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Arctic Governance from Regional and International Perspectives:

Addressing the Effectiveness of the Arctic Council as a Regional Regime

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DECLARATION

Declaration

I, Emmi Ikonen, declare that this thesis is a result of my research investigations and findings. Sources of information other than my own have been acknowledged and a reference list has been appended. This work has not been previously submitted to any other university for award of any type of academic degree.

Signature……..

Date……

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ABSTRACT

A lot of attention has been paid to Arctic affairs lately, due to the opportunities and challenges which climate change poses in the region. Countries surrounding the Arctic Ocean have obvious interests in the region's resources, changing environment and social security however these factors have also increasingly drawn the attention of the international community. With increasing bilateral relations especially on trade and research, the regional approach to the Arctic is slowly transforming to accommodate international identities and soft balancing influences of the non-Arctic actors as well. As the definition of 'an Arctic stakeholder' is blurring with wider cooperation with the Arctic and non-Arctic countries, this thesis sees that the existing regional institutions are not prepared to address the growing global interests and geopolitical concerns.

This thesis is a qualitative research exercise, approaching the Arctic from the study of regionalism and governance. The problem statement of the thesis aims to address the Arctic region from national and international policy perspectives. The research questions attempt to clarify the main challenges for regional governance in the Arctic as well as look into the structure of the Arctic Council as a regional regime. This thesis argues that the ability of the Arctic Council to influence one way or another will depend on its ability to contemplate action and evolve as the main multilateral decision-making body to accommodate the interests of the non-Arctic states as well.

The thesis draws examples from Canada and China as they approach the Arctic and the Arctic Council framework from very different perspectives, power capacities and opportunities to influence. Canada, being one of the member states of the Arctic Council, is pushing to maintain the status quo dynamics of the Council which this thesis finds to be based on its national interests emphasising strong northern identity and Arctic sovereignty. China on the other hand, an Observer to the Arctic Council, has the capacity and willingness to establish further cooperation with the Arctic states as a benevolent partner. Due to China's status as a rising political and economic power, the country is often seen as a revisionist actor challenging the status quo of the Arctic Council. This case study is important for this research because the two cases represent the opposite sides of the spectrum on regional and international side of Arctic governance that the problem statement is aiming to address.

ABBREVIATIONS

AC = Arctic Council

AEC = Arctic Economic Council

AEPS = Arctic Environmental Protection Strategy

CLCS = Commission on the Limits of the Continental Self

CNARC = China Nordic Arctic Research Centre

COSCO = China Ocean Shipping Company

EU = European Union

EEA = European Economic Area

EEAS = European External Action Service

EEZ = Exclusive economic zone

GDP = Gross Domestic Product

IASC = International Arctic Science Committee

ICC = Inuit Circumpolar Council

IEA = International Energy Agency

IGO = Intergovernmental organization

IMO = International Maritime Organization

IOGP = International Association of Oil and Gas Producers

IR = International Relations

LNG = Liquefied natural gas

MARPOL = International Convention for the Prevention of Pollution from Ships

NATO = North Atlantic Treaty Organization

NGO = Non-governmental organization

NRT = New Regional Theory

PPP = Purchasing Power Parity

SAO = Senior Arctic Official

UN = United Nations

UNCLOS = United Nations Convention on the Law of the Sea

UNFCCC = United Nations Framework Convention on Climate Change

UNDP = United Nations Development Programme

USSR = Union of Soviet Socialist Republics

WWF = World Wildlife Fund for Nature

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1 Introduction

1.1 Background

The Arctic region has a peculiar structure of governance. The Arctic region does not have a universal definition, however the most commonly used is the area north of the Arctic Circle 66°33′N constituting from the Arctic Ocean and the eight Arctic states: Canada, Finland, Iceland, Kingdom of Denmark, Norway, Russia, Sweden and the United States (Jegorova, 2013; Emmerson, 2010). The states themselves consider their Arctic areas to start from various different latitudes as they define the Arctic through their own purposes such as communities, identities and resources (Koivurouva, 2009). Unlike the Antarctic, the Arctic region is an ocean surrounded by continents and nations thus governed by the laws of the seas or the territorial policies of the Arctic nations in question (Byers, 2013). The fact that the Arctic region fundamentally has eight stakeholder nations with different priorities, power levels and interests spread across three continents makes cooperation for mutual agreements inevitably challenging especially when the region is lacking a strong organization to enforce rules. Concerns have also been widely and internationally raised for possible disputes in the Arctic between Russia and the West due to prevailing political friction caused by the post-2014 conflict in Ukraine might spill over to Arctic cooperation and diplomatic relations (Berzina, 2015).

The initial reason why cooperation and governance is needed in the Arctic is due to the opportunities and threats that climate change presents to the region that lacks strong institutional framework (Young, 2010). The effects of climate change and rising global temperatures are said to be the most substantial in the Arctic (Smith, 2012). Consequences such as further sea ice extent, rising global sea levels from melting glaciers, changes in biodiversity such as decrease in Arctic species and cross border migration as well as melting permafrost do not only affect the livelihood of the communities inhabiting the Arctic region but, as the US Secretary of State, John Kerry, said at the Conference on Global Leadership in the Arctic in Alaska (2015): *"we already see having a profound impact for the rest of the planet"* (Arctic Climate Impact Assessment, 2004; Davenport *et al.,* 2015; Cornelius, 2015; US Department of State, 2015). As much as climate change is a threat to the fragile Arctic region, it also represents equal opportunities to

development. During the summer months when ice partly recedes from coastal areas of the Arctic Ocean, shipping lanes, passages and other areas on sea and land open up to maritime activities and resource extraction. Potential revenues from the oil and gas sector as well as possibilities in shipping, tourism, mining and fisheries, as few to mention, are growing as viable industries in the Arctic region. Companies, many non-Arctic states, NGOs and other actors have quickly involved themselves in the Arctic dialogue. (Young, 2010)

As climate change in the Arctic has become sort of a mantra for international debate and concern, it is no surprise that the region is also gaining high-level political and academic attention. Since climate change and several issues that come with it are transnational in nature and mostly influenced by southern emissions, they require action via international regimes and multilateral arenas (Evans, 2012). Issues of sovereignty which were not present before, have also become more acute with boundary establishments and international attention (Young, 2010).

Although each of the Arctic countries are responsible for the development of their own territories, the Indigenous northern communities are undoubtedly affected and in some cases depend on foreign investments, research efforts and trade cooperation with non-Arctic countries such as the United Kingdom, the Netherlands and China (Heininen *et al.,* 2014; Dingman, 2014; Bourne, 2015). While the international community does not interfere with the governance of sovereign territories of the Arctic countries, the non-Arctic countries have slowly developed their identities, economic abilities and diplomatic ties in the Arctic (Heininen *et al.,* 2013; Bartenstein, 2015; Su and Lanteigne, 2015). This thesis finds that some of the non-Arctic states such as Germany and UK have a long-standing history with exploration and science in the Arctic and base their identity on those whereas some of the other states like China and Japan have constructed their Arctic identities in the past decade or so with more economic approaches concentrating on shipping, fisheries, mining and other resources (Federal Foreign Office of Germany, 2013; Foreign and Commonwealth Office of UK, 2013; the Headquarters for Ocean Policy Japan, 2015; Su and Lanteigne, 2015; Lanteigne, 2015).

Since the Arctic boom started during the 21st century, questions have been raised, specifically from the non-Arctic countries, whether the Arctic is an international or a regional space (Heininen *et al.,* 2013; Jegorova, 2013). All the eight Arctic countries have their own territories in the region and the limitations of these territories are agreed and discussed between the eight

countries, however there are parts of the Arctic Ocean that are not yet legally defined to belong to any country and are therefore governed at the moment only by the laws of the seas (Byers, 2013). The thesis finds that some of the Arctic countries, Canada and Russia in particular, strongly feel that the Arctic should be kept as a national or regional space following unilateral or multilateral decisions by the littoral states as they are regarded as the main stakeholders and sovereign actors in the region (Baev, 2010; Nicol, 2013; Government of Canada, 2010). The increasing amount of international cooperation with trade, development and maritime business has however brought up the idea of the Arctic as an international entity. Since the Arctic is taking a bigger role in global climate change discussions and the economic roles of the region are emerging to an international audience, questions of regional governance are inevitably raised to determine whether it has the ability to balance the increasing interests and transnational challenges like climate change with national and regional policies (Young, 2010).

Even though close cooperation exists between the Arctic countries in issues of mutual interest, close regional governance as a whole is not a priority especially for the more powerful Arctic states such as Russia, Canada and the United States (Griffiths, 2011). The Arctic Council (AC) is the main body for political interaction between the Arctic nations. It is a high-level regime with biennial rotating Chair between the eight Arctic states based on mutual decisions and Declarations. (Arctic Council, 2011; Byers 2013) The Arctic Council does not possess the power to enforce or implement the guidelines it produces nor does it take on security issues in its agenda, however it is an arena for diplomatic communication (Arctic Council, 2015). The Council has twelve non-Arctic nations as well as governmental and non-governmental organizations as Observers (Arctic Council, 2015). There has been a lot of discussion recently over the role of the Observers whether they should be integrated more with the work of the AC and who should be granted the Observer status as more states and organization are ‘queuing’ up for the next Ministerial meeting in 2017 (Knecht, 2015; Lanteigne, 2015).

This thesis will look into the new possible power dynamics facing the region and considers the capacities of the Arctic Council in the light of recent developments in the Arctic. For a while, the Arctic has been under scrutiny of various media outlets claiming a rising conflict and a scramble over resources in the Arctic (Koivurouva *et al.,* 2015; Mandraud, 2014; Comte, 2015). This

study finds that a conflict or a resource scramble in the Arctic is unlikely due to the impact that the existing institutions have on regional order and stability.

1.2 Problem statement and research questions

This thesis departs from the assumption that the power dynamics in the Arctic region are affected by soft balancing pressure from the international community and the current geopolitical friction is making many to question whether the Arctic region will accommodate hard power politics in the near future. The challenges of climate change facing the Arctic region such as melting of ice and rising sea levels, climate pollutants and changing weather patterns are transnational in nature hence there is a need for multilateral framework in order to force action (Arctic Climate Impact Assessment, 2004; Evans 2012). Development projects in resource extraction, scientific research, shipping, tourism and fisheries are already seeing investments and input from non-Arctic states and companies which will only increase in the future (Lanteigne, 2014). Geopolitical friction between Russia and the West due to the crisis in Ukraine has raised concerns of a spill-over to Arctic relations and the return to the Cold War hard power politics however the thesis will argue that hard balancing will be unlikely to happen in the Arctic due existing international institutions, the increasing importance of diplomacy and the realities of the environmental in the Arctic (Padrtova, 2014; Mikkola and Käpylä, 2014; Heininen *et al.*, 2015).

To examine the globalisation of the Arctic, the problem statement for this thesis was formed as follows: *Is there a policy difference between the Arctic and non-Arctic countries on whether the Arctic is, or will be, a regional or an international space? And if so, what is urging this division?*

Considering the problem statement, the main research questions of this thesis will attempt to address the challenges of regional transformation and the impact it has on the changing nature of Arctic governance and specifically the Arctic Council. Three research questions were formed on the basis of these notions:

1. What are the main challenges facing regional governance in the Arctic?
2. How can the Arctic Council contemplate action in order to respond to the growing influences and interests of non-Arctic nations?

3. Is the Arctic Council willing to evolve from a regional regime to a formal intergovernmental organization in order to better enforce rules and regulations that would also apply to the non-Arctic actors?

The first research question refers to the challenges climate change, economic development, globalisation and geopolitical affairs pose to the Arctic region. The Arctic countries acknowledge that the region is increasingly affected by climate change and global industrial development however some of the countries nonetheless insist focusing more on domestic policies. Canada, Russia and the United States strongly advocate their Arctic sovereignty especially regarding issues that are viewed strategic but at the same time wish to establish multilateral cooperation on issues such as climate change. Unilateral actions as well as unstable geopolitical situation create uncertainties for the non-Arctic actors that wish to operate in the region. While there is an institutional framework is in place for regional Arctic governance, the transnational challenges and emerging interests are seen in this thesis to put too much pressure on those institutions.

The second and the third research questions aim to examine the Arctic Council and its capabilities as a regional regime. The Arctic Council, being the main multilateral forum for political dialogue, would seem like the natural arena for enforcing guidelines for the whole region however the current form of the Arctic Council works more as a regime facilitating soft power than intergovernmental organization implementing action. This thesis sees that the ability of the Arctic Council to influence one way or another will depend on its ability to contemplate action and evolve to accommodate the interest of the non-Arctic states as well.

To illustrate this point, the thesis compares the views of Canada and China as they approach the Arctic and the Arctic Council's framework from very different perspectives, power capacities and opportunities to influence. Canada, being one of the member states of the Arctic Council, is pushing to maintain the status quo dynamics of the Council that this thesis argues is rooted from its national interests emphasising strong northern identity and Arctic sovereignty (Government of Canada, 2010). Canada was also the Arctic Council Chair from 2013 to 2015, hence a good example for this thesis on Arctic Council's functionality (Global Affairs Canada, 2015). China on the other hand, an Observer to the Arctic Council since 2013, has the capacity and willingness

to establish further economic and scientific cooperation with the AC members and hopes to see more international form of decision making largely due economic and diplomatic concerns as well as the desire to be part of the development as a partner. China's status as a growing political and economic power is often viewed in the Western reporting as revisionist and contesting the status quo of the Arctic Council. (Su and Lanteigne, 2015) As China is already developing its bilateral relations with the Arctic countries, this thesis sees that for China the Arctic Council is not necessarily the main arena for cooperation and would still be able to influence in the Arctic without an Observer status because of strong bilateral relations however these narratives do not communicate with the reality of China's interests as the country wishes to be a partner for the Arctic countries.

In order to answer the research questions and address the problem statement, the theoretical framework for the thesis is built under regionalism and governance addressing institutions, regimes and intergovernmental organizations and their effectiveness. It also introduces means of power as well as power dynamics. The thesis is constructed as a qualitative research, based on content analysis from primary and secondary sources relevant to the topic and research questions.

1.3 Thesis outline

The thesis is structured in seven chapters. Following the introduction, *Chapter 2* builds the theoretical framework used in this thesis in order to support the findings raised from the research questions. The framework is approached from regional governance perspective first addressing regionalism and its different perspectives in order to find a suitable approach to the Arctic region. Governance is examined through international institutions, international regimes, and intergovernmental organizations and the influence they have on international affairs. As power dynamics also have a major impact on regional order, the chapter introduces power balances and different types of power relevant to Arctic relations.

Chapter 3 describes the objectives and research questions of the thesis as well as the methods used for analysing searched information and sources. The chapter also assesses the validity and reliability of the research.

Chapter 4 gives a comprehensive overview on Arctic governance and the challenges facing the Arctic region. *Chapter 5* will examine the Arctic Council and its limitations in depth and draw information from a case example on the views of Canada and China. *Chapter 6* combines the theoretical framework to Arctic governance and presents the findings that the research questions aim to assess. *Chapter 7* will draw a conclusion for the thesis.

2 Theoretical Framework

In International Relations disciplines, regions are often studied, for example examining Europe, Asia and its sub-regions, Middle East, North and South America, and Africa (Paul, 2012; Karns and Mingst, 2010) It was not until the 1990's, before the Arctic region was visibly discussed in the field of IR from global perspective (Lanteigne, 2015). Even though the Arctic has varying levels of governance; local, sub-national, national, sub-regional, regional and international the most relevant for the purpose of this thesis and research is regional governance and international influence on regional order (Heininen *et al.*, 2015). This chapter first explains the study of regions and regionalism and then builds a theoretical framework on regional governance with a focus on international institutions, international regimes and intergovernmental organizations. The chapter also addresses power dynamics with the balance of power approach, presenting soft balancing as an alternative to the traditional hard balancing measures. The theoretical framework is further analysed with practical information in this thesis during *Chapters 4, 5* and *6*.

2.1 Regions and regionalism

Regions have emerged as a potential driving force in global politics during the twenty-first century and as they closely relate to the topic of this thesis, it is only appropriate to further define the role of regions and regionalism as a base framework for the study (Karns and Mingst, 2010).

A tradition definition for *a region* assumes a geographical proximity and a certain level of interdependence between the states that belong to the region (Karns and Mingst, 2010). However, finding a common understanding for a region from the International Relations literature and also in the context of the Arctic can be quite challenging. While some of the IR perspectives concentrate on geographical proximity to identify regions, some argue that regions are socially constructed and altered by behaviour and political practices. (Paul, 2012; Acharya and Johnston 2007; Busan and Wæver, 2003; Katzenstein, 2005) T.V. Paul (2012) suggests a definition combining both views: *"a region as a cluster of states that are proximate to each other and are interconnected in spatial, cultural and ideational term in a significant and distinguishable manner"*. This means that even though there should be some physical and

cultural connection between states and people belonging to a region, they need to perceive to belong to an entity that is conceived inside and outside of the region (Paul, 2012). Even though the Arctic states in this context are considered both inside and outside to hold sovereign claims to the region, some states that are perceived non-Arctic also have a long history with the region for example in forms of discovery and science and experience to be contributing to the entity as well. They feel as they are also important stakeholders and share the responsibility for the future of the Arctic.

Katzenstein (2005) offers three approaches to defining regions: materialist, ideational and behavioral theories. The materialist approach looks at classical theories of geopolitics such as hard geographical benefits from land and sea power. A debate reaches back to the nineteenth century and all the way to the Cold War whether the great power would have a strategic advantage considering their location to land and sea. (Katzenstein, 2005) The materialist approach seems to fit into the Arctic picture but only to some extent. As much of the Arctic debate concentrates on the management of the Arctic Ocean, the five states surrounding have a strategic advantage in this regard, however that would exclude the three other nations without an Arctic Ocean coastline from the picture.

For the purpose of this thesis, the materialist or geographical approach only offers a simple solution and needs the ideational and behavioral approaches, which lean on social constructivist theories, to support the complex governance structures of the Arctic region. The ideational approach focuses on regions as politically made and driven by markets or culture. It emphasizes that economy or cultural strands can shape the identities while political practices create the regions. The European Union as a regional organization can be considered as an example of an ideational approach. While not ignoring the materialist aspect of Europe as a geographical region, the European Union however was constructed by state determination and political and economic institutions. (Katzenstein, 2005; Lanteigne, 2015) Karns and Mingst (2010) also suggest that political and economic factors drive regionalism. They see that political developments are linked to power dynamics, identity, internal and external threats, domestic politics and leadership. The economic factors are linked to economic interdependence on trade and investment in creation of larger markets through common regional economic initiatives. (Karns and Mingst, 2010) The Arctic region could definitely be seen reflecting the ideational

approach at least from a political and non-Arctic point of view. Political practices and institutions such as sovereignty, diplomacy and international law is used to define and agree on borders that shape the Arctic region which also includes the three nations without coastline to the Arctic Ocean. The non-Arctic nations in this regard also agree that the region is created by political practices and respect the international law and sovereignty but can argue that they too have Arctic identity through economic relations in creating a larger market through shipping, resource extraction and science. (Bartenstein, 2015) The actual human practices and identities inside the Arctic region however are constructed in the Indigenous communities even though most of the political practices come from the governments or capitals.

