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Nordområdene i islandsk perspektiv ved ambassador Gunnar Pálsson, Director of the Department of Natural Resources and Environmental Affairs, Ministry for Foreign Affairs of Iceland

I hope I shall not overtax either your hospitality or patience if I address you in English this afternoon. But I would like to compensate and offer you something in return: I make a promise to you not to say a word about Svalbard!

I am deeply honoured to be invited to address such a large and distinguished audience. Allow me also to thank the Sjömilitære Samfund for the opportunity to visit the stunningly beautiful area of Hardanger, home, I am told, to some of our Viking ancestors. On coming here, I cannot but wonder why they ever chose to leave.

The topic of this weeks seminar is of abiding interest to many Icelanders, although I am not aware that maritime policy in the Arctic has been the focal point of bilateral relations of our two countries since the mid-thirteenth century. I am referring, of course, to the so-called Old Covenant of 1262 whereby Iceland acquiesced in the rule of the King of Norway, agreeing to pay taxes to him, and Norway undertook in turn to send merchant vessels at regular intervals to Iceland. While it would no doubt be highly ungracious on my part to harbour any suspicion that the Sjömilitære Samfund might now wish to breath new life into the Old Covenant, I would certainly agree that seven hundred and fifty years is probably too long an interval for Norway and Iceland not to have a a good talk about Arctic maritime policy.

Spotlight on the Arctic

Indeed, there are excellent reasons why we should now turn the page. The international spotlight is on nordområdene - what I shall call the Arctic - as never before. The policies of the countries of the Arctic rim have acquired a new dimension, while more distant countries have begun to appreciate the complex linkages that exist between them and the circumpolar region.

Our view of the world is accordingly being adjusted. We can all recall from our days at school the old maps, inspired by the sixteenth century cartographer Mercator, showing the earth as a flat ribbon with the polar regions sliced off at the edges. Nowadays, aided by modern earth observation technologies, we have begun to see very different images, including circular maps providing a look-down perspectives on the polar regions. The change is not limited to the optics. We are beginning to understand that the polar regions and the Arctic in particular are not in fact marginal. Instead, they are in some ways central to our life-support system on this planet.

How has this come to pass? The reason for the growing visibility of the Arctic is not hard to find; it has come about largely as a result of the ongoing debate over climate change. In recent years, scientific studies have brought into focus the risks and harmful consequences associated with global climate change. Most importantly for our purposes, the Arctic Climate Impact Assessment (ACIA), sponsored by the Arctic Council, indicates that the Arctic may be warming twice as fast as the rest of the globe, providing a virtual barometer of what the rest of the world may expect. Quite apart from the models of science, there is also tangible evidence that changes in the climate are affecting the circumstances and livelihoods of the inhabitants of the circumpolar region.

The attention that is being given to the Arctic on account of climate change and the role of the Arctic in driving the world's climate, should be welcome to the residents of Northern latitudes for a number of reasons. More effort is being devoted to science and research in the region. The International Polar Year 2007 - 2008, for example, promises to be an excellent opportunity to bring together the different strands of the physical and the social sciences to better understand the dynamics at work in our Arctic neighbourhood. We appreciate better the potential of the Arctic's vast resources, including its abundant freshwater, oil, gas, minerals and fish. Last but not least, as a consequence of the global warming debate, the golden fleece of past geographic discovery, a circumpolar sea route encompassing both the Northwest Passage and the Northeast Sea Route, could finally be in prospect.

Pathbreaking political change

But to view the Arctic primarily or even exclusively through the lenses of climate change is neither helpful nor necessary. For better or worse, the debate over global warming is being carried out in a highly charged political atmosphere. If you are not impressed with the thesis of climate change or think it is a hoax, odds are that you are not going to set great store either by the scenarios describing likely future developments in the Arctic. In other words, it may not be in the interest of a balanced non-partisan debate to frame the issue entirely in the context of climate change.

Few people are likely to insist that we try to have an informed debate about the future of the Arctic regardless of global warming. Evidence of climate change and its impacts is steadily accumulating. However, in recent times we have been witness to other monumental changes that have reshaped our conceptions about the Arctic. The end of the cold war has transformed the region, once a theatre of military confrontation, into an area of cooperation. Indeed, one might even argue that had not the political thaw in relations between East and West set the stage for wide-ranging joint undertakings among the different countries and communities of the High North we might not be in position to pursue to the full the opportunities opened to us by climate change.

