

A New Arctic Era and Finland's Arctic Policy
Keynote speech in the 20th Anniversary Seminar
of the Arctic Centre
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I am honoured to be here in Rovaniemi with you today to celebrate the 20th Anniversary of the Arctic Centre. I would like to congratulate you for your great contribution to Arctic research.

I am well aware of the significance of this platform. In 1994, former President Martti Ahtisaari outlined the fundamentals of the Finnish Government's Arctic policy and in 1997 Prime Minister Lipponen used this forum to launch the concept of "northern dimension" as a political project of the European Union.

Twenty years ago - when this Centre was established - we experienced the first push to embark on northern co-operation and institution-building after the end of the Cold War. Finland was a leader in riding the wave of regionalism - be it around the Baltic Sea, in the Barents Sea region or north of the Arctic Circle. The main concerns were the fragile environment of the north, future of indigenous peoples and excessive arsenals.

Today, the Arctic is becoming an issue that no one can ignore. It is currently at the heart of discussions dealing with not only the environment and development but also climate, energy interests and security concerns. The Arctic is evolving from a regional frozen backwater into a global hot issue.

Of course, the developments around the High North will have a profound effect on Finland. We need an adjusted Arctic policy to prepare us for the new era.

I will now focus on three key aspects of the Arctic challenge: 1) Environment, 2) Economy and 3) International politics. Finally, I will present my thoughts on how our Arctic policy could be developed.

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The Arctic environment is unique and one of the most severe. Yet it has been a home for peoples for thousands of years.

This environment is also fragile. Human action, especially by those living outside the region, has the potential to leave a heavy footprint on the slowly regenerating Arctic environment. Environmental toxins and the loss of biodiversity are major threats.

Extreme north is the canary in the coal mine of climate change. It was first diagnosed here and its effects are most pronounced here. The Arctic is warming up twice as fast as the rest of the globe. The sea ice is melting. I am afraid that the canary is struggling for its life.

The effects will be felt far beyond the Polar region. The melting ice will imply rising sea levels and the thawing permafrost will release a significant amount of powerful greenhouse gases.

The results of the Copenhagen meeting in a few months' time will be crucial also – and especially – for the Arctic. The meeting at the UN in New York last week was encouraging in terms of the messages from the United States and China. However, words do not lower the temperature, determined action is needed.

Finland for its part is fully committed to ambitious goals to reduce the greenhouse gas emissions as a Member State of the EU and nationally.

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Even if we managed to radically reduce the emission levels, warming will change the economic landscape of the Arctic region. We may have ice-free summers already in the middle of the next decade. The last time this took place was over 100 000 years ago!

This will have two major consequences: new transport routes will open and new energy resources could be explored.

Opening of the North-East and North-West Passages will significantly cut the time of navigation between Asia and Europe. A few weeks ago, two German cargo ships successfully negotiated the North-East Passage by-passing the Suez Canal and saving some 5000 kilometers in the process.

The appeal of the North is increased by significant untapped energy resources. It is estimated that of all the undiscovered gas and oil resources the Arctic holds 30% and 13% respectively. Snøhvit is the first major gas field that was brought to tap and the Yamal gas field is the next in line. There are already plans for the Shtokman field.

Easing ice conditions, relative proximity to the main markets in Europe and high energy prices will further accelerate the pace of exploitation. The key bottleneck will be technical challenges posed by the harsh climate and the availability of financial and other resources.

Norway and Russia are leading the dash to exploit the energy resources. Other Arctic states possess a wealth of know-how and assets that could prove very useful. It is a win-win situation from which all partners can benefit.

Northern Finland is organically linked to the north of Norway and Russia. The developments in logistics and energy production create significant possibilities for Finnish economy, particularly here in the north of Finland.

We have to make sure that Finnish businesses are able to make full use of their proximity to globally important economic possibilities. Therefore, fostering innovation and supporting Finnish companies to take advantage of these opportunities has to be a key element of our policy. We must also be ready to improve logistics in Finland and across borders.

Finland already has major technological expertise, such as the world's best ice laboratory and world renowned expertise in offshore technology. We have to better promote and market our existing knowledge and innovating new technologies.

Environmental concerns must not be forgotten even amidst all the lucrative new possibilities. Our goal should be sustainable development of the Arctic.

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Logistical and energy possibilities have ramped up the international interest towards the High North. All the main players - including the US, Russia, Norway, Canada, the EU, and even NATO - have done major policy reviews on Arctic issues. They express hope for co-operative approaches while underlining their sovereign rights.

The name of the game is strategic hedging: players position themselves to be able to exploit the emerging possibilities. Co-operative instincts are predominant but there is also potential for discord.

Picking up of the military activity is part of the growing interest. Several coastal states have increased their military presence in the High North as well as bolstered their naval capacity. So far these capabilities serve mainly for flag-flying missions to support territorial claims. Enhanced presence cannot be labelled simply as a negative factor as the increased capacity - namely improved search and rescue capabilities - is a prerequisite for economic development.

