

A Parliamentary Resolution on Iceland's Arctic Policy

(Approved by Althingi at the 139th legislative session March 28 2011)

Althingi resolves to entrust the Government, after consultations with Althingi, with carrying out the following overarching policy on Arctic issues aimed at securing Icelandic interests with regard to the effects of climate change, environmental issues, natural resources, navigation and social development as well as strengthening relations and cooperation with other States and stakeholders on the issues facing the region.

The Arctic policy is to encompass the following twelve principles:

1. Promoting and strengthening the Arctic Council as the most important consultative forum on Arctic issues and working towards having international decisions on Arctic issues made there.
2. Securing Iceland's position as a coastal State within the Arctic region as regards influencing its development as well as international decisions on regional issues on the basis of legal, economic, ecological and geographical arguments. This will among other things be based on the fact that since the northern part of the Icelandic Exclusive Economic Zone falls within the Arctic and extends to the Greenland Sea adjoining the Arctic Ocean, Iceland has both territory and rights to sea areas north of the Arctic Circle. The Government shall in parallel develop the arguments which support this objective, in cooperation with relevant institutions.
3. Promoting understanding of the fact that the Arctic region extends both to the North Pole area proper and the part of the North Atlantic Ocean which is closely connected to it. The Arctic should not be limited to a narrow geographical definition but rather be viewed as an extensive area when it comes to ecological, economic, political and security matters.
4. Resolving differences that relate to the Arctic on the basis of the United Nations Convention on the Law of the Sea. The Convention establishes a legal framework for ocean affairs and contains, *inter alia*, provisions on navigation, fisheries, exploitation of oil, gas and other natural resources on the continental shelf, maritime delimitation, ocean pollution

prevention, marine scientific research and dispute settlement applicable to all sea areas, including the Arctic region.

5. Strengthening and increasing cooperation with the Faroe Islands and Greenland with the aim of promoting the interests and political position of the three countries.

6. Supporting the rights of indigenous peoples in the Arctic in close cooperation with indigenous organisations and supporting their direct involvement in decisions on regional issues.

7. Building on agreements and promoting cooperation with other States and stakeholders on issues relating to Icelandic interests in the Arctic region.

8. To use all available means to prevent human-induced climate change and its effects in order to improve the wellbeing of Arctic residents and their communities. Iceland will concentrate its efforts fully on ensuring that increased economic activity in the Arctic region will contribute to sustainable utilisation of resources and observe responsible handling of the fragile ecosystem and the conservation of biota. Furthermore, to contribute to the preservation of the unique culture and way of life of indigenous peoples which has developed in the Arctic region.

9. Safeguarding broadly defined security interests in the Arctic region through civilian means and working against any kind of militarisation of the Arctic. Iceland's cooperation with other States should be strengthened on the protection of biota, research, observation capabilities, search and rescue, as well as pollution prevention in the Arctic region, *inter alia* to protect Icelandic interests in the areas of environmental protection, social wellbeing and sustainable use of natural resources.

10. Developing further trade relations between States in the Arctic region and thereby laying the groundwork for Icelanders to compete for the opportunities created as a result of increased economic activity in the Arctic region.

11. Advancing Icelanders' knowledge of Arctic issues and promoting Iceland abroad as a venue for meetings, conferences and discussions on the Arctic region. Institutions, research

centres and educational establishments in Iceland working on Arctic issues should be promoted and strengthened in cooperation with other States and international organisations.

12. Increasing consultations and cooperation at the domestic level on Arctic issues to ensure increased knowledge of the importance of the Arctic region, democratic discussion and solidarity on the implementation of the Government's Arctic policy.

Althingi entrusts the Minister for Foreign Affairs with the implementation and development of the policy in cooperation with other relevant ministries, as well institutions and organisation working on Arctic Affairs, and in consultation with the Foreign Affairs Committee and the Environment Committee of Althingi on the policy design as necessary.

