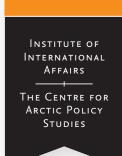
# WORKING PAPERS

# THE WEST NORDIC COUNCIL IN THE GLOBAL ARCTIC





BY

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# THE WEST NORDIC COUNCIL IN THE GLOBAL ARCTIC <sup>1</sup>

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The Arctic is undergoing rapid changes and has in the last century moved from being a largely unknown part of the world to a global hotspot. In recent times the Arctic area has carried more weight than before notably in geo-economic terms, due to forecasts of vast amounts of accessible mineral resources and feasible Arctic shipping routes that may offer cheaper, shorter, faster and thus more environmentally friendly trade routes than were previously available for connecting the world's largest economies. These developments are immensely important for the Arctic's inhabitants and their global impact has also promoted the growth of an Arctic regional consciousness, with many local stakeholders pondering how to respond to external pressure and how to gain more influence in global debates about their own habitat. The emerging international discourses have however mainly focussed on the larger and more powerful Arctic players, with sparsely populated places such as Iceland, Faroe Islands and to some extent Greenland seldom in the foreground. This article seeks to analyse how West Nordic cooperation – which brings together these small actors - has grown in the past 30 years, both internally and externally, and

<sup>&</sup>lt;sup>1</sup> This article is an extended version of a briefing note by the same author, titled: The West Nordic Council and its Arctic Engagement, published in the *Arctic Yearbook* (2013)

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how Arctic affairs are influencing increased cooperation in the region through the West Nordic Council. The West Nordic Council has since its foundation developed into a formidable platform for cultural, political and economic cooperation between the West Nordic nations. Its role is significant since the West Nordic countries can hope for greater influence over Arctic developments if they identify their common Arctic interests and goals, which can then be implemented through a joint West Nordic Arctic strategy.

#### **BACKGROUND**

The Arctic's international importance has increased in recent years through a combination of four factors: (1) demand for natural resources, (2) climate change, (3) globalization and (4) demographic trends (Smith, 2010). The Arctic region is governed in a cooperative manner primarily through the Arctic Council and the United Nations Convention on the Law of the Sea (UNCLOS), with increasing international collaboration taking place also between Arctic and non-Arctic partners. The Arctic has been called "the last emerging market" because of its opportunities for mineral resource exploration (Rubenstein, 2012). Technological advances and retreating sea-ice are making the Arctic more attractive for investment in fields such as offshore oil and gas, as well as increasing the feasibility of long-range Arctic shipping routes (Emmerson and Lahn, 2012; Smith and Stephenson, 2013). These developments in the Arctic area have important geo-economic consequences and the perception of the Arctic is significantly different today from what it was a century ago:

[U]p to the 1900s or so the Arctic was largely, both to us in the Arctic and definitely to the rest of the world, an unknown part of the world. By 2000, we had made it our Arctic. But I believe now, in this new century, it has already become the global Arctic. We can witness this almost every day (Grímsson, 2012).

The global interest in Arctic issues also calls for stronger regionalisation within the Arctic area, as Arctic nations increase both internal and external cooperation to express and promote their own interests. It is clear that with a growing debate on the global Arctic, some of its sub-regions demand more attention than others. There has been a tendency in the general discourse to focus mainly on the larger and more powerful Arctic players (Russian Federation, United States, Canada and potentially China), while sparsely populated territories such as Iceland, the Faroe Islands and to a lesser extent Greenland are seldom addressed. Yet as Arctic affairs move further

into the geo-economic foreground, these resource-rich West Nordic nations are strategically located as the only three Arctic island societies in the North Atlantic Ocean, at a crossroads between Europe, North America and Asia and the Arctic shipping lanes potentially linking them.

This paper will offer a narrative and empirical analysis rather than trying to apply any particular theoretical/analytical framework while taking a look at how these three nations<sup>3</sup> have reacted to changes in the Arctic through West Nordic cooperation,<sup>4</sup> and how this cooperation can promote the three small actors' common interests better than could be done separately, by analysing the following questions. In what ways are the West Nordic countries similar to, and distinct from, each other? How does West Nordic cooperation work and what role does the West Nordic Council have in international cooperation? How can the West Nordic countries cooperate on Arctic affairs? Does the West Nordic Council promote regionalisation in an increasingly globalised world and how can the Council strengthen its importance in Arctic affairs?

### ORIGINS AND RATIONALE OF WEST NORDIC COOPERATION

The West Nordic Parliamentarian Council of Cooperation was formed at Nuuk, Greenland, in 1985 and launched a formal cooperation between the parliaments of the three West Nordic nations: Iceland, Greenland and the Faroe Islands (Icelandic Parliament, 2013). The Council was created following political discussions during the early 1980s, after home rule was introduced in Greenland 1979. Its rationale was:

[T]o cooperate on common problems and to conduct positive and constructive cooperation regarding West Nordic, or North Atlantic, issues with the Nordic Council as well as other organisations (West Nordic Council, n.d.a).

