THE FUTURE OF THE ARCTIC REGION

COOPERATION OR CONFRONTATION?

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	Professor J.J.C. Voorhoeve
Executive Secretary	T.D.J. Oostenbrink

P.O. Box 20061
2500 EB The Hague
The Netherlands

telephone + 31 70 348 5108/6060
fax + 31 70 348 6256
aiv@minbuza.nl
www.aiv-advice.nl

Members of the Combined Committee on the Arctic Ocean

Chair	Professor J.J.C. Voorhoeve
Vice-chair	Lieutenant General (ret.) M.L.M. Urlings
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Foreword

On 12 February 2014 the Advisory Council on International Affairs (AIV) was requested to produce an advisory report on the foreign and security policy aspects of developments concerning the Arctic Ocean. The area is affected by climate change. The debate on the significance of these developments is no longer confined to environmental aspects, indigenous peoples and the importance of biodiversity. Potential for economic activity in the region is now also a particularly important factor. Exploitation of the region is of great economic and political significance to a number of Arctic states, and more attention is being paid to security aspects. The current satisfactory cooperation in the region may come under pressure. Developments round the Arctic Ocean may yield opportunities for the Netherlands, but may also harm Dutch interests.

The crisis following the annexation of the Crimea and Russia's involvement in eastern Ukraine have created uncertainty as to how relations between Russia and Western countries will develop. This has already had implications for the Arctic region, since Arctic oil exploration is covered by the European sanctions announced in late July 2014, initially for one year. Oil projects in the region are affected. The sanctions apply to new contracts. On 8 September 2014 the EU agreed on an additional package of sanctions. Should Russia decide to distance itself even further from the West, this is bound to affect cooperation in the Arctic, and especially the Arctic Council. The constructive cooperation that has prevailed up to now could then give way to relations reminiscent of the Cold War.

This advisory report discusses the geopolitical situation round the Arctic, foreign and security policy aspects and the implications for the Netherlands. The request for advice is attached as Annexe I. Some of the assumptions made in the request, and the answers to the questions it raises, are affected by the uncertainty regarding developments in the security situation, as mentioned in the previous paragraph.

Chapter I outlines the strategic significance of the Arctic, discussing the implications of climate change, the Arctic as a geopolitical arena, economic interests particularly in relation to the international raw materials market, and developments in global shipping. The worldwide impact of climate change, and the measures needed to mitigate it, are beyond the scope of this report.

Chapter II describes the various interests and strategies of the Arctic and non-Arctic states. It also discusses the roles the United Nations (UN), the European Union (EU) and the North Atlantic Treaty Organisation (NATO) envisage for themselves with regard to the Arctic.

Chapter III deals with the management and governance of the Arctic. The AIV begins by looking at the role and position of the Arctic Council – the most important partnership in the region – and other relevant organisations. The chapter also discusses the significance of the United Nations Convention on the Law of the Sea, legal issues in the region and the position of indigenous peoples.

Chapter IV assesses the observed military presence in the region, analyses potential areas of conflict and considers the overall balance of greater cooperation or greater confrontation in the near future.

The report ends with a summary, conclusions and recommendations in chapter V.

This advisory report was drawn up by a combined committee consisting of Professor J.J.C. Voorhoeve (AIV/Peace and Security Committee, chair), Lieutenant General (ret.) M.L.M. Urlings (AIV/Peace and Security Committee, vice-chair), D.J. Barth (Peace and Security Committee), Professor J. Colijn (Peace and Security Committee), Dr M. Drent (Peace and Security Committee), Major General of Marines (ret.) C. Homan (Peace and Security Committee), Dr A.R. Korteweg (Peace and Security Committee), J. Ramaker (Peace and Security Committee) and Ms H.M. Verrijn Stuart (AIV/Human Rights Committee). The executive secretary was Ms M.E. Kwast-van Duursen, assisted by trainee Ms S.F.F. Meijer. The committee was assisted by civil service liaison officers Ms L. Buisman and Ms E.H.T van Eerten on behalf of the Ministry of Foreign Affairs and R.G. van de Wetering on behalf of the Ministry of Defence.

The committee consulted a number of experts when drawing up this report; these are listed in Annexe VIII. The AIV greatly appreciates their contribution.

The report was adopted at the AIV meeting on 5 September 2014.

Introduction

The Arctic was long thought of as an unspoiled area where time seemed to have stood still. Climate change, especially the melting of the icecaps, is causing considerable ecological problems, but is also making the area more accessible. This is increasing the Arctic's economic potential, with new shipping routes to the north of Russia and Canada and across the North Pole, and new opportunities for extracting raw materials, for fisheries and for tourism. There can be no doubt that interest in the Arctic has greatly increased over the past decade – above all in the Arctic states, most of which have published new Arctic strategies in recent years. Each of these strategies focuses on efforts to cooperate in the ecological and economic management of the region and the peaceful settlement of disputes.

The geographical limits of the Arctic are unclear, and several definitions are used, even within the Arctic Council. The most commonly used definitions are the area north of the Arctic Circle (latitude 66° 33' North), the area north of the tree line, and the area north of the 10°C isotherm (the area in which the mean summer temperature does not exceed ten degrees Celsius). The AIV has chosen the Arctic Ocean and the adjacent states as its specific field of study. The Arctic states are the eight countries with territory north of the Arctic Circle: Norway, Russia, the United States, Denmark, Canada, Iceland, Sweden and Finland. The first five are Arctic coastal states, as they have territorial waters north of the Arctic Circle. The Arctic region thus consists of the Arctic Ocean, surrounded by continents (see Annexe II). Some four million people live in the area, mainly in Russian cities and towns. In winter the Arctic Ocean is largely covered with drift ice 0.5 to 4 metres thick.[1] Over 80% of Greenland's land area is covered with ice.

During the Cold War, NATO and the Warsaw Pact faced each other across the Arctic. This was an exceptional period. Particularly because of its extreme climate, the region generally remained outside international conflicts of interest. Today all the countries and organisations concerned have made it clear that they attach great importance to the maintenance of peace and stability in the area. It is generally assumed that there is little likelihood of armed conflict, although in view of the uncertain international security situation this cannot be entirely ruled out. If the icecaps continue to melt as now predicted, the Arctic region will in any case be faced with a number of issues that may increase tension: territorial claims, rights of access to shipping routes, ownership of raw materials, fishing grounds, the position of indigenous peoples, and ecological disasters. At the same time, there is considerable uncertainty about future developments in the Arctic. For instance, there are differing forecasts about (1) the speed at which the ice is melting and the associated ecological impact, in conjunction with increasing exploitation of the area, (2) the extent to which oil and gas reserves can be exploited, given the extreme weather and other conditions, together with uncertainty regarding oil and gas prices (which will affect the profitability of exploiting these reserves in the Arctic region), and (3) the extent to which trans-Arctic shipping routes will be navigable, and which products they will be suitable for. Another key issue is the position of the indigenous peoples that have lived in the region for thousands of years.

1 Beleidskader 'Nederland en de Poolgebieden 2011-2015' (Policy framework: The Netherlands and the Polar Regions 2011-2015), The Hague, 2013. See: <http://www.rijksoverheid.nl/documenten-en-publicaties/notas/2013/03/06/beleidskader-nederland-en-de-poolgebieden-2011-2015.html>, p. 22.

The Netherlands has long been active in the Arctic, and had major economic interests in the region in the days of commercial whaling. That involvement is now limited to research and activities by a number of Dutch companies. As a signatory to the 1920 Svalbard Treaty, the Netherlands is closely involved in this part of the region. It was also a member of the first group of countries to be granted observer status in the Arctic Council. The main focal points of the Dutch Arctic policy are strengthening the international rule of law, protecting wildlife and the environment, closely monitoring the impact of climate change, helping to manage global public goods, and defending economic interests.[2] It remains to be seen how important the new shipping routes and the exploitation of oil and gas reserves will be to the Dutch economy, and whether the Dutch private sector can benefit from new economic activities. If close cooperation continues in the Arctic, Dutch interests seem unlikely to suffer. However, should tension in the Arctic increase and a conflict arise, the Netherlands could also be affected, with implications for its economic position and security. It is already feeling the impact of the European sanctions that took effect on 1 August 2014.

To gain some insight into the foreign and security policy impact of developments in the Arctic, Dutch interests in the area and how the Netherlands has protected them need to be further analysed. It will then be possible to identify the opportunities and threats the Arctic presents for the Netherlands.

2 Beleidskader, pp. 17-18.

I Strategic significance of the Arctic

I.1 Climate change: current situation and implications

Climate change is having a major impact on the Arctic and it is accelerating, with inevitable implications for ecological, social and economic conditions in the vulnerable Arctic biosphere.[3] The Arctic is warming up faster than other parts of the world, owing to feedback loops in the climate system. Over the coming decades the area may become largely ice-free.[4] Melting icecaps on land, for instance in Greenland, are also causing sea levels to rise faster, with implications for the Netherlands.[5] At the same time, the weather is becoming more extreme, not only in the Arctic but also elsewhere, as weather patterns in various parts of the world affect one another.[6]

In recent decades, the temperature in the Arctic region has risen at least twice as fast as the global average. This could result in an increase of four to seven degrees Celsius in the next hundred years. The rise in temperature is most readily apparent from the melting of glaciers and Arctic ice, the disappearance of permanent sea ice and the shortening of the snow season. Forecasts of when the Arctic Ocean will be completely ice-free during the summer period range from 2030 to 2050. Furthermore, the disappearance of ice and snow in the region is itself helping to raise temperatures, because of what is known as the albedo effect.[7] Some 70-80% of sunlight is absorbed by the earth's surface. Dark water surfaces absorb sunlight, whereas ice and snow reflect at least 80% of the light and so help reduce temperatures.[8] Precipitation of soot particles from fires and diesel engines also reduces reflection of sunlight and hence increases heat absorption.

Besides the melting of land and sea ice, permafrost areas are also thawing. The extent to which this occurs may vary from region to region. The temperature has risen faster in colder areas than in warmer ones. The reduction in permafrost is most marked in the north of European Russia.[9] The southern boundary of permafrost is expected to shift

3 The AIV is awaiting a request for advice on climate policy and stranded assets.

4 See: <http://www.climatechange2013.org/images/report/WG1AR5_Chapter12_FINAL.pdf>, p. 1032.

5 Interview with Professor B. Bregman and G. Polet, The Hague, 21 March 2014.

6 'The Arctic is an important part of Earth's climate system. Changes in the amount of ice, snow and frozen soils in the north could have substantial impacts on the climate in other parts of the world.' *Arctic Climate Issues 2011: Changes in Arctic Snow, Water, Ice and Permafrost,* AMAP, SWIPA overview report 2011, p. 80.

7 'Special report: the Arctic', *The Economist*, 16 June 2012. See: <http://www.economist.com/node/21556798>, consulted on 10 April 2014.

8 *Observations: Cryosphere, in Climate Change 2013: The Physical Science Basis, IPCC.,* p. 361. See: <http://www.climatechange2013.org/images/report/WG1AR5_Chapter04_FINAL.pdf>.

9 *Climate Change,* p. 320.

hundreds of kilometres northwards in the course of this century. The effects of climate change on the Arctic ecosystem are considerable.

Climate change is having a major impact on the Arctic biosphere, above all for the original inhabitants of the region, the indigenous peoples. Together with increasing economic activity in the Arctic, it is threatening their traditional way of life. There will be more fires, erosion of Arctic coastlines, reduction and disappearance of Arctic animal species and vegetation, and a northward shift in flora and fauna.[10] Thawing of the permafrost will also release methane gas, which has a greenhouse effect 25 times that of CO_2.[11] As the Arctic region warms up it will become more accessible, and its economic potential will increase as more shipping routes become navigable and there are greater opportunities to extract gas and oil. However, it remains to be seen to what extent all this will happen. Arctic weather conditions will probably become more extreme, with more storms, more rain and snow in winter and drought in summer.[12] Among other things, this will mean less predictable sea ice conditions, which may in turn make oil and gas extraction more difficult and interfere with shipping. It will create considerable safety hazards, including greater likelihood of accidents at sea. There are very few ports in the Arctic, and few facilities to cope with such hazards. International cooperation is therefore essential.

I.2 The Arctic as a geopolitical arena

The strategic significance of the Arctic is increasing as it becomes more accessible. It already had a strategic function during the Cold War.[13] The icecap offered protection to the superpowers' nuclear-powered ballistic missile submarines, whose missiles played a key role in ensuring second-strike capability against enemy territory. Given the technology available at the time, this relatively small distance between the two superpowers optimised the accuracy of strategic ballistic missiles (many of which were in nuclear-powered submarines) via an Arctic flight path. From the late 1950s onwards American submarines regularly made use of passages between and past Canadian islands. Almost unrestricted capacity – thanks to the protection of the ice – to deliver an accurate and devastating second strike (even after a first one that is impossible to avert) was a cornerstone in the stable system of deterrence between the United States and the Soviet Union. In that sense, the icecap contributed to parity and peace. Even the two superpowers' land-based intercontinental ballistic missiles and strategic bombers were – and are – programmed to follow Arctic routes. In addition, the only ice-free port that gave the Soviet navy's surface fleet free access to the Atlantic Ocean was the Arctic port of Murmansk. The Black Sea and the Baltic could easily be sealed off by NATO, and in any case the Baltic is not ice-free all year round.

Strategic interest in the Arctic has declined since the end of the Cold War. After 1990

10 Since only a small number of animal species live in the Arctic, the extinction of just one of them may have a major impact on the regional food chain. Interview with G. Polet, The Hague, 21 March 2014.

11 One positive effect of a northward shift in the tree line is that more greenhouse gases can be absorbed.

12 Interview with Professor B. Bregman, The Hague, 21 March 2014. *Arctic Climate Issues 2011*, p. 81.

13 The following section is derived from Ko. Colijn, *Klimaatverandering rond de Noordpool: noordelijke zeeroutes in geostrategische context*, Clingendael, The Hague, 2009.

a nuclear war between the two blocs was considered unlikely, and the collapse of the Soviet Union led to a relatively calm period in military terms. From 1988 to 1995 the numbers of Russian navy personnel fell rapidly, from 477,000 to fewer than 200,000. Patrol flights by navy aircraft were scrapped, and strategic bombers and nuclear submarines were now rarely observed in the international Arctic region. The expansion of NATO to include countries bordering on Russia, the economic rise of China and India, the economic (thanks to high oil prices) and to some extent also military revival of Russia itself, as well as the relative exhaustion of American military capacity following the wars in Iraq and Afghanistan, created the conditions for a shift in the international order – from a US-dominated unipolar order to a multipolar one. The rise of Russia is a key factor in this new balance of power. Although the Arctic remains important for purposes of early warning and missile defence, and as a flight path for strategic missiles, NATO's centre of gravity has shifted southwards.

Under President Putin, however, Russian ambitions have been ratcheted up. Russia's Northern Fleet should once again dominate Arctic waters, and distrust of NATO has grown. In a speech to the Defence Ministry Council on 27 February 2013, Putin accused NATO of encouraging the militarisation of the Arctic region.[14] Besides the immediate strategic interest that the Russians see in controlling mineral resources, there are also indirect global factors at play, including:

- tension between the US/European countries and Russia following the annexation of the Crimea and the crisis in eastern Ukraine. This has led to the aforementioned European package of sanctions, the suspension of practical cooperation in the NATO-Russia Permanent Joint Council and a renewed debate in Sweden and Finland about whether to join NATO. The NATO summit in Wales on 4 and 5 September 2014 decided to adopt the NATO Readiness Action Plan, set up a Very High Readiness Joint Task Force (VJTF), establish command and control facilities in Eastern Europe to allow exercises, and reconfirm the NATO norm that member states allocate at least 2% of their budget to defence.
- failure to reach a compromise on the possible creation of a missile shield (or parts of one) in Europe. In that case the Arctic may again become the arena for a nuclear arms race, with the prospect of more patrols and exercises.

The main driving force behind economic and foreign policy developments in the region is climate change. More than in the past 20 years, however, changes in geopolitical relations and the shift to a multipolar world now seem to be becoming a dominant factor.[15] Besides the US and Russia, other countries like China are trying to gain a foothold in the region, as is the EU. The study by the Netherlands Institute of International Relations (Clingendael), *Klimaatverandering rondom de Noordpool: noordelijke zeeroutes in geostrategische context*, presents a model for geopolitical developments in the Arctic. The model is a variant of the 2009 Arctic Marine Shipping

14 'Methodical attempts are made to rock the strategic balance in one way or another. The US has practically started the second stage of its plan to set up a global missile defense system and there are probes into the possibility of NATO's further eastward expansion. The danger of militarization of the Arctic exists.' Thomas Nilsen, 'Danger of militarization of the Arctic exists', 27 February 2013. See: <http://barentsobserver.com/en/security/2013/02/danger-militarization-arctic-exists-27-02t>, consulted on 8 May 2014.

15 See: <http://www.clingendael.nl/sites/default/files/Clingendael_strategische_monitor_2014_Een_wankele_wereldorde.pdf>, p. 61.

Assessment (AMSA) scenarios. The AMSA study, which is often quoted in the literature on the Arctic, identifies four scenarios with management & governance and natural resources (and demand for them) as key factors, and ranging from weak governance and low demand to strong governance and high demand.[16] The Clingendael study adds in the geopolitical factor (see Annexe III),[17] as strategic considerations may affect the accessibility of shipping routes or lead to exploitation of natural resources – and may themselves be affected by these. Geostrategic developments are not merely the result of climate change, but also of the shift towards a multipolar balance of power – which in turn affects opportunities for shared management and governance of the Arctic.

I.3 Economic interests

The considerable economic interests in the Arctic – the presence of substantial oil and gas fields, the presence of other raw materials (including rare earth metals) and the availability of new, shorter shipping routes – are helping to increase the strategic significance of the region.[18]

Oil and gas extraction
The Arctic has immense oil and gas reserves. According to the US Geological Survey 2009, up to 13% of as yet undiscovered global oil reserves and 30% of gas reserves may be located in the region.[19] The Arctic also contains 5% of discovered global oil reserves and 20% of gas reserves. Of the 60 major Arctic oil and gas fields, 43 are on Russian territory, mainly on land and most of them gas fields. Most currently producing oilfields are in North America.[20] The most important gas reserves are in the Eastern Barents Sea and Western Siberia; in Alaska there are major oil reserves in the Beaufort Sea and the Chukchi Sea. It is not known whether, and if so how much, oil and gas is located beneath the seabed in the immediate vicinity of the North Pole. Even assuming this is profitable, it will certainly be many decades before drilling can be carried out there. Arctic oil reserves are largely offshore, and can only be extracted with difficulty, using sophisticated technology. As for offshore gas extraction, this is infeasible at present. For example, the decision to exploit Russia's Shtokman field has already been postponed several times.[21] In addition, the rapid development of cheap shale gas extraction has made the expensive extraction of Arctic gas economically less attractive. Of the Arctic countries, Russia has the largest oil and gas reserves and Canada has oil and gas reserves that are technologically easy to extract. Norway is Europe's largest oil producer, and one of the largest gas suppliers in the world.

16 Arctic Council, 'Arctic Marine Shipping Assessment', 2009 Report. See: <http://www.pame.is/images/stories/AMSA_2009_Report/AMSA_2009_Report_2nd_print.pdf>.

17 *Klimaatverandering rond de Noordpool,* Clingendael, pp. 6-10.

18 Christian Le Mière and Jeffrey Mazo, *Arctic opening: insecurity and opportunity*, Adelphi, London, 2013, p. 72.

19 *U.S. Geological Survey: Assessment of Undiscovered Oil and Gas in the Arctic*, 2009. See: <http://energy.usgs.gov/RegionalStudies/Arctic.aspx>.

20 L. van Geuns, *'De Noordpool: toekomstig wingewest voor olie en gas?', Internationale Spectator*, July-August 2014, Vol. 68, No. 7/8, p. 19.

21 Interview with L. van Geuns, The Hague, 16 May 2014.

The Arctic countries' policies on oil and gas extraction vary. For environmental reasons, Canada is the most cautious. It is currently focusing on energy sources in non-Arctic regions, including the oil sands in Alberta. Norway and above all Russia, on the other hand, are making every effort to exploit their oil and gas reserves. Now that their existing oil and gas fields are gradually becoming exhausted, the Arctic reserves are a welcome addition that the two countries can use to maintain their strategic positions on the energy market. Most Russian oil and gas reserves are located in the Russian Arctic, which already accounts for 12% of Russia's gross national product and 22% of its exports.[22] Apart from the European market, the Chinese market is also important to Russia, and in May 2014 Russia and China signed an agreement on the supply of Russian gas to China. The agreement also provides for Chinese investment in the required infrastructure. At the ceremony marking the start of laying the pipeline on 1 September 2014, President Putin proposed to Chinese vice-premier Zhang Gaoli that China become a shareholder in the exploitation of the Vankor oilfield in Siberia, one of the Russian oil company Rosneft's main projects. 'Overall, we take a cautious approach to letting in our foreign partners', Putin said. 'But we of course set no restrictions for our Chinese friends.'[23]

The Norwegian-Russian agreement on the delineation of the Barents Sea in 2010 is of great importance to both countries.[24] It gives Norway an opportunity to maintain its oil production, while Russia can gain experience with Arctic offshore technology.[25] Russia is heavily dependent on Western technology for offshore oil and gas extraction and therefore works closely with Western oil companies. The new EU sanctions imposed on Russia with effect from 1 August 2014 also cover oil-industry technology. The export of certain energy-related equipment and technology to Russia will require a licence. Licences will not be issued for 'certain items and technology intended for use in deep water oil exploration and production, Arctic oil exploration and production, or shale oil projects in Russia'. These measures only apply to new contracts.[26]

The main companies operating in Greenland are Australian, Canadian and Chinese.[27] The discovery of rare earth metals in Greenland could make it the gateway to the

22 Van Geuns, *'Arctisch olie en gas: nut of noodzaak?'*, p. 4.

23 Jack Farchy and Lucy Hornby, 'Rosneft proposes Chinese company take stake in Russian oilfield', 1 September 2014. See: <http://www.ft.com/cms/s/0/01ab7166-31f0-11e4-a19b-00144feabdc0.html#axzz3JQsOYoOJ>.

