



Steffen Weber is the co-founder and Secretary General of the EU ARCTIC Forum in Brussels.



Iulian Romanyshyn is an Associate Researcher at the EU ARCTIC Forum.

## THE ARCTIC REGION

### EUROPEAN INTERESTS AND EUROPEAN POLICY IN THE HIGH NORTH

*Steffen Weber / Iulian Romanyshyn*

The Arctic region is attracting more and more attention, due to the effects of climate change, the main trigger of developments. Its effects are of a larger scale than in other parts of the world. At the same time, those changes are affecting other regions, through rising sea levels on the one hand and consequences for adjacent regional climates on the other.

Global warming was a tipping point that triggered ever-increasing international concerns about Arctic developments far beyond existing regional cooperation. The ice cap in 2007 was reported to be at its lowest point in the last 50 years with a rate of sea ice decline of ten per cent per decade since 1979.<sup>1</sup> By the same token, *2008 U.S. Geological survey* heated up geopolitical debates and was cited in the majority of studies dealing with Arctic natural resources.<sup>2</sup> The study allocated roughly a quarter of the world's undiscovered oil and gas to the region above the Polar circle.

A number of Arctic players, including the EU, do not only bear a certain responsibility, being that they are main contributors to pollution and green house gas emissions, but also have a particular interest in the Arctic, since they will have to deal with the consequences of the changes taking place there from environmental and climate change issues to the geopolitics of shipping routes and security of resource supply.

1 | National Snow and Ice Data Center, <http://nsidc.org> (accessed 20 Apr 2012).

2 | U.S. Geological Survey, <http://usgs.gov> (accessed 20 Apr 2012).

## CURRENT SITUATION

It is commonly agreed that the Arctic is a region that is affected earlier and more heavily by climate change and pollution originating in industrialised or developing parts of the world. The EU is responsible for around 59 per cent of black carbon emissions in the Arctic, while North America and Asia produce more than 55 per cent of the green house gas emissions in the High North.<sup>3</sup>

Furthermore, the 2004 Arctic climate impact assessment predicted an increase in average temperatures between four and seven degrees Celsius by the end of this century, with profound consequences for sea ice and snow coverage. A study, commissioned to the U.S. Congress in February this year, states that the Arctic will change from an ice-covered environment to an ice-free region in summers by the end of the 2030s.<sup>4</sup> These questions must be dealt with on a global level, since their causes lie outside the Arctic and in turn will also affect the whole globe. Notwithstanding the fight against climate change, the EU and other regional and global players must acknowledge the need to adapt to the unavoidable changes as well as have a rational assessment of the risks, threats, challenges and opportunities those changes entail.

### Environment

Climate change, pollution, and increasing human activity are emerging as the most far-reaching and significant stress-factors on Arctic biodiversity and have already had impacts on unique polar habitats such as sea ice and tundra landscapes. Wildlife such as polar bears, walrus and foxes are in danger of seeing much of their habitats disappear. The *Arctic Species Trend Index* points to a decline in 8 out of 12 subpopulations of polar bears. *Arctic Biodiversity Trends 2010* also highlight that wild reindeer and caribou herds, important to the livelihood of indigenous

**The Arctic Species Trend Index points to a decline in 8 out of 12 subpopulations of polar bears.**

3 | *EU Arctic Footprint Report*, <http://arctic-footprint.eu> (accessed 20 Apr 2012).

4 | Ronald O'Rourke, "Changes in the Arctic: Background and Issues for Congress", 7 Feb 2012.

people, have declined by about one third since the 1990s.<sup>5</sup> Arctic Council (AC) working group Conservation of Arctic Flora and Fauna promises to present an updated and more comprehensive report on Arctic biodiversity in 2013.

### Natural resources

A growing world population will demand the sustainable and responsible management of the resources available and needed. This will be true with regard to resources, such as fish, which will contribute to feeding the world population, but also with respect to non-living resources such as gas and oil or minerals, to include rare earth minerals. In that respect the perception that the Arctic remains pristine and untouched which merely needs preserving is incorrect. The Arctic, unlike the Antarctic, is inhabited and has a tradition of making use of its resources. In particular the indigenous people of the north have a long history of sustainable use of those resources. They explicitly reject the idea of 'living in a museum' but rather express their will to develop.