<sup>&</sup>lt;sup>3</sup> The Faroe Islands and Greenland are non-sovereign nations forming part of the Kingdom of Denmark but with extensive home-rule powers, including competence over economic, social and environmental issues. Iceland gained the full exercise of sovereignty in 1944, having gained limited home rule from Denmark in 1874 and later become an independent state within the Danish realm.

<sup>&</sup>lt;sup>4</sup> The North-Western coastal regions of Norway are part of West Nordic cooperation for social and cultural purposes but are not represented in the West Nordic Council.

The cooperation has strong roots given that the three countries are each others' closest neighbours and share many historical and cultural bonds, as well as fundamentally similar natural and economic conditions (West Nordic Council, n.d.a).<sup>5</sup>

Geographically, the three West Nordic countries cover a very large physical area, notably through their territorial waters within the vast North Atlantic Ocean, but also with their aggregate landmass. The Faroe Islands is the smallest of the three with a land area of 1,393 square kilometres (sq. km.) (CIA, 2013a), while Iceland is more than 70 times larger at 103,000 sq. km. (CIA, 2013b). Greenland, the earth's largest non-continental island and the 12<sup>th</sup> largest country in the world, is by far the biggest of the West Nordics with a land area of 2,166,086 sq. km., which equates to roughly half of the European Union's total land area while Greenland has roughly 9000 times fewer inhabitants than the European Union countries combined (Statistics Greenland, 2013; CIA, 2013c; Eurostat, 2013).

The West Nordic countries are in fact all very sparsely populated, with Iceland and Greenland both amongst the world's 10 countries with lowest population density<sup>6</sup> and the Faroe Islands bordering upon the lowest quartile (UN DESA, 2013). Iceland has the largest population of the three islands with 321,857 inhabitants (Statistics Iceland, 2013), while Greenland has 56,370 (Statistics Greenland, 2013) and the Faroes 48,197 (Statistics Faroe Islands, 2013). With a combined population of 426,424<sup>7</sup>, the West Nordic partners thus account for only 0,00006% of the world's population while their landmass covers around 1.5% of the earth's land surface (CIA, 2013d). The population of the West Nordic nations is however relatively large in Arctic terms, as they count for about 10,5% of the circumpolar Arctic population as defined in the Arctic Human Development Report of 2004 and other Arctic Council documents (AHDR, 2004; Arctic Council, 2012).

<sup>&</sup>lt;sup>5</sup> The aim of this article is not to give a detailed account of the cultural, geographical and historical connections between the West Nordics. Nor does it attempt to provide a comprehensive theoretical framework for the region's international affairs, but rather to provide an empirical description of the West Nordic grouping's evolving role and ambitions in an Arctic that draws increasing geo-economic and –political attention. For further literature on the subject see e.g. Thór et al. (2012), Hovgaard, í Jákupsstovu and Sølvará (2103) and Eythórsson and Hovgaard (2013).

<sup>&</sup>lt;sup>6</sup> Greenland comes in second last, with only Svalbard and Jan Mayen (Norway) combined being more thinly populated.

<sup>&</sup>lt;sup>7</sup> All three population counts are from January 2013.

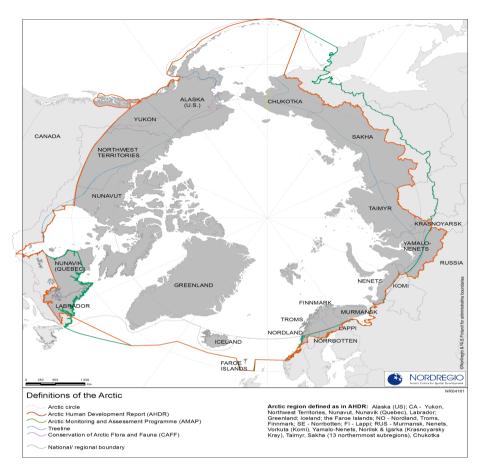


Figure 1: The Arctic region as defined in the AHDR (2004)  $\,$ 

 $Retrieved~(15.5.13)~from,~http://www.nordregio.se/en/Maps--Graphs/08-Urban-and-regional-divisions/\\ Definitions-of-the-Arctic/$ 

Culturally, the three West Nordic nations – each of which has its own language<sup>8</sup> - share many historical experiences and cultural similarities, reflecting the (often rough) living conditions in small and isolated communities, highly dependent on their natural surroundings and maritime resources, but also the resilience of their populations (see e.g. Icelandic Ministry for Foreign Affairs, 2009; Althingi, 2011; ibid, 2013a; Thór, Thorleifsen, Mortensen, Marquardt, 2012; West Nordic Council, n.d.a), They are however also distinct in many respects: thus for instance Iceland and the Faroes were populated by Norse and Celtic settlers in the late 9<sup>th</sup> and 10<sup>th</sup> centuries, while Greenland's indigenous people arrived from the North American continent over 4,500

<sup>&</sup>lt;sup>8</sup> Danish also remains an official language in both the Faroe Islands and Greenland.

years ago (Statistics Greenland, 2013; West Nordic Council, n.d.a). The Settlers reached Greenland in the 10th century from Iceland but disappeared in the 15<sup>th</sup> century (Diamond, 2011: 212). In 2008 Greenland's population was around 80% Inuit, while Iceland and the Faroe Islands do not have an indigenous population in this sense (Nuttall, 2008: 65; West Nordic Council, n.d.a).