The third approach, behavioral theories of geography, focuses on how the regions and their structure and identities are shaped and reshaped by political practices. Regions have the ability to evolve through changing human practices and "day-to-day" politics. Economic development, military expansion, borders and boundaries can change over time and therefor reshape regions for example considering the development of "Europe" from Roman Greece through Empires, World Wars, Cold War, the European Union and other events that have shaped the "European" identity. (Katzenstein, 2005; Lanteigne, 2015) The Arctic region is constantly changing and new developments are frequently announced in the news, however many articles do not address that most of the "day-to-day" politics and life is practiced by the people who live in the Arctic. The Arctic identity especially for countries such as Canada and Denmark root from the long history of Indigenous presence in the Arctic but is now being reshaped or promoted more and more from the capitals (Government of Canada, 2009; Ministry of Foreign Affairs of Denmark, 2011). This is one of the challenges for regional governance in the Arctic as the economic development, climate change and political practices are reshaping the region, most of the political developments are driven from the capitals, however it is the human practices and "day-to-day" politics of the Indigenous communities that face the hard time of regional change (*Heininen et al*., 2014).

When discussing regionalism, Acharya and Johnston (2007) state that there have been three phases in the literature of regionalism. The first stage in the literature on regionalism was a debate between regionalism and universalism followed by the creation of the United Nations. Regionalists wanted to emphasize that geographical neighbours would have a better

understanding of local disputes thus are in a better position to provide assistance than universal organization. (Acharya and Johnston, 2007) In a way this is true to the Arctic considering for example border disputes in the Arctic Ocean that are not addressed by the United Nations Convention on the Law of the Sea (UNCLOS) or disagreements with fisheries management and regulation (Byers, 2013).

According to Acharya and Johnston (2007) the second phase of the regionalist literature emerged with the creation of the European Economic Community and regional integration in Europe. The objective of the second debate was also concentrated on welfare and community building and not just on security. Two most influential approaches, neo-functionalism and transactionalism, provided a framework to the second phase. Neo-functionalism led by Ernest B. Haas recognized the influence politics have on regional integration emphasizing a political community as an end product with a 'spillover' from low politics, such as welfare and integrated market system, to high politics like state security issues. (Acharya and Johnston, 2007) Acharya and Johnston (2007) also found that one position of the neo-functionalist literature suggests that security issues should not be brought to the regional integration agenda at the early stages.

Transactionalism, advocated by Karl Deutsch, was based on based on community-building in regional integration. The core notion of transactionalism is a formation of security community where a group of states have developed a long-term expectation of peace and rejected the idea of the use of force, an idea later taken on by scholars such as Busan and Wæver (2003) writing about regional security communities (Deutsch *et al*, 1957; Acharya and Johnston, 2007). Even though all of the Arctic countries have agreed to peaceful cooperation in the Arctic, there is a certain suspicion towards Russia and the increasing 'militarization' of its Arctic territory from the other Arctic nations (Baev, 2010). Deutsch *et al.* (1957) emphasized that the security community does not have to integrate into one unit but can either stay independent or form a political merger. For Haas the regional integration was a process toward supranational center whereas for Deutsch integration would happen after institutions and practises maintained a long-term peaceful cooperation among the states (Haas, 1968; Deutsch *et al.*, 1957). The Arctic Council does not address issues on security and as the Arctic is still in fairly early stages of developing institutions, hence the thesis finds that a supranational centre is very unlikely, and as

the military capacity and stance of each of the Arctic states seem to be quite different the idea of a security community in the Arctic is quite a sensitive topic.

The second phase of regionalist literature lasted until the 1980s before the third phase was took over marking the creation of the European single market and the European Community, later European Union. The third stage was first strongly influenced by neo-liberal institutionalism and regimes however later developed into 'new regionalism' led by scholars such as Hettne and Söderbaum (2000). (Acharya and Johnston, 2007) According to them (p, 457) 'new regionalism' was a response to the changing structure of the global system emphasising *"deeper interdependence of global political economy"* and *"the relationship between globalisation and regionalisation"*. Hettne and Söderbaum (2000, p 457) identified the structural transformation of the global system to include:

> *"(i) the move from bipolarity towards a multipolar or perhaps tripolar structure, with a new division of power and new division of labour; (ii) the relative decline of American hegemony in combination with a more permissive attitude on the part of the USA towards regionalism; (iii) the erosion of the Westphalian nation-state system and the growth of interdependence and 'globalisation', and (iv) the changed attitudes towards (neo-liberal) economic development and political system in the developing countries, as well as in the post-communist countries."*

They also talk about "regionness" in a sense that there are no given regions as the regions are created, recreated and emerge from global transformation. According to the two scholars the New Regional Theory (NRT) does not view a region as a group of state but instead *"the regional frontier may very well cut through a particular state's territory, positioning some parts of the state within the emerging region and others outside"*. (Hettne and Söderbaum, 2000, p 467)

The last sentence above seems quite accurate as the Arctic Circle cuts through eight states but does not include any of the capitals (Emmerson, 2010). The NRT thus brings in the wide sense of Arctic stakeholders seeing as most of the people who live in the Arctic cannot affect the broader political decisions made by the governments. Also this thesis finds that on contrary to the common view in IR literature on US primacy, in the Arctic the United States lack the capacity of becoming the hegemon as discussed later in this thesis. Also as some of the issues facing the region such as climate change are global in nature, there is a growing need for the Arctic countries to address the interest of the non-Arctic nations moving towards closer integration (Jegorova, 2013; Knecht, 2013). The study of regions and regionalism builds an

important framework for this thesis however in order to properly address the research questions, a framework also has to be built on governance and international governance tools; institutions, regimes and organizations.

2.2 Governance

Governance as a term is manifold and has several meanings within the political science discipline. As a more traditional baseline, governance can be seen *"as a government's ability to make and enforce rules, and to deliver services, regardless of whether that government is democratic or not"* (Fukuyama, 2013, p 3). However as the term has developed overtime also to include areas such as global governance through common international issues, the statement *"governance without government"* has become of relevance (Rosenau, 1992, p 3). According to Roseau (1992) governance embraces governmental institutions and beyond the state governance it also accommodates informal and non-governmental mechanisms where persons and organizations are able to influence and manage their needs.

Like Rosenau, the Commission on Global Governance defined governance in their report Our Global Neighbourhood (1995) as:

"the sum of the many ways individuals and institutions, public and private, manage their common affairs. It is a continuing process through which conflicting or diverse interests may be accommodated and cooperative action may be taken. It includes formal institutions and regimes empowered to enforce compliance, as well as informal arrangements that people and institutions either have agreed to or perceive to be in their interest."

When conditions have to involve different actors, public or private, on issues of common interest across borders such as climate change or shipping in the Arctic, governance is there to facilitate and create conditions for collective action and rule (Stoker, 1998).

Governance as a facilitator of collective action offers the base framework also for regional governance. Barnes and Foster (2012, p 2) define regional governance: *"deliberate efforts by multiple actors to achieve goals in multi-jurisdiction environments."* By their definition regional governance 'crosses borders, encompasses institutions that may implement decision making, involves purposes and goals and attempts to exercise power on behalf of interests, ideas and values' (Barnes and Foster, 2012, p 2). In the Arctic though, different stakeholders have different

understandings of whose interests and ideas should be valued and on whose behalf should the power be exercised. This will be discussed more in the following chapters where Arctic stakeholders are defined.

There are various pathways for governance to take place and achieve regional goals. Beyond the states that are involved in the regional governance, for the purpose of this research and relevance to Arctic governance, international institutions, international regimes and intergovernmental organizations are chosen to be presented as tools for regional governance.

2.2.1 International institutions

Regional institution research, except studies done on European institutions, covers only a small part of the international institution literature (Acharya and Johnston, 2007). As the Arctic governance greatly relies on international institutions, especially on the multilateral level, introducing the study of international institutions seems as relevant as the study of regions for this research (Stokke, 2007).

According to Hedley Bull (1977, p 13): *"a society of states (or international society) exists when a group of states, conscious of certain common interests and common values, from a society in the sense that they conceive themselves to be bound by a common set of rules in their relations with one another, and share in the working of common institutions."* If an international society is formed based on common rules and values, they are bound by rules as well as respect for independence, agreements and cooperate *"in the working of institutions such as the forms of procedures of international law, the machinery of diplomacy and general international organisation"* (Bull, 1977, p 13). This thesis considers the Arctic as an international society cooperating through common interests such as environmental governance, ocean management and search and rescue. This research also finds that international cooperation in the Arctic is mostly facilitated through international institutions such as international law, codes of conduct, market, diplomacy, regimes like the Arctic Council, and Indigenous organisations.

K. J. Holsti (2004) agrees with Bull on international law and diplomacy, adding that state territoriality or borders and sovereignty have also been foundational institutions in international politics. Holsti (2004) also adds that these foundational institutions such as state borders and

territoriality are transforming when new institutions like trade open up borders and change the structure of the old institutions. He believes that states can create and develop institutions through policy-makers and at the same time institutions narrow the choices for policy-makers on their actions to pursue their own interests. (Holsti, 2004) Continuing the same sense of reasoning, Mearsheimer's (1994, p 8) definition of institutions implies that they are: *"a set of rules that stipulate the ways in which states should cooperate and compete with one another. [International institutions] prescribe acceptable forms of state behaviour, and proscribe unacceptable kinds of behaviour."* The idea behind institutions is that they create a situation where it is easy for the states to collaborate according to certain rules and reach a conclusion where gains from the mutual agreement are balanced (Martin, 1999). As an example this kind of institutional framework works in the Arctic through UNCLOS regime, where certain rules are laid out and the countries that have ratified the law collaborate accordingly (Byers, 2013). To reach conclusions that UNCLOS do not address, such as border disputes, the Arctic coastal states have agreed to use UNCLOS as a foundation and committed *"to the orderly settlement of any possible overlapping claims"* to reach mutual agreements. (Ilulissat Declaration, 2008, p 1)

Robert Keohane, among many other scholars, advocates institutions' influence on cooperation: *"to understand the conditions under which international cooperation can take place, it is necessary to understand how international institutions operate and the conditions under which they come into being"* (Keohane, 1988, p 380). He has also indicated that institutions help states overcome market failure and collective action dilemmas. Keohane (1988) argues that market failure does not occur when transaction costs are low and property rights defined. Under these conditions states should be able to form mutual agreements. In international politics, however, transaction costs are often high, information is not clearly shared and property rights are not clearly defined thus states are more prone to drift apart to pursue their own gain than to collaborate. (Martin 1999)

This is especially true in the Arctic, where multilateral decision-making takes time as agreements are made by consensus and often not binding (Young, 1992). Especially among the major powers in the Arctic, disagreements on boundaries or property rights are still somewhat on the surface even though agreements and Declarations have been made for cooperation (Byers, 2013). There also seems to be certain distrust towards Russia in the Arctic and other nations are sceptical on

Russia's transparency due the Ukraine crisis (Koivurouva *et al.*, 2015). Martin (1999) however argues that institutions can standardize rule and behaviour and function as a centre to share preferences and information. This helps the states to reach agreements and maintain trust which then reduces transaction costs. (Martin, 1999) Is trust in the Arctic crumbling, though? The Arctic nations and many academics agree that the institutions under UNCLOS in the Arctic help to standardize rules and behaviour however Koivurouva *et al*. (2015, p 8) also point out that UNCLOS must *be "understood in specific political contexts"* and do not overrule the possibility of unilateral or illegal intent.

Not all perspectives in International Relations literature view international institutions as the main framework for cooperation. The perspective discussed so far reflect the liberalist ideas of International Relation. Liberalism, or more specifically neo-liberalism regards institutions of high importance for international cooperation. Neoliberals believe that cooperation will happen and is easy to achieve on areas where states have mutual interest. (Sterling-Folker, 2013) Neo-liberals claim that in order to respond to security threats, regional and global regimes have to be created to facilitate cooperation (Baylis *et al*. 2011). Unlike neo-liberalism though, the realist perspective views that institutions can affect cooperation only marginally. Realism advocates the idea that states are the major actor in world affairs and distrust prevails between them. They conceive that international anarchy shapes the actions of states and competition for security and power promote conflict rather than cooperation. (Grieco, 1988; Mearsheimer, 2013; Baylis *et al*. 2011)

Baylis et al. (2011) write that neorealism, a variation of classical realism, views that neoliberalism put too much emphasis on institutions when it comes to state behaviour. Neorealists say that the lack of trust and competition cannot be mitigated by institutions due to concerns over relative gains. Baylis *et al*. (2011) state that neorealists recognize the need for institutions if they serve interest for the state and other states will not gain more from cooperation. Neorealists agree that institutions are significant in areas where national security interests are not central. (Baylis *et al*. 2011) These could be institutions and regimes in the Arctic such as UNCLOS and the Arctic Council, however this thesis will argue later that competition can somewhat be mitigated through UNCLOS and trust recovered through diplomacy discussing security interests in the Arctic.

Literature on international institutions is increasingly questioning if the debate on whether the institutions matter should be shifted to examine how the institutions matter and are constructed (Martin, 1999). First bringing in briefly the third main perspective of International Relations theory, social constructivism, Alexander Wendt (1992, p 391-392) claims that: *"The debate between "neorealists" and "neoliberals" has been based on a shared commitment to "rationalism." Like all social theories, rational choice directs us to ask some questions and not others, treating the identities and interests of agents as exogenously given and focusing on how the behaviour of agents generates outcomes. As such, rationalism offers a fundamentally behavioural conception of both process and institutions: they change behaviour but not identities and interests."* Social constructivism places importance on socially constructed rules, beliefs and cultural practices as the factors shaping state identities and behaviour. It also places importance on institutions in a form of norms, rules and cognitive entities of different actors. (Wendt, 1992) Karns and Mingst (2010) believe that for constructivists sovereignty is the most important institution in international society as it defines state's identity. They also state that before interaction with other nations in the international society, states do not have identities. (Karns and Mingst, 2010) In an Arctic context between the Arctic states and non-Arctic actors, Canada for example, bases its Arctic identity on its long-standing Arctic sovereignty where as China has recently constructed its Arctic identity as a partner to the Arctic states through interaction and cooperation in the Arctic (Government of Canada, 2009; Su and Lanteigne, 2015).

Coming back to the question how institutions matter and work Acharya and Johnston (2007) as well as Martin (1999) emphasize the rationalist view of studying international institutions. Acharya and Johnston (2007) claim that unlike realist perspectives, the rational design of international institutions accept that institutions matter and they believe that rational design treats institutions as *"self-conscious creations"* of states and other actors and not just *"outside forces"*. Martin (1999) also states that the rationalist study of international institutions turns the attention more towards how institutions matter and when they matter. Koremenos *et al.*, (2001) introduce the rational design of international institutions in five dimensions of how institutions may vary membership rules, scope of issues covered, centralization of tasks, rules for controlling the institution and flexibility of arrangements.

While all of these dimensions are important to study institutions, Acharya and Johnston (2007) claims that focusing only on the design limits the importance of how the design affects the effectiveness of institutions and why different outcomes are produced. It is also only concerned on maximizing the utility of institutions and not take into consideration the moral aspects and beliefs. (Acharya and Johnston, 2007) As this thesis studies both the effectiveness and design of international institutions in the Arctic, it is important to recognize all the points discussed above, especially in order to consider whether the institutions created by the Arctic Council actually affect the outcome of international action even though all the Arctic nations agree that the Arctic Council is important to some extent.

2.2.2 International regimes

Regimes, defined by Stephen Krasner (1982), emphasize the informal and normative aspect of institutions. They are *"principles, norms, rules and decision-making procedures around which actors' expectations converge in a given issue-area"* (Krasner, 1982, p 186). Keohane and Nye (1977, p 19) define regimes as *"governing arrangements that affect relationships of interdependence"*. Krasner notes that regimes should not be treated as temporary arrangements and must be distinguished from agreements since the purpose of the regimes is to facilitate agreements. He also points out that regimes change in line with changes in rules and decisions-making procedures within the regime. (Krasner, 1982) From a regional governance perspective international regimes offer a way for the states or other actors to come together for the first steps of assessing regional issue areas such as climate change.

Within the international regimes, the participating states as well as international actors that wish to take part in the regime agree to *"recognize the existence of certain obligations and feel compelled to honour them"* (Karns and Mingst, 2010, p 11). As international regimes often relate to issues requiring "governance without government" states and other actors act based on the agreed rules and norms and accept the validity of the decision-making procedures. Oran R. Young (1998, p 4) also emphasizes that even though the agreements reached within the international regimes might not be binding or coercive, they are still *"important benchmarks […] as understood by their creators"*. Keohane and Nye (1987) point out a similar argument relating to an overall reputation and perception of states. They agree that international regimes have very

little enforcement power and states in this regard might be tempted to dishonour the regime though that would cost them their reputation. This thesis finds that the Arctic Council for example work within these frameworks also making sure that the Observers also follow the codes of conduct in the Arctic putting their reputation and Observer status on the line. The challenge of international regimes relates to the actual impacts that regimes can have on state behaviour and world politics. (Keohane and Nye, 1987)

Young (1998) finds that regimes are often formed in at least three stages; agenda formation, negotiation and operationalization. Through agenda formation, issues that require international attention are taken into processes of forming international political agenda. From this stage the issues are raised into different forms of negotiations ending to a signed agreement. The operationalization stage starts the process of turning the terms of the regime into practice. (Young, 1998) Some international regimes require a form of bureaucracy, budget, headquarters, legal personality or organizational decision making procedures however are not to be considered as international organizations like this thesis agrees with the formal status of the Arctic Council. (Karns and Mingst , 2010)

2.2.3 Intergovernmental organizations

Intergovernmental organizations (IGOs) are founded to create, sustain and formalise international institutions and operationalize international regimes. According to Karns and Mingst (2010, p 5): *"IGOs are organizations that include at least three states among their membership, that have activities in several states, and that are created through a formal intergovernmental agreement such as a treaty, charter, or a statute."* The size of the organization can vary and the members can either come from one specific geographic region or from several regions. Most IGOs are regional in their membership where a common issue is driving cooperation between member states and they are designed to address specific functions. (Karns and Mingst, 2010) Barnett and Finnemore (2004, p 1) state that: *"organizations do much more than simply execute international agreements between states. They make authoritative decisions that reach every corner of the globe and affect areas as public as governmental spending as private as reproductive rights."*

Abbott and Snidal (1998) also believe that IGOs centralize collective activities through bureaucratic and stable organization structure which enhances their ability to affect state interests as well as give a safe environment for states to join international negotiations. States join to take advantage of the centralized structure and the benefits that IGOs offer within the organization. By participating, states also agree to take part in a debate on international issues and act according to the norms, rules and laws imposed by the IGO. The IGOs can affect national policies of the states by setting international agenda that applies on their member states' policies as well. (Karns and Mingst, 2010) The structure and nature of the Arctic Council possesses a lot of similarities as well as differences to this description that will be later discussed in *Chapter 5*.

Barnett and Finnemore (1999 and 2004) have studied theories and different approaches to IGOs in depth in their research. Like international institutions and regimes, international organizations as well divide opinions within the IR discipline. Important for this thesis, however, is not to look into the debate between IR theories and whether or how much IGO's matter in international affairs but rather concentrate on the notions that IGO's can actually create formally binding rules and exercise certain forms of power on international scale through e.g. economic sanctions. Some perspectives of international relations view international organizations *"as structures of rules, principles, norms and decision-making procedures through which states act"* without having their own agency (Barnett and Finnemore, 2004, p 2). Seeming a lot like international regimes described earlier, Barnett and Finnemore (1999) argue though that unlike regimes, IGOs are autonomous actors in world politics and challenge the prevailing state-centric perspectives of International Relations, which however is still the most accepted and prevailing format for Arctic politics.

Separating international regimes from intergovernmental organization and pointing out the benefits of regulative power over optional normative power to enforce rules and regulations will come in handy when examining the efficiency of the Arctic Council later on in this research.

2.3 Power dynamics

"Governance involves the rules, structures, and institutions that guide, regulate, and control social life, features that are fundamental elements of power" (Barnett and Duvall, 2005, p 2).