24 The Russian-Norwegian agreement is in line with Russia's policy of tackling problems bilaterally wherever possible.

25 Van Geuns, *'Arctisch olie en gas: nut of noodzaak?'*, p. 4.

26 Letter from the Minister of Foreign Affairs to the President of the House of Representatives, The Hague, 6 August, *Parliamentary Papers* 21 501-20, No. 902.

27 A.K. Gravgaard, 'Greenland's Rare Earths Gold Rush', *Foreign Affairs*, 28 October 2013. See: <http://www.foreignaffairs.com/features/letters-from/greenlands-rare-earths-gold-rush>, consulted on 23 June 2014.

Arctic.[28] Concerned at the relative lack of interest displayed by Europe, the European Commission signed a declaration of intent with Greenland in 2012 to step up cooperation on exploration and exploitation of raw materials.[29] In October 2013 the parliament of Greenland lifted the ban on uranium mining, thus opening the way to the mining of rare earths.

Oil and gas extraction in the Arctic is extremely difficult owing to the climate, icy conditions, logistic and technical problems, lack of requisite infrastructure, serious environmental risks, high insurance costs and extremely limited scope for search and rescue (SAR) operations.[30] Other important factors are the autonomy of the indigenous peoples, for instance in Canada, and their wish to participate in decision-making on the exploitation of resources. As a result, exploitation costs are high. Whereas in the Middle East it costs five US dollars to extract a barrel of oil, in the Arctic it costs between 35 and 100 dollars, depending on the region and the depth at which extraction takes place.[31] On the other hand, global demand for fossil fuels is steadily rising owing to expected growth in the world's population (to 8 or 9 billion in 2050) and economic growth, which is also expected to increase. Demand is therefore expected to be 60% higher by 2050. According to the International Energy Agency (IEA), global oil production will barely be able to meet this demand.[32]

Various oil companies are extracting oil and gas in the Arctic. The Norwegian company Statoil has by far the greatest expertise in offshore drilling.[33] The leading Russian companies are Rosneft and Gazprom, which have a majority interest in Russian projects. Exxon, Mobil, BP and Shell are also operating in the Arctic. BP, for example, has a 19% share in Rosneft. Shell suspended its activities in Alaska after the drilling vessel *Kulluk* ran aground in February 2013; in January 2014 a further postponement was announced following a decision by the US 9th Circuit Court of Appeals that the American government had not yet done enough to identify the environmental risks.

28 H.A. Conley, 'Arctic Economics in the 21st Century: the Benefits and Costs of Cold', CSIS, Washington, July 2013. See: <http://csis.org/publication/arctic-economics-21st-century>, p. 26.

29 See: <http://ec.europa.eu/commission_2010-2014/tajani/priorities/raw-materials/index_nl.htm>, consulted on 23 June 2014. Of the exploration companies currently operating in Greenland, around 58% are Canadian or Australian. Only 15% of the work is done by EU companies (from the Czech Republic, Denmark, Germany and the UK). Although European companies hold three quarters of the exploitation licences in Greenland, they are not often involved in exploration.

30 'In the coming decades, the exploration and exploitation of hydrocarbons in the Arctic Ocean will proceed very slowly', Van Geuns, *De Noordpool*, p. 22.

31 Because of the high exploitation costs, Shell has decided not to expand its technological facilities in the Ormen Lange gas field any further, and has postponed the next stage of the Sakhalin Energy Project until 2017.

32 Van Geuns, '*Arctisch olie en gas: nut of noodzaak*?', p. 2.

33 Interview with Professor L. Hacquebord, The Hague, 10 April 2014.

New shipping routes

As the sea ice melts in the Arctic, three new shipping routes are emerging: the Northwest Passage (to the west of Greenland and north of Canada), the Northeast Passage (to the north of Russia) and the route across the North Pole. These routes are considerably shorter than the traditional ones. The shortest is the one across the Pole,[34] but for the time being this is also the least navigable one (the various routes are shown in Annexe IV). Over the coming decades all three routes are in any case expected to be navigable for only a few months a year. The Northwest Passage is less navigable than the Northeast Passage because of its many islands, shallow water and ice movements. The Northeast Passage was used by 41 vessels in 2011, 46 in 2012 and 71 in 2013.[35] However, despite the increased number of ships, the total amount of cargo increased by only 7.6% over this period, because smaller ships were used.[36]

Owing to complex weather conditions (storms, snow and fog), high insurance premiums, very limited SAR capacity, lack of nautical charts (especially in digital form), shallow water and lack of infrastructure, shipping on the new routes will for the time being remain hazardous, costly and hence limited.[37] Vessels using these routes must either be built to an ice-class or sail in convoy behind an icebreaker. Shorter shipping routes do not therefore automatically mean lower costs. Scenarios for when the new routes will become profitable for part of the year range from 2030 to 2050.[38]

It consequently seems likely that use of the new shipping routes will remain limited for the time being.[39] Container ships will not yet be able to use them, as they have to

34 The Northeast Passage cuts the voyage from Yokohama to Rotterdam by 8,046 km, or about 40%. The Northwest Passage cuts the voyage from Seattle to Rotterdam by 3,219 km, or about 25%. Charles M. Perry and Bobby Andersen, 'New Strategic Dynamics in the Arctic Region. Implications for National Security and International Collaboration'. Institute for Foreign Policy Analysis. February 2012, p. 8.

35 See: <http://www.arctic-lio.com/nsr_transits>, consulted on 28 April 2014.

36 Interview with Professor L. Hacquebord, The Hague, 10 April 2014.

37 During a visit to Washington DC on 25 March 2014, Canada's Minister of Transport Lisa Raitt expressed doubts as to whether the Northwest Passage would come into service any time soon: 'I don't see it happening right now … I don't think it's a panacea and I don't think the Panama Canal or the Suez Canal … have any worries of competition from the Northwest Passage right now.' See: <http://www.theglobeandmail.com/report-on-business/arctic-shipping-remains-a-distant-dream-for-now-transport-minister-says/article17665916/>, consulted on 8 May 2014.

38 'Given the large number of unknowns, it is impossible to project the timing and degree to which Arctic maritime shipping routes will become globally significant and competitive with the present alternatives. That they will do so at all is not inevitable, even as the sea ice progressively declines.' Le Mière and Mazo, *Arctic opening*, pp. 70-71.

39 See: <http://www.arcticyearbook.com/images/Articles_2012/Humpert_and_Raspotnik.pdf>, p. 284. See also Le Mière and Mazo, *Arctic opening*, p. 71.

dock several times en route and are simply too large for the shallow coastal waters.[40] The costs for the container market – in which upscaling has top priority – are high, partly because of the need for icebreakers. In addition, more and more low-speed ('slow-steaming') container ships are coming into service, and these lack the power to maintain speed when faced with ice. Another drawback is that the departure and arrival times of ships using the new routes cannot be guaranteed.[41] The routes will mainly be used to transport oil and gas during the summer months.[42] China – since 2011 the world's biggest exporter – has shown great interest in the new routes as alternatives to the bottleneck in the Strait of Malacca. In September 2013 the first Chinese vessel, the *Yong Sheng*, reached Rotterdam via the Northeast Passage. China is building new icebreakers so that it can use the Arctic routes. Iceland may also be able to benefit from the new routes; it is already a major aviation hub, and may increasingly become one for shipping as the Arctic is further developed. It has strategically located port facilities for cargo vessels and icebreakers.

It seems unlikely that the new shipping routes will compete with the Panama Canal, the Suez Canal and the Strait of Malacca.[43] That could change if the latter were to become unusable, for example as a result of conflict in the area; but even then the disadvantages of the northern shipping routes would remain a substantial negative factor. It does seem likely that the Arctic states will increasingly protect their energy interests and the shipping routes as regional economic interests increase.[44]

40 See also L.P. Lammers, 'The possibilities of container transit shipping via the Northern Sea Route', Rotterdam, March 2010. See: <http://www.portofrotterdam.com/nl/Over-de-haven/onderwijs-werk/Port-research-centre/Documents/Container-transit-shipping-via-the-northern-sea-route.pdf>, consulted on 8 May 2014.

41 Interview with V. Schoenmakers, The Hague, 20 June 2014. See also L.P. Lammers, 'The possibilities of container transit shipping via the Northern Sea Route', Rotterdam, March 2010. See: <http://www.portofrotterdam.com/nl/Over-de-haven/onderwijs-werk/Port-research-centre/Documents/Container-transit-shipping-via-the-northern-sea-route.pdf>, consulted on 8 May 2014.

42 See: <http://www.arcticyearbook.com/images/Articles_2012/Humpert_and_Raspotnik.pdf>, p. 284.

43 'Arctic shipping routes will be unable to compete with the world's existing major trade routes. Thus, while climate change will, over the coming decades, transform the frozen north into a seasonally navigable ocean, Arctic shipping routes will not become a new silk road for China'. Malte Humpert, *The Future of Arctic Shipping: a New Silk Route for China*, Arctic Institute, September 2013, p. 15. Egypt now has plans for a second Suez Canal. See: <http://nos.nl/artikel/683059-egypte-wil-tweede-suezkanaal.html>, 5 August 2014. In late 2014 Nicaragua will start building a canal linking the Caribbean and the Pacific, See: <http://nos.nl/artikel/672379-nicaragua-begint-aanleg-kanaal.html>. China is also drawing up plans for a canal across Thailand. See: <http://chinadailymail.com/2014/03/16/china-to-bypass-malacca-strait-by-kra-isthmus-canal-in-thailand/>.

44 Blunden, 'Geopolitics and the Northern Sea Route'. See: <http://www.chathamhouse.org/sites/files/chathamhouse/public/International%20Affairs/2012/88_1/88_1blunden.pdf>, p. 129. See also Clingendael, Klimaatverandering rond de Noordpool, p. 13.

I.4 Opportunities for the Netherlands

There are interesting new opportunities in the Arctic for the Dutch economy and private sector. Not only does the Netherlands have close economic ties with various Arctic countries, but Dutch companies with specific expertise have a good market position in sectors of importance to the region, such as land reclamation, maritime and offshore technology, gas and oil extraction, laying pipelines, shipbuilding and fisheries.[45] Oil extraction in the Arctic areas of Russia is of growing importance to the port of Rotterdam.[46]

Russia and Norway are major economic partners for the Netherlands. In 2012 Dutch imports from Russia totalled 20.3 billion euros, 5% of overall Dutch imports. Over 90% of this was in the form of petroleum and other minerals.[47] Exports to Russia, which have expanded considerably in recent years, totalled 7.1 billion in euros in 2012.[48] Russia is the Netherlands' third-largest non-EU trading partner after the US and China, in terms of both imports and exports.[49]

Rotterdam is attractive to Russia as a central storage port for Russian oil.The Vlissingen and Gelsenkirchen refineries, in which Lukoil and Rosneft hold shares, are supplied from Rotterdam.[50] 30% of the crude oil and 45% of the oil products landed in Rotterdam come from Russia, including its main port for oil exports, Primorsk. Russian oil has increasingly taken the place of Middle Eastern and North Sea oil. At the same time, Rotterdam's refineries are losing ground on the global markets to the new, export-oriented mega-refineries in the Middle East and Asia. Primorsk is not ice free throughout the near and sometimes it is even icebound, but from Rotterdam Russian oil can be sold at the most favourable market price and transported onwards all year round. The Russian share is thus already substantial, but may increase further as Arctic reserves are tapped.[51] This is reflected by various Russian investments in the Dutch energy sector. The Shtandart tank terminal at Europoort is due to begin operating by late 2016 as an open-hub terminal with a capacity of some 3.2 million cubic metres for the storage and transit of crude oil and oil products, mainly from the Urals. This terminal is

45 Beleidskader, p. 48.

46 For the EU's dependence on Russian gas, see AIV, *The EU's dependence on Russian gas: how an integrated EU policy can reduce it*, advisory letter No. 26, The Hague, June 2014.

47 See: <http://www.cbs.nl/nl-NL/menu/themas/internationale-handel/publicaties/artikelen/archief/2014/2014-rusland-export-2013-art1.htm>, consulted on 20 June 2014.

48 See: <http://www.cbs.nl/nl-NL/menu/themas/internationale-handel/publicaties/artikelen/archief/2012/2012-wederuitvoer-2011-infografics-art.htm>, consulted on 20 June 2014.

49 See: <http://www.volkskrant.nl/vk/nl/30323/Onrust-in-Oekraine/article/detail/3619059/2014/03/20/Hoeveel-last-krijgt-Nederland-van-handelsboycot-met-Rusland.dhtml> and <http://nos.nl/artikel/560471-rusland-belangrijk-voor-economie.html>, consulted on 20 June 2014.

50 See: <http://www.nrc.nl/nieuws/2013/04/07/russen-bouwen-olieterminal-in-haven-rotterdam/>, consulted on 14 July 2014.

51 Interview with V. Schoenmakers, The Hague, 20 June 2014.

being built for Russia's Summa Group (100% shareholder).[52] The Project Delta Group, set up in 2009, is a strategic partnership between Russian and Dutch businesses and knowledge institutions designed to encourage technological innovation and joint ventures in the energy sector.[53] One of the joint ventures is sustainable oil and gas extraction on the Yamal peninsula.[54] As already mentioned, the Netherlands is affected by the European sanctions, and persistence of the current crisis may further impede economic cooperation with Russia. If Russia decides in the future to transport its oil for China via the Northeast Passage, it could influence Rotterdam's position. Moreover, the House of Representatives is opposed to the landing of Arctic oil, and on 1 April 2014 it adopted the Vos motion requesting the government to press for bans on the transport of heavy crude oil across the Arctic and, at European level, on the import into the EU of Arctic oil extracted at sea.[55] The government stated in its response that it could not see any way to comply with this request since many of the relevant areas are within the jurisdiction of the Arctic states, but that it would continue to press for stringent international legislation on the subject.[56]

Besides Russia, Norway is another key supplier of energy to the Netherlands. Some 75% of Dutch imports from Norway are in the form of crude oil, oil products and natural gas. In 2012 nearly 11% of all the crude petroleum imported into this country came from Norway, making it the Netherlands' four-largest supplier. The Netherlands is one of Norway's ten leading trading partners, and has a large trading deficit with the country, mainly because of high Dutch energy imports. Dutch companies operate there, particularly in offshore activities and gas and oil extraction.[57]

The Netherlands also has close economic ties with other Northern European countries. In 2011 it was one of Denmark's five leading trading partners. Here again, the main imports are oil and oil products.[58] There are good opportunities for cooperation with Iceland on sustainable energy and sustainable fisheries. The Netherlands mainly imports aluminium from Iceland, and mainly exports electrodes to the country. It is

52 See: <http://www.portfoliofrotterdam.com/nl/Over-de-haven/havenontwikkeling/Pages/tankterminal-europoort-west.aspx>, consulted on 23 June 2014.

53 See: <http://projectdeltagroup.com/eng/about_pdg/mission_goals/>, consulted on 23 June 2014.

54 Letter from the Minister of Economic Affairs to the President of the House of Representatives, The Hague, 1 May 2014, Parliamentary Paper 29 023, No. 167, p. 3. The Ministry of Foreign Affairs has a seat on the Advisory Council.

55 Proceedings of the House of Representatives 2013-2014, 29023, No. 161.

56 Letter from the Minister of Economic Affairs to the President of the House of Representatives, The Hague, 1 May 2014, Parliamentary Paper 29 023, No. 167, p. 4.

57 See: <http://www.rijksoverheid.nl/onderwerpen/betrekkingen-met-nederland/noorwegen>, consulted on 23 June 2014.

58 See: <http://www.cbs.nl/nl-NL/menu/themas/internationale-handel/publicaties/belangrijkste-handelspartners-nederland/archief/2013/2013-denemarken-2012-art1.htm>, consulted on 23 June 2014. See also <http://www.rijksoverheid.nl/onderwerpen/betrekkingen-met-nederland/denemarken>, consulted on 23 June 2014.

Iceland's largest export partner and one of its three leading import partners.[59] The Netherlands is one of Sweden's main investors and trading partners; 15% of imports from Sweden is in the form of mineral fuels.[60] Dutch transport, chemical and technological companies have invested a great deal in the country. The Netherlands is also one of Finland's leading trading partners; Dutch companies have invested substantially there, too, particularly in the maritime and energy sectors.[61]

The Northeast Passage is mainly of interest to the port of Rotterdam because of deliveries of oil and gas from the Arctic. The same applies to break bulk or project cargo (usually single consignments) transported via this route. One example is the transport of cranes for Maasvlakte 2 on the *Yong Sheng*. The volume of break bulk cargo or project cargo will probably remain low. The new shipping routes offer little added value for the transport of containers and iron ore and coal – the most important products for the port of Rotterdam besides oil and gas. As explained in chapter I.3, container transport via the northern routes is for the time being difficult and scarcely profitable.[62] Should container transport via the Northeast Passage eventually become feasible, besides Rotterdam, the port of Hamburg may also benefit from its geographical proximity, its good rail links and the Eastern European market in its hinterland. In her Report on the 2050 North Sea Spatial Agenda, Minister for Infrastructure and the Environment Melanie Schultz van Haegen announced a joint study with governments, shipping companies and port authorities in North-Western Europe 'to determine how exactly the passages around the North Pole could develop, and what impact this will have on the use of space in the north-western section of the North Sea'. The study may begin in 2016.[63]

Apart from oil and gas, there are other key raw materials in the Arctic. The increasing availability of rare earth metals in Greenland may also be of importance to Dutch industry. At present, world production is largely in Chinese hands. Dutch manufacturing industry processes semi-finished products that contain rare earths.[64] To break the Chinese monopoly on these minerals, efforts have been made in recent years to step up their mining in other countries, including Australia and the US (the main production areas outside China). Given Greenland's geographical location, rare earth mining there offers goods prospects for their import into Europe, and especially for the Netherlands as a country of transit for crude rare earths required by German industry.

59 See: <http://www.rijksoverheid.nl/onderwerpen/betrekkingen-met-nederland/ijsland, consulted on 23 June 2014.

60 See: <http://www.cbs.nl/nl-NL/menu/themas/internationale-handel/publicaties/belangrijkste-handelspartners-nederland/archief/2013/2013-zweden-2012-art.htm>, consulted on 23 June 2014.

61 'Did you know that Dutch companies export three times more to Nordic & Baltic region than to China? Lots of opportunities in 1.5 hours flight.' Tweet in English by Dutch Ambassador Bea ten Tusscher, 3 June 2014.

62 Interview with V. Schoenmakers, The Hague, 20 June 2014.

63 See: <http://www.rijksoverheid.nl/documenten-en-publicaties/kamerstukken/2014/07/28/noordzee-2050-gebiedsagenda.html>, 28 July 2014, p. 73, consulted on 21 August 2014.

64 Letter from the Minister of Economic Affairs, Agriculture and Innovation to the President of the House of Representatives, The Hague, 23 March 2012, Parliamentary Paper 32 852, No. 3, p. 1.

The Dutch government considers it essential that further exploitation of oil and gas should meet stringent environmental and safety standards, given the specific vulnerability of the Arctic.[65] Companies operating in the area are supported in particular by economic diplomacy. Dutch businesses can make a major contribution to the development of technologies that will allow safe, sustainable economic activity to take place. For example, their knowledge and experience of oil and gas extraction in the Caspian Sea can also be put to use in the Arctic. The Dutch government supports this through, for example, the North Pole programme.[66] Great importance is also attached to the safety of shipping in the area, particular through the development of the Polar Code (see chapter II.3) and the activities of the Arctic Council's PAME (Protection of the Arctic Marine Environment) working group. As for the new shipping routes, the Netherlands emphasises that the United Nations Convention on the Law of the Sea (UNCLOS) also applies to them, and is pressing for open access to shared resources on equal conditions. The Netherlands believes that the section of the Arctic outside the Arctic countries' jurisdiction should be considered a global public good and an area that deserves protection in view of its climate-regulating function, and in the interests of future generations.[67]

65 Letter from the Minister of Economic Affairs to the President of the House of Representatives, The Hague, 1 May 2014, Parliamentary Paper 29 023, No. 167, p. 1.

66 Beleidskader, p. 48.

67 Letter from the Minister of Economic Affairs to the President of the House of Representatives, The Hague, 1 May 2014, Parliamentary Paper 29 023, No. 167, p. 2.

II The position of the main actors

II. 1 The position of the Arctic countries

In recent years, all the Arctic countries except Iceland have published new Arctic strategies.[68] This in itself illustrates their increased interest in the region. The strategies indicate that the countries wish to play a leading role in the Arctic. What is striking, however, is the lack of a global perspective.[69] There are many similarities in the priorities set in the strategies. They all discuss the impact of climate change and the need for action to ensure careful management of the region and sustainable economic exploitation. In addition, they all pay attention to the need for investment in disaster relief and SAR tasks, protecting the position of indigenous peoples, the importance of international cooperation with a key role for the Arctic Council, and the maintenance of peace and stability in the region. Particularly in Russia and Canada, and to a lesser extent Norway, the Arctic is a key topic in the domestic policy debate. The fact that the US, Canada, Iceland, Denmark and Norway are members of NATO and Denmark, Sweden and Finland are members of the EU has only a limited impact on relations between the Arctic countries, as there is no consensus on the role that the two organisations might play in the region.