This helps put things in perspective. If scientific projections prove more or less accurate, climate change in the Arctic will, over the coming years, present Arctic residents and good many other people in this world with serious challenges. But resignation or fatalism is one thing Northerners cannot afford. We should remain conscious of the risks and take all necessary precautions. At the same time, we need to start thinking creatively about how we are going to adapt to the likely changes in the region and take advantage of them.

To some extent, any such effort is by its nature hypothetical. We have neither the knowledge nor the wisdom necessary to see into the hidden mysteries of the future. With that proviso, I will attempt to draw you a picture in a broadbrush fashion and focus on a limited number of trends that help set the stage for a discussion of Arctic maritime security and defence.

Climate change

The first task for anyone wishing to divine the likely shape of things to come in the Arctic is to get past the 800 pound gorilla in middle of the road, this being the proverbial issue of climate change that I have been talking about.

If we assume that the projections contained in the Arctic Climate Impact Assessment (ACIA) are more or less on target - and for some that is assuming a great deal - we are likely to see a number of major changes in our natural environment over the next one hundred years. These include an annual average temperature rise of 3 - 5° Celsius over land and up to 7° over the oceans, the melting of glaciers, reduction in sea ice, the shifting of vegetation zones as well as changes in the diversity, ranges and distribution of animal species.

Such far-reaching changes will affect the living conditions of Arctic residents in a variety of ways. On the negative side, there could be serious implications for human health and food security, especially for indigenous peoples. Coastal erosion could threaten many communities and industrial facilities, while receding permafrost has begun to destabilize infrastructure in places like Siberia and Alaska. On the positive side, more fertile lands and fishery grounds could become available to Arctic residents, there could be easier access to other resources and new shipping routes along the Northern periphery might take hold.

All of those features and more have been dealt with in the Arctic Climate Impact Assessment (ACIA), a tome of more than one thousand pages, and since I am not a scientist myself I will make no attempt to assess the veracity of its findings. But as I indicated earlier, we would be well advised not to put all our eggs in the climate change basket. Therefore, allow me to turn to other relevant trends that should be seen as separate from, although they interact with, climate change.

Demographic dynamics

World demographics are one such trend. Approximately four million people live in the Arctic, a tiny percentage (0,06) of total world population. Overall growth has slowed in the area in recent years with dramatic population decline in Russia in the 1990s. During the same period, the inflow of population in all the circumpolar regions has been less than the outflow, resulting in a net loss of population due to migration.

Turning to population estimates for the world as a whole, we find that the world is expected to have 9.1 billion inhabitants by 2050, up from 6.5 billion last year. Ninety five percent of all population growth is absorbed by the developing world. Furthermore, by 2050 the population of the more developed countries as a whole will be declining by as much as 1 million persons a year, while that of the developing world will be adding 35 million annually.

These are striking figures and don’t bode particularly well for areas like Europe, where it is feared that the effects of a declining population could be catastrophic. To a degree, such effects will be offset by migration movements. We live in an international market place, where modern telecommunications and transportation facilitate the free flow of labour. With their higher education levels and aging populations, the developed countries are likely to attract both low- and high-skilled workers from the developing world in greater numbers. But other forces could come into play as well. The impacts of climate change, including loss of biodiversity, land degradation and extreme weather events, could devastate many developing countries, building greater pressure for migration to the North. Therefore, more hospitable areas of the earth, including a warmer Arctic, could begin to attract “environmental refugees” in greater numbers, presenting a picture substantially different from the bleak population estimates we have grown used to in recent years.

World energy demand

World energy demand will be another important driver of change. The Arctic contains a quarter of the world's oil and natural gas. We don't know at this stage how much time it will take before full access to those reserves has been obtained. The Arctic is a high cost environment, where different environmental and political sensitivities must be taken into account. Market prices will obviously be a factor. According to some estimates, it may be up to a hundred years before there is sufficient access to some petroleum resources, while a fully functioning system transporting oil and natural gas from some regions may be ready in ten years.

Here again, global developments will have a major impact on the Arctic. Global demand for energy is increasing rapidly. It is expected to rise some 60% by 2030 and might double by 2050. Developing countries, accounting presently for about half of global energy demand, are expected to generate roughly three quarters of the increase over the next three decades.

China is a case in point. In 2004, China was responsible for 8.2% of total oil consumption in the world. In that same year, China had 20 cars per 1000 people. In 2020, the Chinese expect to have 100 cars per 1000 people. Whether that also means a fivefold increase in oil consumption is too early to tell, but China will in any case be a most important factor in the world energy equation.

