

THE ARCTIC COUNCIL AND THE NORTHEAST ASIAN OBSERVERS

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INTRODUCTION

The Arctic region is undeniably transforming into an arena of global politics. The economic potential of Northern transportation routes and of growing extraction of gas, oil and minerals are attracting multiple actors and are increasing human activities in the area. Climate change in the region, with its broad global effects, has led environmentalists and researchers to turn their attention to the region. Not a week goes by without news from the Arctic.

During recent years global political interests have also multiplied, providing the main regional governance forum, the Arctic Council (AC), with challenges on how to react to the increasing attention of outsiders and their ambitions in the region. After having been criticized for being an exclusive political club, the AC opened up for admitting six additional permanent observers at its Ministerial Meeting in Kiruna, Sweden, in May 2013, for the first time since 2006. Among

these new observers are three major economic powers from Northeast Asia, i.e. China, the Republic of Korea (South Korea) and Japan. As nations with geographic proximity to the Arctic region these three states have expressed their interests in being involved in Arctic governance (Manicom and Lackenbauer 2013: p.3). Due to their economic and political power globally, the applications of these states had raised concerns in some of the Arctic states. However, the new observer states were accepted.

This UI Brief investigates the interests of the Northeast Asian states and how the Arctic states have reacted to their Arctic ambitions. Thus, this Brief tries to outline the reasons that led to acceptance of the observer statuses of the Northeast Asian states. The Brief begins by describing the AC and the role of the permanent observers within its framework.

THE ROLE OF PERMANENT OBSERVERS IN THE COUNCIL

The Arctic Council is gradually being recognised as the main official policy forum for Arctic affairs by its member states as well as non-Arctic actors. It is a high-level decision-shaping forum in which the member states, called the Arctic states, the United States, Canada, Denmark, Sweden, Finland, Iceland, Norway, Russia have executive rights to decide on regional recommendations. So far, no legal treaty in Arctic politics is supported and the Council has only decided on a couple of binding agreements. In addition to the member states, the Council has permanent participants consisting of representatives from six indigenous peoples' organisations, which have full consultation rights in negotiations and meetings but have no voting rights. Moreover, the AC opens up for permanent observers that have limited possibilities for influencing the decision-making. To become accepted as a permanent observer, the applicant, whether a state, a transnational or a non-governmental organisation, is assessed against a set of criteria, and needs to receive an unanimous approval from the

Arctic states. According to these criteria, the applicant shall recognise both the Arctic states' sovereign rights and jurisdiction in the Arctic as well as the legal framework that applies to the Arctic Ocean, mainly the United Nations Convention on Law of the Seas (Arctic Council 2013). Further, the actor needs to respect the rights of indigenous peoples and have a political willingness and financial ability to contribute to different Arctic projects.

The permanent observers can attend the Council's and the working groups' meetings and are expected to contribute extensively to the projects of the working groups. However, they don't have the voting or consultation rights and thus cannot directly affect regional decision-making. Regardless of these limitations in the governance framework, many actors applied for the observer status before the meeting in May 2013, indicating a growing attention to current and future developments in the region.

NORTHEAST ASIAN INTERESTS IN THE ARCTIC

China, South Korea and Japan had applied for observer status in the Arctic Council for some years, but were denied until last May. They, among others, have increasingly realised that the developments in the Arctic may entail potential benefits but may also bring about undesirable consequences for their own countries. As nations in the Northern hemisphere, with close borders to the Arctic region, they have progressively begun to consider themselves as Arctic participants and stakeholders with legitimate voices in Arctic affairs. In spite of lacking official Arctic strategies, the three states have pushed for an international recognition of the Arctic and have officially declared their interests in the region (Rainwater 2013: p. 74; Manicom and Lackenbauer 2013: p.3).

China emphasises both beneficial and threatening consequences of the changes in the Arctic region. Climatic changes, such as drought and flooding, disturb its production and threaten the living standard of its people. At the same time the economic estimations, especially on existing resources and on the profitability of the Northern sea routes, might bring about many benefits for an energy-hungry, export-oriented and growing China. Both these aspects have been highlighted as the three main pillars of Chinese interests in the Arctic: (1) understanding climatic changes and being able to respond to these; (2) economic profits of shipping; and (3) gaining access to the vast resources of the region (Jacobson and Peng 2012: p.1). China has also increasingly taken part in polar research activities and has invested in commercial and industrial projects around the region. Chinese scholars have at times defined China as a Near-Arctic state and have emphasised that, due to China's pro-active and contributing role in the region, it also should take a more active posture in Arctic governance and politics (Jian 2013).