Russia

Most of Russia's coastline lies north of the Arctic Circle, so the country has vital strategic interests in the Arctic. The Arctic is a key area for the extraction of oil and gas, and there are high hopes of the profits to be made now and in the future from shipping via the Northeast Passage. The Arctic is also of great emotional importance to Russia.[70] The melting of the sea ice removes the natural protection of the coastline. The planting of the Russian flag on the seabed beneath the North Pole in 2007 drew considerable international attention, and raised questions as to whether Russia was now pursuing a more offensive course. Exploitation of energy sources and national security are the main themes in the *Strategy for the Development of the Arctic Zone of the Russian Federation*

68 The description of the various Arctic strategies is largely taken from H. Haftendorn, *The Case for Arctic Governance: the Arctic Puzzle*, Institute of International Affairs, Centre for Arctic Policy Studies, June 2013, pp. 25-31. See also Charles M. Perry and Bobby Andersen, *New Strategic Dynamics in the Arctic Region: Implications for National Security and International Collaboration*, The Institute for Foreign Policy Analysis, Washington, 2012, pp. 24-129. See: <http://www.ifpa.org/pdf/StrategicDynamicsArcticRegion.pdf> and L. Heininen 'State of the Arctic Strategies and Policies – A Summary', in Arctic Yearbook 2012. See also: <http://www.arcticyearbook.com/images/Articles_2012/Heininen_State_of_the_Arctic_Strategies_and_Policies.pdf>.

69 Heininen, 'State of the Arctic Strategies', p. 43.

70 Several authors have pointed out the importance of the Arctic to Russia's national identity. Pavel Baev, for instance, has stated that security and economic interests in the Russian Arctic do not suffice to account for Russia's Arctic policy: 'Russia's state identity remains shaky twenty years into its post-Soviet history, and the loudly proclaimed intention to expand its Northern borders by securing control over a million sq. km of the Arctic shelf is best understood as an attempt to consolidate it.' Pavel Baev, *Russia's Arctic Policy: Geopolitics, Mercantilism and Identity-Building*, Briefing Paper, The Finnish Institute of International Relations, 2010, p. 6.

and National Security to 2020.[71] The management and supervision of Russia's Arctic territories are increasingly a matter of domestic policy and central control from Moscow.[72] The fact that the other Arctic countries are members of NATO and/or the EU makes Russia distrustful, and it therefore seeks to keep both organisations outside the Arctic Council; for example, it refuses to discuss Arctic affairs at meetings of the NATO-Russia Permanent Joint Council.[73] On 22 April 2014 President Putin spoke of an 'increasing conflict of interest between the Arctic coastal states' and said that 'the situation in the world is fraught with new risks and challenges to Russian national interests'.[74] Despite such statements, Russia has so far taken a pragmatic attitude, cooperating in expanding the Arctic consultative structure and abiding by international legislation. However, Russia has shown a preference for bilateral agreements.[75]

Norway

The Arctic is of great strategic importance to Norway because of its oil and gas reserves and the fact that the country borders on Russia. 'The Arctic (High North) is Norway's number 1 foreign policy priority', says Norway's former foreign minister Espen Barth Eide. The prospects offered by the raw materials in the region will enable Norway to maintain its profitable position as a supplier of raw materials.[76] Norwegian Arctic policy focuses on the following issues: (1) the Barents Sea as a key energy source, (2) fisheries, (3) relations with Russia and (4) acknowledgement of Norway's sovereign rights in the Norwegian Sea, the Barents Sea and the Arctic Ocean, and round Svalbard. The 2010 Norwegian-Russian agreement on the two countries' borders in the Barents Sea opened the way to Norwegian-Russian cooperation on the exploitation of oil and gas reserves in the area.[77] Norway also cooperates with Russia in other fields, such as the environment, the coastguard and SAR. It seeks good relations with Russia, but also closer involvement of NATO in the Arctic. In the interests of collective defence – four of the five coastal states are members of NATO – Norway would like NATO to pay more attention to the region and so provide a counterweight to Russia. The country sees its membership of NATO as a vital means of protecting its

71 See: <http://www.arctis-search.com/Russian+Federation+Policy+for+the+Arctic+to+2020>.

72 Perry and Andersen, 'New Strategic Dynamics', p. 61.

73 *Ibid*., p. 67.

74 A. Staalesen, 'Putin arms Arctic drillers', 23 April 2014. See: <http://barentsobserver.com/en/security/2014/04/putin-arms-arctic-drillers-23-04>, consulted on 27 June 2014.

75 Perry and Andersen, 'New Strategic Dynamics', p. 66.

76 These prospects received a further boost with the discovery of the Skrugard and Norvarg fields in 2011.

77 See: <http://www.regjeringen.no/upload/UD/Vedlegg/Nordområdene/UD_nordomrodene_innmat_EN_web.pdf>, p. 11, consulted on 1 April 2014.

Arctic interests in relation to Russia. That is also why it would like the EU to play a greater part in the work of the Arctic Council.[78]

In 2011 Norway published a new strategy entitled *The High North: Vision and Policy Instruments*, which sets out the country's Arctic interests in fairly assertive terms.[79] Norway's position can be summed up by foreign minister Eide's slogan 'High North, low tension'.[80]

Canada

Canada was one of the initiators of the Arctic Council, and is active in the field of sustainable development and indigenous peoples. Some 40% of Canadian territory is north of the Arctic Circle. Canada's increased involvement with the indigenous population also seems to be prompted by a need to make up for its earlier neglect of its remoter territories. The Inuit indigenous population has a strong position in Canadian domestic politics and has left a deep mark on Canada's Arctic policy. In the 1990s that policy focused on environmental aspects, but since the turn of the century successive governments have placed more emphasis on the region's importance in nationalist terms. After Russia planted its flag, premier Stephen Harper stated 'Canada has a choice when it comes to defending our sovereignty in the Arctic: either we use it or we lose it'.[81] In 2009 the Canadian parliament voted to rename the Northwest Passage the Canadian Northwest Passage. The same year saw the publication of Canada's Northern Strategy: *Our North, Our Heritage, Our Future* – a telling title.[82] Canada's claim to the continental shelf is in line with this strategy. Canada and the US disagree about the status of the Northwest Passage and their borders in the Beaufort Sea. Canada also has a dispute with Denmark regarding the division of the Lincoln Sea and Hans

78 'We observe the development of EU Arctic policy. It seems that we increasingly "read from the same page". That is positive. The Arctic is also the EU's neighbourhood. We see a rapid change in the Arctic and increased interest from the rest of the world. We will continue the constructive cooperation with the EU. We share the commitment for sustainable development, regional cooperation and engaging with Russia … Norway welcomes the joint communication on the Arctic from the Commission and EEAS from June 2012. It shows a stronger engagement on Arctic issues through cooperation and dialogue with arctic states, which is very positive. the eu confirms existing legal framework as basis for Arctic governance, and highlights three areas where EU's contribution can be particularly valuable: sustainable development, engagement with Arctic states and indigenous peoples.' Norway's foreign minister Eide addressing the EU's Political and Security Committee in Brussels on 20 March 2013. See: <http://www.regjeringen.no/nb/dokumentarkiv/stoltenberg-ii/ud/taler-og-artikler/2013/the_arctic.html?id=720720>, consulted on 1 April 2014.

79 See: <http://www.regjeringen.no/upload/UD/Vedlegg/Nordområdene/UD_nordomrodene_innmat_EN_web.pdf> en <http://www.regjeringen.no/pages/38005979/PDFS/STM201120120007000EN_PDFS.pdf>, consulted on 1 April 2014.

80 See: <http://www.norway-nato.org/eng/News/The-Arctic-Norwegian-perspectives/#.U61p4VODe80>, consulted on 1 April 2014.

81 See: <http://www.pm.gc.ca/eng/news/2007/07/09/prime-minister-stephen-harper-announces-new-arctic-offshore-patrol-ships>, consulted on 13 June 2014.

82 *Canada's Northern Strategy: our North, our Heritage, our Future*, Ottawa, 2009. See: <http://www.northernstrategy.gc.ca/cns/cns-eng.asp>, consulted on 1 April 2014.

Island. Unlike Russia and Norway, Canada is cautious about the exploitation of Arctic raw materials.

Denmark

Through Greenland, Denmark is also an Arctic country. Its *Strategy for the Arctic 2011-2020* focuses on Copenhagen's relations with Greenland's autonomous government and an increased role for Denmark as an Arctic player.[83] Denmark attaches great importance to the role of the Arctic Council, and in 2008 it initiated a meeting of the five Arctic coastal states in Ilulissat (see also chapter III.3). Denmark considers Nordic cooperation important, but is opposed to an active role for NATO in the Arctic. In late 2014 Denmark hopes to submit a successful claim to the Commission on the Limits of the Continental Shelf (CLCS), with a view to extending the continental shelf north of Greenland beyond the 200-mile limit and up to the North Pole.[84]

The position of Greenland

Greenland has a special position within the Arctic region.[85] The world's twelfth-largest country in terms of area (2,166,086 km^2), it has just 57,000 inhabitants. It is part of the Kingdom of Denmark and is not an independent state, but has an autonomous government. It is gradually taking over legislative, executive, financial and administrative tasks from Denmark, and already has full responsibility for raw materials, aviation and maritime issues. Among other things, this means that Greenland can issue exploration and exploitation licences and concessions for raw materials. Its new (2010) Mineral Resources Act stipulates that all decisions on oil, gas and minerals will be made by the government of Greenland. Earlier licences issued by Denmark will remain in force, but will be regulated by Greenland.[86] The country receives an annual grant of 400 million euros from Denmark, mainly intended for the public sector. As the country earns more income of its own, the Danish grant will be reduced. The exploration and exploitation of Greenland's immense mineral wealth are not only a way to reduce lagging development in many parts of the country, but also a basis for independence from Denmark. In 2008 the people of Greenland voted for home rule. The Greenland parliament has adopted legislation that anticipates income from taxation and royalties on extraction of oil, gas and minerals, and a fund similar to Norway's oil fund has been set up. Climate change is creating new potential for agriculture in southern Greenland, encouraging tourism and opening up opportunities for mining and oil and gas extraction. Greenland has not only oil and gas reserves, but also rare earth metals and raw materials such as uranium, iron ore, gold, diamonds, lead and zinc. Greenland's foreign relations are not covered by

83 See: <http://www.oceansnorth.org/resources/kingdom-denmark-strategy-arctic-2011%E2%80%93-2020>, consulted on 1 April 2014.

84 Perry and Andersen, 'New Strategic Dynamics', p. 74.

85 For a detailed history of Greenland, the move towards autonomous government and the role of the indigenous population, see Mininnguaq Kleist, 'Greenland's Self-Government', in Natalia Loukacheva (ed.), Polar Law Textbook, Copenhagen, 2010, pp. 171-199.

86 The act includes provisions on (1) environmental protection and use of the best available technology, (2) climate protection, (3) liability for a broad range of environmental damage, including pollution or other negative impacts on climate and the natural environment, (4) environmental impact assessments (hydrocarbons may not be exploited in the absence of an EIA) and (5) social sustainability assessments, with Greenland's parliament responsible for deciding whether such an assessment is required.

home rule. In some cases Denmark will consult and represent Greenland; in others a Greenland delegate will speak on behalf of the kingdom. Greenland is associated with the EU and registered on the list of Overseas Countries and Territories (OCTs). There is also the EU-Greenland Partnership Agreement for 2007-2013. As an OCT, Greenland has unrestricted access to the EU market for fishery products. Greenland's and Denmark's interests do not always coincide, and this is a source of friction. Denmark seeks to keep control of developments in Greenland wherever possible. It is still responsible for Greenland's territorial defence; for example, Danish navy vessels patrol the waters round the island. The US also has a major air base in Greenland, at Thule.

United States

With the purchase of Alaska in 1867, the US also became an Arctic country. American interest in the region is still limited. A National Strategy for the Arctic Region was not presented until May 2013, followed in January 2014 by an implementation plan.[87] In November 2013 Secretary of Defense Chuck Hagel published an Arctic Strategy, with specific priorities for the US armed forces.[88] In February 2014 Secretary of State John Kerry appointed a Special Representative for the Arctic Region with a key role in the defence of American interests in the Arctic, particularly with a view to the forthcoming US chairmanship of the Arctic Council.[89] The American national strategy is based on cooperation: 'The Arctic region is peaceful, stable, and free of conflict. The United States and its Arctic allies and partners seek to sustain this spirit of trust, cooperation and collaboration, both internationally and domestically'.[90] The US has not ratified UNCLOS, owing to opposition in the Senate. In Republican circles the convention is felt to infringe American sovereignty.[91] The US treats UNCLOS as customary law and abides by all its articles, except for Part XI on ocean mining. The US strategy mainly focuses on national security and views the region in terms of homeland defence. It also attaches great importance to the Arctic Council and considers it the most important body in the region, but would not like to see it develop into an international organisation or have a substantially increased mandate. It was the US that insisted on the exemption for security affairs when the Arctic Council was set up. The national strategy expresses this as follows: 'We encourage Arctic and non-Arctic states to work collaboratively through appropriate fora to address the emerging challenges and opportunities in the Arctic region, while we remain vigilant to protect the security interests of the United States and our allies.'[92]

87 'The President of the United States, National Strategy for the Arctic Region', May 2013. See: <http://www.whitehouse. gov/sites/default/files/docs/nat_arctic_strategy.pdf>. See also: <http://www.whitehouse.gov/sites/default/files/docs/implementation_plan_for_the_national_strategy_for_the_arctic_region_-_fi....pdf>, consulted on 1 April 2014.

88 See: <http://www.defense.gov/pubs/2013_Arctic_Strategy.pdf>, consulted on 1 April 2014.

89 See: <http://www.state.gov/secretary/remarks/2014/02/221678.htm>, consulted on 13 June 2014.

90 See: <http://www.whitehouse.gov/sites/default/files/docs/nat_arctic_strategy.pdf>, consulted on 1 April 2014.

91 See: <http://blogs.cfr.org/patrick/2012/06/08/everyone-agrees-ratify-the-law-of-the-sea/?cid=oth_partner_site-atlantic>, consulted on 5 May 2014.

92 National Strategy for the Arctic Region, May 2013. See: <www.whitehouse.gov/sites/default/files/docs/nat_arctic_strategy.pdf>, p. 6.

Iceland

Iceland's position among the Arctic countries is an unusual one. Given its small size, it is in many ways dependent on other nations, and it has no armed forces of its own. The Icelandic government does not have an official Arctic strategy, but the Icelandic parliament has published a document entitled *A Parliamentary Resolution on Iceland's Arctic Policy*.[93] Iceland has no territorial claims in the region. It is eager to prevent the five coastal states from gaining a privileged position at the expense of the other three Arctic states. It wants to see the Arctic Council play a central role, and greatly emphasises multilateral cooperation and close cooperation with neighbouring countries.[94] Iceland also favours a role for NATO – one of the reasons why it hosted the North Atlantic Council meeting in 2009.[95] Yet it fears militarisation of the region. In February 2014 the Icelandic government announced that Iceland was withdrawing its application to join the EU. The country is increasingly focused on the economic potential of what may be large oil and gas reserves. Fisheries are also very important to Iceland, and it hopes to become a global trans-Arctic shipping hub for container transport. This helps explain China's great interest in the country, particularly the construction of ports. China now has by far the largest diplomatic mission in Reykjavik, which could house a staff of 500; by comparison, the French embassy has a staff of 20, and the US embassy around 70.[96]

Sweden

In May 2011 the Swedish government presented its *Strategy for the Arctic Region*.[97] The Swedish strategy emphasises the far-reaching impact of climate change, which entails both threats and opportunities. Sweden's focus is on sustainable economic, social and environmental development. The strategy identifies three priorities: climate and the environment, economic development and the position of indigenous peoples. Another specific issue is the preservation of the Arctic region as an area free from conflict and tension, and Sweden therefore believes that the Arctic Council should be strengthened. Its attitude to Russia is also more distant and more critical than those of neighbouring Norway and Finland. It does not immediately envisage any major role for the EU in the Arctic, but does consider close cooperation with the relevant EU agencies important.

Finland

For historical and geographical reasons, Finland continues to pursue a balanced policy towards Russia. Finland's *Strategy for the Arctic Region 2013* was published in 2013. The country is looking for niches that will enable it to profit from economic activity, such as the major oil and gas projects in the Barents Sea and on the Yamal peninsula. It is

93 See: <http://www.arctic-council.org/index.php/en/document-archive/category/12-arctic-strategies>, consulted on 2 April 2014.

94 Perry and Andersen, 'New Strategic Dynamics', p. 133.

95 In 2006 the American units operating under NATO's air policing programme were withdrawn because Iceland was no longer willing to pay for them.

96 Didi Kirsten Tatlow, 'China and the Northern Rivalry'. See: <http://rendezvous.blogs.nytimes.com/2012/10/05/china-and-the-northern-great-game>, 5 October 2012.

97 See: <http://www.government.se/content/1/c6/16/78/59/3baa039d.pdf>, Stockholm, 2011, consulted on 13 June 2014.

therefore putting a great deal of effort into strengthening its economic and political ties with Russia. Finland seeks a greater role for the EU in the region, particularly because of the Union's role in the climate debate.[98]

II.2 The position of China and other Asian countries

China

Asian countries such as Japan, South Korea and India, and above all China, are also making their presence felt in the Arctic. The first evidence of Chinese interest in the region was a research voyage in 1994. The reasons for this interest are obvious: the potential reserves of oil, gas and raw materials, as well as the possibility of shorter shipping routes, are important to the country's economic growth. The warming of the Arctic also has implications for food production and rainfall in north-eastern Asia.[99] China's promotion from an ad hoc to a permanent observer at the 2013 Arctic Council meeting in Kiruna was a major step forwards in the country's Arctic policy.[100] Since 2006 it had made three unsuccessful attempts to be admitted as a permanent observer. The eventual decision to admit China, along with South Korea, India and Japan, as observers was prompted by the fact that all four countries will contribute a great deal of money to Arctic research. There is distrust of China's growing activity in the Arctic. Its efforts to become an observer at the Arctic Council are part of a strategy of expansion of Chinese maritime interests and capabilities in order to increase the country's influence in keeping with its global economic status.[101] China is mainly concerned to acquire raw materials.[102]

The country is clearly attempting to protect its major interests in the Arctic. The Chinese government therefore emphasises the global rather than regional implications of the melting icecaps. As an emerging global power, China rejects the idea that only the Arctic states should decide on Arctic issues, on the grounds that many non-Arctic countries, including China, will be affected by changes in the Arctic environment. In 2010 the Chinese rear-admiral Yin Zhuo stated 'the Arctic belongs to all the people around the world, as no nation has sovereignty over it … China must play an indispensable role in Arctic exploration as we have one-fifth of the world's population.'[103] Furthermore, China

98 See: <http://formin.fi/public/default.aspx?nodeid=46578&contentlan=2&culture=en-US>. See also: <http://vnk.fi/julkaisukansio/2013/j-14-arktinen-15-arktiska-16-arctic-17-saame/PDF/en.pdf> and <http://formin.finland.fi/public/default.aspx?contentid=278479&nodeid=48521&contentlan=2&culture=en-US>, consulted on 31 March 2014.

99 Linda Jakobson and Jingchao Peng, *China's Arctic Aspirations*, SIPRI Policy Paper No. 34, November 2010, pp. 10-18.

100 US Secretary of State John Kerry has played a particularly important part in enabling non-members of the Arctic Council, including China, to join it as permanent observers. See: 'Growing importance of the Arctic Council', *Strategic Comments*, Vol. 19, June 2013.

101 'China's strategic Arctic interests', *Strategic Comments*, Vol. 20, March 2014.

102 See also the AIV's advisory report No. 86, 'Asia on the rise: strategic significance and implications', The Hague, December 2013.

103 'China's strategic Arctic interests', *Strategic Comments,* 6 March 2014. See: <http://www.iiss.org/en/publications/strategic%20comments/sections/2014-a6f5/china–39-s-strategic-arctic-interests-05d5>.

wishes to secure access to Arctic shipping routes at a reasonable cost and, as a non-Arctic country, increase its potential access to Arctic resources and fishing grounds.[104]

The arrival of the Chinese vessel *Yong Sheng* (owned by the COSCO company) at the port of Rotterdam on 10 September 2013 was a remarkable event.[105] Setting out from the Chinese port of Dalian on 8 August 2013, it had completed its voyage via the Northeast Passage two weeks faster than via the usual southern route. For the time being, however, this can only be achieved by small container vessels.

All in all, in a globalising world China and Chinese organisations cannot be expected to stay out of the Arctic. The country is pressing for a variety of bilateral relations, but also accepts multilateral instruments; for example, it has expressed support for the application of UNCLOS to the Arctic. In 1993 it purchased the world's largest non-nuclear icebreaker, the Ukrainian-built *Xuelong*, and it has plans for a second such vessel. China has one of the world's largest polar research capabilities, and has already conducted five research expeditions to the Arctic.