More energy will be required to raise the standard of living for a booming world population. Meeting the United Nations´ ambitious Millennium Development Goals, including the eradication poverty and hunger, calls for major investments in energy services. 55% of Indians, for example, do not have access to electricity, a situation that the Indian government intends to remedy by 2012.

Unfortunately, increased energy consumption will come at a cost for the environment, in the form of greater greenhouse gas emissions. Today, about 86% of the world´s commercial energy is based on fossil fuels. As we know, much effort is being devoted to ways of breaking the link between economic development and greenhouse gas emissions, through among other things improved energy efficiency, carbon capture and storage, emissions trading schemes and the greater use of renewable energy resources. But despite such efforts, fossil fuels are widely expected to remain the mainstay of our global energy economy in the foreseeable future. However much we might wish to see it differently, the global share of energy derived from renewable energy, currently estimated about 13 - 14%, is, according to experts, likely to be unchanged in 2030.

In sum, it is difficult, if not impossible, to escape the conclusion that we will, over the coming decades, see greater pressure brought to bear on the extraction of oil and natural gas from the bountiful reserves of the Arctic Ocean.

World trade and transportation

Developments in world trade and transportation will be another decisive factor. A substantial increase in domestic shipping on the Northern Sea Route is expected in the next few years, stimulated in large part by oil and gas discoveries. Such a development is clearly facilitated by rising temperatures in the Arctic. Over the past forty years there has been an average

reduction in sea ice of about 3% per decade. Scientific models suggest that the area of sea ice could be between 15% and 40% smaller and 30% thinner by 2050.

If this ice-reduction takes place, the Inner Northern Sea Route, along Russia´s Siberian coast, will become completely ice-free in summer, while the Outer Northern Sea Route, which lies along the North Pole ice cap and would allow larger vessels to get through, could become relatively passable throughout the year for a new generation of ice-class merchant vessels.

A complex interrelationship of many factors prevents us from predicting when the Northern Sea Route might open for general shipping, including container shipments. But should it come to pass sooner rather than later, it will not be due only to climate change. Over the past few years, we have witnessed major advancements in ship-design, surveying and satellite telecommunications that are gradually bringing down long-standing barriers to Arctic shipping.

The advantage of a new marine highway in the Arctic is hardly in dispute. It would cut oceanic transit times by days and save shipping companies thousands of miles in travel. But we would be mistaken if we thought that such incentives, attractive as they are, would have a decisive impact in and of themselves. In addition to the right sailing conditions, there must be a need for new maritime trade routes before they can be established. They must be economically viable for companies that have made huge investments in existing shipping lines. The world´s largest shipping company, Maersk Sealand, for example, is developing facilities in Malaysia, designated to become its central transshipment port between the Pacific Ocean and the North Atlantic. Maritime routes require a network of central transshipment ports, roads and railroads. Last but not least, they must be regulated by law and the safety and security of shipping must be assured.

Those are extremely demanding conditions, inviting the question of how likely it is that we or the next generation will see them fulfilled? Again, in an effort to answer that question it may be useful to put things in a global perspective.

Shipping has been the mainspring of modern economies, far more important than other modes of transport, by land or by air. Today it is estimated that 90% of the tonnage of all goods in the world are transported by sea. An examination of international trade in recent decades reveals an annual increase of 6% since 1950, while the world´s economies have grown by 4% annually during that same period. Most of the increase in international trade is now driven by the area of the North Pacific, sometimes referred to as the cockpit for global change, as the hub of the commercial world has shifted from the area of the North Atlantic.

A direct linkage has been observed between growth in international trade and container shipments, which have increased annually by an average of 5 – 7% in recent years. The main obstacle confronting this increase in shipments, as well as the enlargement of the vessels transporting them, is that traditional transportation corridors between the Pacific and the North Atlantic through the Suez and Panama Canals are already nearing capacity. Furthermore, if such corridors are to be capable of receiving a new generation of super container ships they will require extensive and costly reconstruction. Apart from such considerations, existing corridors frequently pass through areas that are potentially unstable.

Everything considered, odds are therefore that we will in the coming decades see the world´s major shipping companies gravitate towards the Arctic, as new Arctic shipping routes become available, chief among them the Northern Sea Route.

A New Epoch?