South Korea has highlighted the mid- and long-term economic benefits as motives for participating

in the Arctic Council. South Korean commercial and industrial actors are expected to gain from increased trade possibilities. As a major global shipbuilder, South Korea's production is likely to benefit from a potentially greater demand for new polar shipping equipment. Due to the lack of domestic energy and mineral resources, the potential resources attract Korea as well. According to South Korea's new global strategy, it aims at increasing and enforcing its role as an emerging global player (Jacobson 2012: p.1). Therefore being active in the Arctic governance could further enforce this broader national agenda.

Japan has been more cautious regarding the economic profits of the Arctic, and has highlighted scientific and environmental aspects as its main interests in the Arctic (Tonami and Watters 2012: p. 100). It has been active in polar research for a long time and therefore possesses both equipment and know-how on polar conditions. These can turn into important assets as activities in the region increase. In the long-term Japan also sees economic and commercial opportunities, both in resources and shipping and hopes to become a hub port for the potential Northern transports. However, the increasing human activities might also entail military dimensions, which might in the long run pose a strategic threat to Japan.

As potential and likely users of the Arctic Ocean and its resources and due to their strategic closeness with the region, all three states have emphasised the importance of being involved in the emerging Arctic governance. As a means of securing their long-term economic interests and future benefits in a region, which is undergoing rapid changes, their primary interests were to obtain the status of permanent observers. Although their rights in the Council will remain limited, they will gain from further exchange with Arctic actors and obtain important insights into Arctic affairs and gain some additional informal influence in Arctic developments.

THE ARCTIC ATTITUDES TOWARDS NORTHEAST ASIANS

The road towards becoming permanent observers was not a straight line. The three states had applied for observer status at least twice before, but the applications were denied. The Arctic states had their suspicions about the motives of the Northeast Asians, mostly when it comes to recognising their ownership in the Arctic. All three had previously emphasised that the Arctic should, like Antarctica, be considered as a “heritage of human kind” and thereby they contested the sovereignty and jurisdictions of the littoral states in the Arctic; Canada, Denmark, Norway, Russia, and the United States. The Northeast Asians’ global economic power also had occasionally been regarded as a challenge for the functioning of the region’s yet fragile governance. A further concern, that might have overshadowed the discussions, could have been the uncertainty on China’s true intentions in the region (Jacobson 2012: p.2). Many, especially in media, wondered why China was so eager to join the Council. Before the meeting in May only some Arctic states had announced their official opinions of the three Northeast Asian applications and the acceptance of the three was still uncertain.

Russia has for a long time been suspicious of an increasing engagement of big non-Arctic states, such as China and Japan, and publically resisted their permanent observer status (Oldberg 2011: p. 37). The Arctic power balance and thereby Russia’s own power could be contested by new strong actors. Additionally, Russia has emphasised its sovereignty over the Northern Sea Route, which runs mostly inside its sovereign territory. It wants to preserve its legal rights in the regional waters, including the provision of control and assistance for foreign boats and deciding on regulations for shipping. Since the interests of the Northeast Asian states lay heavily in shipping potentials, these legislative ambitions of Russia have been considered restrictive and have

created some tension between them. However, in order to realise high-cost Arctic projects and build proper infrastructure Russia is also heavily dependent on foreign know-how and investments, which these three have the potential to contribute with and already have done so to some extent.

The Nordic countries have been most positively oriented towards the Northeast Asian opening. After Norway solved the ‘Nobel-dispute’¹ with China, Nordic states have unanimously spoken for the acceptance of new observers, among them the Northeast Asian (Parello-Plesner 2013). The Asians systematically tightened their relations with the Nordic Arctic by increasingly participating and investing in mostly bilateral economic and scientific activities. The Northeast Asians have relevant scientific and technological knowledge of the polar conditions and all have a research station in Svalbard and are active in polar excursions. Their presence in the regional governance could presumably boost many of the scientific, environmental and economic projects in the AC working groups, as well as increase investment flows to the Nordic countries. The Swedish and Norwegian foreign ministers made a common announcement only months before the meeting, which presented their inclusive approach. As Minister Eide put it, “We want people to join our club.” (Brugård 2013)

The United States and Canada were before the Ministerial Meeting rather silent about their opinions on the Northeast Asian applications. Canada has, like Russia, been doubtful of the admission new observers since that could undermine its own influence in regional governance (Parello-Plesner 2013). In addition, it has been reluctant to internationalisation in its back yard because of the undesirable effects this might have on its security and the traditional livelihood of its indigenous

¹ Norway granted the Nobel Peace Prize in 2010 to a Chinese dissident Liu Xiaobo, which damaged their diplomatic and economic relations. The diplomatic dispute affected Norwegian stand on China’s application. However in January 2013 the governments came to a consensus on the issue, which might have changed Norway posture on China’s application.

peoples. But like Russia and the Nordic Countries, Canada is eager to start economic activity in the Arctic and needs outside partners for cooperative endeavours.