When talking about Arctic governance, or regional governance in general, power dynamics between the states inevitably steps into the picture. As David A. Baldwin (2013, p 273) has pointed out: *"most international interactions are political or have ramifications for politics"* and since *"most definitions of politics involve power"*, it is relevant to build a theoretical framework not only from governance perspective but also from regional power relations perspective.

There is a long history and debate in the International Relations studies of the role and nature of power. The concept of power seems quite broad within the discipline and IR scholars have not been able to agree on one simple definition for power. Barnett and Duvall (2005) also believe that power does not have only one single expression but has four main forms. This thesis identifies those four forms of power: compulsory, institutional, structural, and productive power. (Baldwin, 2013; Barnett and Duvall, 2005)

Compulsory power is a form of influence where one actor can force influence over another, for example to have another state to change its policies with compulsory means such as military force or economic sanctions. This can also be referred to as hard power, often mentioned by realist scholars, where states apply military or economic means to shape behaviour of other actors (Pustovitovskij and Kremer, 2011).This thesis will argue later that hard power is not the prevailing form of power in the Arctic but recognizes that the Western sanction imposed on Russia due to the conflict in Ukraine has affected diplomatic relations between Russia and some of the Arctic countries (Berzina, 2015).

In contrast to hard power, Joseph S. Nye introduced the concept of 'soft power' which encompasses *"the ability to get what you want through attraction rather than coercion or payments"* (Nye, 2004, preface). He argues that a state can make other states to follow its lead in world politics by making the other countries to admire its values and position in the international society. Soft power is the ability to change preferences and interests of others. It can be seen as 'daily democratic politics' and relies on resource assets. The three resource assets that Nye introduces are culture, political values and foreign policies. He also points out that institutions can facilitate soft power. (Nye, 2004, p 5 – 11) Soft power is more relevant for regional Arctic governance than hard power. The Arctic states do not impose coercive methods on each other or on other nations but instead this thesis finds that they advocate their values, for example, through the Arctic Council Chairmanships.

Institutional power refers to indirect use of power via institutional framework where for instance states create international institutions to gain long-term advantage over other states (Barnett and Duvall, 2005). Stefano Guzzini called it indirect institutional power that can be understood as control over outcomes by *"changing the settings in which confrontation occurs"* (Pustovitovskij and Kremer, 2011, p 4).

Structural power, introduced to International Relations study by Susan Strange, relates to 'power over structure' approach (Pustovitovskij and Kremer, 2011). Strange (1996) believes that resources or capabilities of states are not the most efficient way to measure power, which she calls 'power from' approach. Authority and 'power over' states can effect global outcomes via interaction and social relations (Barnett and Duvall, 2005) Barnett and Duvall (2005, p 3) give an example on structural power as *"the workings of capitalist world-economy in producing social positions of capital and labour with their respective differential abilities to alter their circumstances and fortunes."* Pustovitovskij and Kremer (2011, p 10) relate structural power to goods (material, positional and ideational) and the bargaining position of states where a combination of needs by all states and all the goods offered by states in return form a structure that can provide authoritative power in negotiations. Unlike Strange, they say that structural power has both resource-based and relation-based characteristics. (Pustovitovskij and Kremer, 2011)

Productive power relates to structural power in the ways where the social capacities of actors are socially produced however the productive power emphasizes the social understanding of meaning and signification, looking away from structures (Barnett and Duvall, 2005). Even though the idea of the theoretical framework in this thesis is to identify different forms of power, soft power and structural powers will be the most relevant later on to examine the power dynamics prevailing in the Arctic region, thus the further debate over these forms of power will not be considered in depth but merely introduced.

This thesis finds some means of power are particularly relevant in the Arctic region. Baldwin (2013, p 275) introduces symbolic means of influence that are normative symbols such as human rights or information sharing in order to get other states to act on an issue. Propaganda, discourses, narratives and framing can be used as means to influence outcomes. Economic (e.g. sanctions) and military means are forms of hard power described above and also identified as

means to exercise influence by Baldwin (2013, p 275). The most relevant means of influence in the Arctic for states are diplomatic means but for example for NGOs, symbolic influences hold high relevance in their campaigns. Like Baldwin, Hedley Bull has also written about the relevance of diplomacy in the international affairs.

According to Bull (2002, p 156) diplomacy is *"The conduct of relations between states and other entities with standing in world politics by official agents and by peaceful means."* Diplomacy includes negotiations, ambassador relations and intelligence to create and maintain relations between governments of states. This means that actors or persons are authorised to act in the name of states or political entities to conduct relations in world politics. Bull (2002) reminds that diplomacy also applies to the official relations of political entities, such as United Nations or regional international organizations, which have a position in global politics. Diplomacy functions to facilitate communication and agreements. Without communication and negotiations for agreements, peaceful interaction would be challenging for political communities. The extent to which diplomacy can play a role as a mean to influence or have any function in an international society relates to the importance states place on foreign policy as the rational approach to state interest and not as a tool to hegemony. (Bull, 1977; Bull, 2002) Some scholars have pointed out the role of public diplomacy as a form of soft power, introduced earlier in this chapter (Melissen, 2005).

Bull (1977; 2002) sees that diplomacy is also used to minimize friction in international relations which can definitely be seen in the Arctic. Diplomatists seek to reason with other parties and aim to agree on a common ground for both sides to reduce friction between states. In the Arctic boundary disputes and other geopolitical concerns for example have been agreed or friction reduced via diplomatic meetings between the Arctic states (Byers, 2013). This also leads to Bull's (2002) notions that diplomatic relations can be either bilateral or multilateral. Bilateral diplomatic relations normally links one state to another or 'one-on-one' diplomat relations. Multilateral diplomacy encompasses the relations and negotiations of three or more states in an international conference or in a permanent conference of an intergovernmental organization in order to solve issues and discuss international cooperation. Most of the diplomatic means in the Arctic happen in high-level conferences or other negotiations as well as in bilateral meetings. Bull (2002) notes that in the growing presence of IGOs multilateral diplomacy has gain more

foothold over bilateral diplomacy in international affairs. (Bull, 1977; Bull, 2002) While agreeing with Bull and noting the growing presence of IGOs such as the IMO and the EU in the Arctic, this thesis also suggests that the growing emphasis on trade and economic bilateral relations in the Arctic are gaining popularity.

When addressing regional power dynamics, the concept of power with its forms and means is not enough to understand the relations that states have with each other concerning power. How power is balanced between states within a region is here addressed by the balance of power approach and its two variations; hard and soft balancing.

2.3.1 The balance of power

Hans J. Morgenthau (1973) claims that a situation where the balance of power prevails and the creation of policies that aim to preserve it is inevitable and necessary to stabilize international balance. He defines the balance of power as: *"The aspiration for power on the part of several nations, each trying to maintain or overthrow the status quo, leads to a configuration that is called the balance of power"* (Morgenthau, 1973, p 167). The balance of power is often embraced by the realist school of thought as a fundamental order in the international or regional system. Realists would say that if equilibrium in power distribution is reached and maintained within a region by the leading states, the order of the region would be stable and a hegemonic actor is unlikely to appear. The idea is that two states or a coalition of states are not expected to start a war if there is a balance in their power capabilities. (Paul, 2012) According to Mearsheimer (2013), defensive realists emphasize that if a hegemon were to emerge, other powerful states would build their military power to match the emerging hegemon. For realists, material capabilities or means of 'hard power' determine states' power capacities. The Cold War and the hard balancing measures by the United States and Soviet Union are often referred when discussing the balance of power situations. (Mearsheimer, 2013)

Simple balance of power, where there are two states holding the balance, should be separated from complex power balance with three or more states. Bull (2002) argues that in the history of simple balance of power situations, there have still been existences of other powers that have had an influence in the outcome of the situation. Simple balance of power also assumes that there is

parity between the power capabilities of the two states however in a complex balance of power situation three or more powers compete and can combine powers to prevent a hegemon from emerging. (Bull, 2002) The same way in the Arctic there are several stakeholders influencing the balance of power concept (Wegge, 2010). Even though Russia and somewhat the US are strong stakeholders in the Arctic, Canada for example has a stronger Arctic identity and the Norwegian offshore oil, fisheries and overall Arctic knowhow puts Norway also in a strong position to influence (Wegge, 2010; Government of Canada, 2010; Norwegian Ministry of Foreign Affairs, 2014). The other Arctic countries as well as the non-Arctic countries indeed have their own ways to contribute to the Arctic balancing. These balance of power influences are not however measured in hard power capacities but instead relate to soft balancing measures. (Lanteigne, 2015)

After the 1990s and the collapse of the Soviet Union, scholars of International Relations started re-thinking and contesting the traditional hard balance of power approach as a result of the United States becoming the unipolar leader in international affairs. Increasing military and economic capabilities of the United States have enhanced its unilateral actions without a coalition of states balancing against it. (Pape, 2005; Paul, 2005) Robert. A. Pape (2005) and T.V. Paul (2005) argue that major powers such as China, France, Germany and Russia have abandoned the hard balance of power approach and are unlikely to rely on hard balancing-measures including military 'build-ups and war-fighting alliances' against the United States. Instead these scholars suggest that as response to the growing U.S. preponderance, the major powers have adopted soft balancing approaches to oppose the unilateral measures of the U.S. (Pape, 2005; Paul, 2005) Notable should be that in the Arctic, the United States cannot be regarded as the biggest power as it hold less hard power capacities than Russia and has, for example, less ice breakers than Finland (Wegge, 2010; U.S. Coast Guard, 2013). This thesis argues that while the US lacks strong Arctic identity, it uses soft balancing methods such as diplomacy in order to increase leadership especially on issues of climate change.

2.3.2 Soft balancing

Soft balancing offers a variation to the hard balancing measures of the balance of power theory. In response to U.S. unipolarity, around 2004 and 2005 increasing amount of scholars came forth

with papers suggesting that the early stages of 'countervailing power dynamics' appear in a form of soft balancing (Brooks and Wohlforth, 2005, p 72). R.A. Pape (2005) does remind however that the early soft balancing approaches of major powers like China, Russia and the European states, could later turn into hard balancing against the United States. Pape (2005, p 10) defines soft balancing measures as actions that indirectly affect the leading military position of the U.S. by using *"non-military tools to delay, frustrate, and undermine aggressive unilateral U.S."*. He also states that: *"Soft balancing using international institutions, economic statecraft, and diplomatic arrangements has already been a prominent feature of the international opposition to the U.S. war against Iraq"* (Pape, 2005, p 10)

T.V. Paul (2005) notes that as the U.S. primacy does not pose a threat to the sovereignty of other states, other major powers have not taken hard balancing measures and have ruled out a possibility of war with the United States. States such as China and Russia have instead focused more on regional and internal security challenges and economic development. (Paul, 2005) China in particular has risen as the largest economy in the world (GDP purchasing power parity / PPP) surpassing the United States in 2014 (Carter 2014). The Arctic situation is in quite contrary to the overall international relations, as in the Arctic Russian primacy would be more likely to happen than US domination. As soft balancing approach is not limited to military capabilities, it also offers a platform for smaller or emerging powers to influence in international power dynamics in the Arctic within economic means, regimes, organizations and diplomatic relations (Kelley, 2005; Flemes 2007; Lanteigne; 2015).

Soft balancing approach applies especially in the case of the Arctic region as hard power balance is discouraged by geographic realities (Lanteigne, 2015). Regional power dynamics in the Arctic are in this thesis explained through soft balancing measures especially as they are becoming increasingly important for the foreign policy of the Arctic countries and other major powers, such as China, India, Germany and Japan.

2.4 Theory use

Seeing as the Arctic "region" is a fairly new phenomenon in regional studies and within the International Relations discipline, this thesis attempts to combine a regional theory base into

Arctic governance and power balance framework since there have not been many studies yet doing so. This chapter built the theoretical base for this research by first examining different definitions for a region keeping in mind that there is not a universal definition for the Arctic region as its borders, stakeholders, environment, ambiance and even governance has changed over time and is still in its early stages of development. With the complex nature of the region, the Arctic does not fit into only of the approaches of regionalism but seems to form a compilation of bits and pieces from all the approaches discussed above in this chapter. The Arctic in this regard is a special case that also contributes to the overall study of regionalism. The Arctic governance section as well as the overall results chapter of this thesis refers to the regional approaches applying the different theories.

As regionalism also addresses the important question of stakeholders; who are part of the region by geography and identity and who has the rights to influence, this chapter also looked into regional governance. In *Chapter 4* the main stakeholders and institutions are defined. The same chapter also present the issues currently present in the Arctic which is why international institutions and other governance methods are needed. *Chapter 5* will look into the differences of international regimes and intergovernmental organizations as in this chapter the Arctic Council is further introduced as a regional regime. Power relations in the Arctic are further analysed in *Chapter 6* where the results are presented and all information laid out. Power dynamics as well as means of power in the Arctic are important to the research questions because they define how much influence do the non-Arctic countries or international community in general have over Arctic affairs.

3 Methods

3.1 Qualitative research

This thesis was conducted as a qualitative research based on primary and secondary sources. Qualitative research aims to use methods such as observation, case studies, descriptive practices, document assessment and interviews in order to examine how processes, concepts, definitions and meanings are created and perceived (Berg, 2001; Barbour, 2008; Parkinson and Drislane, 2011; Miles *et al*., 2014). Berg (2001) notes that often in social sciences qualitative research has not been used as the predominant method for analysis and quantitative methods using counts and measures are perceived to be more valid than results from qualitative methods. The strengths of qualitative research refer to its flexibility, broadness, and realities of natural settings (Miles *et al*., 2014; Berg and Lune, 2014).

As qualitative research uses methods that ask questions what, how, when, and where describing situations, themes, narratives, perceptions and definitions, these methods were seen the most suitable for the purpose of this thesis (Berg, 2001; Miles *et al*., 2014). As this research aims to look at the Arctic region and its governance from regional and international perspectives while analyzing different narratives and how those reflect the reality of things, qualitative methods such as content analysis from primary and secondary sources, case study and unstructured discussions were used to broaden understanding and analysis on the topic.

3.2 Research design

The research design of this thesis followed a *spiralling research approach*. Berg and Lune (2014) introduce the *spiralling research approach* as an alternative to the *theory-before-research model* where ideas and theory come before empirical research and the *research-before-theory model* where empirical research help shape the development of theory. The research in this thesis could be referred to the latter model where the process evolves in a linear framework from an idea to gathering theoretical information and research plan with data collection, analysis and finally results, however the research approach used during the thesis process was more

unstructured. The *spiralling research approach* though sees the progress as spiralling rather than linear, where the idea leads to research and comes back to re-evaluating the idea which leads to design and re-evaluation of the theoretical approach. The re-evaluation process continues throughout the design, analysis and findings and leaves room for changes even in theory, design and analysis after the findings. (Berg and Lune, 2014)

At research idea was constructed while reading Arctic policy papers and media reporting which were found to be in a contrast with each other. The idea then developed into a design after gathering further data however changed afterwards to include different perspectives from different policy papers and saw a disconnection between media narratives, policy as well as factual information. After data collection, the theory also was formed in order to support analysis and finding from new data. The *spiralling research approach* gave more flexibility to the study especially as information about the Arctic is constantly changing which affects the validity of the study if the recent data does not match the theoretical approach, analysis and findings.

3.2.1 Establishing objectives

Establishing research objectives defines how the research should be conducted. Parkinson and Drislane (2011) state that study objectives determine also the data collection methods, sampling approach, instrument development, analysis, and findings. They find that properly establishing the objectives ensure efficient data collection. (Parkinson and Drislane, 2011)

The study objectives in this thesis were established to accommodate both policy approach and understanding of the reality of problems in order to build a theory approach suitable to the realities in the Arctic leading to recommendations for both theory and the case of Arctic Council (Parkinson and Drislane, 2011). One of the objectives that rose from the initial idea for the thesis was to differentiate also media narratives from the approach acquired from policy and realities.

The final problem statement was formed as a main objective for the thesis based on further data collection and understanding: *Is there a policy difference between the Arctic and non-Arctic countries on whether the Arctic is, or will be, a regional or an international space? And if so, what is urging this division?*

The research questions were created to further address the problem statement from the regional governance perspective. Seeing as the Arctic Council is seen as the main multilateral body for regional cooperation and perhaps governance, the objective for the research questions were to identify the effectiveness of the Arctic Council also from international perspective. The following research questions rose from this idea:

1. What are the main challenges facing regional governance in the Arctic?
2. How can the Arctic Council contemplate action in order to respond to the growing influences and interests of non-Arctic nations?
3. Is the Arctic Council willing to evolve from a regional regime to a formal intergovernmental organization in order to better enforce rules and regulations that would also apply to the non-Arctic actors?

3.2.2 Source of data

After establishing the objectives, the research progressed to further data collection from primary and secondary sources. Primary sources in qualitative research refer to interviews, focus groups, diaries, participant observation, records, speeches and new archives. Secondary sources refer to research conducted earlier by other researchers or other purposes such as official statistics, records, statements and accounts. (Hox and Boeije, 2005) Parkinson and Drislane (2011) identify participant observation, in-depth interviews, focus groups and document analysis as qualitative data collection methods. Primary sources in this research included speeches at Arctic conferences, unstructured discussions, and presentations from Arctic experts which refer to the participant observation method. Secondary sources, or document analysis, were found from books and academic articles especially concerning the theoretical framework and factual data. Policy papers, official statements, and formal declarations, agreements and manuals were searched in order to find the policy and the “ideal” approach to the Arctic development and governance. Media reports, press releases, expert articles and blogs, unofficial statements, and opinions were also searched to find different perspectives and narratives concerning Arctic issues.

A short unstructured interview was conducted towards the end of the thesis process as to further understand Canada's motivation towards the Arctic Council. Merriam (2009) points out that interviewing is a good method for collecting data when people's behavior, feelings or how they see the world cannot be observed. In order to further understand Canada's approach to the Arctic Council that is not stated in the policy papers, an informal discussion was arranged with Government of Canada official whose identity in this research remains anonymous.

3.2.3 Content analysis

Berg and Lund (2014) have defined content analysis based on other research as a systematic and careful examination of data and material in order to *"identify patterns, themes, biases and meanings"* (Berg and Lund, 2014, p 335). The analysis of content from the primary and secondary sources mentioned above is designed to identify "codes" that can help to answer the research questions and objectives of the thesis (Berg and Lund, 2014). The thesis identified codes relating to perspectives of Arctic governance and the Arctic Council especially from policy papers, government statements and speeches as well as books to support the policy analysis and division between the Arctic and the non-Arctic countries. The media reports were carefully read to find biases and patterns, especially suggesting conflict or Western views of the intentions of China and Russia.

Inductive thematic analysis, which identifies themes from content as well as interpretive approaches which refer to the theoretical orientation of the researcher when approaching text and content were used in this research as the primary analysis method (Parkinson and Drislane, 2011;Berg and Lund, 2014). These themes were based on the research questions, chosen theoretical approaches and the overall objective of the thesis. The analysis is done throughout the thesis and the overall findings are introduced after discussing the realities of Arctic governance.

In order to find a comparison between an Arctic and a non-Arctic perspective on the Arctic space and relate it to the abilities of the Arctic Council to address non-Arctic actors, a small case study was also taken into account. Canada was in this regard chosen as it has a strong Arctic identity and its policy is quite clear on the Arctic as a regional space. China was taken as a comparison as

it is viewed in the Western media to oppose Canada's priorities in the Arctic. This also contributed to the further analysis on the media narratives as oppose to the reality.

