

Key Note speech
The Arctic as a Global Challenge – Issues and Solutions
H.E. Mr. Össur Skarphéðinsson, Foreign Minister of Iceland

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Mr. Carl Bildt, Foreign Minister of Sweden, excellencies, ladies and gentlemen, dear friends.

Let me first congratulate the University of Iceland on account of its newly established center for Arctic Policy Studies. This is a very positive and a welcome initiative by the University and really serves to further the base of our Arctic knowledge.

I add as well, that it also is a privilege to open this conference on The Trans-Arctic Agenda alongside my good friend, Carl Bildt. He is a remarkable politician, and one of the best things about him is that he is a real enthusiast about the Arctic.

In Iceland, as in so many other countries, the Arctic is gradually moving to the forefront. It is changing rapidly, with the melting of the ice advancing at a far greater pace than we ever anticipated. This certainly creates new dangers for the inhabitants of Iceland, but also a wealth of new opportunities. For us, the challenge is to balance these factors, and prepare for the opportunities by confronting the dangers in a responsible manner.

In 1784 Benjamin Franklin, wrote about a bluish fog curling over Europe and North America, resulting in one of the coldest winters on record – with ice floating past New Orleans through the Mississippi river into the Gulf of Mexico. Franklin later wrote that the fog of dust originated from a country in the north named Iceland, reaching America through the Northern hemisphere.

This was caused by the catastrophic Laki eruption in South-East Iceland, leading not only to decimation of the Icelandic people but also to several years of a very cold spell in Europe. It destroyed crops and harvest in Europe for many years, causing great hardship for poor people in several countries. Historians have theorized that these hardships caused by an eruption in Iceland led to the rebellious epoch in European history that resulted in the French Revolution of 1789.

The French revolution became the Mother of countless revolutions all over the world, laid the ground for parliamentary democracy and its effects may still be difficult to gauge. Or, to quote another Foreign Minister, Zhou Enlai, who was asked about the influence of the French Revolution some 200 years later and is reputed to have drily remarked: “It is too early to say.”

I use this story of how an eruption in Iceland may have indirectly influenced democracy in the world today to underscore, how events in one part of our world can have long-lasting and dire consequences far removed in space and time. What happens in the Arctic isn't isolated to the Arctic. Indeed, events in the Arctic may decide whether whole communities, even nations, far away, will continue, or cease, to exist.

Spoken word prevails

Our next door neighbor, Greenland, the world's biggest island, is six times the size of Germany. She is covered by a thick icecap that due to melting is losing an estimated 200 gigatonnes of ice each year. That giant of a glacier will continue to melt with growing rage as the global temperature rises, and the melt is predicted to result in the submersion of entire countries in another part of the world, such as in the South Pacific, and remove the habitats of tens of millions of people in the low-lands of countries, such as Bangladesh.

It will also lead to massive damages in crops and harvests in many already very poor countries.

Let's put some of the changes and costs in perspective. A World Bank study has concluded that adapting to impacts of climate change will cost 75-100 billion USD per year in the developing world from 2010 to 2050. In comparison, the total official development assistance in the world 2011, according to the OECD, was around 124 billion dollars. This is a reflection, but only a reflection, of the magnitude of some of the consequences of global warming.

High expectations

As I stated earlier, the melting also creates some new opportunities, not least for the Arctic states. These, however, are also fraught with new challenges, and threats that must be confronted.

In our own backyard we in Iceland are witnessing opportunities related to oil exploration in the North Atlantic Energy Triangle, covering East-Greenland, to the Jan Mayen Ridge and south to the Icelandic Dreki Area - where exploration for hydrocarbons is already underway. And what seemed to be a futuristic dream about Trans-Arctic shipping only few years back is now not only possible, but a viable option for Asian and European investors interested in maritime services in Iceland.

Only last Friday the Head of The Chinese Polar Institute, Huigen Yang, told me that the Chinese are convinced that the Center Route across the North Pole will as soon as 2020 be open 4 months every year for strengthened ships of the type already being operated in the Kara Sea. Professor Lawrence C. Smith, of UCLA, a visitor to Iceland last week, recently published a scientific article based on simulation models that predict the Center Route will be open for such ships all year round as early as 2040-50.

Obviously there is a range of possible future scenarios for the Arctic development. What is clear, however, even unavoidable, is that in this century, the Arctic will be engaged by transpolar shipping along new routes, cruiser tourism that has already taken off, fisheries of pelagic species that will find rich, new habitats as the ice-sheet disappears, mining for hydrocarbons, minerals, and a multitude of services to the diverse human activities the Arctic will soon encounter.

One of my first tasks as Foreign Minister was therefore to define the Arctic as a priority in Iceland's foreign policy. The policy I formulated, and Parliament unanimously agreed – a

very rare thing in our day and age - aspires to be a balancing act in how to respond to the emerging challenges, and clearly, new threats, whilst at the same time formulating broad guidelines on how the new opportunities can be embraced.

In short, the policy emphasizes that the key to success is through international cooperation – whether dealing with the many risks associated with a changing Arctic or the various new economic opportunities.

In this respect, we place strong emphasis on the future role of the Arctic Council. I think it finally has come of age, it is mature, and is developing the self-confidence necessary to stimulate global approach to the most urgent problems in the region and to build bridges of cooperation to outside stakeholders.