A host of other factors, some of them unforeseen or even unforeseeable, will shape the future course of events in the Arctic. But it is quite possible that we may now find ourselves on the threshold of a new epoch, where changes in the patterns of climate, settlements, energy consumption, trade and transportation will begin to converge in a way that could transform the world we live in. In effect, we could be moving towards the activation of the Arctic in a manner that would radically alter, if not reverse, our conceptions of the world´s periphery and center. We could, in effect, be moving towards a world with the pole in the middle; the Polar Mediterranean.

Such a scenario would, if realized, be attended with many difficulties. A large influx of migrants could introduce new social and cultural divisions. The Arctic´s environment is much more vulnerable than that of more southerly regions. Major new pollution sources could have negative economic consequences and threaten the harvest of living resources. Easier access to the assets of the Arctic could exacerbate tensions where disputes over boundaries already exist. There is also uncertainty over shipping rights, safety rules and protection that could easily be magnified as shipping along the new routes gains traction.

Security and defence

Some of the most compelling questions will inevitably arise in the area of security and defence. Unlike the Antarctic, the Arctic is not likely to ever be demilitarized, owing to its abiding strategic significance. As a substantial part of the world´s commercially valuable cargo will be shipped along the Northern Sea Route or parts of it and into the North Atlantic the need will be greater to safeguard and protect those shipments. There will have to be effective surveillance and law enforcement, as well as capability for search and rescue. Steps will need to be taken to counter the threat of maritime terrorism.

The possible emergence of new maritime threats in the Northern hemisphere should be a matter of some concern. Attacks on seaborne vessels in many parts of the world in recent years demonstrate that terrorists do not discriminate between military and civilian targets. Also, ocean going vessels carrying oil, natural gas and other hazardous cargo could be tempting weapons for terrorists to use against port facilities.

To prevent and prepare to deal such threats is a task for individual countries of the Arctic rim. Iceland is impressed with how Norway has moved to prioritize the High North in its strategic policy, an initiative that has been duly noted by other countries of the Arctic rim. In Iceland´s own case, we are at this stage undergoing readjustment and re-evaluation in the wake of fundamental changes affecting our security and defence posture. As part of that readjustment, our new Foreign Minister, Mrs. Valgerður Sverrisdóttir, is orienting Iceland´s foreign policy to take proper account of the changing face of our Northern neighbourhood, its risks and opportunities.

Meeting the challenges of Arctic security and defence will also require greater intergovernmental cooperation. One of the obstacles, it is sometimes alleged, to this

endeavour is that we don´t have a single forum that can tackle the issues involved in a comprehensive or integrated manner. We have in place different bodies to deal with aspects of the Arctic, but none that can take on the issue of Arctic security as a whole.

Much useful work on emergency preparedness, prevention and response, on an oil and gas assessment as well as on shipping is being done under the auspices of the Arctic Council. At the same time, the Arctic Council lacks legal personality to negotiate new commitments and has in any case no remit in the area of security and defence.

The North Atlantic Treaty Organization (NATO) is well aware of gaps in our preparedness to deal with maritime security, seen by many as the weak link in our defence. However, while the importance of the Greenland-Iceland-UK (GIUK) Gap still lingers in memory, it would not be unfair to argue that NATO´s focus has lately been more on areas other than the Arctic, commonly viewed as our quiet corner. In addition, NATO does not have on board three of the Arctic states, including the largest stakeholder, Russia.

The Organization for Security and Cooperation in Europe (OSCE) might play a useful confidence-building role in the Arctic, although negotiations in such a large forum could prove unwieldy if not adequately prepared by an inner core of countries with the largest interests at stake.

What should be done then? Rather than to look for new institutional solutions to the problem at this stage, we should let variable geometry continue to be our guide in discussions on the complex and multifaceted issue of Arctic security and defence. We need to raise the profile of the Arctic within existing fora including NATO and the European Union and encourage greater coordination among them in this area. As a next stage, we could then flush out the issue in consultations with Russia in the NATO-Russia Council. At a later stage, we might wish also to bring the Asian dragons on board, in particular China, Japan and South Korea, countries that presumably will have an interest in the peace and safety of the new Arctic maritime routes.

We have come a long way since Mercator gave us his truncated, flat ribbon view of the globe in the sixteenth century. In a matter of years we have seen the Arctic become the object of growing attention. But at this stage it is not clear whether our societies are prepared to embrace the prospect of a globalized Arctic, let alone adjust to it. For this to happen, our mental maps must also change. We need to overcome inertia and indifference and resist being held hostage to stale and pessimistic approaches that frequently characterize the debate over global climate change. Only then will we be able to utilize to the full the potential of the Arctic and come to see it as the area of opportunity and innovation that it truly is.