The main political issue concerns the sovereign rights to exploit the resources in the seabed. Claims have been put forward concerning significant areas of the seabed and the outer limits of the continental shelf are not settled. At the same time, the seabed beyond national jurisdiction belongs to the common heritage of mankind.

The blend of significant economic prospects and unresolved territorial issues is a difficult mix. It is of crucial importance that the multilateral governance of the Arctic be strengthened. We have to foster co-operation and make sure that the interests of all Arctic countries and countries beyond the Arctic region are taken into account.

Fortunately, there are signs of strengthening cooperation. I refer to the Ilulissat Declaration signed by the five coastal states bordering on the Arctic Ocean in May 2008, emphasizing commitment to resolving the territorial disputes under international law, namely in the UNCLOS framework. I welcome the commitment of the US administration to ratify the UN Convention on the Law of the Sea.

The core of multilateral governance of the Arctic was established in the 1990s. The centerpiece is the Arctic Council. It is a representative circumpolar, transatlantic co-operation forum joining together the eight Arctic states. The Council includes also the indigenous peoples, whose voice must be heard loud and clear now and in the future. As I have stated it is apt to call it the A8+.

The Arctic Council has been a pioneer in many areas, including research into the impact of climate change, improving the environmental safety and guidelines for oil and gas exploration. The standards set by the Arctic Council are an important contribution to the governance of the Polar region.

Other regional formations matter, too. The Barents Euro-Arctic Council and the Barents Regional Council play a key role in enhancing the safety and sustainable development of the most densely inhabited region of the Arctic. Barents cooperation is an excellent example of practical co-operation that extends beyond borders and has a regional aspect.

I am happy to recognize the role played by the northern regions of Finland in developing concrete cross-border action. I hope we will be able to further promote practical co-operation in the Barents Euro-Arctic Council meeting in Murmansk next month.

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Finland must seize the opportunities the changing landscape of the High North yields. It is time to put the Arctic back high on our agenda.

Our policy has three obvious entry points:

First, we have a primordial interest towards Arctic issues. Our geography and history make us an Arctic state and we have significant economic, political and security interests in the region.

Second, Arctic issues should be dealt with in a rules-based multilateral framework with an emphasis on comprehensive security. Our Arctic policy must foster co-operation.

Third, the future of the Arctic is not only of concern to some states but a legitimate concern for all.

I see our Arctic policy focusing on the following key projects:

- 1) We need to further strengthen the Arctic Council as a “global” forum for enhancing the international governance of Arctic issues. The decision made in Tromsø to convene at a political level once a year was a welcome step to bolster the Arctic Council. Moreover, the A8+ must see external actors with an interest in the Arctic as an asset, not as interference. Current and new observer states and organisations should be welcomed to do their share. The European Commission should be granted an observer status in the Arctic Council.
- 2) We need a stronger European Arctic policy. The European Union is an Arctic player already. Its membership now includes three of the eight Arctic states - and I hope the fourth will join soon! Environmental challenges and economic potential have a direct relevance at the EU level. EU policies also have an effect on the northern areas. The EU’s recent communication "The European Union and the Arctic Region" was an important step towards a more ambitious European Arctic Policy. Further work is required. The EU needs to be active in protecting the environment, promoting sustainable use of resources and engaging in the governance of the High North.
- 3) The EU tools for concrete Arctic action need to be enhanced and put in use. Northern Dimension policies - especially the partnerships can be applied to address Arctic issues. I hope that the Arctic Window in the Northern Dimension will be better operationalised. In addition, funding for the EU's Arctic programmes needs to be increased to prepare the Union better for the emerging possibilities. I am looking forward to new funding coming available under the new Cross-Border Cooperation component of the EU's Neighbourhood and Partnership Instrument. I hope that the first projects could be launched already in summer 2010, including the northernmost Kolarctic Programme.
- 4) We also need to explore the Nordic approaches to the Arctic issues. By proposing enhanced co-operation in a wide range of Arctic issues, the report by former Norwegian Foreign Minister Thorvald

Stoltenberg put Arctic issues firmly on the Nordic agenda. Now we are looking forward to seeing this to lead concrete Nordic joint action in the region such as establishing an international instrument on search and rescue in the Arctic.

- 5) Finally, Finland needs a comprehensive and ambitious Arctic strategy of its own. It should set out our vision on how Finland will be tackling the challenges and seizing the opportunities of the High North. It would signal our renewed interest towards the Arctic. The strategy should include solid, goal-oriented actions to guide future work. Strategy should cover all aspects of our Arctic policy. Therefore, it would require preparation at governmental level, including relevant ministries and agencies.

The Ministry for Foreign Affairs is ready to actively facilitate national work. We have just nominated our own northern envoy - an ambassador for Arctic issues. We will also be looking for opportunities to enhance our presence in the High North. Upgrading of our current office in Murmansk to a full-fledged General Consulate is a part of these plans.

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We are facing a new Arctic era. Whatever the future holds for this region, research forms the basis of all Arctic activities. We need state-of-the-art Arctic research and know-how in order to avoid dangers and benefit from the unique opportunities of the North. I am happy to say that the Arctic Centre in Rovaniemi is our key asset in this work!