China hopes to gain influence in the region by developing close ties with smaller countries, where it would like to establish permanent bases. China sees Iceland as a gateway to the region, which could be useful for transhipment of minerals from Greenland.[106] During a visit to Iceland in 2012 China's then premier Wen Jiabao discussed the possible construction of a base for Chinese vessels. In 2013 Beijing and Reykjavik signed a free-trade agreement, and the Icelandic government has recently granted an oil-drilling licence to a consortium led by the China National Offshore Oil Corporation (CNOOC), the state enterprise responsible for exploiting offshore oil and gas reserves.[107] In Greenland the Chinese are already involved in the mining sector. Greenland not only has reserves of iron ore and oil but also, as already mentioned, large quantities of rare earth metals. China's largest copper company, Jiangxi Copper, is conducting research on the east coast of Greenland together with the British Nordic Mining company.[108]

Japan, South Korea, India and Singapore
In 2013 Japan, South Korea, India and Singapore, together with China, were admitted to the Arctic Council as observers. Japan has had an interest in the Arctic for some time now, and is taking part in various research programmes. It also sees economic potential in oil and gas extraction and the Northeast Passage. South Korea is interested in the Arctic region for the same reasons. The shipping sector also sees major opportunities,

104 See: Jonathan Holslag, 'The Eurasian Sea', *Survival*, August-September 2013, pp. 165-168.

105 '*Chinees schip via ijsroute in Rotterdam'*, 10 September 2013. See: <http://nos.nl/artikel/549664-chinees-schip-via-ijsroute-in-rdam.html>.

106 Scott Borgerson, 'The Coming Arctic Boom: as the Ice Melts, the Region Heats Up', *Foreign Affairs*, July-August 2013, p. 84. Consulted on 15 March 2014.

107 Fred Sengers, 'China gaat naar olie boren in Noordpoolgebied', Blogaap.nl, 4 March 2014. See: <http://www.blogaap.nl/blog/851/China-gaat-naar-olie-boren-in-Noordpoolgebied>.

108 *Ibid*., p. 2.

for example in building icebreakers and ice-strengthened vessels.[109] Singapore sees opportunities for the offshore and marine industries, and India is interested in minerals and the impact of climate change, in order to learn useful lessons for the Himalaya range.[110]

II.3 The positions of the UN, the EU and NATO

United Nations
The UN is involved in the Arctic in four ways: through UNCLOS, the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), the United Nations Environment Programme (UNEP) and the International Maritime Organization (IMO). The significance of UNCLOS is set out in chapter III.3. In 2007 the UN adopted UNDRIP, which specifies the individual and collective cultural and economic rights of indigenous peoples.[111] UNEP has observer status in the Arctic Council and cooperates in many of its programmes.[112] The IMO has so far produced one non-binding document that specifically relates to the Arctic, the Guidelines for Ships Operating in Arctic Ice-Covered Waters, first drawn up in 2002 and revised in 2009.[113] The Polar Code, laying down standardised and binding rules for vessels sailing in waters with sea ice in the higher degrees of latitude, is also expected to come into force on 1 January 2017.

European Union
The EU has also expressed its interest in the Arctic. Given the speed with which changes are taking place in the region and the EU's position as an importer of natural resources and raw materials, it believes that it must make special efforts to protect the environment and combat climate change. EU interests in the Arctic are varied, including the environment, energy, transport and fisheries.[114] Since three of the eight Arctic states are EU members, the EU already has something of a presence in the region. However, the majority of the EU Arctic states prefer to operate unilaterally, rather than through Brussels. The EU has played an active role in Arctic cooperation for some time now, for example through the Northern Dimension together with Russia, Norway, Iceland, Finland and Sweden and in the Barents Euro-Arctic Council (BEAC).[115]

109 Young Kil Park, 'Arctic Prospects and Challenges from a Korean Perspective'. See: <http://www.cigionline.org/sites/default/files/no3_9.pdf>, consulted on 20 August 2014, p. 7.

110 Speech by Patrick Brandt at a Netherlands Polar Programme symposium on 1 November 2013.

111 See: <http://www.un.org/esa/socdev/unpfii/documents/DRIPS_en.pdf>, consulted on 19 June 2014.

112 See: <http://www.unep.org/gc/gc27/Docs/se/What%20Future%20for%20the%20Arctic.pdf>, consulted on 19 June 2014.

113 See: <http://www.imo.org/blast/blastDataHelper.asp?data_id=29985&filename=A1024(26).pdf>, consulted on 19 March 2014.

114 See: 'The EU and the Arctic: Facing Challenges and Missing Opportunities?', *Buzzes from Brussels*, Issue 03/2012.

115 'EU's Arctic Policy: Questions and Answers', European Commission Memo, 3 July 2012, p. 3.

The EU's Arctic policy dates back to 2008, when the European Commission sent a Communication on the subject to the European Parliament and the European Council.[116] The same year the Commission applied to the Arctic Council for observer status on behalf of the EU, and reconfirmed the application in 2011. At the Kiruna meeting in 2013, however, its request to become a permanent observer was unexpectedly put on hold, because of Canadian objections to the EU's 2010 ban on the import of seal skins. The EU and Canada are working jointly on a compromise. EU involvement in the Arctic has grown since the 2008 Communication, but remains modest compared with European interests as a whole. The EU is concerned with (1) efforts to fight climate change, (2) research on the Arctic environment, (3) sustainable development, (4) monitoring of changes and containment of future risks and (5) shipping and maritime safety. The EU also says it is now more aware of its influence in the Arctic and the potential of the region for sustainable development, which may benefit both the local population and the EU.

In a joint Communication dated 26 June 2012, the Commission and the High Representative argue that the EU should focus more closely on Arctic issues in terms of knowledge, responsibility and engagement. They propose developing this EU policy further by supporting the expansion of knowledge on environmental and climate change in the Arctic, acting responsibly with regard to economic development in the region based on sustainable use of natural resources and raw materials, and making use of environmental expertise. The EU also sees a need for closer engagement and dialogue with the Arctic states, indigenous peoples and other partners. This policy comprises a series of specific measures to promote research and sustainable development in the region, as well as environment-friendly technologies that can be used for sustainable shipping and mining. In the past decade, for instance, the EU has spent 20 million euros a year on Arctic research, and over the period 2007-2013 it invested over 1.14 billion euros in sustainable development of the region; if contributions by the member states are added in, the total is 1.98 billion euros.[117] On 12 March 2014 the European Parliament adopted a resolution calling in particular for 'a coherent strategy and a concretised action plan on the EU's engagement on the Arctic, with a focus on socio-economic and environmental issues'.[118] Two months later, EU foreign ministers adopted Council conclusions that called on the European Commission and the High Representative 'to present proposals for the further development of an integrated and

116 See: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2008:0763:FIN:NL:PDF>.

117 Letter from the State Secretary for Foreign Affairs to the President of the House of Representatives, The Hague, 31 August 2012, Parliamentary Paper 22 112, No. 1460, p. 3.

118 European Parliament resolution of 12 March 2014 on the EU strategy for the Arctic (2013/2595(RSP). See: <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+MOTION+P7-RC-2014-0229+0+DOC+XML+V0//EN>. The European Parliament also called for better coordination of European efforts: (…) to develop practices aimed at better utilising existing EU funding and ensuring a proper balance in protecting and developing the Arctic region when channeling EU funds towards the Arctic'.

coherent Arctic policy by December 2015'.[119] The EU has instruments for monitoring environmental, shipping and ice developments, such as Galileo, the civil defence mechanism and the Global Monitoring for Environment and Security Initiative.

In principle, the EU can strengthen its geopolitical role if it obtains permanent observer status in the Arctic Council; but first it will have to reach agreement with Canada. However, a more coherent European policy may also increase Moscow's existing distrust of Western-oriented organisations.[120]

NATO

The Arctic is also important to NATO. In the first place, of course, NATO's collective defence task also extends to this region, since five Arctic states are NATO members. The alliance has no permanent military facilities north of the Arctic Circle, apart from emergency facilities for AWACS aircraft.[121] However, several NATO countries take part in the annual NATO Response Force exercises in the Arctic. There are also regular non NQTO exercises in the region: in a speech at a conference in Reykjavik in January 2009, the then NATO Secretary General Jaap de Hoop Scheffer advocated a wider role for NATO in the Arctic, especially in SAR and disaster relief, including in partnership with Russia.[122] In October of the same year, his successor Anders Fog Rasmussen said that the alliance's activities included being a forum for consultation on Arctic affairs.[123] However in September 2010 the then Russian president Medvedev stated his view that the Arctic could manage perfectly well without NATO.[124]

Major NATO documents such as the 2010 Strategic Concept and the 2012 Chicago Summit Declaration make no explicit mention of the Arctic or the 'High North'.[125] Within NATO there is no consensus as to the role of the alliance in the Arctic. Norway favours a greater NATO presence in the region, and invites NATO members and some Partnership for Peace countries to take part in the annual Cold Response exercise as

119 Council of the European Union, *Council conclusions on developing a European Union Policy towards the Arctic Region*, 12 May 2014.
See: <http://www.consilium.europa.eu/uedocs/cms_Data/docs/pressdata/EN/foraff/142554.pdf>, p. 3. The European Union Maritime Security Strategy refers to the Arctic Ocean as a key area: 'This Strategy takes particular regard of each of the European sea and subsea basins, namely the Baltic Sea, the Black Sea, the Mediterranean and the North Sea, as well as of the Arctic waters, the Atlantic Ocean and the outermost regions'.
See: <http://register.consilium.europa.eu/doc/srv?l=EN&f=ST%2011205%202014%20INIT'>.

120 Le Mière and Mazo, *Arctic Opening*, p. 135.

121 AWACS: Airborne Warning And Control System.

122 See: <http://www.nato.int/docu/speech/2009/s090129a.html>.

123 Quoted in Ronald O'Rourke, *Changes in the Arctic: Background and Issues for Congress,* CRS Report for Congress, 14 February 2014, p. 57.

124 *Ibid.*

125 The High North is usually understood to mean all the land and water north of the 60th parallel, including the eigth northern states that are members of the Arctic Council.

a counterweight to Russia's growing military capabilities. This year units of the Dutch armed forces, including 500 marines and the amphibious transport vessel *HNLMS Rotterdam,* are also taking part in this multinational exercise.[126]

For considerations of sovereignty, Canada is greatly opposed to any NATO involvement in the region, and other NATO countries are concerned about a negative response from Russia. Canada probably wants to avoid a broader debate on the persistent disputes about Hans Island, the Beaufort Sea and the Northwest Passage. The country's ambassador to NATO, Robert McRae, thus refused to allow a section on the Arctic to be included in the Declaration of the April 2009 NATO Summit in Strasbourg-Kehl.[127] At a press conference during a visit to Norway by the North Atlantic Council on 8 May 2013, Secretary-General Rasmussen stated 'At this present time, NATO has no intention of raising its presence and activities in the High North'.[128] At the spring meeting of the NATO Parliamentary Assembly this year he commented 'No doubt the Russians will focus more on the Arctic … NATO allies will have to address this issue'.[129] However, a prominent NATO role in the Arctic seems unlikely for the time being.

United Kingdom, France and Germany
The United Kingdom, France and Germany, which all have observer status in the Arctic Council, are showing increasing interest in the Arctic. All three are involved in research, display concern for climate issues in the region and see economic potential if the region is further developed. In October 2013, the UK published a policy document entitled Adapting To Change: UK policy towards the Arctic.[130] At the presentation, the British Minister for the Polar Regions Mark Simmonds stated 'We are the Arctic's nearest neighbour and we have long-standing environmental and commercial interest there. Our climate, migrating birds, fishing and shipping industry, and energy needs are all reasons why what happens in the Arctic is of vital interest to us.'[131] France will publish a policy document on the Arctic in late 2014. In 2009 the former French premier Michel Rocard was appointed special ambassador for international negotiations on polar regions. In the past he has drawn attention to what he considers the inferior position of observers within the Arctic Council. On 10 July 2014 the French Senate produced a report calling on the government to initiate the development of a European Arctic

126 '*Amfibische oefening marine start*', 10 March 2014. See: <http://www.defensie.nl/actueel/nieuws/2014/03/10/artische-oefening-marine-start>.

127 Helga Haftendorf, 'NATO and the Arctic: is the Atlantic alliance a Cold War relic in a peaceful region now faced with non-military challenges?', European Security, Vol. 20, No. 3, p. 341.

128 Gerard O'Dwyer, 'NATO Rejects Direct Arctic Presence', *Defense News*, 29 May 2013.

129 John D. Stoll, NATO Chief Concerned About Russia's Future Arctic Plans, 30 May 2014. See: <http://online.wsj.com/articles/nato-chief-concerned-about-russias-future-arctic-plans-1401463131>.

130 See: <https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/251216/Adapting_To_Change_UK_policy_towards_the_Arctic.pdf>, consulted on 20 August 2014.

131 See: <http://www.theguardian.com/environment/2013/oct/17/uk-hub-arctic-oil-exploration-greenpeace>, consulted on 19 August 2014.

strategy.[132] In October 2013, like the UK, Germany published a policy document on the Arctic region, entitled Guidelines of the Germany Arctic Policy: Assume Responsibility, Seize Opportunities.[133] The document focuses on sustainable economic development. Germany advocates a greater role for observers in the Arctic Council, and wants the EU to pursue an active policy.

II.4 Dutch Arctic policy

The Netherlands' Arctic policy is set out in The Netherlands and the Polar Regions 2011-2015,[134] which describes the principles and goals of this country's Arctic and Antarctic policy. The main goals of the current policy are strengthening the international rule of law, protecting wildlife and the environment, monitoring the impact of climate change, engaging in the management of global public goods and defending Dutch and EU economic interests in the Arctic in a sustainable manner. The policy framework pays specific attention to the fragility of the Arctic environment and the position of indigenous peoples. Dutch Arctic policy is very much in line with that of the EU, the main priorities being to implement international agreements, maintain security and stability, and defend economic interests. The Netherlands also has close bilateral ties with the Nordic countries, some of which are also members of the EU and/or NATO. Since 2001 there has been a Joint Action Programme with Russia, recently updated for the period 2014-2016. Owing to current developments, specific implementation of the programme now appears to have come to a halt.

The Dutch government has paid only limited attention to geopolitical and economic prospects in the Arctic. The Dutch contribution to Arctic research gives the Netherlands access to the region, and is important on those grounds alone. However, it is recommended that Dutch Arctic policy be expanded. The Interministerial Polar Committee (IPO), in which the Ministry of Foreign Affairs, the Ministry of Infrastructure and the Environment, the Ministry of Economic Affairs and the Ministry of Education, Culture and Science are involved, mainly focuses on the organisation and design of the research programme and draws up instructions for Dutch input into international consultations on Antarctica.[135] The Dutch government's knowledge about the Arctic region is divided over various ministries, and the Netherlands' Arctic interests require better coordination.

132 See: <http://www.senat.fr/notice-rapport/2013/r13-684-notice.html>, consulted on 20 August 2014.

133 See: <http://www.bmel.de/SharedDocs/Downloads/EN/International/Leitlinien-Arktispolitik.pdf?__blob=publicationFile>, consulted on 20 August 2014.

134 Beleidskader 'Nederland en de Poolgebieden 2011-2015', The Hague, 2013.
See: <http://www.rijksoverheid.nl/documenten-en-publicaties/notas/2013/03/06/beleidskader-nederland-en-de-poolgebieden-2011-2015.html>.

135 The IPO also determines the Netherlands' political and diplomatic input into international consultations on Antarctica. The Netherlands is one of the 28 countries that officially shares responsibility for governing Antarctica, a responsibility laid down by treaty. The Netherlands Polar Committee defends the interests of Dutch polar research. Its main tasks are to draw up calls for proposals and represent Dutch polar research in international committees and organisations like the Scientific Committee on Antarctic Research (SCAR) and the International Arctic Science Committee (IASC). See: <http://www.nwo.nl/onderzoek-en-resultaten/programmas/nederlands+polair+programma/organisatie>.

The Netherlands is an active observer in the Arctic Council, taking part in three of its six working groups (see also chapter III.4). At the same time, since it is a relatively small player in the region, it makes sense for its interests to be mainly defended through the EU. Dutch interests in the Arctic mainly lie in the part of the region north of Norway and Russia. The Netherlands can also make active use of its bilateral ties to defend its interests in the Arctic. Moreover, the Netherlands enjoys a good reputation in the field of international law, and has no territorial claims in the region; it is therefore well placed to play an objective mediating role in the sustainable economic development of the Arctic.

III Management and governance of the Arctic region

III.1 The role of the Arctic Council

Until quite recently there was no management or administrative body for the Arctic region. During the Cold War, tension between the Arctic countries prevented them from working together. However, all that changed after a speech by the then Soviet leader Mikhail Gorbachev in Murmansk in 1987, in which he called for pan-Arctic cooperation. The result was the Arctic Environmental Protection Strategy (AEPS), a partnership between the eight Arctic states that focused on environmental issues. As time went on there was a need for closer cooperation, and on 19 September 1996 the Arctic Council was set up by the Ottawa Declaration.[136]

The Arctic Council has no treaty basis, and is not an international organisation but a pragmatic international partnership between Canada, the US, Finland, Iceland, Russia, Norway, Denmark (Greenland) and Sweden. Non-Arctic states cannot join. The chairmanship of the Council rotates among the eight countries once every two years.[137] Decisions are seldom taken, but if they are it is by consensus. Indigenous people can obtain permanent participant status;[138] they then have 'full consultation rights in connection with the Council's negotiations and decisions'.[139] China, India, South Korea, Singapore, Japan, France, Germany, the Netherlands, the UK, Italy, Spain and Poland, a number of intergovernmental and interparliamentary organisations, as well as various non-governmental organisations (NGOs) are observers in the Arctic Council. Observers are not allowed to take part in discussions, and hence have little influence on decision-making.[140] There are a total of 32 observers in the Arctic Council.

The Arctic Council has six working groups, with experts from the Arctic countries and the countries with observer status.[141] Various task forces have also been set up. Both

136 Declaration on the establishment of the Arctic Council, Ottawa, 19 September 1996. See: <http://www.arctic-council.org/index.php/en/document-archive/category/5-declarations>, consulted on 12 March 2014.

137 Canada will hold the chairmanship until 2015.

138 The Inuit Circumpolar Council, the Saami Council, the Russian Association of Indigenous Peoples of the North (RAIPON), the Arctic Athabaskan Council (ACC), the Aleut International Association and the Gwich'in Council International (GCI) are represented on the Arctic Council. Indigenous peoples can only obtain permanent participant status as a single people living in more than one member state, or as a group of peoples living in a single member state.

139 See: <http://www.arctic-council.org/index.php/en/about-us/permanent-participants>.

140 The Netherlands has had observer status in the Arctic Council since 1998, owing to its involvement in the AEPS.

141 The working groups focus on the Arctic Monitoring and Assessment Programme (AMAP), Conservation of Arctic Flora and Fauna (CAFF), Protection of the Arctic Marine Environment (PAME), Emergency Prevention, Preparedness and Response (EPPR), Sustainable Development (SDWG) and the Arctic Contaminants Action Programme (ACAP).

report to Senior Arctic Officials (SAOs), who in turn report to the ministerial meeting.[142] On 28 May 2008, outside the framework of the Arctic Council, the five coastal states adopted the Danish-initiated Ilulissat Declaration at a conference held in the town of the same name in Greenland.[143] Iceland, Sweden, Finland and the indigenous peoples were indignant not to have been invited to the conference. The timing of the Danish initiative was no accident. The immediate cause was the planting of the Russian flag on the seabed of the Arctic Ocean in August 2007. The Ilulissat Declaration emphasised the importance of UNCLOS, and rejected the possibility of a separate treaty on the management of the Arctic Ocean.

Although the Arctic Council is not an international organisation and all its member states were initially comfortable with its informal working procedures, the need gradually emerged for some kind of institutional support. This led to the establishment of a permanent secretariat in Tromsø in 2011. The Arctic Council's *Vision for the Arctic* was adopted at the ministerial meeting in Kiruna on 14-15 May 2013.[144] This document mainly serves to reconfirm the constructive cooperation between the Arctic states. However, the intention 'to expand the Arctic Council's roles from policy-shaping into policy-making' did reflect a need within the Council to place greater emphasis on decision-making. A decision was also made at Kiruna to admit a number of new observers: China, India, Italy, Japan, South Korea and Singapore. The Arctic countries were prepared to make room for other countries with a stake in the region. This also enhanced the relevance of the Arctic Council.[145] As already mentioned, the decision to admit the EU as an observer was postponed.

From the outset, cooperation on military security has been excluded from the work of the Arctic Council. At the instigation of the US, this provision was explicitly included in the first footnote to the Ottawa Declaration: 'The Arctic Council should not deal with matters related to military security'.[146] However, an Agreement on Cooperation on Aeronautical and Maritime Search and Rescue in the Arctic was signed in 2011.[147] This was notable for two reasons: it was the first binding agreement between the member states of the

142 If Håkon Hoel 'The High North Legal-Political Regime', in Sven G. Holtsmark and Brooke A. Smith-Windsor 'Security prospects in the High North: geostrategic thaw or freeze?', p. 94. See: <http://www.isn.ethz.ch/Digital-Library/Publications/Detail/?id=102391&lng=en>.

143 See: <http://www.oceanlaw.org/downloads/arctic/Ilulissat_Declaration.pdf>, consulted on 12 March 2014.

144 Arctic Council Secretariat, Vision for the Arctic, Kiruna, 15 May 2013. See: <http://www.arctic-council.org/index.php/en/document-archive/category/5-declarations>. See also: <http://www.arctic-council.org/eppr/agreement-on-cooperation-on-marine-oil-pollution-preparedness-and-response-in-the-arctic/>, consulted on 13 March 2014.