**The Arctic is inhabited and has a tradition of making use of its resources. The indigenous people reject the idea of 'living in a museum'.**

Since the rise of new economies has resulted in an increasing need for resources, energy and minerals, the EU has a natural interest in ensuring the security of resources supply needed for the population and industries in Europe. Some partners in the Arctic are today already major contributors when it comes to the supply of energy, raw materials and also fish for Europe. The great variety of resources, the potential for renewable energy produced by wind or waves and the invaluable diversity of the Arctic biosphere can only be developed and protected in a holistic and sustainable ecosystem-based approach as outlined in the EU's Integrated Maritime Policy or in the integrated management plans, for example, by Norway in the Barents Sea.

Since it is estimated that about a quarter of the remaining hydrocarbon resources are to be found in the Arctic, these resources might be of particular importance to the EU until the objective of a low carbon economy is achieved. In

5 | *Arctic Biodiversity Trends 2010*, <http://arcticbiodiversity.is> (accessed 20 Apr 2012).

particular natural gas or LNG has the lowest CO<sub>2</sub> emissions of all traditional energy forms and could play a major part in the energy mix and thus function as a bridge into a low carbon economy.

### **Maritime trade routes**

Another major point of interest for Arctic players is the development of new global trade routes. Businesses have already begun to explore the new possibilities.

In summer 2009 the German shipping company Beluga tested the economic possibilities by sending two container ships from Asia to Europe. Developing the northern sea routes would make trade between Europe, Asia and

**Developing the northern sea routes would make trade between Europe, Asia and North America not only faster, thus saving energy, emissions and costs, but also safer.**

North America not only faster, thus saving energy, emissions and costs, but also safer, avoiding the pirate-ridden seas and included economic risks when using traditional sea routes. Some estimates revealed that taking the Northern Sea Route (alongside Russian coast) can reduce travel time for ships from the estimated 40 days to just 22.5 days, saving up to 300,000 U.S. dollars on fuel expenses.<sup>6</sup>

Vital for the development of these sea routes will be the predictability both in terms of safety and marine shipping as well as in legal and political terms. Even though conditions will remain harsh in the Arctic, the improvement of navigation and shipping technologies would enable a better use of these routes. Thus, investments in mapping, sea ice observation, communication, search and rescue structures and the like will determine to what extent these routes can be used in the coming decades. Interest on the part of nations such as China, South Korea and Singapore highlight the increased importance attributed to these sea routes.

### **Governance**

The Arctic region is not a legal or political vacuum as some observers assume. Furthermore, it is in principle a sea surrounded by states with far-reaching exclusive economic

6 | Cf. Joseph Fonseca, "Taming the Arctic Sea Route", *Maritime Professional*, 13 Feb 2012, <http://maritimeprofessional.com/Blogs/Taming-the-Arctic-sea-route/February-2012/Taming-the-Arctic-sea-route.aspx> (accessed 19 Apr 2012).

zones (EEZ), in which their body of law is applicable. There is a large number of bilateral and some multilateral agreements on a national and on a regional level. In addition, a number of international treaties, organisations and agreements regulate sectors of relevance to the Arctic. Therefore, the idea of an Arctic Treaty, modeled along the Treaty for the continent of Antarctica, thus land not sea, which is uninhabited and unclaimed compared to regions which are inhabited and state controlled in the Arctic, is not only not promoted by the peoples and states in the Arctic, but would also not be an appropriate way to deal with the challenges there. To start from scratch, neglecting the already existing legal framework, also for protection and preservation, and to engage in decades long UN Process with the unclear prospect of getting a somewhat international agreement on the Arctic would result in neglect of practical and pressing issues.

