

# ISSUE BRIEF

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## The 11th Arctic Council Ministerial Meeting: U.S. Leadership Required

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On May 7, the 11th Arctic Council Ministerial Meeting will take place in Rovaniemi, Finland. The Arctic Council is the world's primary intergovernmental multilateral forum on the Arctic region, and focuses on all Arctic policy issues other than defense and security. At this meeting, Iceland will take over the chairmanship of the Arctic Council from Finland. This meeting offers an important opportunity for the U.S. to renew its commitment to the Arctic region, announce plans to re-establish the position of Special Representative for the Arctic Region, promote economic freedom, and raise awareness of China's increasing and questionable role in the Arctic.

### The Arctic Council

The Arctic Council was established in 1996 with the Declaration of Establishment of the Arctic Council, also known as the Ottawa Declaration, as a way for the eight Arctic countries to work together on mutually important issues in the region. The chairmanship rotates every two years. The U.S. last held the chairmanship from 2015 to 2017. The current chair, Finland, will hand over the chair to Iceland on May 7.

Reflecting the fact that many countries, organizations, and indigenous groups have legitimate interests

in the Arctic region, the Arctic Council has three membership categories:

- 1. Member states.** This category consists of the eight countries that have territory in the Arctic: Canada, Denmark, Finland, Iceland, Norway, Russia, Sweden, and the United States. Only member states have decision-making power.
- 2. Permanent participants.** This category is reserved for the six organizations representing indigenous groups that live above the Arctic Circle, often across national boundaries.
- 3. Observers.** This category is open to non-Arctic states, intergovernmental and inter-parliamentary organizations, and global and regional nongovernmental organizations. Observers are allowed to attend meetings, to make oral statements, present written statements, submit relevant documents, to participate in and fund working groups (less than 50 percent of the working group's budget), and provide views on the issues under discussion.

Over the years, the U.S. and other Arctic Council members have entered into a number of multilateral agreements on a range of issues affecting the Arctic region. However, two agreements in particular show that practical outcomes are possible and demonstrate the value of the Arctic Council: (1) the Agreement on Cooperation on Aeronautical and Maritime Search and Rescue in the Arctic and (2) the Agreement on Cooperation on Marine Oil Pollution, Preparedness and Response in the Arctic.

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This paper, in its entirety, can be found at <http://report.heritage.org/ib4955>

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The U.S. participation in the Arctic Council falls under the leadership of the Department of State. Hillary Clinton was the first Secretary of State to represent the U.S. at the biannual Arctic Council summit, and every successor has followed suit.

Many different levels of government in the U.S. have competency over various Arctic issues. The U.S. Departments of Commerce, Energy, Homeland Security, the Interior, and Transportation; the Environmental Protection Agency; the National Science Foundation; the Arctic Research Commission; and the State of Alaska directly or indirectly support the U.S. in its Arctic Council work.

### **U.S. Interests in the Arctic**

The U.S. became an Arctic power on October 18, 1867, at the ceremony transferring ownership of Alaska from Russia to the U.S.

The Arctic region, commonly referred to as the High North, is becoming more contested than ever before. The Arctic encompasses the lands and territorial waters of eight countries on three continents. Unlike the Antarctic, the Arctic has no land mass covering its pole (the North Pole), just ocean. The region is home to some of the roughest terrain and harshest weather on the planet.

The region is also one of the least-populated areas in the world, with sparse nomadic communities and few large cities and towns. Although official population figures are non-existent, the Nordic Council of Ministers estimates the figure to be 4 million,<sup>1</sup> making the Arctic's population slightly larger than Oregon's and slightly smaller than Kentucky's. Approximately half of the Arctic population lives in Russia.

The region is rich in minerals, wildlife, fish, and other natural resources. According to some estimates, up to 13 percent of the world's undiscovered oil reserves, and almost one-third of the world's undiscovered natural gas reserves, are located in the Arctic.<sup>2</sup>

The melting of some Arctic ice during recent summers creates security challenges, but also new opportunities for economic development. Reduced ice

means new shipping lanes opening, increased tourism, and further natural resource exploration. However, it also means a larger military presence by more actors than ever before.

### **Increasing Economic Activity**

The increasing navigability of Arctic waters during recent summer seasons, coupled with the vast resources of the region, means that economic activity will continue to increase. It is in the interest of the United States to ensure that the increased economic activity corresponds with principles of economic freedom. The way in which the Arctic economy develops will have a major impact on the welfare of people living in the region, the environment, and security. The U.S. should use its position as a member of the Arctic Council to promote economic freedom in the region.