Commentary to this Parliamentary Resolution

The importance of the Arctic region in international affairs has increased considerably in recent years on account of debate about climate change, natural resources, continental shelf claims, social changes and new shipping routes. Although coverage by international media has to a large extent focused on the possible conflict over access to Arctic oil and gas (the so-called “race for the North Pole”), it has also directed attention to the various challenges that the Arctic States, international organisations and other stakeholders are now facing. The Arctic region is believed to hold an estimated 30% of the world's unexploited gas and 13% of oil, although such figures should be taken with caution as they are based on probability. The Arctic ecosystem is fragile and utilisation of resources is subject to various political, economic, environmental and social conditions. Continental shelf claims by Arctic States have yet to be settled within the framework of international law, not least the United Nations Convention on the Law of the Sea. Although there are few indications that the Arctic will be an area of conflict in the near future, it cannot be ruled out that disputes arising from continental shelf claims will compromise relations between the Arctic States. Utilisation of resources and environmental changes in the Arctic region will clearly have a major impact on economic and social conditions of the inhabitants in the area. Finally, it has been predicted that world trade may be subject to changes as melting sea ice opens up new Arctic shipping routes which connect the North Atlantic, the Arctic Ocean and the Pacific.

As an Arctic State and a founding member of the Arctic Council, Iceland has great interests at stake in the Arctic. Iceland's interests have always been shaped by its geographical position and access to natural resources. Therefore, it is of great importance that consensus is reached across the political spectrum on an Arctic policy which aims at positioning Iceland among those countries that have the greatest influence on future development in the region; safeguarding economic, environmental and security-related interests in the North; and working towards closer cooperation with other nations, international organisations, autonomous regions and stakeholders.

The eight Arctic States, the United States, Canada, Russia, Norway, Denmark on behalf of Greenland, Iceland, Finland and Sweden, are mostly concerned with the area and collaborate within the Arctic Council, the main institutional forum for Arctic issues. Other States and alliances, such as China, Japan and the European Union, have also wanted to have influence on current developments, including various cross-national factors such as climate change, possible utilisation of energy and the opening of new shipping routes. NATO is also increasingly directing its attention towards the Arctic region again, even though the alliance has no plans for a military presence. Thus, interest in the region is not limited to the Arctic States themselves, since other States and organisations maintain that they have direct or indirect interests at stake.

All the Arctic States support the United Nations Convention on the Law of the Sea and have pledged to abide by the Convention. Disputes in the field of the law of the sea cannot be ruled out, however, for example over the delimitation of the continental shelf. Several unresolved issues can be mentioned in this context: (1) The United States and Canada are involved in a dispute over the Northwest Passage and a part of the Beaufort Sea which is estimated to hold vast oil deposits. The United States considers the Northwest Passage as an international strait whereas Canada considers the route its internal waters. (2) Denmark and Canada, on the one hand, and Russia, on the other hand, disagree on jurisdiction over the Lomonosov Ridge in the Arctic Ocean. (3) Most nations reject Norway's claim of a 200 nautical miles zone around Svalbard on the basis of conditional sovereignty over the island and have refused to recognise their "fisheries protection zone" around it. (4) A dispute is ongoing between Canada and Denmark over Hans Island, which is located in the strait that separates Ellesmere Island from Northern-Greenland and connects Baffin Bay with the Lincoln Sea.

Although parties to the disputes have clearly expressed their willingness to solve their disputes by peaceful means, they could result in increasing tension in the area. Five Arctic

coastal States, i.e. the United States, Canada, Russia, Norway and Denmark on behalf of Greenland, have made an attempt to establish a consultative forum for Arctic issues without the participation of Iceland, Finland or Sweden or representatives of indigenous peoples. If consultation by the five States develops into a formal platform for regional issues, it can be asserted that solidarity between the eight Arctic States will be dissolved and the Arctic Council considerably weakened.

The aforementioned issues, i.e. the increased significance of the Arctic in international affairs, utilisation of natural resources, ecological considerations, sovereign rights, international law, disputes over continental shelf rights, security issues, and issues related to the inhabitants of the Arctic region, call for a specific response from Althingi and the Government. While defining Arctic policy issues note should be taken of the following factors:

1. The role of the Arctic Council as the most important forum for international cooperation on Arctic issues needs to be enhanced. Besides the eight Arctic States and Permanent Representatives from six organisations of Arctic indigenous peoples, well over a dozen organisations and six non-Arctic countries have observer status in the Council: The United Kingdom, France, Netherlands, Germany, Poland and Spain. China, Japan, South Korea, Italy and the EU Commission have also applied for permanent observer status in the Arctic Council. This demonstrates increased international interest in the region. Since the Council was founded in 1996 it has served a role in promoting cooperation between countries in the Arctic region, especially in the field of environmental protection and sustainable development. The debate over the utilisation of natural resources and climate change in the Arctic is likely to increase the Arctic Council's political weight. The Council addresses issues related to the environment and communities in the region, such as response to environmental threats, navigation, search and rescue, cultural cooperation, health and the state of animal and plant species. Iceland is among the countries that want to increase the Arctic Council's weight and relevance in decisions on the region, where necessary. An agreement, which is being developed under the auspices of the Arctic Council, on cooperation on search and rescue operations in the Arctic, is a good example. The agreement, which will extend to the whole Arctic region, will be the first legally binding international agreement negotiated in the Arctic Council with full participation by all eight Arctic States. It will be possible to build on the agreement as a precedent for concluding further agreements in other areas.

Importantly, individual Member States must be prevented from joining forces to exclude other Member States from important decisions, which would undermine the Arctic Council and other Arctic States, including Iceland. Most important in this respect are two meetings between five Arctic States, the United States, Canada, Russia, Norway and Denmark on behalf of Greenland, in Ilulissat, Greenland in 2008 and in Chelsea, Canada in 2010. Other members of the Arctic Council, i.e. Iceland, Finland, Sweden and representatives of Arctic indigenous peoples, were excluded from the meetings. The Icelandic Government has publicly, as well as in talks with the five States in question, protested their attempts to assume decision-making power in the region. Despite denying that the forum is a step towards a consultation forum on Arctic issues, clearly some of the States in question are willing to develop cooperation in this direction. Further efforts that may undermine the Arctic Council and Iceland's interests in the region must be prevented.

2. Iceland is geographically located by the Arctic Circle and is therefore within the Arctic. Icelanders, more than other nations, rely on the fragile resources of the Arctic region, for example the industries of fishing, tourism and energy production. Therefore, it is of vital importance that Iceland secures its position as a coastal State among other coastal States in the region (i.e. Canada, Russia, the United States, Norway and Denmark on behalf of Greenland). Emphasis should be placed on developing legal, ecological, economic and geographical arguments for Iceland's participation in international decision-making on Arctic issues, contingent to the fact that the exclusive economic zone is within the Arctic Circle to the north and extends to the Greenland Sea, which is an outlying portion of the Arctic Ocean. Iceland enjoys continental shelf rights in the joint exploitation area between Iceland and Jan Mayen Island according to the Agreement with Norway on the continental shelf in the area between Iceland and Jan Mayen from 1981. Iceland lays claim to continental shelf rights beyond 200 nautical miles in the southern part of the Banana Hole and an agreement was reached, in principle, with Norway and Denmark on behalf of the Faroe Islands in 2006 on the delimitation of the continental shelf in the area. Furthermore, Iceland enjoys rights to utilising resources in the waters around Svalbard on the basis of the equality principle of the Svalbard Treaty. That right extends both to fishing within the 200 nautical mile zone of Svalbard and to the utilisation of its continental shelf resources. Iceland's legal position in the North needs to be further secured in order to put Iceland on equal footing with the other coastal States in the region. Simultaneously, the Government should take the initiative of developing arguments in support of this objective in cooperation with the relevant institutions.

3. An understanding should be promoted of the fact that the Arctic region both extends to the North Pole and the portion of the North-Atlantic region which has closest ties with the Arctic. The Arctic region should therefore be regarded as a single vast area in an ecological, political, economic and security-related sense, but not in a narrow geographical sense with the Arctic Circle, tree line or a temperature of 10 degrees centigrade in July as a reference point. Such a definition of Iceland's interests includes relations with other States, within the Nordic cooperation, defence cooperation with the United States, regional defence and security cooperation with Norway, Denmark and Canada, cooperation with the other seven Arctic States in the Arctic Council, relations with the European Union through participation in the so-called Northern Dimension (a cooperative forum including Russia, the EU, Iceland and Norway) and cooperation with Russia in the Arctic Council, through the Barents Euro-Arctic Council and within the Northern Dimension.