All states involved have agreed on following Public International Law in the settlement of disputes, and furthermore have or will submit their respective claims for the prolonging of the continental shelf zone to the relevant UN Commission. Thus, as one peruses the geopolitical map of the Arctic it becomes obvious that nearly the entire area is or will be within the EEZ of one of the interested parties. Only very small areas are subject to overlapping claims. The delimitation agreement between Russia and Norway which was concluded 15 September 2010 and entered into force on 7 July 2011 is quite illustrative of the expressed will to settle disputes according to international law.<sup>7</sup>

**Almost all the area of the Arctic is or will be within the EEZ of one of the parties. Only very small areas are subject to overlapping claims.**

The eight Arctic states, which are the permanent members of the Arctic Council (AC), the central international and intergovernmental organizations of the region, view the United Nations Convention on the Law of the Sea (UNCLOS) as the only comprehensive multilateral regime that applies to the Arctic and have opposed the idea of concluding an international treaty on the Arctic modeled on the Antarctica Treaty of 1959. The Arctic states seek to acquire a privileged

7 | Cf. "Delimitation agreement: a new era in the Barents Sea and the Arctic?", EU Arctic Forum, 9 July 2011, <http://eu-arctic-forum.org/news/delimitation-agreement-a-new-era-in-the-barents-sea-and-the-arctic> (accessed 19 Apr 2012).

role in managing the region, which they interpret as being consistent with UNCLOS, based on their geographic location, sovereign rights and economic and political interests.

At the last ministerial meeting in Nuuk, the capital of Greenland, in May 2011, the AC adopted a historical and long-awaited decision to endorse a first-ever binding agreement among all eight Member States. The agreement on search-and-rescue may become a model for future cooperation among the circumpolar nations, e.g. in negotiations on a joint action in the case of oil spill or other environmental disasters caused by increasing shipping and hydrocarbon activities in the region. From this point of view, the AC is taking a step from a pure decision-shaping to a decision-making body. On the other hand, positioning the Council on more formal ground is unlikely to deter greater Arctic powers from experiments within the club. Informal meetings in 'A5' or even 'A3' format (Canada, Norway, Russia) for discussions on politically sensitive issues, while facing criticism of exclusiveness, might continue.

## ARCTIC STATES

Amongst all Arctic states, Russia is the most determined player in the region. It has the biggest share of the Arctic territories which are considered to generate 20 per cent of Russia's GDP. Therefore, in its Arctic strategy the Russian government claims to turn the Arctic into the "strategic resource base" of the country for decades to come.<sup>8</sup> Apart from active exploitation of natural resources, Russian priorities in the region include environmental preservation, security cooperation and development of the Northern Sea Route and coastal infrastructure. Russian policy-makers are very cautious about cooperation with non-Arctic players and prefer to work within a small group of littoral Arctic states. Similarly assertive policy in the High North is pursued by Canada. Canadian politicians stress a need to exercise sovereignty and maintain a strong presence in the Arctic

**The Russian government claims to turn the Arctic into "strategic resource base" of the country for the decades to come.**

8 | "Основы государственной политики Российской Федерации в Арктике на период до 2020 года и дальнейшую перспективу (Principles of State Policy of the Russian Federation in the Arctic for the period up to 2020 and Beyond)", 18 Sep 2008, <http://www.scrf.gov.ru/documents/98.html> (accessed 19 Apr 2012).

is claimed to be a part of the country's national identity. Prioritizing economic and security dimensions of its Arctic strategy, the Canadian government invests considerably in big regional infrastructure projects, such as the Mackenzie Gas project. Canada is opposed to the U.S. and the EU in the debate over the status of the Northwest Passage and is planning to submit a claim to the UN bodies on extension of its Arctic continental shelf. Ottawa stresses an importance of regional cooperation and a central role of the AC, yet remains less enthusiastic with regard to outsiders' involvement.

**The main drivers of Norwegian High North policy are an accelerated path of climate change, a need to develop natural resources and a necessity to maintain good relations with Russia.**

Norway is a major regional player that began developing its Arctic policies already in the early 1990s. Since then, the High North turned out to be the number one foreign policy priority of policy-makers in Oslo. The main drivers of Norwegian High North policy are an accelerated path of climate change, a need to develop natural resources and a necessity to maintain good relations with Russia. Oslo promotes ecosystem-based management of Arctic natural resources, international cooperation, peace and stability. Norway as a major partner to the EU and its member states is very closely tied to the EU politically and economically, and naturally supports greater EU participation in Arctic related discussions and deliberations.

Similar to Norway, Iceland is closely attached to the EU through the EEA agreement and has been an EU membership candidate since July 2010. In its Arctic policy, Iceland strives, first and foremost, to promote its status as a coastal state which has "both territory and rights to sea areas north of the Arctic Circle".<sup>9</sup> Icelandic government prioritizes regional stability and peace, maritime trade, strengthening the AC, and mitigating climate change. It also favours a much inclusive approach to diplomacy and international cooperation with both Arctic and non-Arctic players.