145 'The growing importance of the Arctic Council', Stratfor Global Intelligence, 17 May 2013. See: <http://www.stratfor.com/analysis/growing-importance-arctic-council?0=ip_login_no_cache%3Df24ad61cc6d55ddcf76c5d09001814eb>, consulted on 13 March 2014.

146 See: <http://www.arctic-council.org/index.php/en/document-archive/category/5-declarations>, consulted on 12 March 2014, p. 1.

147 'Arctic SAR Agreement EN FINAL for signature 21-Apr-2011.pdf'. See: <http://www.ifrc.org/docs/idrl/N813EN.pd>.

Arctic Council and it allowed military resources to be used for SAR operations, which somewhat qualifies the footnote to the Ottawa Declaration.[148] Security issues are also discussed at a lower level. Since 2011, on the initiative of the US and Norway, senior military officers from the Arctic states, France, Germany, the Netherlands and the UK have been holding Arctic Security Forces Round Table meetings to discuss the increasing use of Arctic waters and examine how civilian authorities in the region can be supported by deploying national military and coastguard capabilities. These discussions take place outside the framework of the Arctic Council.

Since it was set up, the Arctic Council has made a major contribution to sustainable management of the Arctic. At the same time, as already mentioned, it is not an international organisation and hence does not function as one. It is not a decision-making body,[149] it is not a legal entity, its scientific reports are only used to a limited extent in the decision-making process, it has no executive organisation, and its budget is modest.[150] All this limits its effectiveness.

III.2 Other relevant international organisations

Apart from the Arctic Council, various other bodies are involved in the Arctic region. The main ones are the Nordic Council, the Nordic Council of Ministers and the Barents Euro-Arctic Council.

Nordic Council and Nordic Council of Ministers
The Nordic Council was set up in 1952.[151] The Nordic Council of Ministers was set up in 1971 by Finland, Iceland, Norway, Sweden and Denmark. The work of both councils is based on a 'common understanding of democracy and shared social values'.[152] The countries cooperate at intergovernmental level on a broad range of topics such as economic cooperation, education and research, culture, the environment and the Arctic.[153] Since 2009 they have also cooperated on defence through the Nordic Defence Cooperation (NORDEFCO), with the Arctic as a main area of focus.[154] A joint declaration

148 Various incidents in the past have shown the need for SAR capabilities in the region. An aircraft crashed at Resolute in 2011, and the Canadian clipper A*dventurer* struck an uncharted rock in the waters of Western Nunavut. See Haftendorn, *The Case for Arctic Governance*, p. 23.

149 On the other hand, agreements have been signed by the Arctic Council on search and rescue (2011) and response to major maritime oil spills (2013).

150 A.J.K. Bailes, 'Understanding the Arctic Council: A Sub-Regional Perspective', p. 2. See: <http://www.jmss.org/jmss/index.php/jmss/article/view/527/513>.

151 The Nordic Council is an interparliamentary forum that meets twice a year.

152 See: <http://www.norden.org/en/publications/publikationer/2010-792>, p. 6.

153 See: <http://www.norden.org/en/about-nordic-co-operation/areas-of-co-operation/the-arctic>, consulted on 24 March 2014.

154 When NORDEFCO was set up, most of the proposals in the Stoltenberg Report were adopted (Stoltenberg Report, 9 February 2009, on Nordic foreign and security policy cooperation, presented to the Nordic foreign ministers). See: <http://www.regjeringen.no/upload/UD/Vedlegg/nordicreport.pdf>.

on solidarity, adopted in 2011, stated 'Should a Nordic country be affected, the others will, upon request from that country, assist with relevant means.'[155]

Barents Euro-Arctic Council (BEAC)
On 11 January 1993, on the initiative of the then Norwegian foreign minister Jens Stoltenberg, the Barents Euro-Arctic Council (BEAC) was set up in Kirkenes by Denmark, Finland, Iceland, Norway, Russia, Sweden and the European Commission, to strengthen cooperation and so foster peace and stability.[156] The BEAC functions as forum for bilateral and multilateral cooperation on a broad range of topics such as the economy, trade, science and technology, tourism, the environment, infrastructure, education and culture, and on projects specific to indigenous peoples.[157] The BEAC was set up in direct response to the collapse of the Soviet Union. During the Cold War, especially with the Soviet Union's Northern Fleet based in Murmansk, the region was one of the most militarised areas in Europe. Like the Arctic Council, the BEAC is a 'soft institution', and security and geopolitical issues are excluded from its work. It meets at foreign-minister level, and the chairmanship rotates among Finland, Russia, Norway and Sweden once every two years.[158] The Netherlands has observer status in the BEAC.

III.3 UNCLOS and legal issues

The overall legal framework
The law governing the Arctic region consists of general legislation under international law, particularly UNCLOS and specific regulations for the Arctic.[159] The latter include the Agreement on the Conservation of Polar Bears. The national law of the eight Arctic states, for example Canada's Arctic Waters Pollution Prevention Act, also plays a role. Finally, there is subnational legislation such as the Nunavut Wildlife Act. Likewise of great importance are the numerous declarations, resolutions, memoranda of understanding and cooperation agreements that together form what is in practice a remarkably efficient, effective network of 'soft law'. Another key factor is the presence in the region of a large number of indigenous peoples – a crucial difference from Antarctica. Both the biodiversity in the region and the protection of indigenous peoples' health, viability and resources have focused attention on the role and potential of human rights treaties and agreements

155 See: <http://www.regjeringen.no/upload/UD/Vedlegg/Nordisk%20samarbeid/The_Nordic_declaration_on_solidarity.pdf>.

156 Declaration on cooperation in the Barents Euro-Arctic region, Conference of Foreign Ministers in Kirkenes, 11 January 1993. See: <http://www.barentsinfo.fi/beac/docs/459_doc_KirkenesDeclaration.pdf>, consulted on 14 March 2014.

157 Canada, France, Germany, Italy, Japan, the Netherlands, Poland, the UK and the US have observer status.

158 The BEAC has six working groups: the Working Group on Economic Cooperation, the Working Group on Customs Cooperation, the Working Group on Environment, the Steering Committee for the Barents Euro-Arctic Transport Area, the Joint Committee on Rescue Cooperation and the Barents Forest Sector Task Force. See: <http://www.beac.st/in-English/Barents-Euro-Arctic-Council/Working-Groups>, consulted on 19 March 2014.

159 Other relevant global agreements include the UN Climate Convention, the Biodiversity Treaty, the Montreal Convention on the Ozone Layer, the Convention on Long-Range Transboundary Air Pollution, the International Convention for the Regulation of Whaling (ICRW), the London Dumping Convention and MARPOL.

in Arctic relations. A common thread running through all this is the territorial sovereignty of the Arctic states. There are also the various principles governing the exercise of jurisdictions: those of coastal states, flag states and port states; and there are different rules for the seabed and the column of water above it.

This has been described as a fragmented patchwork of legislation and jurisdictions, but the common focus is on the peaceful settlement of disputes. Obviously, the sometimes conflicting interests of national sovereignty, raw materials, protection of the environment, the climate and the immediate surroundings, and influence over political, military and security issues cannot be resolved by legal means alone. Furthermore, some interests, such as environmental protection and extraction of raw materials, also affect non-Arctic states and even the world as a whole. Owing to the rapid developments in the Arctic, geopolitical factors are nowhere else so closely interwoven with all the aspects of peaceful coexistence and sustainable development, and the influence of indigenous peoples as non-state actors plays a growing and unique role.

In this connection the most important agreement is UNCLOS, as confirmed in the Ilulissat Declaration: '… the law of the sea provides for important rights and obligations concerning the delineation of the outer limits of the continental shelf…. We remain committed to this legal framework and to the orderly settlement of any possible overlapping claims.'[160] With the exception of the US, all the Arctic states have ratified UNCLOS. The convention distinguishes between various maritime zones: inland waters, territorial sea, archipelagic waters, the contiguous zone, the continental shelf, the exclusive economic zone and the high seas. The coastal states' influence varies from zone to zone (see Annexe V for an explanation of the basic principles of the law of the sea, Annexe VI for a list of maritime zones and Annexe VII for a list of the rights of coastal and flag states).

Legal disputes

Exploration and exploitation of new oil and gas fields are particularly high on the various Arctic states' agendas, and have led to action under UNCLOS to deal with delineation of the continental shelf and of lateral boundaries, the regime governing use of the Northwest and Northeast Passages by shipping, and various issues relating to Svalbard and Hans Island.[161] Ownership of this small, uninhabited island, which lies in the Nares Strait, is disputed by Canada and Denmark. Although Molenaar, Rothwell and Oude Elferink do not go so far as to predict that any of these disputes may develop into a game changer, they do not rule out the possibility. They endorse the scenarios presented in the AMSA study (see chapter I.2), and believe that a drastic change in relations between the Arctic states – for instance Russia and the US – 'could trigger game changers as well'.[162] Other than Hans Island, there are no territorial land disputes in the Arctic. However, there are disputes about straight baselines, particularly those of Canada and Russia. Straight baselines are of importance to the delineation of territorial seas.[163]

160 The Ilulissat Declaration. See: <http://www.arcticgovernance.org/the-ilulissat-declaration.4872424.html>.

161 Erik J. Molenaar, Alex G. Oude Elferink and Donald R. Rothwell, *The Law of the Sea and the Polar Regions*, Leiden, 2013, p. 409.

162 *Ibid*.

163 Interview with Professor A.G. Oude Elferink and Professor E.J. Molenaar, The Hague, 4 June 2014.

Delineation of the continental shelf
Under the terms of Article 76 of the Convention, to delineate the extended continental shelf in the Arctic Ocean, signatories to UNCLOS must submit a claim and relevant data to the Commission on the Limits of the Continental Shelf (CLCS). The legal framework used by the Arctic coastal states is international law, so we are not talking here about 'the last land grab on earth'. Claims must be submitted not later than ten years after the claiming state has ratified UNCLOS. Since the submission of claims is preceded by lengthy, extensive, complex and costly geological research, the Arctic coastal states cooperate in gathering data and notify each other of overlapping claims.[164] The coastal state sets the boundaries of the continental shelf in the light of recommendations by the CLCS based on geographical, geomorphological, geological and other criteria. A coastal state that disputes the CLCS's recommendations can submit new data within a reasonable period.[165]

UNCLOS provides the basis for Arctic coastal states to submit claims to territory hitherto deemed part of the high seas. Norway, Canada and Russia have already lodged such claims. The CLCS has drawn up recommendations on the Norwegian claim, and Norway has set the boundaries accordingly. As long as the US fails to ratify UNCLOS it cannot submit any claims, and hence risks losing out if other Arctic states have meanwhile set their own new boundaries. Russia's claim was submitted in 2001, but it was turned down by the CLCS for lack of sufficient evidence. On 7 April 2014 Russia's minister for natural resources Sergey Donskoy announced that research has reached a point where a revised claim can probably be submitted to the CLCS in the first quarter of 2015.[166] In December 2013 Canada announced that it would submit a claim, and Denmark is expected to follow suit in 2014, since the ten-year deadline for claims is about to expire. Canada's and Russia's claims overlap.[167] The status of the Mendeleev and Lomonosov ridges is of relevance to Canada, Denmark (Greenland) and Russia, and will eventually determine the size of the continental shelf in much of the Arctic Ocean.[168] The Canadian-US border in the Beaufort Sea also remains to be determined.

It will take several more decades to delineate the latitude of the extended continental shelf. The CLCS makes no pronouncements on lateral delineation; this must be resolved by the states concerned, as Norway and Russia did when they reached agreement on their borders in the Barents Sea and the Arctic Ocean in 2010. In 1990 the US and the Soviet Union (just before it collapsed) agreed on their mutual borders in the Arctic Ocean; however, the agreement has not yet entered into force, for it has still to be

164 Molenaar, Oude Elferink and Rothwell, The Law of the Sea, p. 71.

165 Alex G. Oude Elferink, 'Het continentale plat in de poolgebieden: Koude oorlog of triomf van het recht?', in *Afkoeling na opwarming: het Poolrecht onder druk*?, preliminary advisory reports by Professor A.G. Oude Elferink and Professor R. Lefeber, p. 11.

166 See: <http://barentsobserver.com/en/arctic/2014/04/putin-readies-arctic-territorial-claims-07-04>, consulted on 17 April 2014.

167 Russia considers that the Lomonosov and Mendeleev ridges are connected to the mainland of Siberia and hence form part of its continental shelf. Both Russia and Canada claim part of the North Pole region.

168 Interview with Professor A.G. Oude Elferink and Professor E.J. Molenaar, The Hague, 4 June 2014.

approved by the Russian parliament.[169] The Arctic high seas are currently estimated to be about as large as the Mediterranean, but their size will eventually depend on the settlement of claims regarding the boundaries of the extended continental shelf. Only a very small part of the seabed belongs to the area governed by the International Seabed Authority.[170]

Shipping routes

Jurisdiction over the use of the Northwest and Northeast Passages by shipping is likewise disputed. Canada considers the Northwest Passage as part of its territorial waters, and Russia feels the same regarding parts of the Northeast Passage – views that are not shared by most other countries. Canada has designated the Northwest Passage as 'Canadian Internal Waters', and Russia refers to the Northeast Passage as 'the Northern Sea Route'. To settle these disputes, it is important to determine whether or not these waters were used as an international shipping route in the past. Also important are the straight baselines, which determine that waters on the landward side may be considered internal waters. There is a difference of opinion as to how these are defined, and hence as to Russia's and Canada's claims to internal waters. Under the terms of Article 234 of UNCLOS, Russia claims formal jurisdiction over the Northeast Passage. This means that all vessels wishing to use this route must notify the Russian authorities in advance and pay an 'icebreaker fee'.[171] However, neither passage has a history as a shipping route.[172] On 22 April 2014, moreover, President Putin expressed the hope that most vessels using the Northeast Passage would sail under the Russian flag, so that most shipping would fall within Russian jurisdiction.[173] Russia can require ships' captains to hire Russian icebreakers as escorts, which is understandable on safety grounds. It also gives the coastal state greater influence over Arctic traffic. The dispute on the status of the shipping routes can be resolved by using the UNCLOS provisions on settlement of disputes, or through negotiations in the IMO or the Arctic Council.[174]

Fisheries

There is currently no large-scale commercial fishing in the Arctic Ocean. Knowledge about its ecosystems is still fairly limited, but fishing grounds seem likely to shift northwards if global warming continues. Fisheries are mainly regulated at regional, bilateral and national level, with a key role for the Regional Fisheries Management Organisations (RFMOs).[175] The coastal states are negotiating on a regional instrument

169 Oude Elferink, '*Het continentale plat*', p. 22.

170 Interview with Professor A.G. Oude Elferink and Professor E.J. Molenaar, The Hague, 4 June 2014.

171 C.L. Ragner, 'The Northern Sea Route'. See: <http://www.fni.no/doc&pdf/clr-norden-nsr-en.pdf>.

172 However, Laura Boone, 'International regulation of polar shipping', in Molenaar, Elferink and Rothwell, T*he Law of the Sea*, p. 209, believes there is growing international support for the new shipping routes to be designated as international waters.

173 See: <http://rt.com/news/154028-arctic-russia-ships-subs/>, consulted on 23 April 2014.

174 Boone, 'International regulation of polar shipping', p. 211.

175 Interview with Professor A.G. Oude Elferink and Professor E.J. Molenaar, The Hague, 4 June 2014.

for fisheries in the central Arctic Ocean. The US is playing a proactive role here; it has already closed a considerable area of the sea off Alaska to fisheries, and seeks a moratorium throughout the Arctic Ocean.

Svalbard
There is a difference of opinion regarding Svalbard between Norway and the other signatories to the 1920 Svalbard Treaty. This treaty assigns sovereignty over the territory to Norway. However, all the signatories can carry out maritime, industrial, commercial and mining activities, both on land and in the water. This includes hunting, fisheries and mining; but Norway has imposed regulations to protect the environment, including sustainment measures. The main point of dispute between Norway and the other signatories concerns fishing and mining rights in the maritime zones round Svalbard. In 2004, in accordance with UNCLOS, Norway extended its territorial waters round the island from 4 to 12 miles, and set the boundaries of the extended continental shelf there. It has not yet established an EEZ round Svalbard, but in 1977 it did establish a 200-mile fisheries zone. Norway's right to maritime zones is not disputed by the other signatories, but they believe that the non-discrimination principle in the Svalbard Treaty applies to all the maritime zones outside the territorial sea of Svalbard.[176] Tension could also develop between Norway and the other signatories if climate change were to make mining activities on Svalbard more attractive.

Arctic treaty
Unlike in Antarctica, there is no comprehensive treaty for the Arctic. Various parties, including the European Parliament in 2008 and the World Wildlife Fund (WWF), have called for such a treaty.[177] However, the Arctic coastal states see no need for one, and have said as much in the Ilulissat Declaration. Indeed, there seems to be less need for one. Whereas the Antarctic Treaty is an 'agreement to disagree' about disputed territory, the sovereignty of the Arctic coastal states is not contested. There are no territorial disputes that could not be resolved without an Arctic treaty. The only piece of land in the Arctic to which there are conflicting claims is Hans Island. Particularly for this reason, the Antarctic treaty system is not an appropriate model for the Arctic. There are other applicable treaties besides UNCLOS, such as the Fish Stocks Agreement. Discussions are taking place within the UN on a possible treaty to protect biodiversity in maritime areas that lie outside national jurisdiction. The Arctic states are also aware of their own responsibilities, as the Search and Rescue Treaty and the agreement on the prevention of oil pollution make clear. An Arctic treaty that covers all the issues relating to the part of the Arctic Ocean beyond the coastal states' EEZs does not seem feasible for the time being. On the other hand, a code of conduct would be a step forwards, with prospects for a treaty in the long term.

Settling disputes
When states with adjacent or opposite coastlines claim the same sections of the continental shelf and the dispute cannot be resolved by the CLCS (which does not have the power to settle disputes) or by mutual agreement, UNCLOS offers a number of procedural routes. The convention explicitly assumes peaceful settlement of disputes,

176 Interview with Professor A.G. Oude Elferink and Professor E.J. Molenaar, The Hague, 4 June 2014.

177 Timo Koivurova and Erik J. Molenaar, *International Governance and Regulation of the Marine Arctic. III: A Proposal For A Legally Binding Instrument*, Oslo, 2008.

as governed by Article 287 on compulsory dispute settlement.[178]

States can thus submit their disputes to two permanent bodies, the International Tribunal for the Law of the Sea (ITLOS) in Hamburg and the International Court of Justice in the Hague, as well as an ad hoc (under Annexe VII to UNCLOS) or special (under Annexe VIII) arbitral tribunal. This second alternative can only be used in conflicts over fisheries, protection and conservation of the marine environment, research or shipping (including pollution by ships). If states wishing to submit their dispute to arbitration when ratifying the convention both chose the same forum (it is possible to choose more than one forum), only this body will be competent to decide. However, if the states have chosen different forums, the dispute can only be submitted to the tribunal set up under Annexe VII to the Convention. Arbitration can take place under the auspices of the Permanent Court of Arbitration in the Peace Palace in The Hague. Despite the existence of the ITLOS, this arrangement means that many disputes over the law of the sea come before the International Court of Justice and the Permanent Court of Arbitration, creating jurisprudence that may also apply to the Arctic.

The UNCLOS system is weakened by the existence of an opt-out on certain issues, including the delineation of marine borders. This seriously limits the applicability of UNCLOS to the Arctic Ocean, as the delineation of borders is of immense importance to all concerned, given the rapid changes affecting the climate, geopolitics and raw materials.

Indigenous peoples
In most of the Arctic states, the polar areas are remote from the capital city. These are vast expanses of land with small populations which are by no means always represented in government, parliament or the civil service. With the acknowledgement of indigenous peoples' human rights, including their socioeconomic rights and their right to self-determination, more attention is now being paid to their position in relation to the reserves of raw materials found in their territories. The discovery of oil and gas is a crucial factor here.

The Arctic Ocean is undoubtedly of major importance to the indigenous peoples. They will have to claim their place at the negotiating table in order to influence developments. Key concepts such as peaceful use, peaceful goals and collective security need to be weighed up against the indigenous peoples' interests and rights. This does not primarily involve military issues, but the more far-reaching interests of environmental and climate protection and global security. The UNDRIP principles can play a major role here.

What if raw materials do not belong to the state, but to the indigenous population? Some Arctic states acknowledge that their indigenous peoples may have rights to oil, gas and minerals. In Canada, 'land claim agreements' have been signed to this effect, and in the US these rights are regulated by law. In such cases the indigenous owners can decide how the raw materials are to be exploited. However, such regulations do not

178 'When signing, ratifying or acceding to this Convention or at any time thereafter, a State shall be free to choose, by means of a written declaration, one or more of the following means for the settlement of disputes concerning the interpretation or application of this Convention: (a) the International Tribunal for the Law of the Sea established in accordance with Annexe VI; (b) the International Court of Justice; (c) an arbitral tribunal constituted in accordance with Annexe VII; and (d) a special arbitral tribunal constituted in accordance with Annexe VIII for one or more of the categories of disputes specified therein.'

exist, or are not properly implemented, in all the Arctic states. Research and exploitation will usually be beyond the indigenous stakeholders' means; and in negotiations with private companies in particular their position is bound to be weak.