4. It must be ensured that the United Nations Convention on the Law of the Sea forms the basis for the settlement of possible disputes over jurisdiction and rights in the Arctic region. The Convention establishes the legal framework for ocean affairs, containing, *inter alia*, provisions on navigation, fisheries, exploitation of oil and gas and other resources of the continental shelf, maritime delimitation, prevention of maritime pollution, marine scientific research and dispute settlement. The Commission on the Limits of the Continental Shelf (CLCS) has the function to consider submissions by coastal States concerning the outer limits of the continental shelf beyond 200 nautical miles, and to make recommendations related to those limits. The outer limits of the continental shelf established by a coastal State on the basis of recommendations by the CLCS shall be final and binding. Norway is the only coastal State that has established the outer limits of its continental shelf beyond 200 nautical miles in the Arctic on the basis of recommendations by the Commission. Russia made a submission regarding the Lomonosov Ridge to the CLCS in 2001 which was rejected on grounds of insufficient evidence and data. Canada and Denmark on behalf of Greenland will prepare submissions regarding their continental shelf within the next years but the United States will not be able to file a submission until it ratifies the Law of the Sea Convention. Individual Arctic States, such as Russia, Canada and the United States, have not ruled out taking unilateral action to protect their sovereign interests. However, the five coastal States bordering on the Arctic Ocean adopted a declaration during the Ilulissat Arctic Ocean meeting in 2008 where they reaffirmed their commitment to the existing international legal framework

regarding delineation of the continental shelf beyond 200 nautical miles. A continued commitment to that theme of the declaration is a prerequisite for stability and cooperation in the Arctic.

5. Cooperation should be strengthened with Greenland and the Faroe Islands on Arctic issues regarding trade, energy, resource utilisation, environmental issues and tourism. Increased cooperation between the West Nordic countries will strengthen their international and economic position as well as their politico-security dimension. Iceland may for example be able to provide services in connection with future oil extraction areas in and off the coast of Northeast Greenland which are believed to have great oil resource potential. Valuable mineral resources have also been discovered in Greenland and mining operations are being prepared. Importantly, Iceland must seek stringent environmental requirements for oil and gas extraction in this area to ensure minimum disturbance of the marine ecosystem. Relations between Iceland and Greenland have intensified in recent years through more frequent political consultation and increasing trade. Air services between the countries have increased, contracting businesses from Iceland are working in Greenland and cooperation on health care issues has been successful.

Relations between Iceland and the Faroe Islands have been close in most areas, particularly in the field of culture and business. The entry into force of the Hoyvik Free Trade Agreement, which is the most extensive trade agreement ever made by Iceland, has been a turning point in relations between the countries for the last three years. The Agreement applies to trade in goods and services, movement of persons and right of residence, movement of capital and investment, competition, state aid and public procurement. An agreement between Iceland and the Faroe Islands on fisheries within their respective exclusive economic zones is also in effect. Cooperation in the field of health and education has also been augmented.

6. As a small nation and an advocate of human rights, Iceland should support the rights of Arctic indigenous peoples and promote their involvement in decision-making in all issues affecting their communities, whether they entail political, social, cultural, economic or environmental interests. Experience shows that powerful countries have a tendency to overlook issues involving indigenous peoples and trivialise them. Such attitudes must be countered in partnership with indigenous peoples' organisations under the auspices of the Arctic Council and through other international platforms where indigenous peoples' issues are

discussed. It is believed that Arctic indigenous peoples are at least 375,000 and divided into around 40 distinct peoples who speak different languages. Even though six of their main organisations are permanent participants to the Arctic Council, they were excluded from meetings between the five coastal States in Ilulissat, Greenland and Chelsea, Canada. It is necessary to ensure that indigenous peoples are able to maintain and cultivate their cultural uniqueness, strengthen the infrastructure of their own communities and work towards improving their living standards.

7. Building and developing partnerships and agreements with States, stakeholders and international organisations, both in the Arctic and outside the area, regarding issues where Iceland has an interest is also necessary. In ocean affairs it is necessary to build on the United Nations Fish Stocks Agreement as well as IMO conventions on maritime navigation and pollution prevention. The UN Fish Stocks Agreement established a framework for the cooperation between coastal States and States fishing on the high seas within regional fisheries management organisations regarding conservation and management of straddling fish stocks and highly migratory fish stocks. It is important that Iceland takes full part in cooperation on Arctic fisheries management. IMO has established guidelines for ship design and safety equipment for ships operating in ice-covered waters and there is a willingness to make the guidelines legally binding. It is necessary to respond to climate change and its impacts within the United Nations Framework Convention on Climate Change, as well as cooperating on efforts to reduce greenhouse gas emissions, including utilisation of renewable energy sources. It is also important to inform other States, international organisations and stakeholders about Iceland's views on Arctic issues.