The United States were among the last to enter the Arctic political playing field with an adoption of the Presidential

9 | "A Parliamentary Resolution on Iceland's Arctic Policy", 28 Mar 2011, <http://mfa.is/media/nordurlandaskrifstofa/A-Parliamentary-Resolution-on-ICE-Arctic-Policy-approved-by-Althingi.pdf> (accessed 19 Apr 2012).

Directive targeting the region in January 2009. This strategic document combines both “low” policy objectives, such as environmental protection, scientific cooperation, maritime transportation, hydrocarbon extraction as well as “high” policy priorities, for example, ensuring homeland security. It is not yet clear what stance is taken by the United States regarding international cooperation with non-Arctic entities, and the EU in particular, but Washington lately was quite outspoken in criticizing meetings held in A5 format for the dividing lines such meetings imply.

## EUROPEAN INTEREST

The EU is involved in one way or another in several fora of international cooperation in the region, in particular as a member to the Barents Euro-Arctic Council (BEAC) and as an ad hoc observer to the Arctic Council. Denmark, Sweden and Finland are the three EU Member States in the AC, while Denmark is the only Arctic Ocean state which is an EU member. It is acting, however, on behalf of Greenland, which left the EU in 1985. Unlike Denmark, Sweden and Finland do not enjoy a coastal status and thus have to develop and implement Arctic policies via alternative instruments and channels with the EU serving as a primary example. Moreover, six EU Member States, including Germany, have been admitted to the AC as permanent observers since 1996. Interestingly, Germany is also a party to the Treaty of Spitzbergen of 1921 and maintains the Alfred Wegener Institute for Polar and Marine Research together with other major polar and marine research institutes as one of the leading polar scientific institutions in the world. One important factor of European engagement is the several European businesses involved in the Arctic in several sectors from natural resources, oil and gas, mining, fisheries, the growing tourism sector, transport and navigation as well as the technology suppliers and developers for those fields.

**One important factor of European engagement is the European businesses involved in the Arctic in several sectors, e.g. in natural resources or fisheries.**

But what is actually at stake for the EU and its Member States in the Arctic region? How can we define European interest in the High North? What triggered ever-greater EU concerns over developments in the Arctic was the dramatic pace of global warming. The EU has pledged to mitigate global warming domestically and also made counteracting

climate change its top foreign policy priority. But it is not only the fragile nature of the Arctic environment and its biodiversity which Europe seeks to protect. As a paper issued by then High Representative for the Common Foreign and Security Policy, Javier Solana, indicates, international implications of climate change are much broader and “include political and security risks that directly affect European interests”.<sup>10</sup>

Rising temperatures and melting icecaps and glaciers may cause significant tensions over natural resources and energy supply worldwide, damage coastal infrastructure and fuel interstate disputes and migration. Thus, it is important for the EU and the broader international community to prevent such scenarios and focus on the potential roots of the problem. Speaking at the conference on “Climate change, international law and Arctic research” in Berlin last year, German Foreign Minister Guido Westerwelle emphasised that Arctic issues are “a subject that will be of crucial significance for the long-term survival of mankind”.<sup>11</sup>

**40 per cent of the fish caught in polar waters is consumed within the EU. The Union’s share in oil and gas imports from Arctic countries constitutes one quarter.**

Europe is also interested in promoting a sustainable development of Arctic natural resources. Already today 40 per cent of the fish caught in polar waters is consumed within the

EU. The Union’s share in oil and gas imports from Arctic countries constitutes one quarter.<sup>12</sup> As a popular demand for energy in Europe is very likely to continue to grow in the following decades, and Arctic hydrocarbon potential is high, it is crucial for the competitiveness of European industries and the well-being of citizens to secure energy supplies from the Arctic region. Other natural resources of the High North, such as minerals and rare earth elements, are indispensable to European high-tech industries, in particular to the development of technologies for a low carbon

10 | European Council (ed.), “Climate change and international security, paper of the High Representative and the European Commission to the European Council”, S113/08, 14 Mar 2008, [http://consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/reports/99387.pdf](http://consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/reports/99387.pdf) (accessed 19 Apr 2012).

