

How Can the AEC Facilitate Responsible Economic Development of the Arctic?

Arctic Business Forum
Kemi
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Agenda

1. From Global to Local
2. Developing the Arctic: the Role of the Arctic Economic Council
3. How to Do Business in the Arctic?
4. Conclusions

Global Trade: From Global to Local Effects

Global trend: increased protectionism and increased use of bilateral agreements

«It's a great paradox when the USA appears to be the greatest threat to free trade. And communistic China appears to be free trade's greatest defender.»

Prime Minister Erna Solberg of Norway in April 2018

"It is also quite vital that we keep on raising high the flag of free trade."

Prime Minister Shinzo Abe of Japan in July 2017

"Today is a great day for Canada and a great day for progressive trade."

Prime Minister Justin Trudeau of Canada comments the conclusions of discussions on CPTPP to World Economic Forum in January 2018

"It's so easy to launch a trade war. But it's so difficult to stop the disaster of this war. (- -) When you sanction the other country, you sanction small businesses, young people (- -)."

Jack Ma, head of Alibaba, to World Economic Forum in Davos in January 2018

Raising barriers

'The European Council regrets the decision by the U.S. to impose steel and aluminium tariffs.

These measures cannot be justified on the grounds of National Security. (- -) The European Council strongly supports the steps taken by the Commission to protect the interests of the EU in compliance with WTO rules.'

European Council meeting 22 March 2018 - conclusions



Vision: Freedom of Trade in the Arctic

Arctic: small home markets – benefits from openness

→ From Arctic-to-Arctic to Arctic-to-global thinking

→ Need to link the Arctic value chains to the global value chains

- AEC's wish to open membership opportunities to non-Arctic stakeholders

Transfer of best possible knowledge and technology vital for the responsible development of our region



First Steps

Need for favorable and simple conditions for Arctic business development – but without compromising the quality

Harmonization of standards and regulations

Ensuring that we are not creating new barriers to trade

Enhancing our efforts to eliminate barriers to trade – both nationally and internationally

Flow of information

Developing the Arctic: The Role of the Arctic Economic Council (AEC)

- Created in 2014 during Canada's Chairmanship of the Arctic Council
- Purpose to facilitate Arctic business-to-business activities and responsible economic development in the Arctic

AEC overarching themes:

1. Establishing strong market connections between the Arctic states
2. Encouraging public-private partnerships for infrastructure investments
3. Promoting stable and predictable regulatory frameworks
4. Facilitating knowledge and data exchange between industry and academia
5. Traditional indigenous knowledge, stewardship and a focus on small businesses



AEC Governance Committee in St. Petersburg 2017.
Photo: Sovcomflot.

Advancing the Five Overarching Themes: National, Pan-Arctic & International Approach

National level across the Arctic:

Bringing five overarching themes to the national level through the national AEC organizations

Pan-Arctic approach:

AEC meets and interacts with policy decision makers and business representatives across the Arctic

International:

Inclusive

Open for Arctic and non-Arctic interests

Visibility in and dialogue with both the Arctic and sub-Arctic countries & businesses

Interaction with stakeholders; business understands business

From Arctic to Arctic approach, to global value chain thinking



The AEC Governance Committee held its meeting in St. Petersburg in February 2017



AEC Vice Chairs Evgeniy Ambrosov (Sovcomflot, Russia), Tara Sweeney (ICC, Alaska) and Chair Tero Vauraste (Arctia Ltd., Finland)



The AEC side event at the White House Arctic Science Ministerial Meeting in 2016 was hosted by the Embassy of Finland in Washington, D.C. Left: H.E. Ambassador Kirsti Kauppi, Tara Sweeney, and Ambassador Mark Brzezinski, Executive Director of the U.S. Government's Arctic Executive Steering Committee.

Priorities of the Finnish Businesses' AEC Chairmanship 2017-2019

Interconnected Arctic

Infrastructure, coverage, shared services, synergies with other Arctic actors

Competent Arctic

Public-private partnerships and shared services between business and academia, digital solutions, mobility of students, researchers and work force, mobilising and promoting Arctic know-how with the help of high-level Arctic Ambassadors from different sectors of society

Safe Arctic

Prevention, preparedness, emergency services, occupational safety, predictable regulation, high environmental standards, and the identification and removal of barriers for sustainable Arctic business development



The Finnish Business Community represented by Tero Vauraste takes over the AEC Chairmanship and the AEC gavel from Tara Sweeney and the USA in Fairbanks, AK in May 2017. Photo: AEC

AEC Working Group Infrastructure: Maritime Transportation

Membership: premier ship operators in the Arctic

Work plan:

- National and international Arctic navigation rules and regulations, possible harmonization
- Hydrographic mapping status and the operators' priorities
- Current and future environmental regulations
- Freedom of trade
- Administration of the traffic management in the Arctic waters

Examples of activities:

Dec 2017: WG Meeting in Seoul

Joint seminar on Arctic Shipping and Connectivity in Seoul in collaboration with the MoFA of Korea

May 2018: WG Meeting in Turku, Finland
@NaviGate

June 2018: Connectivity at Arctic Seas one theme at the 3rd AEC Top of the World Arctic Broadband Summit

AEC Working Group: Connectivity

Background:

Infrastructure: Telecommunications Working Group led by Robert McDowell (US) 2016-2017: "[Arctic Broadband: Recommendations for an Interconnected Arctic](#)"

Based on the great interest towards connectivity in the Arctic, the AEC decided to establish a Working Group on Connectivity in 2017

- Opportunity for global stakeholders working with connectivity

Status:

Dialogue with partners; population

Examples of activities:

2016, 2017: Top of the World Arctic Broadband Summit in Barrow, AK & Oulu, Finland

Dec 2017: Joint seminar on Arctic Shipping and Connectivity in Seoul in

collaboration with the MoFA of Korea

June 27-28, 2018:

3rd Top of the World Arctic Broadband Summit in Hokkaido, Japan

3rd AEC Top of the World Arctic Broadband Summit, June 27-28 2018 Sapporo, Japan



Questions?

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北海道経済同友会
HOKKAIDO COMMITTEE FOR
ECONOMIC DEVELOPMENT



HOKKAIDO
GOVERNMENT

AEC Working Group: Responsible Resource Development

Membership: Representatives from, or recommended by, the AEC

Focus: Mining in the Arctic

Aim: Lay out goals and recommendations for a regional strategy to promote successful responsible resource development throughout the Arctic.

5 pillars:

- Human Capacity
- Built Infrastructure
- Regulatory and Governance
- Data (Sharing/Accessibility to existing sources)
- Financial

"Best Practices guideline"

Examples of activities:

May 2018: Event "Responsible Mineral Development in the Arctic" in Kotzebue, Alaska on April 30 – May 2, 2018

Report expected to be published in 2018

AEC Working Group: Arctic Stewardship

Membership: Representatives from, or recommended by, the AEC; collaboration with Arctic stakeholders.

Aim:

- Provide the necessary framework for being good business partners in the Arctic.
- Examine and publish guidelines on appropriate engagement with indigenous residents and communities with respect to traditional knowledge, stewardship and small and medium enterprise development.
- Address guidelines or standards that determine “good stewardship”

Traditional knowledge (TK):

- An asset that can add value to projects in the Arctic
- Non-Arctic stakeholders looking to do business in the Arctic or partner with Arctic businesses can benefit from the appropriate attainment and use of TK

Need for a Code of Arctic Business Ethics?

Arctic Business Analysis: Image of the Arctic as an area with low economic and business development potential challenges the region's development.

How to strengthen, encourage, and help realize the application of good investment principles on the ground?

AEC has endorsed the intent of the Arctic Investment Protocol (AIP), a World Economic Forum product

AEC to build upon the ideas on the AIP, and furthering the work on Code of Business Ethics in the Arctic

- AEC Working Group on Investments & Infrastructure

Creating a Win-Win relationship between local and international participants

Conclusions

You know your business. We know the Arctic.

Global dimension: the Arctic benefits from openness

Less freedom of trade = slowing development = endangering sustainable development

The AEC facilitates Arctic business-to-business activities and responsible economic development

As a network of Arctic businesses, the AEC convenes industry experts from across the Arctic and non-Arctic regions

- Open for membership to Arctic and non-Arctic stakeholders

Making the Arctic Investable – Code of Arctic Business Ethics

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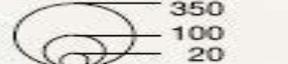
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Towns and industrial activities in the Arctic

Map courtesy of GRID Arendal

Major towns in and around the Arctic

Thousands people



Settlements and villages

Areas inhabited by Indigenous Peoples

Sea activities

Northwest Passage and Northern Sea Route

Future central Arctic shipping route

Other actual shipping routes

Major fishing areas

Oil and gas

Existing pipelines

Extraction fields

Main offshore extraction regions (actual and potential)



Sources: AMAP Assessment Acidifying Pollutants, Arctic Haze, and Acidification in the Arctic, 2006; USGS, 2002; National statistics offices; Philippe Rekacewicz, UNEP/GRID-Arendal, Vital Arctic Graphics, 2004; Arctic Portal, Interactive Data Map, accessed on September 2010.