Politically, the three countries share a past as they are or were all possessions of Denmark under the Treaty of Kiel in 1814 (Cavell, 2008). In fact the first Danish colonial settlement in Greenland was established even earlier, in 1721 (AHDR, 2004: 88), while Iceland and the Faroe Islands were parts of the Kingdom of Norway and Denmark in the 14<sup>th</sup> century (CIA, 2013a; Thór et al., 2012). Iceland gained the full exercise of independence in 1944, having been a self-governing state within the Danish realm from 1918; both Greenland and Faroe Islands are today autonomous nations within the Kingdom of Denmark. The Faroe Islands have developed their home rule powers from 1948 onwards, covering both domestic and certain international matters, while rights to the countries' subsoil resources were transferred to Faroese competence in 1992. Parts of the legal system, foreign policy, military defence, the police, and monetary policy have not been transferred to home rule (Statsministeriet (n.d.); Jákupsstovu, 2013). Greenland was granted home rule in 1979 and self-government in 2009, giving it greater local responsibility for internal affairs – including control over future industrial development on and around the island. Denmark continues to exercise control of Greenland's foreign affairs, security, and financial policy in consultation with the Home Rule Government (Naalakkersuisut, 2009)

Economically, both Greenland and Faroe Islands still receive subsidies from Denmark, with Greenland's block grant counting for 3,555 DKK million in 2011, or 30.7% of GDP (Statistics Greenland, 2013). The Faroe Islands' grant from Denmark was 615 DKK million in 2011, just 4.7% of GDP (Jákupsstovu, 2013). In both nations, discussions about future independence tend to be closely associated with resource development, especially potential oil and gas production<sup>9</sup> (see e.g. Nuttall, 2008: 65; Guardian, 2010; Aftenbladet, 2012). Iceland has also given growing attention since the 1990s to the economic opportunities in the Arctic, and some now see them as a potentially important factor for the country's economic recovery after the devastating financial crash of 2008. An example can be seen in the inaugural speech of the newly elected Prime Minister of Iceland in May 2013, Sigmundur Davið Gunnlaugsson, who emphasised the importance of the Arctic's economic opportunities for Iceland (Althingi, 2013b). Historically, the

<sup>&</sup>lt;sup>9</sup> Detailed reports of Greenland's mineral resource activities can be downloaded at the website of Greenland's Bureau of Minerals and Petroleum, http://www.bus-ex.com/article/bureau-minerals-and-petroleum-greenland.

seafood industry has been the backbone of all three economies (West Nordic Council, n.d.a) and still plays a significant role in all three cases, with fish and fish products counting for 88% of merchandise exports from Greenland (Statistics Greenland, 2011: 7), 40,6% of those from Iceland (Statistics Iceland, 2012: 251) and 94% of those from the Faroe Islands (CIA, 2013a).

The West Nordic countries have all attached increased importance to their mutual cooperation since 2000, and the next section considers how the role of the West Nordic Council has been strengthened both internally and externally as a result.

#### ROLES AND RELATIONSHIPS OF THE WEST NORDIC COUNCIL

In the year 1997 a new charter was agreed upon by the three respective West Nordic national parliaments, and the Council's name was changed from the West Nordic Parliamentarian Council of Cooperation to the West Nordic Council (henceforth WNC). Subsequently, the WNC introduced new working rules and took other steps to strengthen its impact (Althingi, 2013c). These included broadening its focus from the original cultural/social purposes (Bailes and Heininen, 2012: 73) to include amongst other things increased political and economic cooperation (West Nordic Council, n.d.b).