The United States, on the other hand, has in its official announcements promoted an inclusive AC and believes that openness is the right way to follow. Among the Northeast Asian applicants were two long-term U.S. allies, Japan and South Korea. They have a long history of common security interests in the Pacific and these could in the long run spill over to the Arctic region. This might have affected the

United States opinion positively. Without ownership of Arctic transportation routes, the United States agrees with China on the international status of the sea routes and free navigation (Rainwater 2013: p.78). In the long run it could use a powerful partner for pressuring against Canada's and Russia's opinions. In addition, the United States wants to build peaceful relations with new Asian powers through inclusive cooperation in various issue arenas. Arctic affairs are emerging as such an arena and the inclusion of China therefore also benefits this wider, global agenda.

WHY WERE THE NORTHEAST ASIAN STATES ADMITTED?

Regardless of the slightly dividing or unannounced opinions on and suspicions towards the Northeast Asian states, they were finally accepted as permanent observers. The reasons for this include both economic and strategic benefits. The most straight-forward benefits were their large scientific, technological and economic abilities to contribute to the projects in the Arctic region. By engaging and binding them to the Arctic governance they are expected to continue with their active contributions also to socio-economic and environmental projects. These effects are already seen. Only a month after the Ministerial Meeting in May, China with the cooperation of the Nordic states decided on opening a multilateral China-Nordic Research Centre on Arctic issues (Sharma 2013).

Apart from these concrete benefits of integrating the Northeast Asians, the Arctic states needed to assess the strategic costs of not including them in the governance framework. Even though Arctic politics is driven by an economic and cooperative logic, the Arctic States need to protect their own strategic interests while at the same time keep the region peaceful and stable. In this equation, a continuation of exclusiveness could have communicated a negative message to the non-Arctic actors which might have harmed the interplay with the rest of the world, especially China.

The Northeast Asian states had previously expressed that not only Arctic owners' but also the interests of Arctic users need to be recognised and be taken

into account when designing the regional rules of conduct (Manicom and Lackenbauer 2013: p. 4). A non-involvement in the AC could have forced the Northeast Asian states towards other forums to advance their interests in Arctic affairs, such as the International Maritime Organization (IMO) and the UN. Thereby, the Northeast Asian states, which are important economic global players, could have affected the Arctic guidelines without the consent of, and even opposing, the Arctic states. This might, furthermore, have undermined their political and privileged role of the Arctic states. The symbolic message of accepting new permanent observers can probably reinforce the opinion of the AC as a transparent, open-minded and globally legitimate institution. It, as mentioned, reduces unnecessary negative feelings towards both the Arctic politics while at the same time strategically supports the interests and roles of Arctic states.

In addition, giving these influential economic actors the observer status is a way of persuading them to follow the regional, societal and environmental norms and navigational rules in their future Arctic activities. Economic activities, such as resource extraction, in the fragile and unpredictable environment need special infrastructure, technology and crisis management capabilities in order to minimize the risks of catastrophes. The maritime traffic in the harsh climate needs special navigation abilities and proper shipping equipment. The responsibility of the activities needs to be shared even by non-Arctic users of the

Ocean. An official recognition of outsider actors as Arctic participants puts pressure to follow sustainable guidelines and to take responsibility.

Despite suspicions of the Arctic states, they all probably perceived the benefits in cooperating openly as long as the region still is dominated primarily by an economic logic. As these influential economic powers and one rising global power now are inside the Arctic club, the Arctic states gain more direct insight into their real motives and opinions on the regional developments. This is likely to reinforce predictability in the relations between outsiders and insiders, increase cooperation and promote and create mutual interests. It is also an additional way of strengthening the legitimacy of AC as the leading international organisation in the region as well as enforcing and securing the privileges of Arctic states in Arctic affairs. The AC's criteria for permanent

observers involve recognising the sovereignty of the Arctic states, including their executive rights in regional affairs, and at the same time as they withheld executive power from the observers. Due to their current observer status, China, Japan and South Korea are thereby officially held accountable to the criteria and regulations of the AC and, indirectly, to the Arctic states as well.

In conclusion, the Arctic states and the Council are likely to benefit from the acceptance of the Northeast Asian states as observers despite suspicion regarding their motives. By sending an openhearted signal and recognising their interests, the AC took on a cooperative and constructive while at the same time a controlling strategy. This strategic move gives enough satisfaction for both parties, letting the Northeast Asian take part in the governance while also allowing the Arctic states lead the way.

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