3.2.4 Validity and reliability

Validity of a research addresses whether the conclusion of a study is of relevance and gives input the discipline in a larger context. It asks if the study can be transferred to other contexts or if the approaches and findings can be generalized. (Miles *et al.*, 2014) This research found that there is a need to approach the regionalist literature in the International Relations discipline from the Arctic as it offers a complex situation in the context of governance, power balances and regional as well as international identities. The IR discipline is much focused on the United States primacy as well as hard power balancing especially in the study of realism. The validity of the research comes from the analysis of the Arctic region as an odd case for the mainstream IR view and by introducing soft balancing, which is already applied and generalized to other cases, this thesis aims to examine the emerging and already existing balances in the Arctic region. Further analysis on the validity of this study will be addressed in the conclusion chapter after findings from the research questions.

Reliability considers whether a study is consistent, objective, stable and reliable over time. It also looks at the data quality as well as the clarity of the research questions and the overall connectivity to theory. (Miles *et al.*, 2014) As the overall political and working environment in the Arctic keeps changing with new agreements, power balances and other developments, the reliability as well as validity of this study might decrease over time. This research finds the primary sources such as speeches and Arctic conferences, to be the most reliable especially considering quality. The Arctic presentations are often up-to-date, contested or peer-reviewed by other participants and experts in debates and introduce different perspectives as well as factual data. Policy documents, declarations and government statements offer an ideal approach to the Arctic governance however the thesis finds that often the reality does not match the policy. Media articles, opinions and other articles are carefully searched for specific narratives or biases which will be addressed in the research as well. By comparing these narratives while further approaching the Arctic also from a theoretical point of view, offers a reliable starting point however the changing nature of Arctic issues will eventually decrease the reliability and validity.

4 Arctic Governance

4.1 The Arctic region

The Arctic region with its vast diversity does not offer a one simple definition that everyone could mutually embrace. Most commonly the region is known to cover the area north of the Arctic Circle, however some would map the Arctic according to e.g. biodiversity, tree line, weather patterns, Indigenous communities, or historical identities. For political scientists the Arctic also reaches further south to the capitals, where decisions and policies are formed. (Emmerson, 2010) As the region is spread across three continents, includes eight nations (Canada, Finland, Iceland, Kingdom of Denmark, Norway, Russia, Sweden and the United States), and is mostly covered by the Arctic Ocean, see *Appendix 1*, the Arctic governance encompasses a variety of levels and faces an increasing amount of domestic and trans-boundary challenges (CAFF, 1996; Heininen *et al.*, 2015). While this thesis agrees to some extent with the traditional definition of regions on geographical proximity and the north of the Arctic Circle approach, it places perhaps even more emphasis on political practices, behaviour and identities when defining the Arctic region as most of the decisions concerning the north are made south of the Arctic Circle. Keeping up with the transformation and new developments in the Arctic is a challenge on its own as the region seems to be constantly changing and new media coverage appears every day.

Even though the Arctic has a long history, the so-called 'Arctic rush' seems to be quite recent (Young, 1985; Smith; 2012; Byers; 2009). Emmerson (2010) finds that the Arctic region has seen early exploration, recent exploration, boundary disputes, military build-up, changing environment and more importantly thousands of years of co-existence with Indigenous people living in the region. Even though the Inuit, Saami and other Indigenous groups have inhabited the Arctic from c. 2500 BC, the region got international attention only from the sixteenth and seventeenth century onward when the European and Russian explorers started mapping some parts of the Arctic region. After the ill-fated Franklin expedition by the British Royal Navy in 1846 followed by successful voyages from Norwegian explorers Amundsen and Nansen in the late 1890's the Arctic was revealed to the world as a possible region for modern science and ice-

free waters. The definition of the Arctic region has changed overtime as seen from the outside world it used to be an inhabitable space and on the inside the Indigenous communities did not necessarily feel like belonging to a greater 'Arctic region'. As the nineteenth century revealed the Arctic as a possible region for discovery, nations such as Norway, Russia, and the United Kingdom took national pride in defining the areas of the Arctic. (Emmerson, 2010) While the Arctic was then defined mostly in geographical terms as the states were not really connected to one another thus there were no greater political connections, it was however the time when such nations established their first steps of Arctic identity to an international audience (Jegorova, 2013).

Oran R. Young (1985, p 160) wrote about 'the Age of the Arctic' in the mid 1980s and noted that the region had become increasingly important to *"both of the great powers"*, referring to the United State and the Soviet Union, as a part of their defence strategy and industrial development. Even though during the Cold War the Arctic was of strategic advantage for military expansion and occupied by traditional hard balancing behaviour between the US and the USSR, the region also saw cooperation with environmental and biodiversity protection as well as agreements on maritime boundaries (Byers, 2013). The end of the Cold War drew most of the attention away from Arctic security issues, however the 90s opened up possibilities for international cooperation and regime building in other areas such as environmental protection in the Arctic (Smith, 2012). Since then, several maritime boundary treaties have been negotiated between the Arctic coastal states and new institutions and regimes founded to address occurring issues with climate change, biodiversity, resource and social development (Byers, 2013).

The most notable of these regimes, was the establishment of the Arctic Council in 1996 (Arctic Council, 2011). The vague definition of the Arctic region should be noted here too seeing as when multilateral negotiations for the Arctic Environmental Protection Strategy, predecessor to the Arctic Council, started the Arctic countries did not use the Arctic Circle as *"the definition of the southernmost boundary of the Arctic, since all the Arctic states and the working groups defined 'the Arctic' for their own purposes"* (Koivurouva, 2009, p 2) The twentieth century could be said to be the time when the Arctic region gained its political and economic relevance and was greatly shaped by political practices. Referring this to the material and behavioural approach to regions where there was a geographical and strategic benefit to having territory in

the Arctic but also border and boundary agreements as well as new political regimes for environmental protection were already reshaping the region and national Arctic identities and interests. (Jegorova, 2013; Knecht, 2013)

The year 2007 could be regarded as the year Arctic region gained its global reputation. In August 2007, Artur Chilingarov, a Russian explorer and a scientist, led two submarines under the ice in the North Pole to plant a Russian flag, then declaring *"the Arctic is ours"* as more of a publicity stunt and political game rather than having any legal status (Byers, 2013; Raffan, 2014). The same year a record-low Arctic summer sea ice was reported together with an increasing energy demand and new reserves in the Arctic. This image spurred headlines for *"a scramble for the Arctic"* and the region gained more international attention than ever before. The media expected the Arctic states to rely on hard power politics and eventually the situation to lead to a 'new Cold War' (Pilkington, 2007; Smith, 2012; Koivurouva *et al*., 2015)

Even though the media quieted down after a while and the expert circles announced the scramble as an exaggeration, the Arctic gained new headlines after the US Geological Survey in 2008 released an assessment estimating the Arctic region to contain nearly 25% of global undiscovered hydrocarbon reserves (Koivurouva *et al*., 2015). Further estimated that is 13% of the world's remaining undiscovered recoverable oil and 30% of undiscoverable gas (Eurasia Group, 2014; US Geological Survey, 2008). Recent military build-up in the Russian Arctic, investments on nuclear vessels, claims made for the North Pole, the US trying to catch up with Russia, oil and gas exploration by several oil companies and increasing shipping activity have further provoked the same storyline in the media for a conflict or a 'new Cold War' between Russia and the West, especially after the crisis in Ukraine (Myers, 2015). This thesis claims that the traditional hard power balancing and the use of hard power has not been present lately in the Arctic except in the form of economic sanctions from West to Russia targeting Arctic offshore industry and creating diplomatic friction that have seen said to 'spill-over' to Arctic relations too (Mikkola and Käpylä, 2014). The media has also been strongly vocal also on China and other non-Arctic nations taking part in 'the Arctic scramble' and gaining 'polar status' (Guilford, 2013; Feng, 2015; Myers, 2015). Exaggerated as the situation sounds especially after the energy prices fell after 2014, there is some truth to it however it must be noted that there are already

institutions, declarations and governing regimes in place for the Arctic Ocean and other development schemes as will be discussed later on in this thesis (Humpert, 2015).

Painting the overall picture a bit further and uncovering that climate change is mostly behind the opportunities for resource extraction, shipping and other industrial development in the Arctic, is also quite important for the context of the Arctic (Young, 2010). Environmental protection has been in the agenda for the Arctic cooperation for a long time, however recent NGO demonstrations, previous oil spills and rig accidents, reports on Greenland's melting glaciers and the current US policy line that strongly advocates prevention for climate change are all adding more fire to the Arctic narratives (Koivurouva, 2009; Davenport *et al.*, 2015; US Department of State, 2015; Exner-Pirot, 2015; Keim and Macalister, 2015).

The developments of the 21st century have taken the Arctic regional debate to the next level adding international or global influences to the picture too (Knecht, 2013; Heininen *et al.,* 2013). This thesis sees that in some level one might say that while the Arctic region has been both geographically and politically made, the industry developments and climate change have been driving the region. It also suggests that the Arctic region has been more and more driven by ideational approaches to regionalism and increasingly gaining identity from political and economic developments than Indigenous human practices or historic pride that used to define Arctic identity (Emmerson, 2010). The Arctic region has also developed some "new regional" aspects which link globalisation to regionalism (Knecht, 2013). The thesis suggests that as many non-Arctic countries have been for a while now involved in developing Arctic science, trade and diplomacy and are increasingly concerned about Arctic climate change, they too feel like belonging to the 'common' or 'global Arctic' (Bartenstein, 2015). The Arctic countries themselves put more emphasis now than before on their sovereignty in the Arctic and remind that they are responsible for the developments of the region (Knecht, 2013; Bartenstein, 2015).

This thesis also points out that some of the Arctic countries and the Indigenous northern communities have not yet embraced the idea of a 'global Arctic' where "new regionalism", led by non-Arctic actors and the smaller Arctic countries (Finland, Iceland and Sweden), is trying to steer the development. Within the regionalist literature the second phase of regionalism emphasized the creation of a political or security community with deeper integration (Acharya and Johnston, 2007). Even though the Arctic has an institutional framework in place and the

region is advocated as the arena for peaceful cooperation, it is still in its very early stages of regional integration (Jegorova, 2013). Regional and international cooperation will be discussed later in this chapter however as demonstrated throughout this thesis, in the Arctic the "new regionalism" phase or global political economic structures have already emerged while the second phase of deeper integration is only starting to show elements of appearance.

During these few decades the Arctic has opened up numerous topics for political science studies. Looking at the big picture and introducing the main issues in the Arctic are important to understand in order to discuss governance and regime efficiency. The Arctic has various levels of governance from local to national, regional and international (Heininen *et al.,* 2015). Therefore this chapter examines Arctic stakeholders and what are their approaches to Arctic governance. The chapter then continues to briefly introduce the Arctic Council as it is the main international forum for cooperation in the Arctic. This chapter will also cover some of the main issues that are currently on the surface in depth and explains the institutional framework that is already in place for Arctic governance. The emerging new influences for Arctic governance are also addressed as they provides valuable input to the problem statement of this thesis and considers the chances that non-Arctic countries and NGOs have on influencing Arctic affairs.

4.2 Arctic stakeholders

Growing presence of international players in the Arctic is starting to blur the idea of whom and what can be defined as an Arctic stakeholder (Lanteigne, 2014). As by the traditional and most commonly used definition, the Arctic stakeholders are the Arctic nations and people who inhabit the North. The eight countries that surround the Arctic Ocean and have territories above the Arctic Circle have the sovereign right to decide how to arrange the governance of their territories on land and sea. (Jegorova, 2013) Regional governance in the Arctic works in forms of institutions and regimes and resembles the regional governance definition by Barns and Foster (2012, p. 2): *"deliberate efforts by multiple actors to achieve goals in multi-jurisdiction environments."* As pointed out by Barns and Foster (2012), since regional governance across borders attempts to exercise influence on the behalf of interests and values of the stakeholders, this thesis finds valid to examine what kind of interests and values different stakeholders in the Arctic have especially since they seems to vary from country to country and from local to

national and international levels. Some of the Northern areas and communities for example depend on investment and trade with non-Arctic nations such as the United Kingdom, China and Netherlands which makes them valuable trade partners however sometimes the state regulations delay the needed developments (Heininen *et al.,* 2014; Dingman, 2014; Bourne, 2015; Humpert, 2015).

Due the dramatic changes on climate and biodiversity in the Arctic, global non-governmental organizations such as Greenpeace have recently had a stronger presence and wider campaigns to raise awareness of the fragile Arctic environment (Keim and Macalister, 2015; Nutall, 1998). Global economic growth as well as NGO and public involvement present a good example of Rosenau's (1992) 'governance without government' approach and influence. Therefore to be able to address the policy difference that the Arctic and non-Arctic countries or the international community might have over the region, it is worthwhile to examine the stakeholder approaches to the Arctic as well as their statuses in Arctic relations.

As mentioned above, there are eight countries that are considered as the Arctic nations and have territory above the Arctic Circle or 'Northern Rim'; Canada, Finland, Iceland, Kingdom of Denmark, Norway, Russia, Sweden and the United States. Five of these countries - Canada, Kingdom of Denmark (Greenland), Norway, Russia and the United States - are called 'the Arctic five' or 'A5' as they border and have sovereign maritime territory in the Arctic Ocean, *see appendix 2*. (Smith 2012; Huebert, 2011; Durham University, 2015) All of the Arctic countries have their own Arctic policies or strategies and most of them are quite recent with varying focal points. Sweden, Finland and Iceland have all engaged in Arctic affairs on a 'Track Two' level seeking to bring together governmental and non-governmental actors with big conferences, regime chairmanships and initiatives (Prime Minister's Office Finland, 2013; Ministry for Foreign Affairs of Sweden, 2011; Ministry for Foreign Affairs of Iceland; 2011). This thesis argues that these countries are seen as the least powerful of the Arctic eight considering hard power and economic capacities as these countries do not have any coastline to the Arctic Ocean and are rarely discussed in Arctic conferences either as most of the Arctic conversation, debate and publicity concentrate on the Arctic five or littoral Arctic states (Wegge, 2010; Baev, 2010; Cela, 2011).

Canada

Canada holds a vast area in the north bordering to the Arctic Ocean with many communities, most of them remote, scattered around the three territories of Nunavut, Yukon and Northwest Territories (Government of Canada, 2009). In a speech at the High North Dialogue 2015, Canada's Ambassador to Norway pointed out that Canada's northern territories start from approximately the same latitude 'North of 60°' where Oslo, Helsinki and Stockholm are located (Wilczynski, 2015). In Canada's northern strategy, the country puts a lot of emphasis on its 'Arctic sovereignty' which is based on its northern territories and identity with a long-standing heritage of historical background and Indigenous presence. (Government of Canada, 2009) Like Karns and Mingst (2010) point out sovereignty is the most important institution in international society as it identifies state's identity. This thesis embraces this point and suggests that following this rationale Canada has one of the strongest Arctic identities as it puts much effort to also present it to the international audience and is the first base pillar in Canada's Arctic foreign policy (Government of Canada, 2010). Canada's overall northern strategy also promises to take on measures to better the livelihood of Northerners, improve Northern governance and protect the environment as Canada's northern development goals base on strong Indigenous presence (Government of Canada, 2009).

Even though Canada's strategy highlights the importance of social security and is dedicated to improving the well-being of the Indigenous communities, during the recent decade Canada's identity as an Arctic nation has been identified through its sovereignty goals especially throughout the former Prime Minister Stephen Harper's terms (Coppes and Herrmann, 2015). During the nine years under Prime Minister Stephen Harper's government, the Canadian Arctic has been said to take on a resource and economic development-based, military-focused domestic approach that concentrated more on defence than social spending (Bennett, 2015). Looking at the military and surveillance capacity of Canada's north however does not seem to be able to match those of Russia's (Padrtova, 2014). Infrastructure in Canada's north is not very well developed and as most of the smaller communities are remote they are accessible only by sea or air (Bennett, 2015). The thesis points out to these facts as it argues that Canada's Arctic interests naturally places more importance on national development and domestic issues rather than focusing too much on international cooperation.

Also during Harper's terms, especially after 2010 when Canada held a conference for the Arctic coastal states excluding Finland, Iceland and Sweden, the country has since gotten a reputation wanting to exclude not only non-Arctic countries from the Arctic agenda but also the three Arctic nations from the decision making considering the Arctic Ocean (Coppes and Herrmann, 2015). Coppes and Herrmann (2015) point out that; *"Harper's exclusion of these actors was an attempt to refocus regional policy and governance on what he considered 'powerful' countries that could, according to Canada's Foreign Affairs Minister Lawrence Cannon, 'set the agenda for responsible management in the region'."* The exclusions seems like a rational decision as the agenda of the meeting concerned the Arctic Ocean, however it was criticized for example by Hillary Clinton to create divisions in the region (Ljunggren, 2010).

Following the Indigenous emphasis of Canada's northern strategy, Canada's Chairmanship of the Arctic Council from 2013 to 2015 focused strongly on the 'the people of the North' (Global Affairs Canada, 2015). The Chairmanship agenda from the beginning as well as in the end was found to be too focused on the Indigenous issues (seeing as for example Iceland does not have any Indigenous peoples) and economic development over environmental issues making the approach to reflect Canada's national interest rather than the whole circumpolar agenda. (Malley, 2015; Bennett, 2015; Raffan, 2014) This issue will be brought up later on in *Chapter 5*, as it looks at the Arctic Council in depth.

This thesis suggests that Canada for the past years have been eager to hold the status-quo of the Arctic regional governance. Canada has also seemed to be quite wary on the influence that non-Arctic states could have on the Arctic agenda viewing that the Arctic should be a space for the people who live in the North (Willis and Depledge, 2014; Lackenbauer and Manicom, 2014; Bennett, 2015). This comes down to the core issues on regional governance in the Arctic asking who are the multiple actors that decide on whose interest should be promoted. This thesis sees that a certain degree of traditional geographical regionalism can be detected from Canada's approach saying that geographical neighbours, whether it was the A5 or the A8, have a better understanding of each other's issues than the global society. A government of Canada official in an interview (11/2015) pointed out that as Canada recently appointed a new Liberal Government in November 2015, led by Prime Minister Justin Trudeau, Canada's Arctic policy might have different approaches in the future but at the moment it is too early to know where the new

government will be taking the Northern issues. Coppes and Herrmann (2015) as well as Bennett (2015) write that the new Liberal Government is expected to be more open to intergovernmental networks and multilateral solutions to issues facing the Arctic region and perhaps this will also soften Canada's line on the non-Arctic influence and the very open critique towards Russia.

Russia

Russia has also had a long history in the Arctic mostly concentrated on polar exploration, resource development, military presence and science (Emmerson, 2010). The Russian state policy for the Arctic is determined by the priorities and goals that correspond with the Russian national interest. The basic objectives for the state policy are social and economic development, military security and defence, environmental security and international cooperation as few to mention. (Baev, 2010; Berzina, 2015) Russia has the longest coastline to the Arctic Ocean, covering almost half of the Arctic Circle, and most of the current and estimated Arctic energy resources are located in the Russian Arctic (Zysk, 2011; US Geological Survey, 2009). The vast area is also home for many remote communities and Indigenous population that struggle to maintain their livelihood (Raffan, 2014). Russia, like Canada, in this thesis is seen to oppose the "new regional" approach to the Arctic trying to limit the amount of global influence by agreeing that the Arctic should be managed by the littoral states (Baev, 2010). Unlike Canada though, Russia is more interested in Arctic resource development than social security for the Indigenous northerners (Baev, 2010; Raffan, 2014).