The way the WNC currently operates is that the parliaments of Iceland, Greenland and the Faroe Islands each appoint six representatives (making a total of 18 Members of Parliament), and the Council's general work and activities are administrated by a Presidium consisting of one member from each delegation - including a president, 1st vice president and 2nd vice president. The secretariat is located in Iceland (West Nordic Council, n.d.c). The WNC convenes twice every year, once for an annual general meeting that constitutes the Council's supreme authority, and once for a thematic conference on a particular topic of shared interest (West Nordic Council, n.d.a). The results are expressed through recommendations approved at the annual general meeting, which are then presented to the member countries' parliaments and acted upon by the appropriate ministers (West Nordic Council, n.d.a). In recent years the WNC has adopted recommendations on various issues including search and rescue, resources and transportation, cultural and environmental affairs, and aspects of foreign affairs – with Arctic issues at the

forefront (Althingi, 2013c; West Nordic Council, 2012a). The main objectives of the WNC are defined thus on the Council's website (West Nordic Council, n.d.d):

- To promote West Nordic (north Atlantic) interests.
- To be guardians of north Atlantic resources and north Atlantic culture and to help in promoting West Nordic interests through the West Nordic governments – not least with regards to the serious issues of resource management, pollution etc.
- To follow up on the governments' West Nordic cooperation.
- To work with the Nordic Council and to be the West Nordic link in Nordic cooperation.
- To act as the parliamentary link for inter-West Nordic organisations, including Arctic parliamentary cooperation.

The WNC offers its three members an important platform for - among other things - increasing their economic cooperation and developing their external diplomacy, not least concerning Arctic affairs. For Greenland it provides one of few venues where it can engage in international cooperation without Denmark's supervision, another notable exception of this kind being NAMMCO (the North Atlantic Marine Mammal Commission) (see Kingdom of Denmark Ministry of Foreign Affairs, 2011: 53; Naalakkersuisut, n.d.). The WNC has in recent years started to extend its activities to a broader range of West Nordic, Nordic, European and Arctic cooperation frameworks and issues than before. It has formalised its relationships through agreements signed (a) in 2002, on cooperation between the WNC and the governments of the West Nordic nations, (b) in 2006, giving the WNC more influence within the Nordic Council (NC) through increased representation and more NC consideration of WNC recommendations, and (c) in 2008, when the WNC agreed with the European Parliament on regular information and cooperation meetings (Althingi, 2013a).

The WNC's closest collaborator is the NC, which according to its official website sees the "Nordic Region's neighbours to the west" (*The West Nordic Council*) as, "actually an internal Nordic body" (Nordic Council, n.d.a). The two Councils work together on the key issues of the West Nordic Region, and the WNC has speaking rights at the NC's sessions 11. The WNC furthermore plays a role in the NC's work on Arctic cooperation, among other things. As explained on the NC website:

 $<sup>^{10}</sup>$  All the West Nordic nations are also members of the Nordic Council.

<sup>11</sup> The Nordic Council of Ministers and West Nordic Council inform each other of their meeting times and places.

The West Nordic Council] is also responsible for much of the Region's contact with its neighbours to the west and in the Arctic, co-operation with the West Nordic Council is considered very much part of the Nordic Council's external activities. Canada and the USA are part of the Arctic co-operation, and the West Nordic countries also promote closer contact with countries such as Ireland and Scotland (Nordic Council, n.d.a).

The NC holds observer rights at the Arctic Council (Nordic Council, n.d.b), while the WNC is a member of a complementary forum to the Arctic Council known as the Conference of Parliamentarians of the Arctic Region. Starting in 1993, these conferences have been held biennially in different host locations to bring together parliamentarians from the eight member countries of the Arctic Council (AC) and the European Parliament with Arctic indigenous peoples as permanent participants in the AC, and with observers from governments, interparliamentary organizations, observer states of the Arctic Council and relevant international organizations (CPAR, n.d.). The prominence of Arctic affairs has grown in the past few years within the NC and the WNC, with both Councils now planning to work on joint Arctic strategies designed to reflect and better safeguard their members' shared Arctic interests (Nordic Council, 2012; West Nordic Council, 2012a).<sup>12</sup>

The idea behind the WNC's work on an Arctic strategy is that the three small nations are stronger when standing together than separately: they should increase co-operation on Arctic affairs in fields where they have common interests, including a common stance regarding outside powers' interest in the West Nordic region, and the WNC should deliver joint recommendations accordingly for the Nordic Council's upcoming Arctic strategy (West Nordic Council, 2012a). The latter is expected to carry more weight globally than the WNC's own Arctic Strategy, including within the Arctic Council (see Althingi, 2013a). What, then, are the substantial West Nordic characteristics and common interests that might be reflected in such a strategy-making exercise?

<sup>&</sup>lt;sup>12</sup> Per Augustsson (2011) offers an interesting take on a common Nordic Arctic strategy in his article: *Towards a common strategy for the Arctic: The Nordic countries can lead the way.* 

## WEST NORDIC RELATIONSHIPS AND INTERESTS

The WNC is of interest not only as an international grouping of sovereign and non-sovereign nations, but also as one of few thriving efforts by very small entities (as described in the 'small states' literature<sup>13</sup>) to promote their interests through institutions of their own. For Iceland, it is perhaps the only international cooperation forum where the country itself can be considered the most "powerful" player. For Greenland and the Faroe Islands, as already noted, it provides one of few external fora where they can conduct their foreign affairs separately from Denmark<sup>14</sup>. Further, this trilateral cooperation has a solid base in the steady advance of relations between each pair of participants. These include a comprehensive bilateral free-trade agreement between Iceland and Faroe Islands (the Hoyvik Agreement, ratified in 2006)<sup>15</sup>, which "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" (Althingi, 2011: 8; see also Faroe Islands Prime Minister's Office, n.d.a). Discussions have been ongoing about Greenland joining the agreement,<sup>16</sup> thus creating a full West Nordic free-trade zone. A Greenland-Iceland Chamber of Commerce was established in 2012 (GLIS, n.d.),<sup>17</sup> and in 2013 Iceland became the first