8.. To use all available means to prevent human-induced climate change and its effects in order to improve the wellbeing of Arctic residents and their communities. Iceland will concentrate its efforts fully on ensuring that increased economic activity in the Arctic region will contribute to sustainable utilisation of resources and observe responsible handling of the fragile ecosystem and the conservation of biota. Furthermore, to contribute to the preservation of the unique culture and way of life of indigenous peoples which has developed in the Arctic region.

9. General security must be strengthened in the Arctic region and the militarisation of the area prevented. Cooperation must be strengthened and bilateral agreements sought with individual Arctic countries, similar to agreements made with Denmark, Norway and Canada on specific security issues. There is common willingness among the Arctic States to increase cooperation of this kind. Common security interests involve surveillance and the capacity for response to danger, not least on account of environmental accidents, accidents at sea and maritime activity in connection with oil extraction and other resource utilisation. The next generation of bilateral agreements of this kind should aim towards extending to common pollution prevention to a greater extent, as increased traffic of cargo vessels may be expected near Iceland in the coming decades.

The growing international importance of the region has led to an increasing preparedness on behalf of the Arctic States to guard their sovereign interests, without having led to militarisation. Most of the Arctic States have opted to improve civil preparedness and monitoring of the region, *inter alia* by developing the capacities of rescue services, the coast guard and the police. A statement was released in connection with the NATO Conference on Arctic issues in Iceland in January 2009 where the alliance expressed its willingness to monitor and gather information and intelligence, as well as to strengthen its capabilities for rescue and pollution prevention at sea. It was reiterated that the purpose was not to promote the militarisation of the Arctic but to secure the stability that has been maintained since the Cold War in successful cooperation with Russia and even other nations outside the alliance, such as Finland and Sweden.

The Stoltenberg report, which addresses Nordic cooperation on foreign and security policy, includes numerous ideas related to the common interests of the Nordic countries in the Arctic, such as a joint maritime monitoring and surveillance system that could be developed further to increase preparedness and surveillance in the region.

10. It is essential that the Icelandic people are able to make full use of employment opportunities created by changes in the Arctic region. The Icelandic economy and institutions have knowledge, technology and experience that fit well with the social and environmental conditions in the region. The Icelandic people face various opportunities and challenges regarding resource utilisation, shipping, research and monitoring in the Arctic, for instance in relation to activities in East Greenland and oil exploration in the so-called Dragon Area. Emphasis should be placed on Iceland's role in the intensified relationship between Arctic communities and in increasing economic relations. The idea to establish an Arctic Chamber of

Commerce to promote trade cooperation between businesses and industries in the region is an example. Such consultations can also become a platform for discussion and activities which aim towards greater social and environmental accountability of businesses when it comes to future development of the area. Finally, it is necessary to use the opportunities inherent in environmental and cultural tourism in the Arctic.

11. Education about the Arctic should be promoted, as well as research on the region in the broadest possible sense, such as in the fields of climate change, glacier research, marine biology, international politics and law, security, oil and gas extraction, history and culture, economic and social development, gender equality, health care issues and Arctic shipping. There is particular need to promote the involvement of Icelandic scholars and institutions in international cooperation on Arctic science, such as the International Arctic Science Committee and work carried out by the Arctic Council working groups. Efforts shall be made to establish and strengthen Arctic education and research institutions in Iceland in cooperation with other nations, unions of nations or other fora for cooperation between nations.

International organisations such as the European Union shall be encouraged to sponsor research in this field in Iceland, for example by establishing a centre for Arctic affairs. An international Arctic centre is being developed in connection with the University of Akureyri. Universities in the Arctic, including Icelandic universities, have also established a cooperative network, University of the Arctic, which cooperates closely with the Arctic Council. International Arctic cooperation needs to be endorsed as well as research by Icelandic universities and other educational and research institutions in Iceland. Iceland shall be promoted abroad as a venue for international meetings, conferences and discussion about the Arctic.

12. Domestic consultation and cooperation on Arctic issues must be increased, with the participation of ministries and their subsidiary bodies, the academic community, local government, industries and non-governmental organisations, to ensure increased knowledge of the importance of the region, democratic debate and consensus on the implementation of the Government's Arctic policy.