Russia has recently started projects with offshore oil and gas development as well as maintaining current onshore fields, building military capacity with new vessels, fleets and bases along the coastline and dedicated a lot of resources for infrastructure in order to further develop the area and take advantage of the resources (Zysk, 2011; Padrtova; 2014). Considering the massive area of the Russian Arctic and an increasing need for search and rescue, these developments seem quite legitimate, however after the internationally condemned annexation of Crimea and the friction it caused between Russia and the West, the discussion on Russian Arctic in the media narratives and even among some experts, policymakers and academia, has increasingly been concentrated on Russia's 'aggression' in the Arctic and how the country is perceived as a threat to the other Arctic nations (Berzina, 2015; Baev, 2010).

Though several experts, military officers as well as Russian representatives and diplomats have recently underlined that Russia is not a threat in the Arctic and there is no reason to believe so (Tronstad, 2015; Sergunin, 2015; Barbin, 2015). Some also say that Russia's actions in the Arctic are only taken up as threatening as a result of and after the conflict in Ukraine (Koivurouva *et al.,* 2015). As on several occasions, such as at major Arctic conferences, Russian diplomats and academics such as Alexander Serguning at the High North Dialogue (2015) and Vladimir Barbin at the Arctic Circle Assembly (2015) have reassured that Russia is operating peacefully and according to international law within their own territory in the Arctic, this thesis will not further take part in the conflict debate however brings up the prevailing situation as it adds to the big picture concerning international and bilateral cooperation with non-Arctic countries.

Following the crisis in Ukraine, the European Union as well as non-EU countries such as Norway and the United States posed economic sanctions on Russian industries also targeting Arctic offshore technology (Nilsen, 2014; Collins *et al.,* 2015). Many reports state that much of the development of offshore energy reserves requires technology, investment and engagement from Western partners (Baev, 2010). Due to the difficult relations with the West, Russia has turned to China and other Asian countries for technology and investment in Arctic industries and has welcomed China to take part in developing oil and gas resources in the Arctic (The Maritime Executive, 2015; Embassy of the People's Republic of China in the Republic of Iceland, 2015). Even though Russia, side by side with Canada, has been reluctant to include non-Arctic countries to Arctic affairs, especially within the Arctic Council, Russia has increased its bilateral relations with non-Arctic countries especially on energy and maritime industries (Conley and Rohloff, 2015; Willis and Depledge, 2014). Asian countries have had a special interest in building relations with Russia, as there is a possibility for the increasing use of the Northern Sea Route through Russian Arctic which would make the shipping time shorter from East Asia to Europe (Lanteigne, 2015). Russia seems to need non-Arctic partners in order to attract investment in its industries but on the other hand have been wary about the perception of a 'global Arctic' and as Baev (2010, p 7) agrees: *"Moscow will try to limit globalization of the Arctic by insisting on the privileges of the littoral states and prioritizing cooperation among the 'Arctic five', who should divide the shelf into national sectors and then jointly manage the cross-border problems."*

Baev (2010) admits that 'hard security' approach can be seen in Russia's Arctic policy but reminds that it should not be taken away from the context that Russia's capabilities in the Arctic are still underdeveloped considering the huge areas of Russian Arctic territory. Zysk (2011) also notes that the increased military activities have been composed from Russia's broader defense and foreign policy strategies and not directed only to the Arctic. Berzina (2015) and Padrtova (2014) add that the Western discourse often perceives Russia as aggressive however Russia is seeking to hold the status-quo. The Arctic region is important for Russia in order to remain as a great power, however Wegge (2010) argues that while Russia can lead in military power, it scores low on GDP as well as on technological improvement and global economic competitiveness thus unlikely to become a hegemon in the region. Baev (2010, p 4) agrees saying that Moscow will likely *"demonstrate soberly balanced behaviour"*.

The United States

The United States has also noted the presence of non-Arctic countries in the region and seems to be more open to including all the Arctic states into discussions. Hilary Clinton gave a statement, now famous quoted, in 2010 criticizing Canada's decision to only invite the Arctic 5 into the coastal state meeting mentioned earlier: *"Significant international discussions on Arctic issues should include those who have legitimate interests in the region […]I hope the Arctic will always showcase our ability to work together, not create new divisions"* (Ljunggren, 2010). Earlier this autumn 2015, the US hosted the first meeting of Senior Arctic Officials to the Arctic Council and addressed the Observers to the Council asking for their input (McGwin, 2015). The US special representative for the Arctic, Admiral Robert J. Papp, have also addressed for example China's interest in the Arctic stating; *"I'm glad that China's interested. I don't think we should feel threatened by China. Excluding someone that you need cooperation from would be foolish, in my estimation."* (Rosen, 2015)

The United States has been an Arctic nation through its biggest state, Alaska, since the nineteenth century however is still struggling with its Arctic identity as a whole nation. During the past year, though, the US has realized the importance of Arctic advocacy and has taken steps to support Alaska and present the US as an Arctic nation. (Herrmann, 2014) Internationally, the US is seen to not have the capacity to be a leading nation in Arctic affairs as it lacks Arctic maritime surveillance, a strong Arctic identity, and is only starting to discover to issues facing

Alaska, however the country is making huge efforts on Arctic advocacy and improving diplomatic relations with Russia as well as with non-Arctic nations in attempt to address the Arctic environment. (Herrmann, 2014; Rosen, 2015)

Alaska's state budget is directly liked to revenues from the energy sector which is creating a dilemma for the US Arctic policy (Bastasch, 2015). After, and even before, the United States took over the Arctic Council Chairmanship this April, one of the key focuses for the US Arctic engagement has been preventing climate change and preserving the Arctic environment (US Department of State, 2015). While banning some of the areas of the Beaufort and Chukchi Seas from drilling oil, the federal government gave Royal Dutch Shell a permit to drill in the Chukchi Sea (Bastasch, 2015). Later on this year, Shell abandoned the project to drill in Alaska, and although many are happy about the decision, it also means greater losses for Alaska's budget and development (O'Malley; 2015). As Shell decided to abandon its drilling projects in Alaska, the US Department of the Interior cancelled also two possible Arctic offshore lease sales schedules from 2012-2017 (Joling; 2015).

Even though the United States had taken stapes to improve its Arctic identity, Alaska and the US are also lacking military capacity and infrastructure which has not escaped from the sharp eyes of media and academia (Myers, 2015). The US for example has only one operational ice-breaker while Finland without an Arctic coastline has seven and in 2013 Russia had 37 and has more in development (O'Rourke, 2015; US Coast Guard, 2013). Also noting the statements above that the budget of Alaska is dependent on the oil and gas revenues and the Interior cancelled two possible leases, this thesis agrees that US is falling low behind Arctic development and its interests are in contradiction; while the US is taking a leader position in Arctic climate change discussions, its only Arctic area requires extractive industry development. As the theory section of this thesis notes, much of the IR literature concentrates on the United States primacy and other states balancing the US behaviour however this research suggests that in the Arctic the US is not in the leading position to affect the other states' behaviour but this thesis argues is rather in a position to balance the behaviour of others as an Arctic Council Chair and with other soft balancing methods such as leading climate change discussions.

The Kingdom of Denmark

Denmark is an Arctic nation through its unity of Realm with Greenland and Faroe Islands (*Statsministeriet*, 2015). This thesis mostly talks about Greenland when referring to Denmark however it should be noted that since Copenhagen has an authority and responsibility over Greenland's foreign policy. Greenland has its own government which withdraw the European Union membership in 1985 and is part of the Nordic Council as an Independent actor. Greenland's Self-Government also decided to be responsible for Greenland's mineral resources and partnerships and the revenues are linked to the economic subside from the Danish government. (*Statsministeriet*, 2015; Government of Greenland, 2015) The Arctic strategy for the Kingdom of Denmark is also a join policy paper for Denmark and Greenland as well as for Faroe Islands (Ministry of Foreign Affairs of Denmark, 2011).

The joint Arctic strategy much concentrates on climate change and environment and securing Greenland's Indigenous communities along with peaceful cooperation and maritime security (Ministry of Foreign Affairs of Denmark, 2011). The strategy also states (p, 49) that: *"The 'Arctic 5' is an essential complementary regional forum for the coastal states of the Arctic Ocean"* but also fosters other international cooperation which is particularly important for Greenland. As Denmark is part of the European Union the strategy goes on stating (p, 49); *"Cooperation with the EU is to be promoted and the Arctic to be given more weight in the Nordic context"*, although Greenland has had some issues with the EU for example with EU's import ban on commercial seal products and fishing quotas that concerns Denmark as an EU member state (McGwin, 2015; Government of Greenland, 2015). (Ministry of Foreign Affairs of Denmark, 2011)

Greenland has increasingly engaged in bilateral cooperation with Arctic and non-Arctic countries in hopes for investments, partnerships in mineral resource industries, tourism and other activities that could enable the potential economic growth of Greenland independent of Denmark (Dingman, 2014). Studies have found Greenland to contain substantial metal and mineral deposits on for example gold, rubies, diamonds, coppers and olivine as well as potential offshore oil and gas reserves. (Government of Greenland, 2015; US Geological Survey, 2008) As the melting ice sheet of Greenland is uncovering more resources for extraction and development, some experts have said that it might be a possibility in the future for Greenland to depart from

the Kingdom of Denmark and claim independence. This would also leave Denmark without a proper Arctic territory. Independence would however require a self-dependent economy that Greenland does not yet possess as its economy is supported by the Danish subsidies and the country would need more foreign investment. The country has engaged in partnerships with i.e. China and the United Kingdom and will most likely attract more investors in the future if the environment becomes less inhospitable. (Dingman, 2014; Su and Lanteigne, 2015)

The thesis claims that even though the Kingdom of Denmark occupies a large area from the Arctic region, the Kingdom of Denmark cannot be seen as a major Arctic power as its Arctic identity is mostly linked to Greenland which still has basic issues with social security, economy, infrastructure and even overall diplomatic relations with Denmark (Dingman, 2014). Greenland however have strong Indigenous voices compared to, for example Russian Indigenous on advocating themselves and attracting interest from other nations. These attraction methods are identified in this thesis as soft power capacities.

Norway

The last country of the 'Arctic 5' that borders to the Arctic Ocean is Norway. Norway has a long and well established history in the Arctic starting from early explorations of Fridtjof Nansen, Roald Amundsen and Otto Sverdrup few to name (Emmerson, 2010). Norway's identity in the High North has traditionally been based on Arctic exploration, the Indigenous Saami population, fishing, reindeer herding and maritime know-how and knowledge. Recently the attention has been turned to offshore oil and gas, research and education especially in Svalbard, Tromsø and Bodø as well as development of other industries including tourism and fisheries. For Norway, the Arctic is one of the key priorities of its foreign policy. (Norwegian Ministry of Foreign Affairs, 2014)

In its Arctic policy, introduced in 2014, Norway also puts a key emphasis for international cooperation especially within business and development as well as relations with the European Union. Norway is one of the first main entries to the EEA zone and the European market from Asia through the Northern Sea Route and 80 percent of the maritime traffic passes Norway's Arctic territory hence the country underlines the importance of Arctic shipping for industries. (Norwegian Ministry of Foreign Affairs, 2014; Helgesen, 2015)

Norway's Minister for EEA and EU Affairs Vidar Helgesen highlighted Norway's cooperation in the Arctic with the EU in his speech (June 2015) at the seminar on research, innovation and space technology in the High North in Brussels. He stated that: *"the Arctic has become an arena for cooperation between Europe, North America and Asia. This presents us with new opportunities."* and that *"Norway will also continue to work for the swift formalisation of the EU's [Arctic Council] observer status."* (Helgesen, 2015) Norway has a strong case to increase international cooperation also with the non-Arctic countries in order to boost its Arctic industries and economic growth as well as research opportunities as it has done for a long time already in Svalbard. (Norwegian Ministry of Foreign Affairs, 2014)

As stated before, Norway has a strong Arctic identity because of its famous Arctic explorers thus been one of the first countries involved in developing the Arctic region. Norway is often not considered as powerful as a nation as US, Russia or Canada, however this thesis notes that Norway has perhaps better technology and capacity for Arctic offshore oil and gas as well as better infrastructure in its High North than the other countries which makes Norway a competitive Arctic nation (Wegge, 2010; Norwegian Ministry of Foreign Affairs, 2014). With its geographical location, economic leadership and soft power capacities such as international reputation, Norway is definitely a major player in the Arctic soft balancing game.

Finland

Finland has mostly been involved in Arctic relations through environmental protection and business opportunities. As an Arctic nation Finland cannot be considered as the most influential in the region and often is left out from discussions in the big Arctic conferences however has been influencing Arctic affairs quite substantially. Even though Finland has a Saami population, its Arctic strategy seems to concentrate more on sustainable development and international cooperation. After joining the EU in 1995, Finland promoted itself as the Northern nation with good relations with Russia and advocated the Northern Dimension of EU foreign policy. The dimension encouraged more southern countries in the EU to turn their attention towards the north. (The Prime Minister's Office, 2013)

Finland also played a key role in calling the first minister-level meeting for Arctic countries in 1991. The initiative for international cooperation in environmental protection in the Arctic was

formed already in 1989. The meeting in Rovaniemi was a stepping stone for international environmental cooperation in the Arctic region and was followed a process which eventually led to the founding of the Arctic Council as a co-effort with Canada. (The Prime Minister's Office, 2013; Arctic Council Secretariat, 2011) Finland's Arctic Ambassador, Aleksi Härkönen, has highlighted the EU's role in the Arctic and for Finland's upcoming Chairmanship of the Arctic Council in 2017 wants the agenda to be in line with Finland's Arctic strategy as well as EU's policies (Koskinen, 2015). Outi Koskinen (2015) writes on the Ministry for Foreign Affairs of Finland's website that: *"The EU's status in the Arctic Council is unclear. It has applied for an observer status but has not obtained it because of opposition by first Canada and then Russia. Finland considers the development of the EU's own Arctic policy very important because, in all events, the EU is a central Arctic actor."* Finland considers the EU as one of the major stakeholders in Arctic affairs. (Koskinen, 2015; The Prime Minister's Office, 2013)

Not only is Finland's Arctic policy international cooperation oriented but also the country is seeking economic growth through its Arctic industries. Even though Finland does not border to the Arctic Ocean, it possesses five ice breakers and two multi-purpose vessels mainly operating in the Baltic Sea (Arctia Shipping, 2015). Arctia Shipping has however lent some of its ice breakers to Royal Dutch Shell's Arctic oil and gas explorations in Alaska and Finland is looking towards international partners for potential exports of Arctic offshore industries especially on technology and construction (VALOR, 2014; Arctia Shipping, 2015; Saavalainen, 2015). One of the biggest industries in Finland's north and where the northern communities get much of their income is tourism (The Prime Minister's Office, 2013).

Even though Finland takes much pride in its Arctic areas, Finland's Arctic influence and soft power capacities come from private corporations, bilateral trade and diplomacy as well as international regime development than the actual areas of the north. Finland could be said to promote the "new regionalism" movement as it would give Finland more power in the international market for technology and shipping construction industry since Finland does not have the geographical advantage to the Arctic Ocean.

Iceland

Iceland's only area inside the Arctic Circle is the tiny island of Grimsey and some maritime territory at the Norwegian Sea and Denmark Strait, see *Appendix 2* (Raffan, 2014; Durham University, 2015). This thesis sees though, that the island has constructed itself quite a visible Arctic identity and feel strong belonging to the Arctic region even though its geographical advantages are not as big as the others'. The President of Iceland, Olafur Ragnar Grímsson, has long been an advocate for Arctic issues especially on the threats that climate change present to the Arctic environment and the importance of international cooperation (Raffan, 2014).

One of the biggest Arctic events, the Arctic Circle assembly initiated by President Grímsson in 2013, is arranged in Reykjavik every fall gathering together experts from academia to business, Indigenous and scientific communities as well as government representatives. The Arctic Circle assembly and other conferences alike have grown importance during these past few years, particularity with non-Arctic countries as the conference presents them an opportunity to engage in Arctic cooperation and bring out their own agenda for the Arctic countries to contemplate. The 2014 Arctic Circle conference drew attention to political issues especially after the conflict in Ukraine but also featured notable panels with non-Arctic countries. The United Kingdom, for example, had a parliamentary delegation present and France, Italy and Japan were also among the plenary sessions indicating their interest in the Arctic. (Lanteigne, 2014; Arctic Circle Assembly, 2015; the Barents Observer, 2015) This year, 2015, China arranged a presentation also featuring a video message from China's Foreign Minister, Wang Yi, and a panel delegation mandated by President Xi Jinping. Japan also came forth with its Arctic policy paper formally released by Prime Minister Shinzo Abe the same day (Shiraishi, 2015). Germany too had a notable delegation with government representatives as well as researchers and business heads. Even Brazil had been given a breakout session on sustainability in the Arctic. (Arctic Circle Assembly, 2015)

Iceland has also been successful with bilateral cooperation with non-Arctic states. China and Iceland signed a free-trade agreement in 2013 and both sides have agreed to close cooperation with both diplomatic and economic relations (Ping and Lanteigne, 2015). Iceland and South Korea also came to an agreement to strengthen cooperation with regards to the Northern Sea Route and shipping during President Grímsson's visit to South Korea (Kang, 2015). Iceland's

Resolution on Arctic Policy (2011) builds on international cooperation and strengthening the Arctic Council and takes on a position that the North Atlantic Ocean should be closely linked to the Arctic as well. The Resolution states that: *"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."* (Ministry for Foreign Affairs, 2011, p 1) This thesis suggests that against the narrow 'A5' geographical Arctic region definition, Iceland has come up with a different definition that could possibly include more stakeholders that feels a certain belonging to the region.

Bilateral relations and industries such as fisheries and tourism are extremely important to Iceland's economy and remaining outside the EU's bureaucracy and quotas makes Iceland an attractive partner to Asian countries (Su and Lanteigne 2015). Like Finland, Iceland is not one of the biggest states or major powers in the Arctic from hard power perspective however the country has potential to be the major partner for non-Arctic states and attract foreign investment making Iceland also competitive in the 'Arctic trade market'.

Sweden

Last but not least on the list of the Arctic eight is Sweden. Sweden's Arctic strategy (2011) lists several priorities for the Arctic region however the most notable are environmental protection and climate change prevention. Northern Sweden however is rich in minerals and metals and in order to develop those industries and other economic ties, free trade and removing economic barriers are listed also as the main goals for Sweden in the Arctic. Like Finland, Sweden is also dedicated to promoting the EU's Arctic engagement and policy. Sweden also highlights the importance of institutional and regime cooperation in the Arctic with the Arctic Council, the Nordic Council and the Barents Euro-Arctic Council. (Ministry for Foreign Affairs, 2011) Together with Norway, Denmark and Finland: *"Sweden supports the European Commission's application for permanent observer status in the Arctic Council"* (Ministry for Foreign Affairs, 2011, p 20).

Sweden also chaired the Arctic Council from 2011 to 2013 before handing it over to Canada (Bennett, 2015). In Sweden Arctic Strategy (2011), the country states that: *"More concrete projects and clear political initiatives should supplement the Council's existing work. Sweden*

therefore wishes to strengthen the Council both institutionally and politically." During the two years of Sweden's Chairmanship and also at the 2013 Ministerial Meeting in Kiruna, much attention was focused on the non-Arctic countries and Observers to the Arctic Council. China, India, Italy, Japan, Republic of Korea and Singapore all received an Observer status during that Ministerial. The Kiruna Declaration also puts emphasis on global action to mitigate climate change. (Bennett, 2015; Kiruna Declaration, 2013) This will be later discussed in *Chapter 5* as to compare with Canada's Chairmanship agenda.