<sup>&</sup>lt;sup>13</sup> The study of 'small states' focuses on entities that are usually less than 10 million in population but which also 'feel' and 'act' small in relation to their international environment. For an example of small-state analysis that includes a comparison of West Nordic and Nordic nations' strategies see (Bailes, Johnstone and Thorhallsson 2013).

<sup>&</sup>lt;sup>14</sup> The Faroe Islands take part as full or associate members under their own name in more international fora than Greenland (Faroe Islands Prime Minister' Office, n.d.c; Naalakkersuisut, n.d.). Although, Greenland also has some important international connections that Faroe Islands do not have. For example, as a former colony (which Iceland and Faroe Islands never were) Greenland has membership in the UN organization for former oversea colonies, and Greenland is also an active partner in organizations for indigenous people – the Inuit Circumpolar Council (ICC) being one of the most important.

<sup>&</sup>lt;sup>15</sup> "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" (Althingi, 2011: 8).

<sup>&</sup>lt;sup>16</sup> This possibility was discussed within the WNC i.a. at the Council's annual general meeting in Gjógv, Faroe Islands, 3–7 September 2012, when some of the Greenland MPs declared interest in making Greenland a member of the Hoyvik Agreement (Althingi, 2013a). The parliament of Greenland is currently an observer of the Hoyvik Agreement's parliamentary committee (Althingi 2013c).

<sup>&</sup>lt;sup>17</sup> There have also been some interesting debates recently in Iceland on private investment opportunities in Greenland (see VIB, 2013). "Relations between Iceland and Greenland have intensified in recent years through more frequent political consultation and increased trade. Air services between the countries have grown, contracting businesses from Iceland are working in Greenland and cooperation on health care issues has been successful." (Althingi, 2011: 8).

country to establish a Consulate-General in Greenland<sup>18</sup> (opened by the Icelandic Foreign Minister in November; see Icelandic Prime Minister's Office, 2013). The three nations have also been intensifying their educational cooperation, as shown among other things by the creation of pioneer West Nordic joint degree programmes. The WNC offers its members a way not only to develop such synergies in their relationship, but to direct their cooperation outwards, notably towards Arctic affairs.

The West Nordic countries have already adopted various joint or individual Arctic strategies. The Kingdom of Denmark's Strategy for the Arctic 2011-2020 (Kingdom of Denmark Ministry of Foreign Affairs, 2011) is an update of Denmark's first, 2008 strategy, but differs from the former in being based on an "equal partnership" between Denmark, Greenland and the Faroe Islands and being co-signed by both the latter. It defines the Kingdom's aim as being to maintain the Arctic as a peaceful, secure and safe region in political terms, whilst promoting both sustainable growth and development economically. The strategy has an international outlook with a strong focus on international cooperation and economic activities, including a positive reference to the WNC and other organisations promoting regional or sectoral interests (Kingdom of Denmark Ministry of Foreign Affairs, 2011). The home rule government of the Faroe Islands set up a working party in 2012 to develop its own Arctic strategy on issues lying within its competence, and the resulting report – appearing in April 2013 - recommends among other things that "[a] joint West Nordic approach in Arctic cooperation, together with Iceland, Greenland and Northern Norway, should be promoted and enhanced" (The Faroe Islands – a nation in the Arctic: Opportunities and Challenges, Faroe Islands Prime Minister s Office, 2013). The report, which contains concrete proposals in the fields of economic development, shipping and fishing, research, pollution defence and emergency management, was laid before the Faroese Parliament for debate in November 2013 with a view to reaching agreement on the lines of a national strategy document. Greenland has not thus far gone through a similar process, but the website of its home rule government also highlights the West Nordic dimension, stating that Greenland's "[s]pecial cooperation with Iceland and the Faroe Islands is organised through the Nordic Atlantic Cooperation and the West Nordic Foundation" (Naalakkersuisut, n.d.).

<sup>&</sup>lt;sup>18</sup> These developments strengthen the possibility of Greenland's joining the Hoyvik Agreement, as Gunvør Balle, an MP in the Faroese delegation and former head of the Faroe Islands office in Iceland, pointed out during the West Nordic Council's annual general meeting 2012. She argued that it is important for Greenland to open consulates in other West Nordic Countries at the same time, or before, it becomes part of the Hoyvik Agreement (Althingi, 2013a). The Faroe Islands and Iceland both have consulates-general in each other's capitals.