III.4 The Dutch approach to management of the Arctic region

As an observer in the Arctic Council and through the Svalbard Treaty, the Netherlands is closely involved in the management and governance of the Arctic region. As in other policy areas, helping to strengthen the international rule of law is a key goal in the Netherlands' Arctic policy. Like other countries, the Netherlands sees UNCLOS as the basis for management of the Arctic and is pressing for additional regulations on fisheries, the environment and shipping, such as the Polar Code and ISO standards on energy extraction. The Netherlands believes that the part of the Arctic beyond the jurisdiction of the Arctic states should be treated as a global public good to be protected, with non-Arctic countries also having a say in its management and governance.

For the time being, the Netherlands does not advocate a comprehensive Arctic treaty on the lines of the Antarctic Treaty, since the Arctic states have themselves made clear that they do not favour such a treaty. It does, however, favour regimes covering specific areas of activity, such as fisheries; it believes that the Arctic Council is 'the most appropriate circumpolar policy forum', but also that a global approach may be a better way to tackle some problems.[179] The Netherlands advocates an increase in the number of countries with observer status in the Council, as well as observer status for the EU.

As far as the climate and the environment are concerned, the Netherlands is pressing for (1) additional international agreements, (2) Arctic governance focused on strict environmental management based on the caution principle, and (3) development of comprehensive management of human activities geared to ecosystem management. It also supports measures to protect the marine environment.[180] As regards wildlife and biodiversity, the Netherlands particularly promotes the sustainable use of Arctic biodiversity and strengthening of ecosystem-oriented management of the marine environment; it is also considering whether to support the declaration of certain shipping routes as especially vulnerable areas and whether a network of protected Arctic marine areas should be designated.[181]

As far as indigenous peoples are concerned, the Netherlands wishes Arctic cultural development to be preserved, urges the protection of human rights and encourages other countries to respect indigenous peoples' rights.[182] It also supports open access to shared resources. At the same time, the Netherlands believes that all UNCLOS rights should be respected in relation to the new shipping routes, such as the right of innocent passage, the right of transit passage and rights on the high seas.[183] As regards Arctic

179 Beleidskader 'Nederland en de Poolgebieden 2011-2015', p. 32.

180 *Ibid*., pp. 38-39.

181 *Ibid*., pp. 41-42.

182 *Ibid.*, p. 46.

183 *Ibid*., p. 49.

fisheries, it takes the view that no new fishing activities should be carried out in areas for which there are not yet any sustainment and management regulations. It also believes that the maritime zones round Svalbard should be governed by the Svalbard Treaty regime.

As regards governance and management of the Arctic region, the government believes that non-Arctic countries should have a say in decisions about the mineral resources in the part of the Arctic that lies beyond the jurisdiction of the Arctic states. The Netherlands sees these reserves as global public goods that deserve protection in the interests of future generations. It is also pressing for sustainable management and additional international agreements on the environment, fisheries, shipping, safety and extraction of minerals. The Dutch government would also be pleased to see the US ratify UNCLOS.

The Netherlands supports the EU's application for observer status in the Arctic Council, as Dutch policy goals largely coincide with the European view of the Arctic. It supports IMO initiatives to tighten up environmental standards for Arctic shipping, and is therefore in favour of a legally binding Polar Code.

IV Security issues in the Arctic region

IV.1 The military build-up in the Arctic region

After the Cold War ended, many military capabilities in the Arctic were dismantled or cut back. However, recent years have seen an increase in military activity and modernisation of military equipment, partly for deployment in the Arctic region. Some Arctic states have already taken steps in this direction, while others have drawn up plans to do so.[184]

Russia

As the largest Arctic country with by far the most interests, Russia has relatively large armed forces in the region as compared with the other coastal states. Its Northern Fleet is located in the area of the Arctic that gives the Russian navy access to the Atlantic and Pacific Oceans. Russia has announced new investment and expanded its military presence in the region. An aircraft carrier, the *Admiral Kuznetsov*, a cruiser, five destroyers, two frigates and more than 20 patrol vessels are available.[185] The fleet has ample experience of sailing in the Arctic Ocean, although in most cases with the help of an icebreaker. There are therefore plans to purchase new ice-strengthened Arctic patrol vessels. Most Russian submarines with ballistic missiles are part of the Northern Fleet, including a number of the new Borey class which have recently been stationed on the Kola peninsula.[186] Other submarines which are still under construction will be stationed near the Norwegian coast and in the Barents Sea. Russia has also stationed two Arctic infantry brigades on land, including the 200th motorised infantry brigade in Pechenga. This will form the basis for a new Arctic strategic command.[187] In 2014 an Arctic Army Group is also being set up, and Russia is carrying out a number of programmes to make military equipment suitable for operations in Arctic conditions.[188] In April 2014 President Putin announced further strengthening of the country's military infrastructure in order to allow operations in the Arctic. The abandoned airfields in Franz Josef Land and Novaya Zemlya and on the Siberian islands are being brought back into service,

184 This chapter is mainly based on Huebert, R. et al., 'Climate Change & International Security: The Arctic as a Bellwether', 2012 (see: <http://www.c2es.org/publications/climate-change-international-arctic-security>) and Siemon Wezeman, *Military capabilities in the Arctic*, SIPRI Background Paper, March 2012 (see: <http://books.sipri.org/product_info?c_product_id=442>). See also: Dylan Lehrke, 'The Cold Thaw', Jane's Defence Weekly, 7 May 2014.

185 Lehrke, 'The Cold Thaw', p. 6.

186 Thomas Nilsen, 'Putin orders Arctic army', 28 March 2014. See: <http://barentsobserver.com/en/security/2014/03/putin-orders-arctic-army-development-28-03>, consulted on 8 May 2014.

187 Bruce Jones, London, 'Russia to establish new Arctic Strategic Command', *IHS Jane's Defence Weekly*, 19 February 2014. See: <http://www.janes.com/article/34344/russia-to-establish-new-arctic-strategic-command>, consulted on 8 May 2014.

188 Lehrke, 'The Cold Thaw', p. 6.

as is the Severomorsk-1 airfield on the Kola peninsula.[189] Russian military activity in the Arctic has been increasing. In 2007 patrols by long-distance bombers along the Norwegian, Swedish and Finnish borders were resumed, as were northern patrols by navy units. Since 2009 Russia has been conducting operations involving nuclear submarines in Arctic waters,[190] and a major military exercise was held the same year. For financial reasons, however, not all the investment plans seem likely to be carried out.[191] Two Mistral-class amphibious transport vessels are currently being completed in France, but delivery of the first one has been postponed owing to the situation in Ukraine.

Norway

A key focus of Norwegian defence policy is on possible threats from Russia in the Arctic region. At the same time, Norway and Russia work together in the maritime sphere, for example by holding joint exercises and exchanging personnel.[192] Following the annexation of the Crimea, Norway has suspended military cooperation with Russia until the end of 2014, except for coastguard tasks and SAR.[193] In August 2012 Russia, the US and Norway held the joint Northern Eagle military exercise, but plans for the May 2014 exercise were halted because of events in the Crimea. In 2009 the headquarters of the Norwegian armed forces were moved to Bodø; the headquarters of the Norwegian army are even further north, at Bardufoss. However, the Norwegian navy is based in the more southerly Bergen. Two F-16 squadrons are stationed in Bodø to defend Norwegian airspace. After the F-35 comes into service in Norway, a Quick Reaction Alert base will be opened at Evenes. The patrol aircraft that are suitable for the Arctic are now over 20 years old, but are not yet scheduled for replacement.[194] Five new Fridtjof Nansen-class frigates came into service in 2011; these are suitable for operations in Arctic waters and are equipped with the Aegis Combat System. The Norwegian coastguard, which is

189 Trude Pettersen, 'Plans to reopen military base on Kola peninsula', 21 February 2014. See: <http://barentsobserver.com/en/security/2014/02/plans-reopen-military-base-kola-peninsula-21-02>, consulted on 8 May 2014.

190 This may in itself lead to expansion of the surface fleet. 'It is likely that this larger and more active SSBN fleet will lead to an increase in surface ships and aircraft, including many that can operate effectively in the harsh Arctic environment. At the same time, the reduction in Arctic ice under which the SSBNs can hide is also likely to increase the need for escorts and patrol aircraft.' Wezeman, *Military capabilities*, p. 10.

191 F. Lasserre, 'Is there an arms race in the Arctic?', *Journal of Military and Strategic Studies*, Vol. 14, issues 3 & 4, 2012, p. 54. 'It seems therefore, presumptive to call the Russian defence modernization a militarization of the Arctic, particularly as current activity remains a shadow of that seen in the Cold-War era.' Le Mière and Mazo, *Arctic opening*, p. 87.

192 T. Pettersen, 'Closer military cooperation between Norway and Russia', 14 February 2013. See: <http://barentsobserver.com/en/security/2013/02/closer-military-cooperation-between-norway-and-russia-14-02>.

193 A. Staalesen, 'Norway expands ban on military cooperation with Russia', 30 May 2014. See: <http://barentsobserver.com/en/security/2014/05/norway-expands-ban-military-cooperation-russia-30-05>.

194 Wezeman, *Military capabilities*, p. 7.

part of the navy, also has a large patrol vessel, the ice-strengthened *KV Svalbard*.[195] This is the Norwegian armed forces' largest vessel, and is stationed at Svalbard. The Norwegian army has stationed a motorised infantry unit at Skjold to carry out operations in the Arctic, and an armoured infantry battalion at Setermoen.

Canada

To date, the only Canadian unit operating in the Arctic is the Joint Task Force North, whose main tasks are patrolling and gathering information.[196] In line with the emphasis on Canadian sovereignty in the Arctic, the Harper government has announced new investments in military capabilities. The Canadian Rangers, who rely greatly on the expertise of the indigenous peoples in the Arctic, now have an additional battalion and new equipment. A reserve battalion is stationed at Yellowknife. This unit is capable of carrying out operations all year round.[197] In 2013 a training base was opened at Resolute Bay. The Canadian navy has no icebreakers of its own, and its Victoria-class submarines cannot operate under ice. The navy also suffers from a lack of infrastructural facilities. Patrols are carried out by the coastguard. There are plans for six to eight Arctic Offshore Patrol Ships for the navy and one icebreaker for the coastguard. Canada has no warships that can cope with icy conditions. It intends to purchase new fighter aircraft that can also be deployed in the Arctic, like the current F-18s. In addition, there are plans to purchase transport aircraft, SAR helicopters and unmanned aircraft (partly for use in the Arctic), as well as new equipment for the North Warning System, part of the North American Aerospace Defense Command (NORAD).[198]

United States

The US has never ceased its military activity in the Arctic, and its nuclear-powered submarines (include the new Virginia class) still sail there, although a good deal less frequently than during the Cold War. The Arctic is not particularly important to American defence policy – for instance, there is no separate command for the region.[199] However, the Arctic is important to the US when it comes to air and missile defence. One of the two missile defence systems is in Alaska, as well as 66 air defence fighters.[200] Some of the aircraft also stationed there are being replaced by F-22s. There are two major airbases in Alaska, and the US also has an airbase at Thule in Greenland. American aircraft carriers are not specifically equipped for icy conditions, but they can operate in northern waters. The US Coast Guard has a smaller vessel that is suitable for icy conditions, as well as three icebreakers.[201] The US Army Alaska, consisting of infantry and airborne units, is stationed in Anchorage and Fairbanks, but is more broadly

195 Lehrke, 'The Cold Thaw', p. 8.

196 Lehrke, 'The Cold Thaw', p. 4.

197 Huebert, *Climate change*, p. 19.

198 Wezeman, *Military capabilities*, p. 3.

199 *Ibid.*, p. 11.

200 *Ibid.*, pp. 11-12.

201 *Ibid.*, pp. 12-13.

deployable than solely for Arctic operations.[202]

Denmark
In 2014 Denmark intends to set up a joint Arctic military command and an Arctic Response Force at Nuuk in Greenland.[203] The Danish navy has units that are suitable for operations in Arctic waters, four Thesis-class ice-strengthened frigates and two Arctic patrol vessels, as well as a port in southern Greenland. A Danish air force detachment is likewise stationed in Greenland. Both Denmark and Norway spend more than a third of their defence budget on operations in the Arctic, including personnel costs and the costs of equipment suitable for deployment in Arctic conditions.[204]

Sweden and Finland
Although both Sweden and Finland mainly focus on cooperation in the Arctic, they are now paying more attention to defence issues. In 2009 they both took part in a NATO exercise, even though neither is a member of the alliance. They have also made new investments in defence. Like Norway, Sweden has purchased a new class of high-speed patrol ships. Finland is considering whether to buy new fighter aircraft.[205]

Iceland
Iceland has never had armed forces of its own, because its economy is too small to afford them. However, the country has been a member of NATO since 1949, allowing its NATO allies to station their troops on the island. The US had helicopters and four F-15s stationed there, but withdrew them in 2006 because Iceland was no longer willing to pay for them.

Significance of the military build-up
The military build-up in the region is still fairly modest, and cannot be compared to the scale of military capabilities during the Cold War. Some of the investment is intended for military and other forms of assistance in emergencies and for SAR operations.[206] Most analysts agree that militarisation of the Arctic is not yet a matter of serious concern, but opinions differ as to how the military build-up in the region should be viewed. For example, Dylan Lehrke's article 'The Cold Thaw' in Jane's Defence Weekly states 'While the Arctic remains an arena in which tensions between nations might be played out, the prospects of conflict beginning in the Arctic is low. In addition, it appears unlikely that there is an Arctic arms race that might spiral out of control. Many of the programmes do not represent quantitative increases in forces, and military moves in general are being made in response not to an enemy but to an environmental challenge'.[207] In the SIPRI background paper 'Military capabilities in the Arctic', Siemon Wezeman endorses this

202 *Ibid*., p. 12.

203 Wezeman, *Military capabilities*, p. 5.

204 Gerard O. Dwyer, *Nordic Cooperative Stance bolstered by Ukraine Crisis*, defensenews.com, 10 June 2014.

205 Huebert, *Climate change*, p. 20.

206 Paal Sigurd Hilde, 'The "new" Arctic – the military dimension', *Journal of Military and Strategic Studies*, Vol. 15, issue 2, 2013, pp. 145-146.

207 Lehrke, 'The Cold Thaw', p. 9.

analysis, but draws more cautious conclusions: 'While these changes are sometimes portrayed as significant military build-ups and potential threats to security, the five states are 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 reasons for concern, which military confidence-building measures might help to mitigate.'[208] In Climate Change & International Security, Rob Huebert also see risks: '... the scale and combat nature of many of the new capabilities seem to run counter to the statements of all the Arctic states that there is no military threat in the region and only constabulary capabilities are required to meet the new demands of an open Arctic'.[209]

Nevertheless, the military build-up itself does not appear to create the possibility of a conflict.

IV.2 Points of conflict in the Arctic region

There are conflicts of interest and disputes between the Arctic and non-Arctic states relating to territorial claims, delineation of the continental shelf and jurisdiction over the new shipping routes, as discussed in chapter III.3. However, these differences of opinion seem unlikely to escalate into military conflict in the foreseeable future.

It is harder to predict whether the security situation in the Arctic will remain relatively stable in the long term. The AIV believes that such factors as changing climate conditions, prices on the energy and raw materials market and the availability of infrastructure for use of the new shipping routes affect the extent to which economic activity will be developed in the region, thereby increasing its strategic importance.

Another key factor is geopolitical relations between Arctic and non-Arctic states. The shift to a multipolar world, with a new balance of power between Russia, China and the US, may also affect the Arctic. As during the Cold War, the Arctic could become an area of tension owing to developments not directly related to the region itself. Nor can an adverse impact on the current stable situation in the Arctic be entirely ruled out if geopolitical relations, for example between Russia and Western countries, were to worsen in the long term, possibly as a result of the crises in the Crimea and eastern Ukraine.

In the Arctic there are differences of opinion on a range of topics that can be divided into two categories:

(1) delineation of maritime zones, and claims to parts of the extended continental shelf under the Arctic Ocean;

(2) control of new shipping routes.

As regards delineation of maritime zones, there are differences of opinion between Norway and the other signatories to the Svalbard Treaty over its interpretation, and between the US and Canada over their borders in the Beaufort Sea. There are also disputes between the US and Canada about sovereignty over Machias Island, and

208 Wezeman, *Military capabilities*, p. 14.

209 Huebert, *Climate change*, p. 21.

between Denmark and Canada over Hans Island. As regards control of new shipping routes, Canada's and Russia's claims that the Northwest and Northeast Passages respectively are part of their internal waters are contested by other countries, including the US. Russia, Canada and Denmark have stated that they have claims to parts of the continental shelf under the Arctic Ocean.

The likelihood that these disputes will lead to conflict is small and varies from case to case. For instance, a conflict between the US and Canada is highly unlikely. Most points of dispute are governed by international legislation and conflict-settlement mechanisms. Although mutual economic dependence is no guarantee against military confrontation or other forms of conflict, for the time being it is so strong that the countries involved are unlikely to let such disputes escalate into conflict of any kind, let alone a military confrontation.

Non-state actors, especially environmental activists, play a special role in the region. In September 2013, 30 Greenpeace activists were arrested by Russia while attempting to board a Russian oil rig in the Arctic Ocean. They were detained for a long time and were initially charged with piracy, punishable in Russia by long terms of imprisonment. This response created tension between the West and Russia. Since Greenpeace had its headquarters in the Netherlands and Dutch citizens were involved in the incident, the Dutch state took international legal action against Russia. Given the increased interest in the mining of raw materials in the Arctic, similar incidents may occur more frequently in the future, with force being used in response.

The following circumstances and actual or potential disputes may conceivably lead to greater tension in the region:

1. a long-term deterioration in relations between the West and Russia, perhaps as a result of the crises in the Crimea and eastern Ukraine, is the main potential source of military tension in the Arctic;

2. assertive action by China with regard to raw materials and/or shipping routes;

3. disagreement on delineation of the continental shelf, for example if Canada, Russia or Denmark fails to accept a CLCS recommendation;

4. a conflict over fisheries;

5. temporary or permanent restrictions on the free use of the Northeast Passage, for instance if Russia charges disproportionately high fees, imposes unilateral conditions or gives privileged treatment to certain states;

6. action by or against a non-state actor or NGO and possible incidents or sources of irritation, for example as a result of action by Western environmental activists;

7. uncertainty as to Greenland's position after it achieves full independence.

Geopolitical changes or shifts in the balance of power elsewhere in the world could also lead to greater tension, especially as the strategic importance of the Arctic increases. A long-term deterioration in relations between the West and Russia is the main potential source of military tension in the Arctic. The recent deterioration in relations with Russia is already having an impact on Arctic cooperation.

China hopes to gain influence in the region by forging close ties with Iceland and Greenland, where it wants to establish permanent bases. The continuing rise of China may be of growing significance for Arctic relations and may generate tension.

IV.3 Dutch security interests in the Arctic region

As a non-Arctic state, the Netherlands has no immediate security interests in the region. However, continuation of the present situation of peace and stability and maintenance of constructive cooperation are also of importance to this country, for three reasons. First, they offer the best basis for tackling the impact of climate change, working together to solve the numerous problems facing the Arctic and achieving joint management of global public goods. Second, the Netherlands has growing economic interests in the region, particularly with regard to extraction of oil and gas. Third, five of the eight Arctic states are NATO members, with which the Netherlands has binding security ties. It has similar ties with Finland and Sweden under the Treaty of Lisbon.

Dutch security interests may also be affected indirectly. First, the impact of climate change in the Arctic may create ecological and climate hazards for the Netherlands. For instance, the melting of the ice in Greenland will cause a substantial rise in sea levels, which will affect this country. Second, Dutch economic interests may be damaged in the event of, for example, a military confrontation or other conflict between Russia and one or more other Arctic states. Dutch and/or European energy security could be jeopardised, and the position of the port of Rotterdam could also be influenced. The extent of the damage would be determined by the Netherlands' degree of dependence on Arctic oil and gas at that point. The International Security Strategy points to the importance of the Arctic: 'Conflicts over water, food, energy and raw materials, and the exploitation of new regions like the Arctic could lead to instability, threats to secure transport routes, protectionism (e.g. with regard to rare earth metals) and market manipulation.'[210] These are economic security interests, described in the document as one of the three strategic interests in Dutch security policy.

As described in chapter I.4, exploitation of the Arctic will certainly also yield economic benefits for the Netherlands. The policy document 'In het belang van Nederland' treats economic security as an explicit component of this country's national and international security policy.[211] However, the concept should not be seen in narrow nationalistic terms, as the Netherlands has little room for policy manoeuvre as far as its economic interests are concerned, especially in the Arctic. Yet the position of the port of Rotterdam and energy security are clearly specific Dutch economic interests. Third, in the event of a military conflict, one of the Arctic NATO members may invoke Articles 4 or 5 of the NATO Treaty and the Netherlands may become involved as a result. The Dutch government takes the view that NATO has 'legitimate' security interests in the region, and that the security of the NATO allies is 'indivisible'.[212]

210 Letter from the Minister of Foreign Affairs to the President of the House of Representatives, The Hague, 21 June 2013, Parliamentary Paper 33 694, No. 1, p. 8.

211 Letter from the Minister of Defence to the President of the House of Representatives, The Hague, 17 September 2013, Parliamentary Paper 33 763, No. 1.