The Indigenous communities

The Arctic is home to many Indigenous peoples and communities from Inuit to Saami and several different groups and families according to their heritage (Raffan, 2014). Often when discussing Arctic governance, stakeholders and policies, Indigenous interests are not addressed being part of the bigger circumpolar power game and influence (Heininen *et al.,* 2013). In a broader picture as this thesis discusses, certain questions are not necessarily asked on whether the actual people living in the Arctic are ready for the 'global Arctic' approach and whether they are asked on which developments should accommodate the Arctic territories (Eegeesiak, 2015). When discussing Arctic affairs and relations, it should be kept in mind that most of the action that is affecting the Arctic and its peoples is decided from the south and negotiations done without Indigenous consultation (Coppes, 2015). In an opening speech at the Arctic Circle Assembly (2015) the Chair of the Inuit Circumpolar Council (ICC), Ogalik Eegeesiak, welcomed global interest in Arctic issues but reminded that the people living in the Arctic have their own social issues and that increasing international regulations and institutions limit the rights of the Inuit. She noted that because the Arctic is now global, everyone else feel like they have more say on the Arctic than the Inuit. (Eegeesiak, 2015) Even though this thesis looks at the Arctic from a broader regional perspective and policy approaches on countries as whole, it suggests that future research should also focus on sub-national interest and their approach to the 'global Arctic' issue.

Notwithstanding power relations between the Arctic countries, undoubtedly these eight nations and their Indigenous population are to be considered as the main Arctic stakeholders however there is a growing understanding with the non-Arctic nations and other international actors that they should be included in the Arctic discussion as stakeholders too as the Arctic is facing

globalisation. While all of the Arctic countries seem to promote international cooperation in their Arctic strategies and have to rely in bilateral business solutions for industries, there still seems to be some reluctance to welcome non-Arctic countries' influence suggesting the regional approach to rely on geographical location.

Before discussing the involvement of the international community, a brief introduction to the Arctic Council should be in order as it is the main international regime for these eight Arctic countries and the Indigenous organizations to interact and decide on cooperation. Even though the Arctic Council does not enforce regulations or possess hard power capacities, it holds a significant diplomatic relevance also within the international community (Arctic Council, 2015).

4.3 The Arctic Council

The Arctic Council (AC) is the main public body for Arctic cooperation and political interaction between the Arctic nations. This high-level regime includes all the eight Arctic states, Indigenous organizations as well as Observer states and organizations. (Arctic Council, 2015) The Arctic Council was officially founded 1996 with the Ottawa Declaration as an international institution to promote cooperation within the Arctic states with involvement of Indigenous population and address sustainable development and environmental protection in the Arctic. The predecessor for the Arctic Council was the Arctic Environmental Protection Strategy (AEPS) initiated by the government of Finland in 1989. This strategy was discussed in meetings and compiled by numerous technical and scientific reports. The aim of the strategy was to cooperate to protect the Arctic environment. The AEPS represents the cooperative efforts of the eight Arctic countries, noting that this institution was initiated and agreed by all the countries during the Cold War. (Arctic Council, 2011; Koivurouva, 2009)

The Arctic Council, as it stands today, is an intergovernmental forum with a rotating Chairmanship between the eight Arctic nations every two years (Arctic Council, 2011). In the Ministerial meetings, the Arctic countries form a Declaration signed by the foreign Ministers where they agree the agenda for cooperation for the next two years (Koivurouva, 2009). Canada handed the Arctic Council Chairmanship over to the United States in April 2015 at the Ministerial meeting in Iqaluit. Ministers from the eight Arctic nations signed the Iqaluit

Declaration concluding the Canadian Chairmanship and: *"Reaffirming the commitment to maintain peace, stability and constructive cooperation in the Arctic"* (Iqaluit Declaration 2015). Commitments concerning sustainable communities, environmental protection, and business development among others were agreed upon in the Declaration (Iqaluit Declaration, 2015). The United States will work under three thematic areas during the Chairmanship; improving economic and living conditions, Arctic Ocean safety, security and stewardship, and addressing the impacts of climate change. The United States will hold the Chairmanship until 2017 which after Finland will chair the Council for the two following years. (US Department of State, 2015)

The Arctic Council consults with six Indigenous Permanent Participant organizations of the Arctic Council; Aleut International Association, Arctic Athabaskan Council, Gwich'in Council International, Inuit Circumpolar Council, Russian Association of Indigenous Peoples of the North, and Saami Council (Arctic Council, 2015). The Council works in high level meetings with representatives of the countries and Permanent Participants as well as in working groups and task forces formed by experts of particular fields. All the working groups and task forces submit detailed social and scientific reports in the Ministerial meetings. Decisions of the Arctic Council are to be made by consensus among the eight Arctic Council states while consulting and involving the Permanent Participants. The Arctic Council has a permanent secretariat in Tromsø, Norway and a budget allocated by each of the states. (Arctic Council, 2015; Arctic Council, 2011)

There are also twelve Observer nations to the Arctic Council; China, France, Germany, India, Italy, Japan, Netherlands, Poland, Republic of Korea, Singapore, Spain, and the United Kingdom. The Observers also include intergovernmental and non-governmental organizations such as the Nordic Council, United Nations Development Program (UNDP), International Arctic Science Committee (IASC), and the World Wide Fund for Nature-Global Arctic Program (WWF). A manual for the Observers was adopted in 2013 during a Ministerial Meeting in Kiruna, Sweden. (Arctic Council, 2015)

There are certain criteria to admitting Observers to the Arctic Council such as recognizing Arctic state's sovereignty and legal framework of the Arctic Ocean, respect Arctic Indigenous peoples and their culture, contribute financially to research and work of the Indigenous peoples, and demonstrate expertise, interest and ability to support the Council's work. The manual states that

the role of the Observers is observe the work of the Arctic Council, engage in working group and contribute to the Council's work. (Arctic Council, 2013) The Observers can however propose and support projects as well as acquire and share information and expertise (Knecht, 2015).

Being an Observer to the Arctic Council also carries a symbolic status especially with the non-Arctic countries that are publishing white-papers on their Arctic policies and are starting to engage in conferences and dialogues (Exner-Pirot, 2015). As a result to admitting Observers to the Council, though, some have indicated that the Arctic Council is taking on too many Observers as they are starting to queue up for the Observer status (Knecht, 2015). At the same time there have also been some quibbles on the role of the Observers in recent discussions and at the latest Senior Arctic Officials meeting in Anchorage, Alaska, the Observer issue was taken into the agenda and many of the Observers indicated that the status of the Observers is not well defined and they would like to be able to give greater input and participation (McGwin 2015).

These issues will be discussed later in *Chapter 5* also examining the Arctic Council as a regional regime addressing also the theoretical framework to regime efficiency. The same chapter also includes a comparative study on Canada's Chairmanship and attitude towards the Arctic Council in contrast to China's approach and the need for the AC as an international actor. This study will provide better understanding for the research questions and the overall problem statement and argument.

4.4 International community

"The Arctic does not need saving, we need partners" (Sweeney, 2015)

Non-Arctic countries and other actors such as NGOs seem to share Iceland's view on the Arctic region and argue that the Arctic is an extensive area (Bartenstein, 2015). Often heard catch-phrases in Arctic conferences, writings and speeches; *"the Arctic affects us all"* or *"what happens in the Arctic does not stay in the Arctic"* are frequently used by the international community as reasoning to enter the Arctic debate (Speca, 2014). China for example has referred itself as a 'near-Arctic state' as the boreal Arctic climate affects China's environment too while the UK has taken the role of the 'closest neighbour' to the Arctic region with Shetland and Scotland right around the corner (Su and Lanteigne, 2015; Foreign and Commonwealth Office of

UK, 2013). Arctic identities are increasingly being built on economic and environmental rational or historically constructed via early exploration and scientific research.

While there are those who remain sceptical to the influence of non-Arctic states, NGOs, international corporations and scientific explorations, some welcome the attention with open arms mostly as the cooperation can provide economic growth to communities and industries (Willis and Depledge, 2014; Speca, 2014; Exner-Pirot, 2015; Sweeney, 2015). Whether the efforts are capitalist, environmental or political, the fact is that the Arctic is becoming or already is an international entity as the interest and integration within industries and states increases. The international community will therefore have more direct and indirect influence on businesses, public opinions and scientific discoveries that build identity or soft balancing abilities.

Many of the non-Arctic countries that are coming forth with Arctic strategies, policies and white papers are Observers to the Arctic Council. Being an Arctic Council Observer has its benefits as it gives the country a certain status as an Arctic partner and has a factual meaning that the country has contributed to the Council's work somehow (Exner-Pirot, 2015; Knecht, 2015). Steffen Weber, Secretary General of the Arctic Forum Foundation, agrees saying that: *"Alongside this diplomatic status, there is also a de facto status, depending on the degree of a country's involvement in the region"*, or how much capacity does the country have to conduct research or other activities in the Arctic (Quaile, 2013). Examining the Arctic policies and strategies of the Observer countries that have published their white papers, it seems that while all of them ensure the respect of sovereignty of the Arctic countries and their people, they also refer to the international law and their rights to research as well as shipping outside the territorial waters. They also tend to emphasize that global warming and climate change are global and transnational issues concerning not only the Arctic nations but others too. (Bartenstein, 2015)

As an example Japan's recent policy paper for the Arctic states: *"In recent years, it has become clear that the climate and weather of Japan are being influenced by changes in the Arctic environment […] There is a need for Japan to be involved appropriately in formulating international agreements and rules regarding the Arctic"* (Japanese Headquarters for Ocean Policy, 2015). Along the same lines the German Government's Arctic Policy Guidelines emphasise that the government supports sustainable development in the Arctic and placed high priority to polar research. It also states that: *"Germany is campaigning to ensure free passage by*

international vessels through Arctic maritime routes" (Federal Foreign Office of Germany, 2013). Notably the United Kingdom as well takes lead on science, British explorers also first to reach the North Pole, and environmental protection in the Arctic while respecting the regional governance of the Arctic states (Emmerson, 2010; Foreign and Commonwealth Office of UK, 2013). The UK's policy towards the Arctic however highlights that some issues such as climate change are global and should be handled globally: "*The UK believes that those aspects of Arctic policy that are either affected by or contribute to wider global impacts are best discussed by open dialogue with a broad range of actors. The UK will actively encourage the Arctic Council and other regional fora to further engage non-Arctic countries in Arctic matters of global importance."* (Foreign and Commonwealth Office of UK, 2013, p 13).

China, one of the greatest economic powers in the world at the moment, has increasingly indicated its interest in the Arctic region. There has been a lot of misunderstandings in China's engagement in the Arctic and the country has been called a 'challenger' as it is a rising power and international media often presents China as getting prepared to take part in the immanent 'resource scramble' (Willis and Depledge, 2014). China is taken as an example together with Canada later on when discussion the Arctic Council, not because it seeks to challenge the status quo of the states or the council but because China is a good example of exercising soft balancing in the region and also adds to the argument why the Arctic Council as a regional regime does not have the capacity to properly address international interest. (Su and Lanteigne, 2015)

China, having a six-point Arctic plan but still missing a white paper on the Arctic will mostly likely also to take part in the 'paper chase'. China has presented its Arctic policies from the perspectives of 'respect, cooperation and win-win'. China's recommendations regarding the Arctic were to further explore and understand the region with 'rational usage' of the resources and shipping routes. While respecting the Arctic countries and Indigenous peoples China also noted that the Arctic states should respect the rights of non-Arctic countries for scientific research and exploration on the high seas as well as the overall interest of the international community. China prompted the international community to work together under international law. (Zhang, 2015; Lanteigne, 2015) Marc Lanteigne (2015) refers to this suggestion commenting that: *"This point is significant given the looming debate among Arctic states over the degree to which the region should be considered 'regional' versus 'international' space,*

especially as the Arctic opens up economically." China also has an ice-breaker, *Xuelong* or 'the Snow Dragon', that has operated in the polar waters and the country ordered a second one this year. In addition China operates its Yellow River research station in Svalbard and contributes to Arctic research. China has also partnered with UK and Australian based firms for potential rare earth mineral mining in Greenland. (Ping and Lanteigne, 2015)

China is also partnering with Russia on extractive industries with current project on Yamal LNG in Siberia (Huang, 2015). Foreign Ministry Spokesperson Hong Lei issued a statement (2015) on Sino-Russia Arctic relations highlighting first that China is an important Arctic stakeholder and wishes to cooperate in peaceful and sustainable manner and that: *"Russia is a major country in the Arctic area and has significant influence on Arctic affairs. China-Russia Arctic cooperation enjoys sound basis. We stand ready to strengthen our exchanges and cooperation on Arctic affairs with the Russian side"* (Embassy of the People's Republic of China in the Republic of Iceland, 2015). Also, quoting Steffen Weber: *"Beijing already influences what happens in the region. The same applies to other non-Arctic countries"* (Quaile, 2013).

At the Arctic Circle Assembly 2015, there seemed to be a consensus with the non-Arctic nations that they shall work together, not only with the Arctic nations but form cooperative efforts among the non-Arctic countries to share knowledge and capacity. Lanteigne (2015) notes that the East-Asia trio; China, Japan and South Korea have agreed combine efforts to cooperate in the Arctic. In the Joint Declaration for Peace and Cooperation in Northeast Asia the countries stated; *"Acknowledging the global importance of Arctic issues, we will launch a trilateral high-level dialogue on the Arctic to share Arctic policies, explore cooperative projects and seek ways to deepen cooperation over the Arctic"* (Yonhap, 2015).

The European Union too has acknowledged the need for an Arctic policy as it claims to have *"an important role to play in supporting successful Arctic cooperation and helping to meet the challenges now facing the region" (*EEAS, 2015). Seeing as three of the Arctic states are members of the European Unions and support the EU's Arctic policy development, the EU could also be counted as a stakeholder in the Arctic affairs. It has not yet been granted an Observer status in the Arctic Council however has contributed with research funding and investments and seeks to support environmental protection especially through its member countries. (Depledge, 2015) The EU has been denied the Observer status earlier due to disagreements with fishing

quotas and the import ban on commercial seal products with Greenland and Canada but has improved the relations with both since (Knetch, 2015; Depledge, 2015; McGwin, 2015). Russia is, however, still likely to vote against the EU due political tensions and the potential influence of the EU policies (Lanteigne, 2015; Depledge, 2015).

This thesis suggests that there seem to be a difference of opinion on whether the Arctic is 'global' or 'local'. Most of the non-Arctic states as well as the 'small' Arctic states; Finland, Sweden, and Iceland are trying to reach out to the "new regionalist" phase with their approach to the Arctic region. Moving to a multipolar, international trade oriented Arctic would benefit them more than keeping it strictly geographical where the 'Arctic five' has a greater influence. It also seems that the coastal states would rather keep globalisation separate from the Arctic regional affairs.

Urging this certain division of opinion on whether the Arctic should accommodate non-Arctic actors too and if they should have a say on international agreements and decisions seem to relate to three agenda items; business, (mostly shipping and resource development), climate change and science. This thesis views that the international community which is increasingly affecting the Arctic debates with soft power and institutions such as codes of conduct, diplomacy, trade and symbolic framing include also international organizations, companies, scientific communities, academia and the public. The next part of the chapter discusses further why is the international community as well as the Arctic countries invested in the region to such an extent.

4.5 International institutions as the backbone of Arctic governance

According to the much quoted US Geological Survey (2008), the Arctic region is estimated to contain nearly 25% of global undiscovered hydrocarbon reserves. Further estimated that is 13% of the world's remaining undiscovered recoverable oil and 30% of undiscoverable gas. (US Geological Survey, 2008) Besides oil and gas extraction, there is a major potential for mining in the Arctic region (Su and Lanteigne, 2015). Being presented by the media and few scholars as the next 'resource scramble', the Arctic region, according to the media narratives, is under a lot of pressure to arrange its policies to match the growing international interest (Willis and Depledge, 2014). Submissions have already been made by Denmark and Russia to extend their

continental shelf claims on the Lomonosov Ridge in the Arctic Ocean, leases for drilling offshore are sold and withdrawn, melting ice is uncovering new shipping lanes, mining permissions given to interested companies, and Iceland's President, Ólafur Grímsson, went ahead and referred the Arctic to be like 'discovering a new Africa' (Koivurouva *et al.*, 2015; Humpert, 2015; Shaffer, 2015). Although the media narratives and 'symbolic influences', as Baldwin (2013) put it, on Arctic scramble and looming new Cold War seem to appeal to the public, many experts disregard the possibility for both as there are already international institutions and laws in place for the Arctic Ocean and Declarations signed reassuring peaceful cooperation (Koivurouva *et al.*, 2015; Byers, 2014)

Another issue that is more difficult to solve on an international fora is climate change. Global warming, ice extent, threatened biodiversity, oil spills, storms, sea level rise, 2 C° target, and other issues in this category are all said to be linked to climate change (Smith, 2012). Unlike the issues of resource development and activity in the Arctic Ocean, climate change and its mitigation is definitely more complex also in the context of governance as it is not only the activities happening in the Arctic that contributes to environmental changes in the region but the rest of the world is more likely to affect the Arctic (Speca, 2014; Evans 2012; Young 2010).

Not only are these two forces tightly linked together, but require solutions involving governments, diplomacy, international organizations, codes of conducts, treaties, infrastructure, research and development and the list goes on. Is Arctic governance at the moment addressing these issues? The next part of the chapter examines why international institutions matter, when they matter, and what kind of international institutions there are in the Arctic.

4.5.1 Resource scramble in the Arctic?

Hardin's (1968) theory of the tragedy of the commons fits quite well to the media narratives of Arctic resource development. Hardin explained that common resources being free for all will drive rational human action to exploit it to the full extent. Short term, this brings profit and prosperity however on long term the extraction will eventually ruin the source. (Hardin, 1968) The race for resources can also be referred to as resource scramble. Competition for natural resources has been said to drive companies and nations to exploit the natural resources in the

areas where they exist in large quantities before it runs out or before the competitors can gain more from it (Smith, 2012; Chellaney, 2013). It is also said that competition over resources can lead to economic collapse and provoke more conflicts between nations and societies (Smith, 2012). In a market based environment in addition to supply and demand and overall regulations, unintended costs such as environmental damages have to be taken into consideration when deciding to start resource extraction. Even if it is done on state territory, it might affect the societies living around these areas or have wider effects on climate change and trans-boundary pollution. (Evans, 2012)

Keohane (1988) argued that international institutions such as international law and rules help states overcome market failure or economic collapse and lower transaction costs or externalities. When talking about the Arctic Ocean and resource extraction negative externalities such as pollution and other environmental damages as well as endangering lives and equipment in harsh weather can be risky without international rules that regulate action. International intuitions, like territoriality and borders defined by Holsti (2004), are already in place in the Arctic Ocean through UNCLOS regime, however those property rights do not yet consider the high seas and continental shelves in the central Arctic Ocean (Byers, 2013). The international institutions under UNCLOS are required for regional Arctic governance but as the transaction costs are high and property rights not entirely defined in the Arctic Ocean states also have to use diplomatic means to overcome these shortcomings in order to agree on common rules (Ilulissat Declaration, 2008; Koivurouva *et al.,* 2015).