Iceland prepared its first explicit Arctic strategy in 2010-11 through a process culminating with Parliamentary approval (A Parliamentary Resolution for Iceland's Arctic Policy, Althingi, 2011). It places a specific emphasis on West Nordic cooperation, naming (only) Greenland and the Faroe Islands as specific partners, 19 and underlining the importance of strengthening cooperation between the three countries so as to promote their shared interests and political position. As the text puts it, "increased cooperation between the West Nordic countries will strengthen their international and economic position as well as their politico-security dimension" (Althingi, 2011: 8). Much emphasis is put on economic aspects, and the issues identified for Arctic cooperation include trade, energy, resource utilisation, environmental issues and tourism. Since adoption of the strategy Iceland's emphasis on West Nordic cooperation in an Arctic context has only increased further, as seen in the reports of the Minister for Foreign Affairs to the Icelandic Parliament in recent years (see e.g. Icelandic Ministry of Foreign Affairs, 2011; ibid., 2012; ibid., 2013a). The programme statement of the new Icelandic government taking office in May 2013 states that "the Government will work towards making Iceland a leading power in the Arctic and an engaged participant in West Nordic affairs", with special reference to the opportunities that increased Arctic shipping can create (Government Offices of Iceland, 2013: 11).<sup>20</sup>

<sup>&</sup>lt;sup>19</sup> Not including coastal Norway as a West Nordic partner (see note iii above).

<sup>&</sup>lt;sup>20</sup> For more on Iceland see (Bailes 2013).

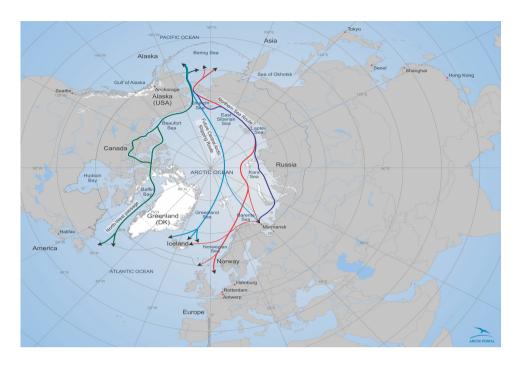


Figure 2: The three Arctic Sea Routes place the West Nordics in the centre Retrieved (24.10.11) from http://library.arcticportal.org/1498/

As regards the use of the WNC to further common interests, the Council's thematic conference in 2012 looked at "The West Nordic's Geopolitical Position, Focussing on the Arctic" and led to the adoption of recommendations by the WNC on a common West Nordic strategy for the Arctic. Agreement on the need to move ahead with this was renewed at a thematic meeting in August 2013 when fisheries were the theme. The WNC recommendations emphasise that the West Nordic countries should work together on Arctic issues where they have common interests, and they identify specific aspects to be explored with situational reports and updates in the economic, academic, cultural and political fields (see discussion points West Nordic Council, 2012b). In practice, the economic possibilities arising from the West Nordic region's own resources and its location have attracted the most attention recently (e.g. Althingi, 2011; Althingi, 2013a; Kingdom of Denmark Ministry of Foreign Affairs, 2011), and this can be seen as part of a larger global trend that includes the three nations concerned. Discussions of economic openings and of prospective national advantages are found in all the strategy documents adopted by Arctic players, including other Arctic Council members and outside players such as China and the UK (Heininen, 2012; Bailes and Heininen, 2012).

Admittedly, the West Nordic parties are to some degree in competition with each other for business opportunities such as transhipment hubs for shipping, search and rescue centres, research funds, fishing in newly opened international waters, tourism and so forth. Overall, however, due to these vast opportunities that lie upon the sparsely populated region, there seem to be more possibilities for cooperation than conflict between the various stakeholders in the West Nordic region. This is seen especially in a field such as energy, where all the WNC members have competence to dispose of their own resources, and ideas have been floated such as the "North Atlantic Energy Triangle for offshore oil exploration and then production, covering East Greenland, to the Jan Mayen Ridge and south to the Icelandic Dreki Area" proposed by Össur Skarphéðinsson, Iceland's Minister for Foreign Affairs in 2009-2013 (Icelandic Ministry for Foreign Affairs, 2013b).

Cooperation on renewable energy utilisation in the West Nordic region also has great potential given the ample scope to expand hydro-electric and geothermal energy in Greenland and Iceland, with 100% of Iceland's and over 70% of Greenland's domestic electricity generated by renewable energy sources (see NEA, 2012; Naalakkersuisut, 2013). Energy from renewable sources could be transferred by an ocean electric cable to the Faroe Islands (among others), reducing the latter's dependency on imported non-renewable energy sources for electricity production, and also increasing the region's overall energy security since such cables can transfer energy both ways (Gamma, 2013). Other potential markets for renewably produced energy have been identified in the United Kingdom and other European Union (EU) Member States (Faroe Islands Prime Minister's Office, n.d.b; Kingdom of Denmark Ministry of Foreign Affairs, 2011; Landsvirkjun, n.d.a), in the light of the EU's ambitious goal of drawing 20% of its energy usage from renewable sources by 2020 (as against 12.7% in 2010) and making renewable energy the largest source of energy supply by 2050 (see Commission of the European Communities, 2007; European Commission, 2011; 2012; 2013).

