
2. Natural and economic factors like new trade routes and the exploitation of resources and tourism. Both the North-West and the North-East passages significantly reduce the distances to Asia, with a major potential impact on trade and environment.
3. Legal aspects and a common understanding of the United Nations Convention on the Law of the Sea.
4. Strategic factors such as the ability to sustain a naval presence and including a comprehensive approach to maritime surveillance using both military and civilian assets.

Undoubtedly, energy is one of the driving factors, together with access to other resources. There are challenges of all kinds, but it is necessary to achieve a level of Maritime Situational Awareness that takes into account the complexity of the region and the responsibility to protect the maritime environment. We have to be aware that maritime infrastructure, especially ports, will assume much greater importance and their role as a crucial point in the logistic chain will also effect changes to supply routes ashore.

A particular challenge for scientists is to research the impact of climate change on the future of the Gulf Stream.

But trade routes and their further development is also an issue of common interest of Europe and Asia. The German ship-owning company Beluga⁶ conducted a trial in September 2009 and some others have followed⁷, the LNG tanker "Ob River" made the passage from Norway to Japan in November 2012, as the first tanker loaded with liquid natural gas. The tanker was accompanied by two ice-breakers.

Part Four

With respect to the other criteria: legal issues and Coast Guard and Naval activities in the region, we can assume that one essential principle will be cooperation with a view to integrating military and civil capabilities. In this context we can already observe the increasing military and Coast Guard engagement of all neighbouring states.^{8 9 10} In recent years all five countries have included increased protection of their Arctic territories and

⁶ <http://www.wired.co.uk/news/archive/2012-06/14/northeast-passage-melts>

⁷ <http://www.norwaypost.no/index.php/news/latest-news/27764-first-lng-tanker-through-the-north-east-passage>

⁸ <http://www.heritage.org/research/reports/2011/03/eucom-should-lead-us-combatant-commands-in-defense-of-national-interests-in-the-arctic>

⁹ http://www.huffingtonpost.com/2012/04/16/arctic-climate-change-military-activity_n_1427565.html

¹⁰ Military Capabilities in the Arctic, Publications, SIPRI, 2012



claims in their defence policies. All five have also started to increase their military presence and capabilities in the Arctic region by acquiring Arctic-specific equipment, improving military infrastructure or increasing military forces. While these changes are sometimes portrayed as significant military build-ups and potential threats to security, the five states are in reality making only limited increases in their capabilities to project military power beyond their recognized national territories. However, the increase in military forces does give some cause for concern, which military confidence building measures could help to mitigate.

Such confidence-building measures could be established at all levels of responsibility, tactical, operational and strategic. The coordination of efforts could be organised in a similar way to the implementation of operations against Piracy in the Indian Ocean.

Recommendation No 2:

European and Asian states are coordinating operations, which is of tactical value and has implications on the operational level as well. These confidence-building measures used in other contested maritime domains could facilitate the same process in the Arctic region. But to deliver the necessary support for all such initiatives at the strategic level much has to be done at the political level and in parallel at the United Nations.

Part Five

The discussion about new and much shorter trade routes will continue and it is, perhaps, this aspect that has achieved the greatest visibility.

Therefore distances are an important fact and it seems appropriate to have a look at the following matrix.

Suez Route	Hamburg	Rotterdam	Amsterdam	Antwerpen	London	Algeciras	Marseille	Venice
Yokohama	11488	11229	11208	11184	11141	9867	9442	9241
Busan	11458	11199	11178	11154	11111	9837	9412	9211
Shanghai/Ningbo	10806	10547	10526	10502	10459	9185	8760	8559
Hong-Kong	10053	9794	9773	9749	9706	8432	8007	7806
Singapore	8599	8340	8319	8295	8252	6978	6553	6352
Port-Klang	8369	8110	8089	8065	8022	6748	6323	6122

Arctic Route	Hamburg	Rotterdam	Amsterdam	Antwerpen	London	Algeciras	Marseille	Venice
Yokohama	7378	7355	7376	7436	7463	8689	9382	11552
Busan	8402	8379	8400	8460	8487	9713	10406	11511
Shanghai/Ningbo	8129	9419	8127	8187	8214	9440	10133	10859
Hong-Kong	8963	8940	8961	9021	9048	10274	10967	10106
Singapore	10267	11557	10265	10325	10352	11578	12271	10652
Port-Klang	10497	11787	10495	10555	10582	11808	12501	10882

Polar Route	Hamburg	Rotterdam	Amsterdam	Antwerpen	London	Algeciras	Marseille	Venice
Yokohama	6478	6455	6476	6536	6563	7789	8482	10652
Busan	7502	7479	7500	7560	7587	8813	9506	10611
Shanghai/Ningbo	7229	8519	7227	7287	7314	8540	9233	9959
Hong-Kong	8063	8040	8061	8121	8148	9374	10067	9206
Singapore	9367	10657	9365	9425	9452	10678	11371	9752
Port-Klang	9597	10887	9595	9655	9682	10908	11601	9982

Some comments on these trade routes:

From a navigation point of view there are still more questions than answers. Safety and security aspects are unresolved so far and ice-breakers are currently responsible for the safe passage of ships and crews.

The routes tend to hug the coastlines even in the melting season, and they disappear in winter. So we are considering a period, which is still rather short. The question of whether there are the savings to be made in terms of passage time using the Arctic routes is a pertinent one. There is no doubt that the Arctic states themselves will benefit most from increased access via these routes, but answering the same question in terms of benefit for most European ports is more complicated. The Table shows the answer to that question for some European and Asiatic ports in terms of distances. For shipping companies distance is important, but in the end it is time which counts most when it comes to decisions about investments like new ship designs or new technology, for example new propulsion systems.