212 Beleidskader 'Nederland en de Poolgebieden 2011-2015', p. 43.

The Netherlands takes part in NATO's annual Cold Response exercise. It is also part of the Northern Group, and is considering whether to join NORDEFCO. At the NATO summit in Wales in September 2014, the Netherlands joined the British Joint Expeditionary Force (JEF), of which Denmark, Estonia, Latvia, Lithuania and Norway are also members. As for bilateral cooperation on defence, the Netherlands has for some time been working with Denmark and Norway in such areas as doctrine, exchange of knowledge, innovation, training, exercises and operations. The possibility of working with Norway and other countries on the F-35 and perhaps the purchase of new submarines is also being considered. The main purpose of bilateral cooperation on defence is to boost effectiveness and efficiency; strategic considerations concerning the Arctic are not a determining factor.

The current security situation in the Arctic gives no cause to revise the Dutch security policy, for instance by expanding cooperation on defence with the Scandinavian countries or purchasing new military capacity for the Netherlands. However, the government is advised to keep a close eye on military strategy developments in the region, since a threat to Dutch security interests cannot be ruled out in the long term.

V Summary, conclusions and recommendations

V.1 Summary and conclusions

Climate change is having a major impact on the Arctic and it is accelerating, with inevitable implications for ecological, social and economic conditions in the vulnerable Arctic biosphere. The Arctic is warming up faster than other parts of the world, owing to feedback loops in the climate system. Over the coming decades the region may become largely ice-free. Melting icecaps on land, for instance in Greenland, are also causing sea levels to rise faster, with implications for the Netherlands. At the same time, the weather is becoming more extreme, not only in the Arctic but also elsewhere, as weather patterns in various parts of the world affect one another. These are worrying developments, as there is a serious risk of irreparable damage to the Arctic environment. On the other hand, melting ice also creates new opportunities for the extraction of oil and gas and for opening up new shipping routes. An estimated 13% of the world's as yet undiscovered oil reserves and 30% of gas reserves are believed to lie in the Arctic. New shipping routes along the Russian and Canadian coasts and via the North Pole will eventually lead to a substantial reduction in the length of voyages. These prospects are creating high expectations about the economic potential of the Arctic but also concern about this generating conflict between the Arctic countries.

However, contrary to what is generally expected, changing climate conditions will not lead in the short term to large-scale extraction of oil and gas, or busy shipping traffic along the new routes. The weather is becoming more extreme, with more storms, rain and snow, and less predictable sea ice conditions. These factors are serious obstacles to the extraction of oil and gas and to shipping in an environment where it is already very difficult to operate. Prices on the energy and raw materials market, as well as the availability of infrastructure for the use of the new shipping routes, will also affect the extent to which economic activity can be developed in the region.

Developments in the Arctic are of particular importance to Russia, as the largest Arctic coastal state with the longest coastline and major oil and gas reserves within its exclusive economic zone (EEZ). The region is also of major military-strategic significance to Russia. It provides a home port for its Northern Fleet, and within a matter of decades will give the country new ice-free ports and hence greater access to the Atlantic and Pacific Oceans. Of course, the impact of climate change and the new economic opportunities are also of importance to the other Arctic states. With the exception of Iceland, all the Arctic states have recently published new or revised Arctic strategies. Asian countries, with China at the forefront, are also making their presence felt in the Arctic; they want to take advantage of the new economic opportunities and will attempt to influence developments in the region. Various European countries, including the UK and Germany, have also drawn up Arctic policies.

There are conflicts of interest and disputes between the Arctic states and also with non-Arctic states. These concern territorial claims, delineation of maritime zones and jurisdiction over the new shipping routes. However, these disputes seems unlike to escalate into military or other conflict in the foreseeable future, partly because of the Arctic states' mutual interests and interdependence. International legislation offers solutions to many of the prevailing issues, and is accepted as such by the Arctic countries. For the time being the countries remain focused on cooperation, especially in the Arctic Council.

There is a certain degree of military build-up in the region, but so far no worrying degree of militarisation. The reopening of bases along the coasts and the expansion of certain military capabilities are partly connected with the need for disaster prevention and relief and to protect territory that climate change is making more accessible. It is hard to predict whether the security situation in the Arctic will remain stable in the long term. The current crisis in Ukraine, for example, may have lasting implications for Arctic relations.

The crisis following the annexation of the Crimea and Russian involvement in eastern Ukraine have created uncertainty as to how relations between Russia and Western countries will develop. This has already had implications for the Arctic region, since Arctic oil exploration is covered by the European sanctions announced in late July 2014, initially for one year. Oil projects in the region are affected. The sanctions apply to new contracts. On 8 September 2014 the EU agreed on an additional package of sanctions. Should Russia decide to distance itself even further from the West, this is bound to affect cooperation in the Arctic, and especially the Arctic Council. The constructive cooperation that has prevailed up to now could then give way to relations reminiscent of the Cold War.

The Arctic could therefore become an area of tension owing to developments not directly related to the region itself. If geopolitical relations between Russia and Western countries were to worsen in the long term, this could have an adverse impact on the current stable situation in the Arctic; but the shift to a multipolar world, with a new balance of power between Russia, China and the US, may also affect the region. China sees the Arctic as a global issue, and its wish to gain a foothold in Arctic may generate tension.

In the AIV's view, the following circumstances and actual or potential disputes may conceivably lead to greater tension:

1. a long-term deterioration in relations between the West and Russia, perhaps as a result of the crises in the Crimea and eastern Ukraine;

2. assertive action by China with regard to raw materials and/or shipping routes;

3. disagreement on delineation of the continental shelf, for example if Canada, Russia or Denmark fail to accept a CLCS recommendation;

4. a conflict over fisheries;

5. temporary or permanent restrictions on the free use of the Northeast Passage, for instance if Russia charges disproportionately high fees, imposes unilateral conditions or gives privileged treatment to certain states;

6. action by or against a non-state actor or NGO and possible incidents or sources of irritation, for example as a result of action by Western environmental activists;

7. uncertainty as to Greenland's position after it achieves full independence.

In order to preserve the vulnerable Arctic region, the AIV believes it is vital to keep all efforts focused on joint management and governance of the area. The development of a code of conduct for the Arctic Ocean, by analogy with the Polar Code, may encourage sustainable management. In the AIV's view, the Arctic Council is still the most suitable regional consultative forum for issues in the Arctic itself. The Arctic countries cooperate constructively within the Council on many issues. However, the Arctic Council has a

number of limitations. It does not have an executive organisation, its budget is limited, it is less resolute in making decisions than it might be, and security issues lie beyond its remit. The strict separation between the eight member states and the large number of observer states may not be viable in the long run, as some Arctic issues are also of direct concern to non-Arctic countries. All this limits the Council's effectiveness, and the existing structure will eventually have to be adapted.

Since the collapse of the Soviet Union, NATO has scarcely concerned itself with the Arctic, even though five of its members have territory in the region. However, there are annual training courses and exercises, and within NATO there appears to be interest in developing civilian-military cooperation on disaster relief. Within the EU the main interest in the Arctic comes from the European Parliament, and to a lesser extent the Commission and the Council. The EU makes a useful contribution to disaster and accident prevention by using its civil defence mechanism, Galileo and the Global Monitoring for Environment and Security Initiative to monitor environmental, shipping and ice developments. Relations with Iceland and Greenland are also becoming more important because of their geographical location and the economic interests involved. Iceland may become a new transhipment hub, and Greenland has vast reserves of raw materials, include rare earth metals.

Geopolitical and strategic significance of the Arctic region
In recent years, interest in the Arctic has been increasing, for at least two reasons. First, as a relatively ungoverned and as yet not divided up part of the world in an increasingly multipolar age, the region may become a target for major world powers. Second, as a result of climate change, technological developments and market conditions (e.g. energy prices), the Arctic now seems to be losing its inaccessibility in a number of respects. Although these two 'drivers' are not by definition mutually reinforcing, there is a positive correlation between them. In short, the conditions for an 'Arctic scramble' are in place.

However, there are also moderating factors. First, geopolitical competition does not necessarily have to get out of hand. Even during the Cold War there were local arenas in which the security race was tempered: territorially, because certain areas were declared off-limits; functionally, because certain areas such as trade and sports were not altogether boycotted; and instrumentally, because some resources, even including weapon systems, were limited. Such self-control was always evident to some degree in Arctic waters. Second, in the specific case of the Arctic there is a modest but fairly successful tradition of 'regiolateral' governance. Third, the tendency towards moderation may be enhanced by the exceptional challenges that countries face in the Arctic. There is a clear premium on cooperation; the Arctic countries need each other to tackle the challenges posed by climate change.

Now that, the move towards a multipolar world is putting relations between the world's major powers under pressure, competition between them could shift to the Arctic. Two of those powers have direct interests in the Arctic (Russia and the US as members of the Arctic Council) and a third and fourth are making their presence felt as global stakeholders (China and India as observers in the Arctic Council). However, the AIV believes the aforementioned moderating factors are so strong that fierce competition is unlikely. Even the newcomers (China, India and Japan) accept the existing institutional frameworks, without contesting the special position of the Arctic states. The Arctic is not a worldwide problem, a global Pandora's box about to open.

The Netherlands and the Arctic
In 2013 the Dutch government published its policy framework 'Nederland en de Poolgebieden 2011-2015', and it plans to publish a new version in 2015. The Arctic is of importance to this country because of (1) its strategic significance, (2) its economic interests, (3) the Netherlands' close bilateral relations with countries in the region, (4) the contribution this country can make to mitigating the impact of climate change and to research, and (5) the Netherlands' traditional commitment to the international rule of law.

Extraction of oil and gas, mining of other raw materials and the new shipping routes may be of economic interest to the Netherlands. As this country's national gas reserves decline, it is increasingly dependent on foreign oil and gas reserves, including those in the Arctic. Dutch companies have a good market position in sectors like land reclamation, maritime and offshore technology, gas and oil extraction, laying pipelines, shipbuilding and fisheries. The economic potential of the Arctic is of importance to the port of Rotterdam. The port is attractive to Russia as a central storage port for Russian oil. The Northeast Passage may become relevant for the transport of these products, but not for container transport or the transport of iron ore and coal. In that respect, the new shipping routes will for the time being remain insignificant. Moreover, developments in the Arctic may affect the Netherlands' economic security. In view of this country's future partial dependence on Arctic oil and gas, its interests in shipping and fisheries and the interests of the Dutch private sector and the port of Rotterdam, the Dutch government should remain actively involved in the economic development of the region and promote it through economic diplomacy.

The Netherlands is not an Arctic state, and hence has no direct say in developments in the region. However, it does have a special position in relation to Svalbard under the Svalbard Treaty. It has also been very active as an observer in the Arctic Council ever since the Council was set up. It contributes specific expertise to reports in various working groups. It can also continue to play a significant role in the Arctic, as it has no territorial claims, is small enough not to be a threat to other countries, has close bilateral relations with countries in the region and enjoys a good reputation in the field of international law.

V.2 Recommendations

The Netherlands' Arctic strategy
In the AIV's view, the new Arctic policy that the government intends to publish in 2015 should focus on promoting sustainable management of the Arctic. Given recent developments, the AIV believes that this policy should be stepped up. The region is now undergoing rapid changes, and the Netherlands may eventually have substantial interests there. Dutch efforts in the Arctic are currently fragmented. The AIV recommends that the government set up an interministerial committee on Arctic affairs, chaired by the Ministry of Foreign Affairs. The committee can coordinate the ecological, economic, research and foreign and security policy aspects of the Netherlands' Arctic policy, and discuss the defence of strategic Dutch interests in the region. The Ministry of Economic Affairs, the Ministry of Infrastructure and the Environment, the Ministry of Education, Culture and Science and the Ministry of Defence could also participate in the committee.

The AIV also believes that, rather than revising the current policy framework, the government should publish a full-fledged Dutch Arctic strategy stating the Netherlands' specific goals. The strategy should make a clear distinction between uniquely national interests and EU interests, and clearly define trans-Atlantic and northwest European

interests. The Netherlands' traditional security interests are not so different from those of its allies that it needs to pursue a course of its own. Its economic security interests are European rather than national. Its logistic and transport interests (and hence its energy policy and hinterland economic interests) are partly national (the Netherlands as a 'mainport') and partly European (cooperation between northwest European ports). Its national interest in promoting the international rule of law will be best served by continuing to support a predominant role for UNCLOS and the Arctic Council.

Researchers, the private sector and NGOs can be involved in the government's Arctic policy by creating an Arctic partnership. In order to maintain the Netherlands' position in Arctic consultative structures, sufficient funding must continue to be made available for Arctic research. The Netherlands can take initiatives to promote the coherence, legal validity and implementation of the various treaties on the Arctic. The AIV considers that the Netherlands should expand its dialogue with Greenpeace and other NGOs on developments in the Arctic since, as host country to these organisations, it has a major stake in managing tension in the region.

Foreign and security policy aspects
It would be a positive development if the Arctic were to become a specific area of focus within European foreign and security policy. The AIV believes that the EU should play a greater role there, given the major strategic and economic interests in the region and the EU's potential contribution on climate issues, sustainable development and disaster relief. The AIV therefore advises the government to press for a full-fledged, coherent EU Arctic strategy. The Netherlands could take the initiative for this during the Dutch EU presidency in 2016, in consultation with like-minded member states. As support from member states that are also members of the Arctic Council seems indispensable, a special EU envoy for the Arctic could be proposed (to defend EU interests and coordinate the activities of the Commission, the High Representative, the member states and the private sector). There is room for improvement in coordination of the use of EU funding and Arctic programmes, through the BEAC, the Northern Dimension, Horizon 2020 and EU structural and investment funds. The Netherlands should where possible help to remove obstacles to observer status for the EU in the Arctic Council. The EU should also strengthen its ties with Greenland by expanding the EU-Greenland Partnership. The desirability and feasibility of furthering a partnership on critical materials on the basis of the 2012 declaration of intent should be examined. Cooperation with Iceland should also be stepped up.

The AIV currently sees no reason for NATO to play a greater role in the Arctic. Nevertheless, given its collective defence task (five of the eight Arctic states are NATO members), NATO should continue to hold regular exercises in the region. Given the growing strategic importance of the Arctic, it is advisable for NATO to keep a close eye on developments. It can use its knowledge and military capabilities to make a substantial contribution to civilian-military cooperation on disaster relief, emergency aid and SAR activities. NATO member states, together with other members of the Arctic Council, can also take confidence-building measures, such as exchanging information and observers during military activities in order to maximise transparency on the build-up of military capabilities in the region. Although economic and other forms of interdependence are in themselves no guarantee against military confrontation or other forms of conflict, the mutual dependence of Russia and other Arctic states and their cooperation in the Arctic have so far resulted in good relations. This will become more important as climate change makes the Arctic Ocean more accessible, thereby increasing Russia's access to the oceans and enhancing its position as a maritime power.

The AIV believes the Arctic should be 'rediscovered' as a major area of focus in Dutch foreign and security policy. To defend its interests in the region, the Netherlands should strengthen its existing bilateral relations with Arctic countries and invest in bilateral relations with Iceland and Greenland (with Denmark's knowledge). It should maintain its military-strategic knowledge of the area and continue its military cooperation projects there. This does not just entail continuing Dutch involvement in the annual NATO exercises in the region; existing cooperation with the NATO countries that are also members of the Arctic Council (Denmark, Norway, Canada and the US) requires continuing attention.

Management and governance
The AIV believes that, despite its loose structure, the Arctic Council will remain the most important regional consultative forum on the Arctic even in the long term. The Council's scientific reports can acquire added value if they are also discussed with the UN and other relevant international organisations. The Arctic countries can also work towards more binding agreements like those on SAR and oil pollution. Establishing an executive organisation – perhaps by expanding the secretariat set up in Tromsø in 2013 – could help to ensure compliance with agreed measures. In its bilateral contacts with the US, the Netherlands should in the AIV's view emphasise the importance of American ratification of UNCLOS, especially as the US is due to chair the Arctic Council in 2015.

Within the EU, the Netherlands could propose negotiations in the IMO on the regulation of Arctic shipping via the new routes, to the extent that it is not already regulated by UNCLOS, the Polar Code and other treaties. If the IMO discussions fail to yield results, the Arctic Council could play a part in settling disputes regarding the new shipping routes.

Given growing Asian interest in the Arctic and the need for European-Asian cooperation, the Netherlands could propose that the EU engage in dialogue with various Asian countries on strengthening Arctic governance in the interests of sustainable development.

Climate and environmental measures
To preserve the unique wildlife and biodiversity in the Arctic, based on the notion of a common heritage of mankind, the AIV believes that the Netherlands should work through the Arctic Council, the UN and the EU to advocate development of a code of conduct governing all issues relating to the Arctic Ocean that are not covered by the various coastal states' EEZs. Although such a code of conduct is unlikely to appeal to the Arctic states, simply beginning negotiations may have a major symbolic value, in keeping with the spirit of Arctic cooperation. Consideration may eventually be given to an Arctic treaty. In the AIV's view, the Netherlands should press for new binding international legislation on the extraction of Arctic oil and gas to regulate liability in the event of damage, SAR activities, evacuations and waste disposal. Such binding international legislation would help create a level playing field for all the companies operating in the region. The AIV also believes that the Netherlands should press for comprehensive, ecosystem-oriented management of the marine environment and the development of a network of protected marine areas in the Arctic.

The Netherlands is one of the countries to which rising sea levels pose a real and major threat. It is important that we can rely on sound long-term forecasts and continue to take the lead in research into rising sea levels and hence the mass balance of the Greenland icecap. The government should provide long-term funding for such research; this will also broaden the foundation for successful Dutch policy input into international forums like the Arctic Council. The AIV believes that the Netherlands should continue to make an active contribution to international climate negotiations.

Annexes

Annexe I

Request for advice

Professor Jaap de Hoop Scheffer
Chairman of the Advisory Council
on International Affairs
P.O. Box 20061
2500 EB The Hague

Date 12 February 2014
Re Request for advice on foreign and security policy issues relating to the Arctic Ocean

Dear Professor De Hoop Scheffer,

We are writing to ask your advice on foreign policy and security aspects of developments relating to the Arctic Ocean, as discussed on 8 April 2013 in the written consultations with the House of Representatives of the States General regarding the 2011-2015 policy framework on the Netherlands and the polar region.

International interest in the North Pole has increased dramatically in recent years. The debate on the significance of developments in and around the Arctic region is no longer limited to environmental issues and biodiversity. One of the effects of global climate change, which includes ice melting in and around the Arctic Ocean, is increased potential for economic activity in the region. The Arctic Ocean is now navigable for part of the year, and there are prospects of future access to the substantial gas and oil reserves there.

Opening up the region is of great economic and political importance to a number of Arctic states, including Canada and Russia. And security is an important condition for sustainable economic development. The eight Arctic countries are cooperating well on civil, ecological and maritime security in the Arctic Council. Ways of promoting these forms of security include reporting systems, safety standards for materials, and training requirements for Arctic personnel with respect to oil spill prevention, maritime surveillance, search and rescue (SAR) capacity and oil spill response.

In recent years the major Arctic countries (Canada, Russia, the United States and Norway) have published new Arctic policy frameworks. Canadian and Russian policy, in particular, prioritises heightened visibility and the exercise of territorial sovereignty. The Russian government has repeatedly spoken out about the importance of military protection in ensuring the widest possible access to oil and gas reserves in the Arctic. This military protection extends to the Northern Sea Route. Russia expects the Arctic region (including the Arctic Ocean) to be the main supplier of oil and gas to its economy by 2020.

Russian military presence in the region is therefore gradually being stepped up. Levels are considerably lower than those seen during the Cold War, and generally involve different types of units (such as a stronger coastguard and border patrols). Other Arctic countries are also placing specific emphasis on the security aspects of the Arctic Ocean.

It is vital that the increase in military presence take place transparently. Ongoing transparent cooperation between all actors in the region – the eight Arctic states, the EU, NATO, the Arctic Council (including non-Arctic observer states), the Barents Euro-Arctic Council, the Nordic Council, the International Maritime Organization and organisations representing indigenous peoples – is important for peace and security.

One key question is whether successful cooperation within the Arctic Council, the main circumpolar consultative body, will be jeopardised as the economic ambitions of the larger Arctic states begin to take shape. The Arctic Council has so far carefully sidestepped a number of issues, including territorial claims to the Arctic region and Russia's increased military presence and exclusive control of the Northern Sea Route. Most international observers, major companies and organisations such as NATO seem to be unconcerned about the increased risk of open conflict in the Arctic region and are keen to ensure that mistaken impressions do not lead to a needlessly heightened military presence in the region. After all, the way in which the Arctic opens up economically will have a wider impact than just on the Arctic states. Countries like China, Japan and South Korea are also increasingly interested in the Arctic region. Preventing open conflict in the Arctic is in the whole world's interests.

These developments should prompt further development of the Netherlands' policy framework for the polar region.[1] This document is one element of the government's policy on global issues, which includes strengthening the international legal order, promoting Dutch economic interests and focusing policy on major Global Public Goods (such as climate, biodiversity and energy). Developments in the Arctic region are being followed closely; the Netherlands is an Arctic Council observer.

Our International Security Strategy refers to economic security as an important element of Dutch international security policy. Developments in the Arctic Ocean may be directly relevant to the Netherlands' economic security. The opening of new trade routes could have a considerable economic impact on Dutch ports. Other considerations include the involvement of the Dutch fishing industry, researchers and Dutch businesses operating abroad in the gas, oil and mineral extraction industries, as well as the cargo trade and tourism.

We would like you to address the following questions:

Geopolitical/brief outline of the changing landscape

- What are the geopolitical implications of current and future changes concerning the Arctic Ocean? How could conflict scenarios arise?
- Does the Arctic Council have a future as an interest group and negotiating forum for the Arctic states for managing the Northern Arctic Ocean?
- What impact could future shifts in the balance of political power in the Arctic region have for the Arctic states, observer states, the NATO and the EU?