Despite a shared strong will to get their national economies "on track" and seize a fair share of the potentially vast number of economic opportunities ahead, the West Nordic countries need to learn from previous mistakes and avoid overheating their economies (see Gudjonsson, 2010; VIB, 2013). They have a common interest to "maximise the potential yield and value of the[ir] natural resources ... in a sustainable, responsible and efficient manner", to borrow the programme statement of Landsvirkjun (n.d.b.), Iceland's national power company. Further, although the first-order focus may be geo-economic, it should never be forgotten whom the economies are serving. The Arctic is first and foremost a home for its peoples and it is also vital that West Nordic

cooperation should continue to focus on traditional concerns such as cultural, environmental (especially in regard to climate change), health-care and other social issues (West Nordic Council, n.d.e).<sup>21</sup> Especially when these latter aspects are taken into account, it becomes clear how important the Arctic cooperation between the West Nordic countries is and how much more they have to gain from joining with each other than from trying to do everything by themselves. Ultimately, however, West Nordic cooperation must also prove its value in the wider context of Arctic development and governance, and that is the subject of the next section.

### WEST NORDIC INFLUENCE IN THE GLOBAL ARCTIC

Arctic inter-governmental cooperation focused initially on environmental issues, leading to the 1991 Arctic Environmental Protection Strategy (AEPS) as the primary base for joint action (Koivurova, 2009: 1). Its scope was broadened to other issues with the establishment of the Arctic Council (AC) in 1996. The AC has been strengthened in the last years, moving from a policy-shaping towards becoming a policy-making forum (Arctic Council, 2011; ibid., 2013a; ibid., 2013b). It has established itself as the main governance body to address the rapid changes in the Arctic region, along with the United Nations Law of the Sea Convention (UNCLOS) which lays down well-defined and widely accepted rules for defining the jurisdictions of the Arctic states (Young, 2009: 77). The Arctic, which used to be one of the most militarised areas in the world during the Cold War, can now be seen as "a stable and peaceful area with institutional, international cooperation, and the region has relevance in world politics" (Heininen, 2008).

With this political stability and the increased accessibility of Arctic resources and shipping lanes, due to technological advances and climate change, business interest has surged. Geo-economic and geo-strategic motives have started to play a larger role in the Arctic's development, with Arctic investments estimated to reach over 100 billion USD or more over the next decade, mainly driven by the oil and gas, mining and shipping industries (Heininen, 2008; 2012; Blunden, 2012; Emmerson & Lahn, 2012: 18).

Set in such a global perspective, the strong emphasis on economic cooperation between the West Nordic countries can be seen as an attempt – typical of such small actors – to follow a

<sup>&</sup>lt;sup>21</sup> This issue was in the foreground of the 2013 thematic conference.

"commercial diplomacy" that creates "win-win" situations rather than zero-sum outcomes (Lanteigne, 2008: 4), both between the three parties and with external partners. It aims to create a competitive advantage through a dual strategy of both quality and quantity, using the opportunities that natural resources, new shipping routes and their strategic location in the North Atlantic Ocean provide for the West Nordic nations. This can be related to the *Blue Ocean Strategy* (Kim and Mauborgne, 2005), as the West Nordics have the requirements to provide a new market space with ample opportunity for profitable and rapid growth, as well as favourable cost terms. They might all be able to profit, for instance, from the Arctic shipping routes that offer potential to lower cost, decrease CO2 emissions, save time and connect world's four top economies<sup>22</sup> more closely than before, while passing the shores of two more of the world's largest economies<sup>23</sup> (Nielsson, 2013). At the same time, as the Faroese strategy document points out (Faroe Islands Prime Minister's Office, 2013), other stronger actors in the Euro-Arctic region are competing for many of the same benefits on the basis of longer experience and larger resources; and the increased traffic will also bring higher risks of accidents and other emergencies that the smallest nations will particularly struggle to cope with.

In political terms, the Arctic Council where the West Nordics must primarily advance their interests now represents almost half the world's population, including 10 out of 11 of the world's largest economies world (the missing one is Brazil<sup>24</sup>) (Icelandic Ministry for Foreign Affairs, 2013c). This illustrates the global importance attached to the Arctic in an increasingly globalised world. The AC's Ministerial meeting at Kiruna in May 2013 sent a clear message for its global aspirations by accepting six new Observer States<sup>25</sup> to the council, including China, Japan and India (Arctic Council, 2013a).