11 | Federal Foreign Office (ed.), “Safeguarding the future of the Arctic”, 17 Mar 2011, [http://auswaertiges-amt.de/EN/Aussenpolitik/GlobaleFragen/110317\\_arktiskonferenz.html](http://auswaertiges-amt.de/EN/Aussenpolitik/GlobaleFragen/110317_arktiskonferenz.html) (accessed 19 Apr 2012).

12 | *EU Arctic Footprint Report*, n. 3.

economy as projected by the EU. As a main consumer of those products, Europe, however, should make clear that it supports only those activities that are conducted with the highest environmental, safety and administration standards available and hence foster cooperation in a way that best practices can easily be applied elsewhere.

The principle of an ecosystem-based management could ensure that the aspects and interests included in the administration of a certain region where activities like fishing, shipping, exploitation of geological resources and other activities overlap are balanced with the interest to preserve and protect the ecosystem. This principle featured, inter alia, in the European Parliament's report on the High North which was the outcome of deliberations facilitated to a great extent by the EU Arctic Forum building a policy interface and successfully facilitating a better understanding and exchange between European decision makers and several Arctic actors from politics, science, business and society.

Furthermore, it is of paramount importance to the EU's economies to guarantee non-discriminatory access to the new global trade routes emerging via the Arctic Ocean, as its Member States control 40 per cent of the world's commercial shipping.<sup>13</sup> The EU, as well as member states such as Germany, actively promotes safety and security maritime standards through the mandatory Polar Code for shipping, currently negotiated under the premises of the International Maritime Organization.

**The EU, as well as member states like Germany, actively promotes safety and security maritime standards through the mandatory Polar Code for shipping.**

The EU, its Member States and European businesses should be actively involved in cooperating in the development of those sea routes not only because they will be of major importance to European businesses, but in particular as the EU is also in the unique position to offer some of the tools needed to develop this route, as is illustrated by the better coverage and reliability which the Galileo System could provide compared to the existing GPS.

13 | European Parliament (ed.), "Report on a sustainable EU policy for the high north", Brussels, 16 Dec 2010, <http://europarl.europa.eu/sides/getDoc.do?type=REPORT&reference=A7-2010-0377&language=EN> (accessed 19 Apr 2012).

On the international level, the EU calibrates its role and weight in world affairs. Ambitious foreign policy goals outlined in the Lisbon Treaty brought up the EU's legal status and a creation of the European External Action Service (EEAS). The EU is already redefining its relations with strategic partners, and three of them (Canada, Russia, U.S.) are Arctic powers. As a result, the High North, somehow continuously overshadowed by the EU's traditional Eastern and Southern neighbourhood policies, is now receiving growing attention from policy-makers in Brussels.

In its relations with Arctic states, the EU is striving to promote multilateralism, interdependence and inclusiveness of the Arctic arena. In practice, this often proves to be not so easy an exercise. For instance, the possibility for non-Arctic countries to participate fully in the AC deliberations has remained quite contentious in recent years. The question as to whom a permanent observer status should be granted must still be sorted out according to agreed criteria among AC members. The EU, as well as China, Japan and South Korea, has pledged to seek a permanent observer status with the AC. While Nordic countries, such as Norway and Iceland, welcomed the formulation of the EU Arctic policy and largely supported the Union's bid for AC observer status, Canada and Russia seem to perceive it as a threat to their sovereignty. Both countries refer to the "sensitivity" of the region and Canada did not hide its irritation over the EU seal trade ban.<sup>14</sup>

**A potential observer must "recognize the Arctic State's sovereignty, sovereign rights and jurisdiction in the Arctic", the Arctic Council stated.**

At the Nuuk ministerial meeting of the Council in May 2011, it was agreed that a potential observer must "recognize the Arctic State's sovereignty, sovereign rights and jurisdiction

in the Arctic". However, the applicability of such criteria as well as the practical meaning thereof remains to be seen. The EU would need to assess the situation and make sure that its interests and those of its Member States, in particular on issues such as shipping and fisheries, are duly represented and that its rights under international agreements are taken into account.

14 | For more information cf. Adele Airoidi, "The European Union and the Arctic: Main developments July 2008-July 2010," *Nordic Council of Ministers*, Copenhagen.