The Council's first major achievement after the Cold War was to build trust based on the simple fact, supported by scientific and traditional knowledge, that we share our common environment and therefore, have a common responsibility for its protection and sustainable use.

This should be the guiding principle for the Council to keep its relevance and leadership as the main forum for Arctic Cooperation. We must work together. We must refrain from the temptation to undermine it by sub-groups of Arctic states or unilateral actions. We should allow ourselves the luxury to have frank discussions that focus on minimizing our differences and maximizing our shared interests.

Even the famous event, when the Russian flag was raised at the Arctic Ocean floor - which caused quite a stir internationally - was in fact an unexpected display of international cooperation. You may not be aware of it, but it was initiated by an Australian entrepreneur, assisted by a retired American submarine captain, and, of course, paid for by a Swedish industrial tycoon.

One of the controversial questions with regard to the Arctic Council these days is the admittance of new non-arctic members with observer status. I have, in general, supported such applications, provided the respective applicants are able and willing to contribute to the scientific work of the Council, and understand and respect the rights and the responsibilities of the Arctic states.

I recognize the fact, as alluded to in my remarks on the French Revolution, that what happens in the Arctic doesn't stay in the Arctic, but may have colossal consequences in countries far removed, and vice versa.

The interest of power-houses such as China, EU, India, Japan, South Korea and others, should not be seen as a threat to our cooperation but more as an acknowledgement of our success.

Nevertheless, it should be considered a privilege to be granted such a status, and it should only be done by also shouldering them with a matching responsibility – they have to demonstrate that they are contributors to the welfare of the Arctic in a visible, concrete manner. It is our task, the Council's members, to define how.

I also believe this is a way to strengthen the Council, as it will underscore its center role as the only international forum for all Arctic issues, and thus will increase its relevance internationally.

Apart from the importance of engaging the Non-Arctic states the time has also come to address as well – in a constructive manner - the involvement and activities of international companies, that already are injecting massive capital, counted in billions of dollars, in investments in the Arctic.

Firstly, the companies themselves have the responsibility to adhere to the highest environmental standards available. They must be required to put consideration for safety, the environment and communities as top priorities when operating in the Arctic. That demands close collaboration with the authorities. We are faced with the reality that major disasters, such as the oil spill in the Gulf of Mexico, or the Exxon Valdez stranding, or an accident involving a large cruise ship with several thousands of passengers, cannot be dealt with by national authorities alone. We need to address the primary concern which is associated with risks of oil spill and lack of infrastructure.

Secondly, given the current lack of infrastructure and response capabilities in the North, we have to work closely together on prevention and responses and regard it as a prerequisite for extended economic activities. The burden and costs associated with strengthening our capacity to deal with accidents must be shared by all the stakeholders that are going to draw wealth from the Arctic.

Formalizing the cooperation

Already the many challenges facing the region are being dealt with. Under the very able leadership of Sweden in the chair, the Arctic Council has been leading the way for cooperation with businesses and their involvement in contributing to sustainable development in the Arctic.

In the field of prevention, under the auspices of the Arctic Council the Arctic States are preparing best practices for oil and gas activities and are actively involved in developing an international code of safety for ships, operating in polar waters. The new Polar Code will cover full range of matters relevant to ships operating in the ice-infested waters surrounding the two poles.

On response, the Arctic states signed a legally binding agreement on Search and Rescue in 2011 and in May the Arctic States will sign an extensive agreement on oil spill response at the Arctic Council Ministerial meeting in Kiruna in May. I'm proud of the fact that both were concluded in Reykjavik.

Faced with a huge surge in human activities in the Arctic in the imminent future it is imperative that we continue to build on those agreements to further enhance both civil and environmental security.

Conclusion

To conclude, ladies and gentlemen, we should concentrate on building on the success of the Arctic Council in two ways:

Firstly, we should continue to develop our regional cooperation further from policy shaping, to more policy making.

Secondly, we should use the Council as a bridge to link the Arctic in a constructive way to the international community, including Non-Arctic States, international business and other stakeholders.

Finally, ladies and gentlemen,

Now it is time to turn to the star of the event, my very good friend Carl Bildt. It is an achievement, to have been able to tie him down in Iceland at last. His staff told me he had really warmed to our country. That is why he will stay here for what is a very long time in his life – or almost 24 hours.

That is indeed a very long time for Carl Bildt. He is a travelling man. In a normal day he can be found in the Caucasian republics before lunch, and later in the day perhaps in North Africa. He even might go home to Sweden via Australia during the night. He is a tireless traveller.

He gained international fame as a mediator in the Balkan Conflict, serving as the EU's Special Envoy to the former Yugoslavia, a High Representative for Bosnia and Herzegovina, and later the UN's Special Envoy to the Balkans. He has been the Prime Minister of his country, and Foreign Minister probably longer than he cares to remember. So, if anyone can be defined as a true statesman, it is Carl Bildt.

He also is a true friend of Iceland, as no one knows better than me, and a real enthusiast about the Arctic. That is why he is here, at last. Under his leadership Sweden has just finished a 2 year stint at the Presidency of the Arctic Council – with flying colours.

Ladies and gentlemen, it is with pleasure that I give you the Foreign Minister of Sweden, but I warn you - the man has a very dry wit.