The chances for the WNC members to press their case effectively in the AC depend – side from the strength of their common platform - first on the latter surviving as the main Arctic forum, and secondly on their own representation there. On the first point, Denmark was among the prime movers in two separate Ministerial meetings of the five Arctic littoral states (those having

<sup>&</sup>lt;sup>22</sup> The European Union, United States of America, People's Republic of China and Japan.

<sup>&</sup>lt;sup>23</sup> The Russian Federation and Canada.

<sup>&</sup>lt;sup>24</sup> - which is now considering when it will formally apply, according to President Grímsson's remarks at an event hosted by the Brooking Institute (2013).

 $<sup>^{25}</sup>$  Namely, China, India, Italy, Japan, Republic of Korea and Singapore

<sup>&</sup>lt;sup>25</sup> In the Nordic Council and Council of Ministers, Greenland and the Faroes (as well as the Åland Islands) have an unchallenged right to their own seats and delegations.

significant territories above the Arctic Circle) held in 2008 and 2011. Not only were Iceland, Sweden, and Finland excluded, but the Faroes and Greenland were not explicitly represented and nor were the indigenous peoples of the Arctic who have permanent participant rights at the AC. The excluded Nordic states strongly protested (Icelandic Ministry for Foreign Affairs, 2010), and as of 2013 the chances of another such high-level meeting being convened looked low. However, the generally successful Kiruna AC meeting was also a reminder that the West Nordic nations' procedural status lags behind the influence that their strategic Arctic position could potentially give them. Greenland boycotted the meeting altogether because the Swedish chairmanship only allotted one chair to the Danish Kingdom's delegation, while Denmark had three chairs at the table (allowing Faroese and Greenland representatives to sit behind their own flags) during its own chairmanship in 2009-2011. The then newly elected Greenlandic Premier, Alega Hammond, feared that the situation would not change unless drastic measures were taken, and stated she would put Arctic Council involvement on hold until Greenland had the opportunity to join decisions affecting its people's everyday lives at the negotiating table when the Arctic Council's ministers met (Nunatsiaq, 2013). At the same Kiruna meeting, the Faroe Islands participated as part of the Danish delegation and Iceland was the only country not represented by a Minister, as its parliamentary elections were just over and a new Foreign Minister was still to be appointed.

The weak representation of the WNC countries in the Kiruna meeting underlines the importance of a strong common West Nordic Arctic strategy giving these small players the ability to influence the Nordic<sup>26</sup> and Arctic Councils in a more persuasive way. The strategy should be based on the three members' common interest, with clearly defined goals for the West Nordic nations' Arctic engagement. The members can also strengthen their Arctic position by contributing to other complementary initiatives to the Arctic Council, such as the Arctic Circle assembly that met for the first time at Reykjavik in 2013, attracting over 1200 participants from 40 nations, with the aim "to facilitate dialogue and build relationships to confront the Arctic's greatest challenges" (Arctic Circle, 2013). Such non-governmental fora (which include also research, educational and publicity networks) can provide a valuable venue for both Arctic outsiders and "elbow-children", such as the West Nordic nations. It is significant that two of the Arctic Circle's founders were former or current heads of state of West Nordic nations - namely, Ólafur Ragnar Grímsson, current President of Iceland, and Kuupik Kleist, former Premier of Greenland (see e.g. Arctic Circle, 2013; Brooking Institution, 2013).

Also in this wider context, the WNC is clearly on the right track in attaching more importance to Arctic affairs, as there is potential to utilise this form of regional cooperation as a tool of external influence. It is a process that Northern peoples' organisations have used before to become international actors, with "innovative political and legal arrangements that meet the needs of the residents of the circumpolar North without rupturing the larger political systems in which the region is embedded" (AHDR, 2004: 237, cited in Heininen, 2008: 2). A common West Nordic Arctic strategy will be an important instrument for further promoting the Council's Arctic agenda.

#### **CONCLUSIONS**

West Nordic cooperation has taken significant steps in the past few years, with the WNC establishing itself as a significant platform for West Nordic political cooperation, as well as building on more traditional cultural ties and mutual economic interests. Judging from the concerned governments' strong emphasis on the WNC's further development and role in wider international cooperation, which includes a strong Arctic focus, it is likely that the Council will continue growing stronger. With the Arctic's rising geo-economic and strategic importance, as well as the challenges the region faces due to climate change, it is important that the West Nordic grouping should work more closely and intensively together as active players in shaping the Arctic's future development in economic, environmental, cultural, legal and political terms. This is no small task, and success in producing a joint West Nordic Arctic strategy would be an important step in the process. Procedurally it would be a key tool for drawing West Nordic goals to the attention of the larger Nordic community, the Arctic Council and other fora. Substantially, it would underline that the West Nordic countries are and will remain local stakeholders in a global Arctic where their livelihoods depend on the prudent development of Arctic resources.

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