## EUROPEAN PRESENCE

By virtue of its geography and external effects of internal policies, the EU is de facto a player in the Arctic. Nine EU Member States are either members or observers to the AC, while Norway – one of the most active players in the region – is a member of the European Economic Area (EEA) and is interlinked closely with EU policies, making the EU's presence in the region even more pronounced. The geopolitical picture would change considerably if Iceland's EU accession negotiations prove successful. Icelandic accession will transform the Union, according to European parliamentarians, "into an Arctic coastal entity".<sup>15</sup>

Although the EU does not enjoy the same rights as permanent AC members and, subsequently, cannot claim sovereignty over the Arctic Ocean, internal EU decisions often bring regulatory repercussions upon the Arctic states. In May 2009 the EU adopted a regulation introducing a moratorium on seal products trade, which was not welcomed by some Arctic countries where seal industry plays large role. Following the explosion of the Deepwater Horizon drilling rig in the Gulf of Mexico, the European Parliament adopted a resolution calling for strengthening impact assessments and safety measures imposed on EU-based companies that operate offshore globally. If a similar proposal was adopted as a European law, Norway, which is a part of the EEA agreement, would in principle be forced to comply with it as well, unless it opted out.

European oil and gas companies are deeply involved in Arctic exploration activities. Last year, British Petroleum attempted to secure access to an offshore oil field in the Russian

**Last year, British Petroleum attempted to secure access to an offshore oil field in the Russian Arctic through a share swap with a Russian oil giant Rosneft.**

Arctic through a share swap with a Russian oil giant Rosneft. The deal, however, was blocked in the London court and eventually collapsed. French Total is a shareholder of the Shtokman gas field, while Scottish Cairn Energy drills exploration wells off the Eastern coast of Greenland. On the other side of the globe, the British-Dutch company Shell has recently received permission for drilling in Alaska. It has already become common practice for Finnish shipbuilding

15 | European Parliament, n. 13.

companies to receive an order for an icebreaker construction from Russian authorities.

At the EU level, the Commission concluded a new fisheries agreement with Greenland for 2013-2015. It allows EU vessels fishing rights in Greenland's waters in return for financial compensation and contribution to sustainable development of Greenlandic fisheries.<sup>16</sup> Similar agreements are periodically negotiated with Norway and Iceland. In addition to Arctic natural resources development,

**Europe is a leading force in Arctic scientific research. Over the last ten years the EU has been supporting Arctic research with a total funding of 200 million euro.**

Europe is a leading force in Arctic scientific research. Over the last ten years the EU has been supporting Arctic research with a total funding of 200 million euro.<sup>17</sup> Such initiatives as DAMOCLES and ACCESS were designed for observing and understanding climate change patterns and the implications thereof on sustainable development of the region. Also, the European Space Agency (ESA) has recently introduced CryoSat and Galileo navigation satellites allowing monitoring Arctic changes from the space. Finally, the EU has made its first investments in construction of Aurora Borealis icebreaker which will support Europe's multidisciplinary Arctic research.

## **FUTURE CHALLENGES AND POTENTIAL RESPONSES**

The Arctic has full potential to transform into a future hot-spot of world economic activity for future generations. Formerly remote and of little relevance, the region now attracts significant political and economic interest as melting ice opens possibilities for the exploitation of Arctic natural resources and access to new trade routes. These tectonic changes, combined with a growing world population and a scarcity of resources to meet our needs promise to pull the world's last wilderness region into the age of modernity. By way of such a rapid transformation, the region would inevitably expose the global community to several risks and challenges already in a short-run.

16 | The Directorate-General for Maritime Affairs and Fisheries of the European Commission, [http://ec.europa.eu/dgs/maritimeaffairs\\_fisheries/index\\_en.htm](http://ec.europa.eu/dgs/maritimeaffairs_fisheries/index_en.htm) (accessed 20 Apr 2012).

17 | European Parliament (ed.), "A sustainable EU policy for the High North (debate)", Strasbourg, 20 Jan 2011, <http://euro.parl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+CRE+20110120+ITEMS+DOC+XML+V0//EN&language=EN> (accessed 19 Apr 2012).