Economic freedom is defined as “the condition in which individuals can act with autonomy while in the pursuit of their economic livelihood and greater prosperity.”<sup>3</sup> Free trade is an essential component of a free economy, involving the exchange of goods or services by two or more parties who view the exchange as being to their benefit. Economic freedom spurs innovation, prosperity, and respect for the rule of law. A key driver of the U.S. promoting economic freedom in the Arctic Council should be to benefit the people who live in the Arctic region.

### **What the U.S. Should Do**

The U.S. should use the upcoming Arctic Council meeting to promote policies in the Arctic region that advance U.S. interests. The U.S. should work with other Arctic Council members, especially with Iceland, the incoming chairman, to:

#### **4. Promote economic freedom in the Arctic.**

Economic freedom spurs prosperity, innovation, respect for the rule of law, job creation, and environmental and energy sustainability in the Arctic region. It should be the focal point of American Arctic policy.

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1. *Arctic Social Indicators* (Copenhagen: Nordic Council of Ministers, 2010), p. 13, [http://library.arcticportal.org/712/1/Arctic\\_Social\\_Indicators\\_NCoM.pdf](http://library.arcticportal.org/712/1/Arctic_Social_Indicators_NCoM.pdf) (accessed April 25, 2019).

2. Kenneth J. Bird et al., “Circum-Arctic Resource Appraisal: Estimates of Undiscovered Oil and Gas North of the Arctic Circle,” U.S. Geological Survey, 2008, <http://pubs.usgs.gov/fs/2008/3049/> (accessed April 25, 2019).

3. Terry Miller and Anthony B. Kim, “Defining Economic Freedom,” chap. 5, in Terry Miller, Anthony B. Kim, and Kim R. Holmes, *2014 Index of Economic Freedom* (Washington, DC: The Heritage Foundation and Dow Jones & Company, Inc., 2014), p. 79.

**5. Keep the Arctic Economic Council on track.**

The Arctic Economic Council should remain a circumpolar forum for business interaction, cooperation, and development, not become a duplicate or alternative to the Arctic Council.

**6. Announce the re-establishment of the position of Special Representative for the Arctic.**

The position of Special Representative for the Arctic was created under the Obama Administration. At that time, the former Commandant of the U.S. Coast Guard, Admiral Robert Papp, was appointed to the position (signifying the importance of the U.S. Coast Guard in America's Arctic affairs). During Rex Tillerson's tenure as Secretary of State, this position was scrapped, leaving the U.S. once again as the only Arctic power without a Special Representative or Arctic Ambassador. The U.S. needs a senior and single point of contact to represent the U.S. on Arctic issues.

**7. Resist proposals to change the Arctic Council's informal nature.**

Even though the Arctic Council holds routine meetings, it operates on an informal basis compared with other international organizations. The council has no headquarters, no treaty, no budget, and no permanent leader. Keeping it this way is in America's interests because it helps to safeguard national sovereignty. In addition, the lack of formal institutional structures in the Arctic Council gives it more resilience and flexibility for dealing with geopolitical challenges. This is why after Russia's annexation of Crimea the Arctic Council is one of the few groupings that includes both the West and Russia that still functions in a productive manner.

**8. Work closely with Iceland.**

Iceland takes over the chairmanship in May. Not only is Iceland an important U.S. ally and a member of the North Atlantic Treaty Organization, there is also a new opportunity to advance bilateral relations now that the Trump Administration has ended de facto diplomatic sanctions applied to Reykjavik by the Obama Administration over the issue of whaling. The U.S. should use this new opportunity, along with Iceland's chairmanship, to advance American interests in the Arctic.

**9. Raise awareness of China's questionable ambitions.**

While the issue of Arctic security is not a competency of the Arctic Council, economic issues are. China has declared itself as a "near Arctic state"—a made-up term that previously did not exist in Arctic discourse. The U.S. should work with like-minded partners in the Arctic Council to raise legitimate concerns about China's so-called Polar Silk Road ambitions. The U.S. should also make sure that China does not try to exceed what is allowed of it by its status as an observer in the Arctic Council.

**10. Block the European Union Commission's observer status application.**

Nowhere do the Arctic Council's criteria for observer status state that supranational organizations can be observers. The United States should oppose the EU Commission's application for observer status in the Arctic Council and convince the other permanent members to do the same.

**11. Promote freedom of navigation in the Arctic.**

The U.S. should work with the other Arctic countries to ensure that shipping lanes in the Arctic are available to commercial traffic, free of onerous fees and burdensome administrative and regulatory requirements.

**America's Backyard**

America's interests in the Arctic region will only increase in the years to come. As other nations devote resources and assets in the region to secure their national interests, America cannot afford to fall behind. The upcoming ministerial meeting offers a powerful opportunity to set an agenda that advances the U.S. national interest. With the Arctic becoming increasingly important for economic and geopolitical reasons, now is not the time for the U.S. to turn away from its own backyard.

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