According to the International Association of Oil & Gas Producers (IOGP) (2015): *"The Arctic is set to play and vital role in meeting the world's energy supply over the next several decades",* and as stated before the Arctic region is estimated to contain nearly 25% of global undiscovered hydrocarbon reserves (US Geological Survey, 2008). Arguably the narratives for an Arctic resource scramble and conflicts over them could hold some truth as institutions in the Arctic are still fairly weak however the location of those resources in the Arctic play a big role in determining the future of resource activities. Most of the estimated hydrocarbon reserves however occur offshore where the challenges and costs are greater due harsh weather, sea ice and remote location. (US Geological Survey, 2008; Smith, 2012; Byers, 2013)

It is also estimated that more than 60 percent of the Arctic undiscovered oil and gas resources are located inside the Russian territory and waters (US Geological Survey, 2008). Other oil and gas reserves onshore can be found within the territories of Russian, Canadian and Alaskan Arctic. (Eurasia Group, 2014; US Geological Survey, 2008) It should be noted, as Nathan Frisbee, from the International Energy Agency (IEA), said during the 2015 High North Dialogue conference (2015) that on the global scale the Arctic is not really comparable to the bigger oil and gas reserves and is not economically viable as the production costs and negative externalities are higher. As most of the Arctic resources lie offshore, the five coastal nations are in a good position to either develop or rent their exclusive sea areas to oil and gas development and Finland, Sweden, Greenland and Russia having major mining potential are already partnering with international companies, however this can hardly be called a scramble. (Byers, 2013; Tiainen *et al.*, 2015)

Most of the oil companies are still reluctant to Arctic offshore oil and gas drilling and announcing cancellations of projects due the lack of expertise, hard environment, strict regulations, high costs, lack of infrastructure, demonstrations from the environmental NGOs and the public and the most relevant development in the industry; falling oil prices. Royal Dutch Shell, Rosneft, Statoil, ConocoPhillips, Cairn Energy and French companies Total and DGF Suez, for example have recently announced to pull out or postpone exploration and drilling activities in the Arctic. Though, Russia has welcomed Chinese companies to join Russia's offshore projects as China has repeatedly stated its interest to find partners in the Arctic energy section and is already funding a Yamal LNG project in Russia. (Humpert, 2015; Huang, 2015, the Maritime Executive, 2015)

Even though Arctic oil and gas exploration and mining is expected to increase in the coming decades as demand increases, technology develops, and in the case of Arctic offshore, the sea ice decreases, most of the resources are located within the sovereign territories of the Arctic states (Smith, 2012; Byers, 2013; Koivurouva *et al.*, 2015). That being said, most of the Arctic states require foreign investment and international business with imports and exports to support the resource extraction activities which give the non-Arctic states capital influence and decision-making power through investments and bilateral partnerships which in this thesis could be addressed as soft balancing power (Heininen *et al.*, 2013). Some of the remote Arctic

communities also have poor infrastructure which makes development harder in those areas however international players like China would have the capital to help to develop the infrastructure needed (Raffan, 2014; Bennett, 2015; Su and Lanteigne, 2015). This thesis sees that as most of the countries engaged in bilateral business relations are interested in either resource development or shipping in the Arctic, the United Nations Convention on the Law of the Sea builds the most important institutional framework for the Arctic Ocean governance and the increasing use of Arctic sea routes by both Arctic and non-Arctic actors.

UNCLOS

The United Nations Convention on the Law of the Sea, UNCLOS, is the key legal framework, referred as an international regime in this thesis, to the Arctic region and the Arctic Ocean and builds property rights as well as valuable rules for regional governance. According to the UNCLOS regime each coastal state is entitled to exploit the seabed within their exclusive economic zones (EEZ) that reaches up to 200 nautical miles from the country's territorial sea baseline. (Byers, 2013) The coastal state therefore has the right to make rules, management plans and collect rent for management or exploitation from others within its EEZ (Smith, 2012). As noted before most of the undiscovered natural resources lie inside the EEZs of the Arctic states, and 84 percent of them offshore (Koivurouva *et al.*, 2015; US Geological Survey, 2009). Besides territoriality UNCLOS sets laws and regulations for example on innocent passage, international navigation, freedom for high seas, development of resources, and preservation of the marine environment (UNCLOS, 1982). UNCLOS, however, will not refer to any overlapping EEZs or resource disputes between the states, nor to the area outside the EEZ. Some of the exclusive economic zones of the coastal states overlap in the Arctic however bilateral agreements have been made regarding almost all of them and the only unsolved territory dispute remains between Canada and Denmark over Hans Island. Worth realizing also is that the United States has not yet ratified UNCLOS however is committed to follow the institutional framework or the rules that UNCLOS define. (Byers, 2013)

According to UNCLOS the states whose outer edge of the continental margin extends over 200 nautical miles may extend their exploitation rights. Any state that has ratified UNCLOS and wishes to establish rights beyond the EEZ is to submit scientific data of the proposed extension

within ten years of ratification. (UNCLOS, 2982; Byers, 2013) Russia submitted the first application of the Lomonosov Ridge and a large part of the Arctic Ocean to the UN Commission on the Limits of the Continental Shelf (CLCS) in 2001 which was protested by the Arctic coastal states. Denmark submitted its scientific data and claim to the CLCS in December 2014, including the area covering the North Pole and was followed by a new submission from Russia with overlapping claims (Byers, 2013; Koivurouva *et al.,* 2015). Even though these submissions overlap, conflict will be very unlikely even though UNCLOS is not responsible to solve any disputes of the overlap. (Koivurouva *et al.,* 2015; Byers, 2013)

Martin (1999) claims that international institutions help provide clear framework for mutual agreements. She argues that by standardizing rules and sharing information that states will reach agreements and maintain trust reducing transaction costs. (Martin, 1999) The international law and regulations that UNCLOS define helped the Arctic coastal states to reassure the narratives for conflict as exaggeration (Koivurouva *et al.,* 20315). The former Danish Foreign Minister, Per Stig Møller, stated in a meeting in 2008 in Ilulissat, Greenland, with all the foreign ministers present from the 'Arctic 5': *"We have politically committed ourselves to resolve all differences through negotiations […] And thus we have hopefully, once and for all, killed all the myths of a 'race to the North Pole.' The rules are in place. And the five states have now declared that they will abide by them"* (Revkin, 2008). This citation and meeting is often quoted by government officials and experts to discard possibilities for conflicts. Koivurouva *et al*. (2015) also state that: *"it is likely that these continental shelf claims will be settled in an orderly fashion"*. One should note however that as long as the UN CLCS has not addressed the claims the areas outside the EEZs in the Arctic Ocean are international zones and, as stated before in non-Arctic countries policies, anyone can access those areas according to the international law (Byers, 2013).

All the non-Arctic countries, especially the ones with Arctic policies and strategies, have indicated that they follow the UNCLOS regime and international law should be applied in the Arctic as shipping, fisheries and resource activities are increasing in the Arctic Ocean (Bartenstein, 2015). Many of them together with the Arctic nations and countries that operate in the Antarctic waters have been involved in developing the Polar Code, an international code of conduct of safety measures for ships operating in polar waters, drafted by the International Maritime Organization (IMO). The Polar Code is expected to enter into force in 2017. (IMO,

2015) The Polar Code, even more so than the institutions within UNCLOS, could be defined as a form of soft law or perhaps a symbolic code that is not enforcing but would harm the reputation of a country or a company internationally if defied.

The UNCLOS and Polar Code, together with other international agreements in the Arctic such as the Svalbard Treaty permitting signatory countries commercial and scientific activities in Svalbard, give the international organizations and countries a certain degree of policy formation rights in the Arctic too (Byers, 2013). Even though these institutions build certain legal requirements and codes for maritime activities in the Arctic Ocean, they are argued not to have sufficient enforcement measures for environmental protection which poses a complex challenge for regional governance (Byers, 2013). For this reason as well, it would be beneficial for the Arctic countries to include non-Arctic countries and companies in making the best practices for the region as there are still areas in the Arctic Ocean that are open to free shipping and research.

4.5.2 Arctic environmental governance

The UCL Institute for Sustainable Resources recently published a study indicating that the development of resources in the Arctic are inconsistent with efforts to limit climate change to the 2°C degree target, even less to the new 1,5°C target, of global warming set by the United Nations Framework Convention on Climate Change (UCL, 2015; UNFCCC, 2015). Extraction and drilling process in the Arctic is extremely dangerous for labour, communities and the environment and more consumption of oil, gas and coal will create more Co2 emissions and greenhouse gases that are directly liked to global warming (Byers, 2013). Climate change is said to affect the Arctic region the most in the next 50 years. Melting glaciers and sea ice will bring changes to biodiversity and the Arctic environment as well as change the living conditions of the communities living in the region. (Smith, 2012) The United States, in particular, have been very vocal recently with their environmental protection advocacy under their Arctic Council Chairmanship initiatives concentrated on climate change mitigation (Exner-Pirot; 2015).

As melting glaciers, possible oils spills, rising sea levels and other issues that climate change brings with it to the Arctic environment are likely to be trans-boundary and not only located on one state's territory, mitigation should also be done through an international body or collective action from all of the states (Evans, 2012). Also with this reasoning, the Arctic states or energy

companies operating in the Arctic should not be the only ones to commit seeing as most of the emissions and energy consumption are released south of the Arctic (Bennett, 2015). A study published by Nature Climate Change (2015) for example found that: *"that the largest Arctic warming source is from emissions within the Asian nations owing to the large absolute amount of emissions"* (Sand et al., 2015). Evans (2012) recognises that climate change mitigation requires collective action and the key actors in environmental governance are states, businesses, supra-national organizations, sub-national bodies, international scientific advisory bodies, civil society, and NGOs.

The Arctic climate politics and environmental governance includes all of these actors, or stakeholders, however in some cases they do not necessarily work together as well as they should across international, national, sub-national and civic levels. The same way global environmental governance is lacking an enforcing international body, the implementation of environmental agreements in the Arctic region is often left to the states which are also responsible for subsidizing Arctic resource extraction. (Evans, 2012; Stokke, 2011)

Undoubtedly, the Arctic states have started plenty of initiatives and created institutions and regimes such as the predecessor to the Arctic Council, the Arctic Environmental Protection Strategy, signed declarations and treaties on fishing stocks in the Arctic Ocean and other marine life and biodiversity protection including a conservation agreement on polar bears, and have committed to preventing pollutants, oils spills and so on (Stokke, 2011; Young, 1998; Byers, 2013). The Arctic countries have signed most of the relevant international environmental agreements and demonstrate research and engagement capabilities through the Arctic Council working groups however most of these agreements are 'soft-law institutions' as Stokke (2011) calls them. Even though the Arctic countries seem to respect these agreements they are not inclined to sign multilateral agreements or act on the 'soft-law institutions'. (Stokke, 2011) Some of the Arctic countries, such as Norway and Russia, and sub-national actors like the state of Alaska are dependent on the profit and energy from extractive industries and since some of the biggest energy companies operating in the Arctic are state-own or subsidized the implementation on some of the environmental regimes are inconsistent with the state energy goals (Wegge, 2010; Evans, 2012; Humpert, 2015; Bastasch, 2015).

Seeing as most of the emission and causes for global warming do not originate from the Arctic itself but is said to affect the northern regions the most, commitment to fight climate change should not only come from the Arctic countries but needs to be handled globally (Bennett, 2015; Herrmann, 2015; Bartenstein, 2015). Supranational organization such as the United Nations can be in a leading position to introduce regimes, rules and regulations and even put an economic value on pollution however without states, companies and people committing to the institutions, the regimes do not hold much actual value. (Evans, 2012)

The non-Arctic countries and international organizations such as the UN, the IMO and the EU come into the picture when talking about environmental governance in the Arctic and thus have a say on some of the policies or institutions that states should follow but in most of the cases the initiatives lack enforcement (Evans, 2012; Stokke, 2011). Much attention was given to the 21st UN Climate Summit, COP 21 this December. The United States especially has been leading the Arctic climate change conversation leading to COP 21, however as Herrmann (2015) argues that there is *"a disconnection between political narrative and financial commitment to Arctic adaptation efforts."* She notes in her article about COP 21 and the Arctic that: *"As the first week of the negotiations close, there has to date been no pledges to assist with Arctic adaptation by any country delegation. This stands in stark contrast to financial commitments to other at-risk peoples in the Pacific Islands, Africa, and Central America"* especially because these risk groups in the Arctic live in developed countries that have their own national adaptation plans. (Herrmann, 2015)

Besides the climate change debate UNCLOS, the Polar Code, and the International Convention for the Prevention of Pollution from Ships (MARPOL) are all recognized for the Arctic Ocean by the Arctic and non-Arctic countries in their Arctic policies (Pelaudeix, 2015). The EU also comes into the picture as its targets are followed by Finland, Sweden and Denmark and unlike the UN the EU is in a position to enforce legally binding rules to its member states (EEAS, 2015; Evans 2012). Other 'soft-law institutions' have also been introduces via international scientific or expert advisory bodies drafting documents about the Arctic environment such as the Convention for the Protection of the Marine Environment of the North-East Atlantic for Arctic Waters (OSPAR Commission, 2015).

The climate change and environmental protection reasoning is one of the most rational arguments for the non-Arctic countries to be included in the Arctic affairs. Scientific reports and studies have indicated that the Arctic weather patterns can cause storms and harsh climate in some parts of Asia and the sea level rise is threatening countries such as Singapore, Japan, and China (The Headquarters for Ocean Policy, 2015; Su and Lanteigne, 2015; Mokhtar, 2015). As stated before climate change is a global issues and the Arctic climate change is affected by global emissions, the governance should also be international and not only regional. A presentation from the China Ocean Shipping Company (COSCO) at the Arctic Circle Assembly 2015 argued that the Northern Sea Route compared to the tradition Suez Canal would shorten shipping time from Asia to Europe hence minimize the use of fuel and carbon emissions (Cai, 2015). Considering the increasing amount of foreign business activity shipping, mining, resource extraction and even renewable energy industry is bringing to the Arctic, it is safe to say that non-Arctic countries and companies should also be considered as actors influencing Arctic environmental governance and policy formation that will follow the increasing activity.

Even though states, businesses and IGO's are perhaps considered the key actors in environmental governance policy and development, Wapner (1996) believes that: *"[…] NGOs are significant in world affairs not only because they influence states but also because they affect the behaviour of larger collectivities throughout the world."* One of the largest NGO contributors to Arctic science and research is the International Arctic Science Committee (IASC) that facilitates cooperation in Arctic research globally. IASC holds Arctic Science Summits in different countries and invites scientists, student, professionals and government officials from all over the world to take part and share knowledge. IASC contributes to international Arctic research and is therefore in a good position to provide information also to policy makers. (IASC, 2015) Wapner (1996) also argues that even though states remain the main body in global politics and market as the main actor for the industry, transnational environmentalist groups such as Greenpeace and World Wildlife Fund (WWF) are in a position where they can influence state and human action through world civic politics. (Wapner, 1996)

Greenpeace have been very vocal with its 'Save the Arctic' –campaigns and arranged wide demonstrations against oil companies like Royal Dutch Shell, and Statoil as well as public marches in various cities globally, most of them not even near the Arctic Circle (Greenpeace

International, 2015; Kerr, 2013). As Wapner (1996) states, the NGO's are in a central position to influence civil societies and drive collective action, Greenpeace and other international activist groups as well have triggered both positive and negative effects of collective action. Negative is that some of the stunts that the activists have made in order to protest against Arctic drilling, such as climbing to a Shell drilling rig, were only to anger the industry however they have also spread awareness of the Arctic environment and biodiversity within the civil society pressuring the states also to address the situation or take action (Dauvergne and Neville, 2011; Klausner, 2015). International NGOs are also part of the globalization of the Arctic and see the Arctic as more of an international space that they and other civil collectivities in the world can influence (Bartenstein, 2015). Many of the locals in Greenland and Northern Canada though have indicated that they do not appreciate some of the efforts from the environmental activists and are not being heard as the 'global Arctic' is taking over more authority (Dauvergne and Neville, 2011; Speca, 2014; Eegeesiat, 2015)

Indigenous peoples being at the core of the climate change prone area also want to take part in the environmental governance representing the 'governance without government' approach. Quoting Aile Savo, the Presidet of the Saami Council, from an interview with the Arctic Journal (2015) on Indigenous involvement in COP21 she stated:

"We demand respect for human rights, including the rights of indigenous peoples in climate-change policies and actions, and we will call upon the state parties to recognise our traditional knowledge and positive contributions to climate adaptation and mitigation effort" and *"Knowledge is the foundation for policy development and decision-making. We believe that neither science nor traditional knowledge on their own can provide all the answers needed to face the rapid changes currently taking place in the Arctic."* (McGwin, 2015)

In all levels, environmental governance in the Arctic is a complex issue as it needs global as well as national and local involvement however unified action is difficult to arrange. Nevertheless the non-Arctic countries and other international actors are in a good position to argue that they should also be included in Arctic affairs when it comes to climate change and environmental protection in the region. With this the Arctic could be considered as an international space that also requires international policy.

4.5.3 Multilateral diplomacy in the Arctic

Overall Arctic relations and especially having the Arctic Council as a facilitator of international cooperation relate to multilateral diplomacy in action. The public political side of Arctic affairs is much concentrated on multilateral conferences and ministerial meetings where agreements are made. As earlier stated in the theoretical framework, according to Bull (2002) because of the growing presence of IGOs and (this thesis may add) international regimes, multilateral diplomacy has gained more foothold over bilateral diplomacy in international affairs. As both Bull (1977) and Holsti (2004) agree that diplomacy can be accounted as an institution, this thesis also account that Arctic diplomacy adds to the overall institutional framework in the region and is one of the biggest reasons next to UNCLOS why cooperation exists in the Arctic. This thesis sees that much of the multilateral diplomacy in the Arctic is facilitated through conferences, negotiations and the Arctic Council meetings. Some diplomatic friction has however occurred between Russia and the West lately because of the Ukraine crisis but as the Arctic Council does not address security issues and most of the Arctic day-to-day policy work circle around science, ocean management and climate change, diplomacy can function well in the Arctic despite other geopolitical friction (Lanteigne, 2015; Arctic Council, 2015).

Multilateral and bilateral diplomacy has worked in the Arctic even throughout the Cold War when some of the border disputes were settled, environmental regimes including the Arctic Environmental Protection Strategy founded and other agreements negotiated such as the 1973 Agreement on Conservation of Polar Bears (Byers, 2013). Even though cooperation during the Cold War was concentrated mainly on environmental protection, multilateral diplomacy and regime building still existed in the Arctic as there was mutual interest in its conservation (Knecht, 2013). Now that the Arctic has become the centre of global attention, diplomacy functions to facilitate communication and agreements between the Arctic states and the rest of the world and without these peaceful interactions would be challenging for political communities as there would be a great uncertainty about the consequences of unilateral action (Bull, 2002; Collins *et al.*, 2015).

Earlier on in this thesis it was stated that the Arctic in hunted by the current geopolitical situation between Russia and the West because of the internationally condemned annexation of Crimea in

Ukraine and concerns are raised that this conflict and political friction will spill-over to Arctic affairs too (Collins at al., 2015; Koivurouva et al., 2015; Berzina, 2015). Even though quotes such as *"High North, low tensions"* by former Norwegian foreign minister Jonas Gahr Støre and the Arctic as a *"zone of peace and fruitful cooperation"* by former Soviet-leader Mikhail Gorbachev, are often quoted by government officials and diplomats calling for international cooperation, it does not seem to calm down some of the attention that media gives to the increasing militarization of the Russian Arctic (Berkman, 2014; Smith, 2012). In this regard the media narratives are quite different to the overall diplomatic and political ones.

The Ukraine crisis has been linked to the Arctic with sanctions targeting Arctic offshore industries and quoting Paul Grod from the Ukrainian Canadian Congress advising the new Trudeau government: *"Anything less will embolden Russian President Putin to continue to breach international laws and borders, which may in turn jeopardize Canada's Arctic sovereignty. By helping protecting Ukraine, Canada will be protecting its Arctic sovereignty, and that is in Canada's national interest"* (CBC News, 2015).