First, world leaders would need to face a challenge of how to ensure the model of sustainable development in the Arctic. As the Arctic environment is highly fragile and very sensitive to outside intervention, any poorly-considered course of action may prove to be detrimental to the balance between varying ecosystems as well as between the region's environment and the indigenous population. However, it would be highly misleading to promote conservation of the region and its transformation into a sort of "living museum". This vision was confirmed by, inter alia, a failed attempt in the EU to introduce a moratorium on offshore drilling in the region immediately after the Mexican Gulf disaster. There must be a wide consensus within the parties concerned that the model of Arctic sustainable development may only be implemented by way of pooling and sharing resources and ideas between states, private actors and indigenous groups. Coordination and cooperation must not be limited to the littoral states only. On the contrary, regional investment and infrastructure projects must also involve non-Arctic states and actors which are affected by Arctic transformations.

**There must be a wide consensus concerned that the model of Arctic sustainable development may only be implemented by way of sharing resources and ideas between states, private actors and indigenous groups.**

Second, successful implementation of the sustainable development model for the Arctic requires adequate governance structures. As was shown previously, the Arctic Council – the main circumpolar regional organization – is to a great extent in flux, caught between institutionalization and informalization on the one hand, and amid exclusiveness and inclusiveness on the other. Still, if the AC was about to tackle the growing challenge of Arctic sustainable development, its further transition from a decision-shaping forum to a decision-making body should be a must. AC institutionalization may ensure the commitments and guarantee the responsibilities taken by its parties. This is not to say, however, that other international fora, such as IMO and BEAC, will lose importance. On the contrary, they will remain important arenas of deliberations, contributing to diffusion of power and flexibility of the Arctic governance regime. Inclusiveness, i.e. openness towards participation of non-Arctic states and actors, should be another distinctive feature of the governance structure.

How should Europe respond to the challenges posed by rapid developments in the High North? It was clearly underscored that the EU and its Member States have a strong interest and a significant footprint in Arctic developments. The EU needs to make sure that its interests and those of Member States are duly represented and taken into account.

First, for Europe it is important to embark upon an integrated and holistic approach towards Arctic affairs. European policy makers should address the challenge of horizontal coherence, integrating Arctic considerations into wider EU policies and debates. A holistic and coherent EU Arctic policy will be achieved with a mixture of policies – foreign, environment, research, industry and technology, energy and resources, transport and fisheries. At the same time, specific cooperation and coordination between EU institutions and Member States' Arctic strategies in relevant fields is also a necessity. Such vertical coherence would create a synergy in EU and Member States' external relations in the High North.

Second, Europe must take a proactive stance on Arctic affairs with effective diplomatic instruments. Following European Parliament's request, the European External Action Service should establish an Arctic unit within its structure, which, alongside the inter-service working group in the European Commission, would assume leadership in promoting EU Arctic policy objectives externally. While remaining committed to the principles of multilateral cooperation, the EU needs strong bilateral diplomacy with Arctic littoral states. Arctic issues should feature prominently in strategic partnerships with Russia, Canada and the USA, with Arctic discussions held as a part of annual bilateral summits. Fundamentally, in developing its Arctic policy the EU must cooperate closely with Iceland as a potential EU Member State, Norway as a key actor and member of the EEA and Schengen agreement, and, not least, Russia with the largest share of the Arctic.

**While remaining committed to the principles of multilateral cooperation, the EU needs strong bilateral diplomacy with Arctic littoral states.**

## **CONCLUSION**

The Arctic and Europe are experiencing a challenging time. The block of 27 Member States is in the process of restructuring its external relations with a view to clearly identifying interests and priorities as well as strengthening its global role. Those objectives are constantly undermined by an increasingly inward-looking policy-making climate in Europe. The Arctic, on the other hand, is facing consequences not only of global warming but also of changes in the global economic and political balance, with subsequent evolution of governance, economic life, social and cultural patterns. The European Union and the High North share a wide range of linkages; and such interdependence could be mutually beneficial. Not only is the Arctic important to Europe and EU Member States given their legitimate interests and responsibilities in the region, the EU, its companies and certain Member States are today already relevant actors in important fields related to the Arctic.

By promoting the principles of ecosystem-based management, multilateral cooperation and knowledge-based decisions, and by engaging more closely in ongoing cooperation as well as highlighting the potential thereof in technologies and standards, Europe could play a vital role and contribute to the sustainable development of the Arctic region and the efficiency of developing Arctic cooperation structures.