Another, even more important aspect of interest is seabed resources. Gas and oil resources have already attracted countries and multinational companies to start further exploitation. Existing off shore infrastructure in the Barents Sea, Kara Sea, in Alaska and the Mackenzie Estuary and Davis Strait will be further developed. The estimated amount of additional gas and oil resources is impressive.

The crucial question is how the mining will be done, by whom and under what international stewardship.

But the Arctic region is of interest for other rare seabed resources as well.



Recommendation No 3:

Europe and Asia should support the IMO in its intention to develop UNCLOS in a way that would establish a set of rules for “Good Governance at Sea” in the Arctic region.

Until recently years the dominant sector in the Arctic region was fishing. A number of European countries practise deep-sea fishing, but it is particularly important for Iceland, Norway and Denmark. Coastal mining of other natural resources, mainly nickel and copper is mostly conducted by Russia.

The high cost of doing business in the Arctic could be the driver for greater cooperation in joint ventures. This opportunity for cooperation is obvious and incentives to settle outstanding disputes should increase with the rising potential economic returns offered by mineral exploitation and potential polarization within the international system. But to find this consensus, the international system must be modified and adapted to the changed situation at sea.¹¹ The facts and conditions, which must be taken into account, are not purely the result of climate change but also new technologies and changing reward profiles for commodities.

Part Six

All members of the “Arctic Council” and some non-Arctic countries have declared Arctic strategies or at least stated policies. The wish to achieve observer status in the “Arctic Council” is a strong motivation for countries to have an Arctic policy or strategy in place. Current observers are: France, Germany, Poland, Spain, the Netherlands and the United Kingdom. Some countries have been invited for a particular issue but most want permanent observer status. China, the EU, Italy, Japan and South Korea have applied for observer status and there are others in the pipeline such as South Korea and Singapore. Decisions have yet to be made, meanwhile their contributions to the development of the Arctic region represent an important criterion for membership showing understanding and acceptance of the “northerners” cases is another.

Recommendation No 4:

Europe and Asia have a similar interest in the further development of all aspects of the region, including international law and all regulations related to seabed resources. The anticipated observer status for some Asian States, and possibly for ASEAN as a whole, has to be borne in mind even though The European Union and ASEAN are very different entities.

All these Arctic Strategies¹² deserve close examination and studying them shows a generally balanced view and assessment of the current situation.

1. The majority of countries in the region declare a strong wish to achieve an equitable and sustainable balance between sovereignty, resource exploitation, and environmental protection through peaceful co-operation, rule-based governance and respect for the rights of indigenous people.

¹¹ http://www.ensec.org/index.php?option=com_content&view=article&id=310:arctic-energy-pathway-to-conflict-or-cooperation-in-the-high-north&catid=116:content0411&Itemid=375

¹² http://www.geopoliticsnorth.org/index.php?option=com_content&view=article&id=84



2. However, while these strategies are in many ways quite soft and “politically correct”, the facts are reveal otherwise. It seems reasonable to insist, that the on-going process of developing rules and agreements needs the engagement of the wider international community. It is not reasonable to leave this entirely to the littoral states, the Arctic Five or the Arctic Council. The best mechanism for engagement and enforcement is the United Nations’ International Maritime Organisation. Internal agreements of the Arctic Council could be seen as a most welcome and important contribution, but they cannot replace or sideline UNCLOS.

No single national strategy attempting to deal with all the challenges, vulnerabilities, risks and threats to territorial integrity or security can be effective in isolation. The high priority, which the protection of the arctic maritime environment deserves, is a global responsibility for all. Freedom of navigation does not pre-empt sovereignty and, if UNCLOS does not deliver the required solution, then there must be a common effort to develop and adapt it in accordance established procedures in order to define rights within TTWs and EEZs to resolve disputes over interpretation.

The majority of littoral and neighbouring countries have declared a strong wish to achieve an acceptable solution, with a balance between sovereignty, resource exploitation and environmental protection. It is for consideration, however, that environmental protection should have the highest visibility and take priority.

Finally some remarks about European Strategic objectives in the Arctic. The European Union has declared five key objectives in its Integrated Maritime Policy, the IMP^{13 14}:

- Maximising sustainable use of the oceans and seas;
- Building the knowledge and research base for maritime policy;
- Delivering the highest quality of life in coastal regions;
- Raising EU visibility in the global maritime domain;
- Promoting Europe`s leadership in international maritime affairs.

These objectives were reaffirmed in the Foreign Affairs Council Conclusions of 8 December 2009¹⁵ and the EU Commission’s statement of July 2012¹⁶ placing the principles in the context of the Arctic as:

- Protecting and preserving the Arctic in harmony with its population;
- Promoting the sustainable use of natural resources;
- Contributing to the enhanced governance in the Arctic through the implementation of relevant agreements and developing regulatory frameworks.

¹³ http://ec.europa.eu/maritimeaffairs/policy/index_en.htm

¹⁴ http://europa.eu/legislation_summaries/maritime_affairs_and_fisheries/maritime_affairs/l66049_en.htm

¹⁵ http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/111814.pdf

¹⁶

http://ec.europa.eu/information_society/newsroom/cf/itemdetail.cfm?item_id=8646&utm_campaign=isp&utm_medium=rss&utm_source=newsroom&utm_content=tpa-339



Final recommendation:

ASEAN, as an international authority, should initiate discussion of these EU principles and individual countries should take a common approach to achieving observer status in the Arctic Council and they should use the Council as the preferred route for resolving all Arctic challenges and rationalising the opportunities in support of the United Nations' IMO.

Remarks: Opinions expressed in this contribution are those of the author.

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