Security policy

- Do the UN, NATO and the EU have a role to play alongside the Arctic Council in guaranteeing security and stability in the area?
- If so, what is this role?

1 Policy framework on the Netherlands and the polar region (in Dutch).

- Do Arctic developments have consequences for the economic security of the Netherlands? If so, describe them.

Foreign policy

- What interests of, opportunities for and threats to the Netherlands are associated with opening up the Arctic region? Should these interests, opportunities and threats lead the Netherlands to enhance our policy focus on the Arctic region?
- If so, how could this be done effectively in light of the views and interests of other countries (Arctic states, new actors etc.)?

We look forward to receiving your report.

Yours sincerely,

Frans Timmermans

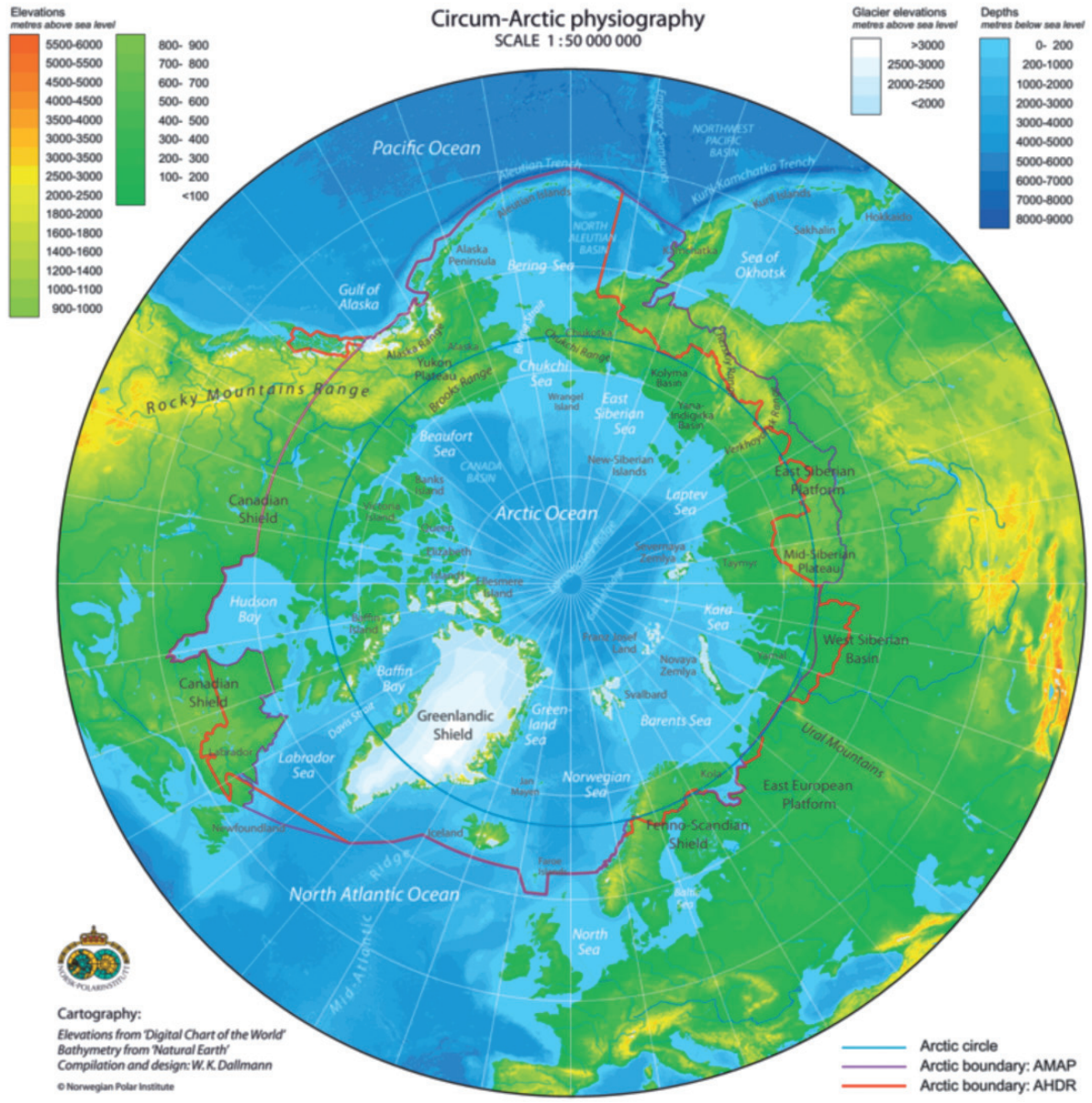
Minister of Foreign Affairs

Jeanine Hennis-Plasschaert

Minister of Defence

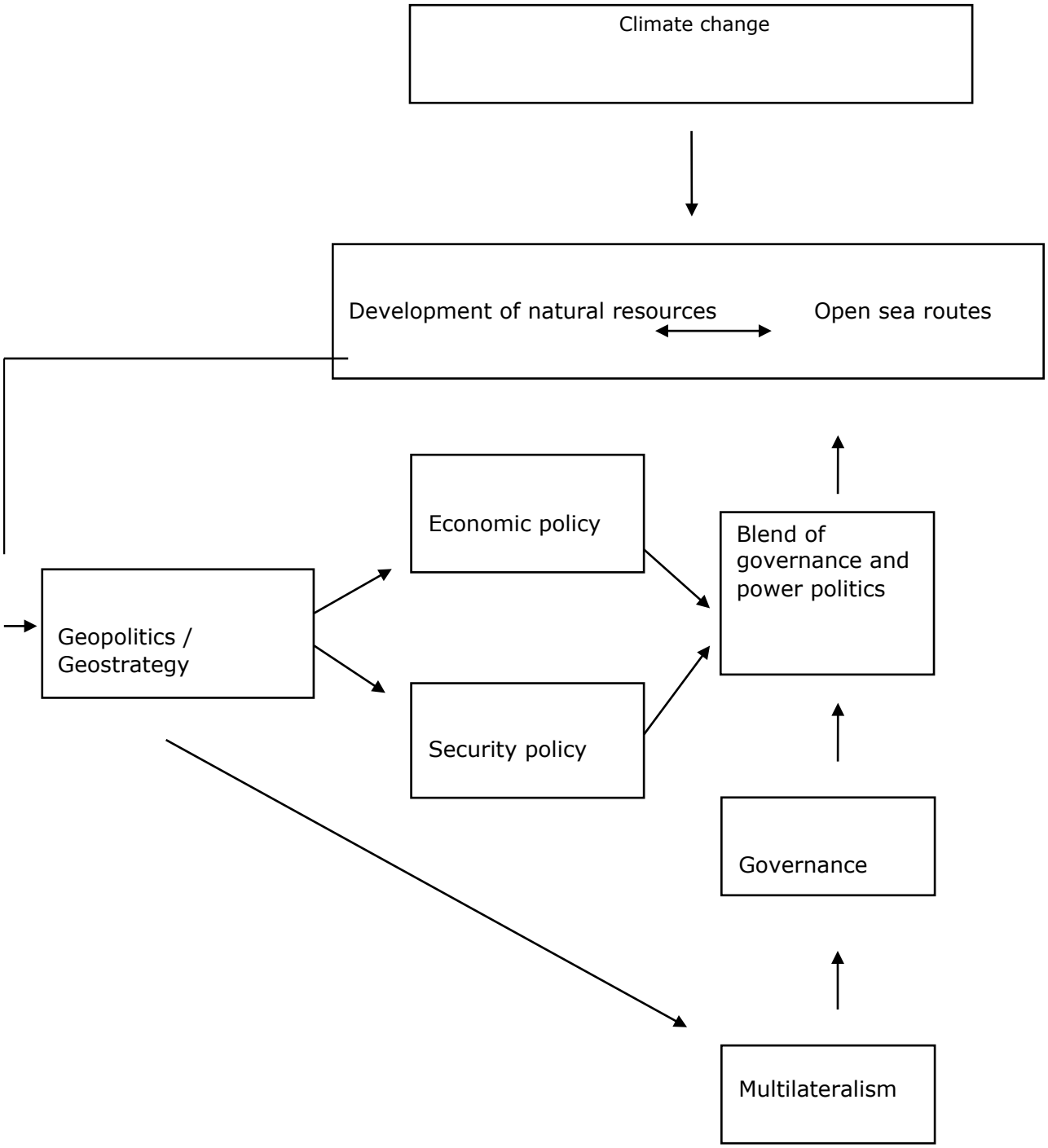
Annexe II

Map of the Arctic[2]



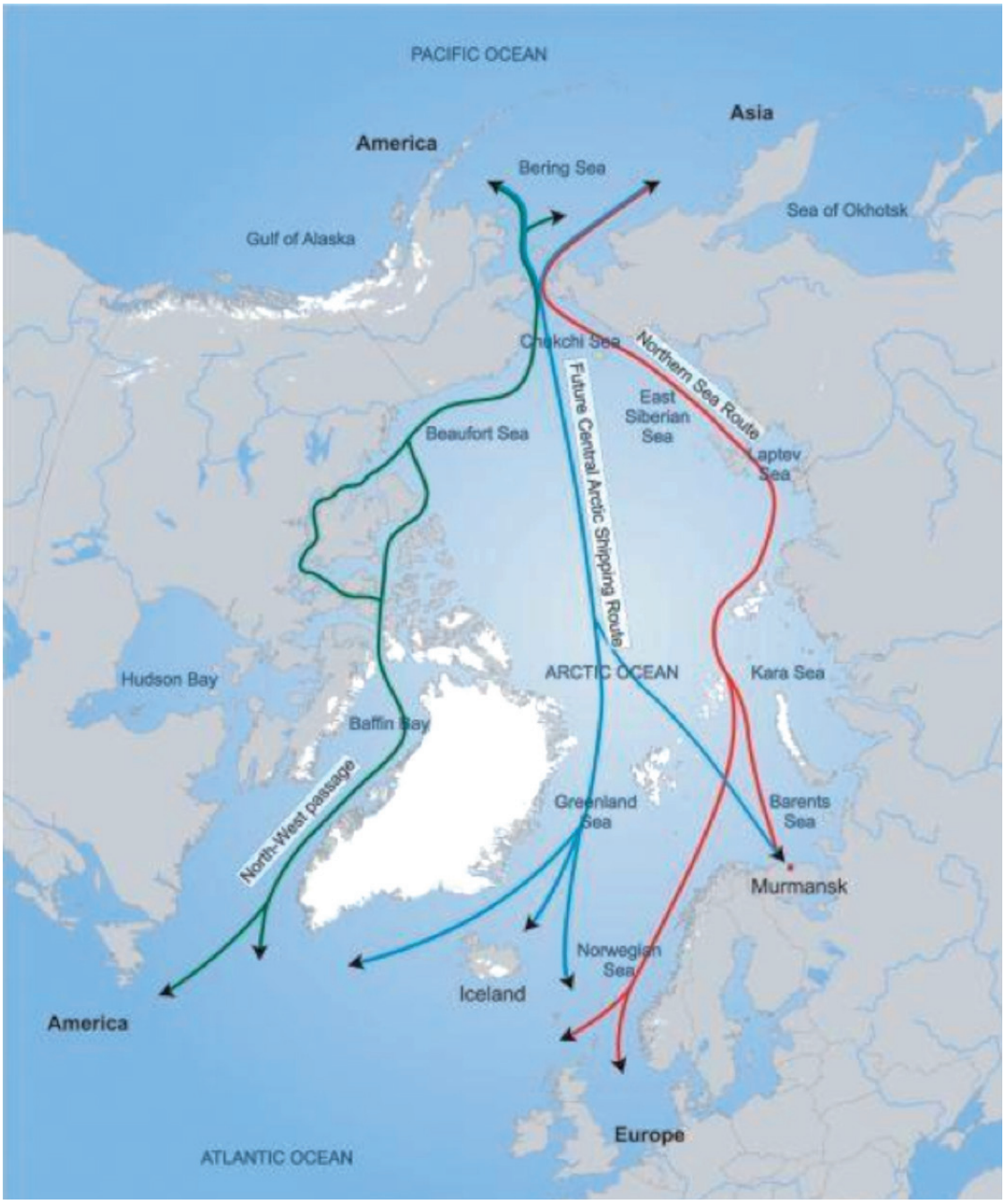
2 See: <http://www.arctic-council.org/images/maps/physiography.pdf>.

Model of geopolitical developments[3]



3 This model is borrowed from Ko Colijn, Klimaatverandering rond de Noordpool: noordelijke zeeroutes in geostrategische context, The Hague, 2009.

Map of new shipping routes[4]



Green: Northwest Passage
Blue: route across the North Pole
Red: Northeast Passage

4 See: <http://www.nato-pa.int/Default.asp?CAT2=0&CAT1=2990&CAT0=576&SHORTCUT=2082&SEARCHWORDS=Arctic,shipping,routes,picture>.

UNCLOS maritime zones

UNCLOS has been ratified by all the Arctic states except the US. The convention makes a distinction between *internal waters, territorial seas, archipelagic waters, contiguous zones, the continental shelf, exclusive economic zones* and *the high seas*.

The authority of the coastal states varies from zone to zone. They have complete territorial jurisdiction over their internal waters, territorial sea and archipelagic waters. They have limited jurisdiction over the contiguous zone, the continental shelf and the exclusive economic zone. The high seas lie beyond their jurisdiction.[5] The internal waters include all the waters within the baseline, i.e. the point reached by the sea at low tide. The territorial sea extends to twelve nautical miles.[6]

A coastal state's jurisdiction of its territorial sea corresponds to that over its territory. Only the coastal state can draw up rules on activities, such as the extraction of oil and gas, within the territorial sea. The only restriction on a coastal state's authority within the 12-mile zone is the right of innocent passage for other states' vessels.[7] A coastal state's jurisdiction over its archipelagic waters is identical to that over the territorial sea.

The contiguous zone extends to a maximum of 24 nautical miles from the baseline. A coastal state can draw up customs, tax, immigration or public health regulations for this zone. The continental shelf includes the seabed, insofar as it is the natural prolongation of the land. The continental shelf is at least 200, and not more than 350, nautical miles wide. Under Article 83 of UNCLOS, the delineation of opposite or adjacent coastal states through negotiations must lead to 'an equitable solution'.[8] A coastal state has exclusive rights to the exploration of minerals on the continental shelf. Other activities such as fisheries and shipping are not covered by the convention.

The exclusive economic zone (EEZ) is up to 200 nautical miles wide, and may coincide with the continental shelf. Coastal states must declare their EEZs. Within its EEZ, a coastal state has exclusive rights of the exploration and exploitation of living (fish) and non-living resources (oil and gas).[9] The coastal state's jurisdiction does not apply in the EEZ. All states can lay claim to the high seas and so make use of the freedom of shipping, lay submarine cables and pipelines, and engage in fisheries and research. The seabed beyond the EEZs and the continental shelf, the deep seabed, is considered as the common heritage of mankind, including the minerals found there.[10] The supervisory body is the International Seabed Authority.

5 The explanation of the principles of the law of the sea is based on André Nollkaemper, *Kern van het internationaal publiekrecht*, The Hague, 2011, p. 141.

6 Where the coastline is irregular, with deep inlets, coastal states are allowed to use straight baselines.

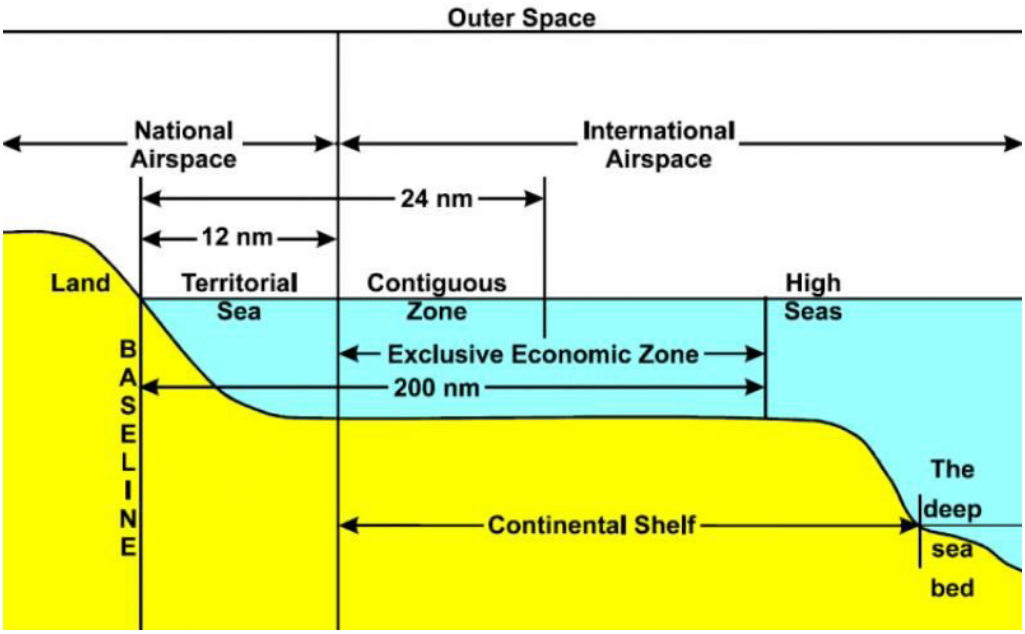
7 *Ibid*., p. 142.

8 *Ibid*., p. 144.

9 *Ibid*., p. 145.

10 *Ibid*., p. 149.

Maritime zones[11]



11 Presentation by Professor E.J. Molenaar and Professor A.G. Oude Elferink, The Hague, 4 June 2014.

Annexe VII

Rights of coastal and flag states[12]

<table>
<tr><th></th><th>COASTAL STATE</th><th>FLAG STATE</th></tr>
<tr><td>Zones under sovereignty</td><td>x All resources
x Almost unlimited jurisdiction</td><td>x Right of innocent passage</td></tr>
<tr><td>Contiguous zone</td><td>x Enforcement jurisdiction for specific areas</td><td rowspan="3">Freedoms:
x Passage
x Overflight
x Cables and pipelines</td></tr>
<tr><td>EEZ</td><td>x All resources and associated jurisdiction
x Jurisdiction over specific areas</td></tr>
<tr><td>Continental shelf</td><td>x Particularly non-living resources and associated jurisdiction</td></tr>
<tr><td>High seas</td><td rowspan="2">None</td><td>Freedoms as described above and
x Fisheries (equal access)
x Research</td></tr>
<tr><td>Deep seabed</td><td>x Freedoms as described above
x Right of exploitation of mineral resources through the ISA</td></tr>
</table>

12 Presentation by Professor E.J. Molenaar and Professor A.G. Oude Elferink, The Hague, 4 June 2014.

Annex VIII

List of persons consulted

R.J. Blaauw	Senior Advisor, Global Arctic Theme, Shell
S. Borren	Director, Greenpeace
Professor B. Bregman	Climate programme manager, Royal Netherlands Meteorological Institute (KNMI)
L. van Geuns	Former Senior Fellow at the Clingendael International Energy Programme (CIEP), energy expert
Professor L. Hacquebord	Professor of Arctic and Antarctic Studies, University of Groningen
A.C. van Holk	Senior policy officer, Ministry of Infrastructure and the Environment
H.T.M. Kock	Senior policy officer, Ministry of Infrastructure and the Environment
Professor R.J.M. Lefeber	Senior lawyer, International Law Division (DJZ), Ministry of Foreign Affairs
B. Maase	Government Relations Advisor, Shell
Professor E.J. Molenaar	Deputy director, Netherlands Institute for the Law of the Sea
A. O'Donoghue	Senior policy officer on Energy and Arctic Affairs, Dutch embassy, Oslo
Professor A.G. Oude Elferink	Director, Netherlands Institute for the Law of the Sea
F. Oulahsen	Campaign manager, Greenpeace
G. Polet	Arctic Specialist, WWF Netherlands
A.E.O. Schouten	Senior policy officer, Ministry of Economic Affairs
Lieutenant-Colonel P. Teeuw	Dutch defence attaché in Oslo
M.C. Tiemens	Senior policy officer, Ministry of Infrastructure and the Environment
B. ten Tusscher	Dutch ambassador in Oslo and Reykjavik
V. Schoenmakers	Director of European & International Affairs, Port of Rotterdam Authority
V. van Zeijst	Policy officer at the Ministry of Foreign Affairs and former Dutch representative at the Arctic Council

List of abbreviations

AEPS	Arctic Environmental Protection Strategy
AMAP	Arctic Monitoring and Assessment Programme
AMSA	Arctic Marine Shipping Assessment
BEAC	Barents Euro-Arctic Council
CLCS	Commission on the Limits of the Continental Shelf
EEZ	Exclusive economic zone
EU	European Union
ICBM	Intercontinental Ballistic Missile
IMO	International Maritime Organization
ITLOS	International Tribunal for the Law of the Sea
NATO	North Atlantic Treaty Organisation
NGO	Non-governmental organisation
NORAD	North American Aerospace Defense Command
NORDEFCO	Nordic Defence Cooperation
OCTs	Overseas Countries and Territories
OECD	Organisation for Economic Cooperation and Development
PAME	Protection of the Arctic Marine Environment
QRA	Quick Reaction Alert
RFMOs	Regional Fisheries Management Organisations
SAR	Search and rescue
UK	United Kingdom
UN	United Nations
UNCLOS	United Nations Convention on the Law of the Sea
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples
US	United States

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