Despite the growing concerns experts, diplomats and politicians point out that Russia has so far been acting within the international law in in the Arctic (Koivurouva *et al.*, 2015; Barbin, 2015). After the United States stepped on this year to chair the Arctic Council until 2017, it has increasingly been emphasizing that cooperation with Russia is vital to Arctic cooperation especially on environmental governance and search and rescue (Exner-Pirot, 2015; Rosen, 2015). The US special representative for the Arctic, Admiral Robert Papp said on an interview that: *"To exclude Russia would have terrible consequences. It would be a terrible burden on our chairmanship"* (Rosen, 2015). Canada, during its Chairmanship of the AC was not as forgiving and openly commented on Russia's behaviour before the Arctic Council Ministerial Meeting in April this year (Wade, 2015).

The Arctic Council and multiple Arctic conferences arranged by governments, companies, scientific communities and universities have made sure to support the multilateral diplomatic relations in the Arctic and even though the diplomats and politicians would not be able to discuss security issues or Ukraine matters with high tensions, this thesis argues that they are still able to cooperate through science, environmental governance, search and rescue, use of the Arctic Ocean and other issues needing development and action in the Arctic. Multilateral diplomacy in

this sense takes a form of soft power via high-level negotiations, conferences and advocacy which is also relevant for the non-Arctic countries if they wish to take part in Arctic affairs. In this sense the Arctic Council has functioned as a high-level regime that facilitates soft power in issues that do not relate to security through diplomacy. The United States has also recently taken a leading role in engaging Russia in Arctic cooperation thus showing the other Arctic countries leadership in a form of acceptance (Exner-Pirot, 2015). Bilateral diplomacy have also been quite effective for the non-Arctic countries to create ties and good relations with the Arctic countries and especially valued by China (Su and Lanteigne, 2015). In the next chapter the thesis will point out that although the diplomatic relations are working well in the Arctic, they might not be enough to keep the Arctic Council relevant in the age of globalization especially if the Arctic countries are unwilling to give more power to the Council and start engaging in bilateral and unilateral decision-making more than via the multilateral fora.

4.6 Summary

This chapter aimed to provide an overall situation of Arctic governance from national and international perspectives. It pointed out that the idea of the Arctic "region" has developed overtime from an unknown inhabitable region to the center of not only regional but of international interest and identities. While some of the Arctic countries would like to hold on to the geographical regional governance perspective, the international actors as well as the "smaller" Arctic countries see that the region could benefit from global attention and have stepped to the "new regional" phase. Most of the non-Arctic countries also feel that as some of the challenges facing the region as transnational and affecting them too, they should be included in the discussions on the future of the region, however countries such as Canada and Russia as well as the Indigenous communities do not embraced the global approach.

While there are international institutions in place for Arctic governance they also give the non-Arctic actors a right to develop their interests in the central Arctic Ocean and also a voice in the future developments of the region. This thesis sees that the increasing bilateral relations as well as the rights given to the non-Arctic actors by international law also gives them a form of soft balancing power in Arctic affairs. This approach should not however be taken out of context as it sometimes is by the media claiming a 'resource scramble', conflict or a turn to unilateral action.

As the region is also hunted by the geopolitical friction between Russia and the West, this thesis saw the possibility of this spilling over to the Arctic affairs however also stated that there is a mutual understanding of peaceful cooperation and multilateral diplomacy as well as other institutions in place that reduce the possibility of any disputes in the Arctic.

The main challenges for Arctic governance are seen in this thesis through the difference in perspectives of the Arctic and non-Arctic actors on how much influence each of these stakeholders should have in the region. As all of these challenges have been changing the nature of Arctic governance, the thesis also wants to further examine the abilities of the Arctic Council to respond to the growing international interests as it is the main body for multilateral discussion and governance.

5 Approaching the Arctic Council from the East and West

The Arctic Council has gotten a lot of critiques over the past few years especially from the academic side. Many has pointed out that the Arctic Council does not have any legislative power and the Declarations are not binding and are up to the states to decide whether they comply with the agreed terms (Koivurouva, 2009). The governments however put a lot of emphasis on the Arctic Council's cooperative and diplomatic side hoisting the Council's value in conferences and their Arctic policies. Being part of the Arctic Council also has reputational meaning for the non-Arctic countries and IGOs (Exner-Pirot, 2015). If the Arctic Council grants an Observer status for a non-Arctic country or an organization, it must mean that their engagement in significant and respectful towards the Arctic countries and the Indigenous population (Arctic Council, 2013).

Recently the Observer matters have been concentrating on questions who should be an Observer and to what degree can the Observers influence and participate in the Arctic Council. While an increasing amount of non-Arctic states, including Switzerland, Greece, Turkey and Mongolia, and other non-state actors such as the EU, the OSPAR Commission and Greenpeace to mention a few, are 'queuing' up to be granted an Observer status, the previously granted Observers are seeking more participation. (Knecht, 2015)

This chapter will analyse the effectiveness of the Arctic Council as a regional and international regime and will also address the structure of the Arctic Council. It will point out that as the globalisation is sweeping over the Arctic, without a formal status the Arctic Council is at risk to become irrelevant in Arctic governance. The status and future potential of the Arctic Council is seen differently by different Arctic and non-Arctic Countries. Whereas Canada, Russia and the United States for example are very eager to keep the status quo of the Arctic Council without 'UN-ification' the regime, the Nordic countries at least have been more accepting on further authority and new Observers (Interview 11/2015; Willis and Depledge, 2014; Depledge, 2015). Some of the non-Arctic states such as China would perhaps like to see more integrated Arctic Council as it would also reduce the danger of the so called 'melon-effect' where the Arctic states would merely divide their shares in the region like a melon and leave the non-Arctic countries with no participation in the process of developing the Arctic except in bilateral business relations (Lanteigne, 2014).

The Chapter will compare Canada's and China's views and approach to the Arctic Council as a case example to illustrate the point that the ability of the Arctic Council to influence or "control" the globalization of the Arctic will depend on its ability to contemplate action and evolve to accommodate the interest of the non-Arctic states as well. This case study is important for this research because the two cases represent the opposite sides of the spectrum on regional and international side of Arctic governance that the problem statement is trying to address. It demonstrates that the non-Arctic influence will be present in the Arctic with or without the Arctic Council however if the Arctic Council agenda follows only the national interest of each of the Chair and is unwilling to strengthen the operationalization phase of its decisions, the regime might lose its relevance in the future as the main arena for international Arctic cooperation.

Canada and China were elected as examples because their Arctic strategies and positions to influence in Arctic affairs are quite different. Canada is very vocal when it comes to its Arctic sovereignty and during Prime Minister Harper's government quite reluctant to see more internationalisation in the region and the Arctic Council (Coppes and Herrmann, 2015; Willis and Depledge, 2014). Canada is also one of the biggest Arctic countries with a strong Arctic identity and refers to itself as an 'Arctic power' (Government of Canada, 2009). Coppes and Herrmann (2015) offer an appropriate comment on Canada's Arctic identity during the peak of

the ‘Arctic rush’: *“as observations of melting ice gave way to economic and geopolitical opportunities, the Arctic quickly moved from the periphery towards the center of Harper’s system of national valuation and his notion of Canadian identity.”* Prime Minister Harper has been claimed to focus more on Canada’s Northern identity and sovereignty claims than on its actual problems of low social security (Coppes and Merrmann, 2015). Harper’s famous ‘use it or lose it’ attitude to Canada’s Arctic sovereignty stredding the strategic dimension over human security reflects also the zero-sum approach Harper previously introduced to Canada’s engagement in multilateral Arctic affairs (Chase, 2014). Steven Chase writes in the Globe and Mail (2014) stating that: *“Harper’s Canada-first approach to the Arctic is part of an effort to fashion a conservative nationalism.”*

When it comes to the non-Arctic actors in the Arctic Council, Canada has been quite wary in the past to granting foothold for non-Arctic states (Willis and Depledge, 2014; Depledge, 2015). As the Arctic Council makes consensus based decisions between the Arctic countries Canada, as well as the other Arctic states, has a veto power on issues such as adding new Observers to the Council (Lanteigne, 2015). Looking at Canada’s Chairmanship 2013-2015 agenda, much of its emphasis was based on Indigenous peoples, here pointing out a fact that Iceland does not even have Arctic Indigenous population (Bennett, 2015; Raffan, 2014). During Canada’s Chair new Observers were also not admitted to the Council but their admission was postponed for the next Ministerial under the United States’ Chair (Bennett, 2015; Depledge, 2015). This thesis will argue in this chapter that Canada’s AC agenda seemed to address more national than international interests linking it to Canada’s overall Arctic policy.

In this study China is taken as an example to compare interests and visions for the Arctic region alongside with Canada. China holds a great power status in international relations as the country has transformed from a developing nation into an economic powerhouse and last year announced as the largest economy in the world specifically with its purchasing power abilities (Su and Lanteigne, 2015). China has received a lot of attention and concerns from the West as an expansionist and revisionist power with investments in Africa and Latin America. (Willis and Depledge, 2014; Carter, 2014; Kjetland Fjeldsbø, 2015) Referring to the earlier introduces media narratives of an ‘Arctic resource scramble’ China has been presented in Western media as looking for the new resource frontier and developing revisionist interests in the Arctic by seeking

to challenge the status quo of Arctic countries and unilaterally join Arctic regional relations as a great power without an actual Arctic border (Willis and Depledge, 2014; Mered, 2013; Vanderklippe 2014; Su and Lanteigne, 2015). There is a difference though between the Western narratives compared to China's point of view and also the media reporting versus the actual participation of China in the Arctic (Su and Lanteigne, 2015).

As already discussed earlier in this thesis, China's main interests in the Arctic lie on scientific research, climate change mitigation and economic possibilities on mining, shipping and hydrocarbon resources. China has increased its bilateral relations, both diplomatic and trade, with the Arctic nations and has been involved in mining projects for example in Canada and Greenland and currently is partnering with Russia in the Yamal LNG project. China is also an Observer in the Arctic Council which in its early stages raised misunderstandings and unnecessary exaggerations on China's interests in joining the Council and its overall Arctic relations. Su and Lanteigne (2015) state that in the Western media China is seen as a revisionist actor seeking to challenge the status quo of the Arctic states whereas from China's point of view the country's identity is based on partnership with the Arctic states and not wanting to be excluded from the Arctic cooperation. (Su and Lanteigne, 2015; Zhang, 2015; Huang, 2015)

China is taken as the second example in this chapter comparing its views with Canada because the Western narratives present China's views as the exact opposite of what Canada would like the Arctic Council and Arctic relations to remain as. In an actual fact though, China is looking for partnerships because it does not want to be excluded from the Arctic affairs and for China the status of the Arctic Council Observership is only part of its Arctic diplomatic ties and is not interested in challenging the Council (Su and Lanteigne, 2015). Even without the Arctic Council, China would be in a good position to facilitate soft balancing and "new regionalist" ideas in the Arctic via its economic capacity and investments as well as with its Arctic identity as a "near-Arctic state" following the climate change rationale (Mered, 2013; Su and Lanteigne, 2015; Liu 2015). As this thesis found earlier that there is a mutual understanding between the non-Arctic states that they should also cooperate together to emphasize their rights within the international law in the Arctic. With examples from Canada and China this chapter will also conclude the strengthening or reforming the Arctic Council and further including the non-Arctic states in the

conversation would be beneficial for the Arctic states in the future if there is a wish to keep the Arctic as a regional space.

5.1 The Arctic Council as a regional regime

The Arctic Council is seen as the main international body, and some say organization, for Arctic cooperation next to UNCLOS (Huebert, 2008; Byers, 2013). While some academics such as Byers (2013) and Hough (2013) consider the Arctic Council as a formal intergovernmental organization this thesis sees that the structure of the Arctic Council is closer to a regional regime than an organization as the Arctic countries themselves do not consider the Council as an intergovernmental organization with abilities to enforce rules and do not wish to establish a more formal type of structure for the AC either (Bloom, 1999; Government of Canada, 2010; Arctic Council 2015).

The Arctic Council certainly has some IGO characteristics in its current structure as it has involved from the Arctic Environmental Protection Strategy (AEPS) regime over two decades to actually create and advocate international institutions as well as using working groups to operationalize the AEPS into different areas of environmental protection research (Hough, 2013). The Arctic Council has a secretariat in northern Norway as well as a budget allocated by each of the states. The Council members have also signed two legally binding agreements on *Cooperation on Marine Oil Pollution Preparedness and Response in the Arctic* and *Cooperation on Aeronautical and Maritime Search and Rescue in the Arctic.* (Arctic Council, 2011; 2013; 2014) Michael Byers (2013, p 9), an expert on international law and the Arctic, finds that the Arctic Council has transformed to a *"central forum for Arctic diplomacy and law-making […] thus become the proverbial 'town square' for an expanding transnational community of politicians, diplomats, and other experts"*, however this thesis points out that looking at the structure and effectiveness of the Arctic Council also in a global context, it seems to behave more as a regional regime than a formal intergovernmental organization.

The founding Ottawa Declaration (1996, p 1) of the Arctic Council states that:

"*The Arctic Council is established as a high level forum to: provide a means for promoting cooperation, coordination and interaction among the Arctic States, with the involvement of the*

Arctic indigenous communities and other Arctic inhabitants on common arctic issues, in particular issues of sustainable development and environmental protection in the Arctic."*

The footnote for that statement adds: *"The Arctic Council should not deal with matters related to military security"* (Ottawa Declaration, 1996). Rob Huebert (2008) says that the restriction not to address security issues was insisted by the United States as a requirement in exchange for its membership. Even though the Arctic Council was formed to address common regional issues and to operationalize the AEPS, it was in the end created through a Declaration and not a formal agreement such as a treaty meaning that the Council actually lacks a legal personality (US Department of State, 1999). Oran Young (1998, p, 3) also points out that the constitutive documents of the AEPS and later the Arctic Council did not go through *"formal ratification process"* which has *"significant implications for the final or operationalization stage of regime formation"*. The Arctic Council Secretariat (2015) too specifically states that:

"The Arctic Council is a forum; it has no programming budget. All projects or initiatives are sponsored by one or more Arctic States. Some projects also receive support from other entities. The Arctic Council does not and cannot implement or enforce its guidelines, assessments or recommendations. That responsibility belongs to each individual Arctic State."

The two legally binding agreements have been used as a reasoning to call the Arctic Council as a formal IGO as they represent the Council's ability to acquire more status over the mutual issues in the Arctic however this thesis sees that the implementation of these agreements ultimately falls into the hands of individual states (Byers, 2013). Also looking at the binding agreements made by the eight member states, both of them are mainly drafted for the Arctic states and do not concern the Observers to the Council. The *Cooperation on Aeronautical and Maritime Search and Rescue in the Arctic* agreement (2011) follows the existing international law agreeing on trans-boundary cooperation between the Arctic states. The *Cooperation on Marine Oil Pollution Preparedness and Response in the Arctic* agreement (2013) also follows UNCLOS and other existing international conventions agreeing on state jurisdiction and responsibility areas for oil pollution incidents but do not address Observer responsibilities. This thesis suggests that in order for the Arctic Council to address the growing non-Arctic involvement in Arctic trade and development, it should strengthen these institutions to include the Observers too.

Barnett and Finnemore (2004) raise a valid point, which was earlier introduced in the theory section of this thesis, that IGOs do a lot more than facilitate agreements between the member

states. They also make authoritative decisions that have global effects exercising power on international scale as well as challenge the prevailing state centric perspective in world politics. (Barnett and Finnemore, 2004) This thesis argues that the Arctic Council have not yet made any authoritative decisions on international or global scale and the guidelines that it produces are up to states to decide whether to honour them or not (Koivurouva, 2009; Huebert 2008). The prevailing view in the Arctic is still very much state centric and the Arctic Council does not necessarily have the ability to change state interests especially when the agenda changes every two years according to the Chair's priorities (Bartenstein, 2015; McGwin, 2015). Keohane and Nye (1987) agrees that the challenge of international regimes relates to the actual impacts that regimes can have on state behaviour and international relations, which is the exact issue for the Arctic Council as well.

Krasner (1982, p1) identifies regimes as *"principles, norms and decision-making procedures*" around which actors act on a given issue area also pointing out that regimes are long-term arrangements that can change overtime according to rules and decision-making procedures. The Arctic Council in this regard has changed from a purely environmental regime to include a broader agenda with high-level attendance and international reputation suggesting that regimes often reflect the political identities and practices. Even though the actual legal framework and enforcing power of the Arctic Council is low, as Oran Young (1998) states, regimes are still *important benchmarks […] as understood by their creators*. The Arctic countries, especially the Nordics, highlight the status of the AC in their Arctic policies as mentioned and *"recognize the existence of certain obligations"* accepting the validity of the decision-making procedures (Karns and Mingts, 2010). The extent to which the member countries feel like decisions made in the Arctic Council meetings are important to their foreign policy though, vary between the AC states (CBC News, 2015).

This research claims that even though the Arctic Council does not enforce regulations, it facilitates soft and structural power through attraction and interaction. Nye (2004) argues that a state can make other states follow its lead in world politics by making other countries admire its values and position in international society. This thesis finds that the Arctic Council works through soft power by attracting international attention by presenting itself as an exclusive group to which states are lucky to be part of. This can be seen as the increasing amount of Observers

that are ‘queuing’ to be part of the Arctic Council as they do not want to be excluded from the group (Knecht, 2015). Nye (2004) also found that soft power relies on assets such as political values and can be facilitated through institutions. This thesis sees that the Arctic Council relies mostly on its power over social relations and political values and facilitates them through multilateral diplomacy as a main international institution. Even though the most recognizable side of the AC is the high-level diplomatic side that facilitates cooperation and agreements, the Arctic Council actually has a working side to it that is often not brought out to public (Koivurouva, 2009). The working groups of the AC produce scientific reports, guidelines and recommendations in both environmental protection and social security but the Council has not been able to turn the guidelines into policy, except the two binding agreements on search and rescue and oil pollution preparedness (Arctic Council, 2015; 2013; 2011).

One of the reasons why this thesis concludes that the Arctic Council is working more as a regime than an organization is that it is recognized by most of the Arctic states as one. Quoting Evan Bloom from the Office of the Legal Adviser at the US Department of State (1999):

“The establishment of the Arctic Council as a forum without legal personality, and thus not as an "international organization" as that term is understood under international law, was an objective of the United States and is consistent with a tendency in recent American diplomatic practice to seek an informal cooperative structure […] Because the Council acts solely through consensus, individual Arctic states can have confidence that the Council will not be used either to impose policies with which they disagree or to require participation (and thus payment) for programs which are not matters of priority for them. States are also assured that there is no limitation on their ability to act in their national interest, as there is no requirement that any particular issue or type of cooperation be handled through the Council.”

A Government of Canada representative interviewed (11/2015) for this thesis also agrees that the Arctic countries themselves would not want the regime to be ‘UN-ificated’ as the UN or the EU type of organization or built on a treaty that is hard to agree upon. Few academics such as Timo Koivurouva and Rob Huebert suggest that the increasing challenges in the Arctic related to climate change, resource development and shipping routes should be handled through strong legal institutions or an Arctic treaty. On the other camp agreeing with the United States are academics such as Oran Young noting that informal agreements can be made quickly especially as the rapidly changing environment require fast decisions. (Griffiths, *et al*., 2011)

Such as the quote from the Evan Bloom suggests in the Arctic Council the states are free to drive their own national interests and this thesis also finds that some of the Arctic states, especially the littoral states, seem to advocate their own national interests also in the Arctic Council. Michael Byers told CBC News that the national agenda was one of the topics that Canada's Chairmanship of the AC was criticized on (CBC News, 2015). Teppo Tauriainen, the former Ambassador of Sweden to Canada, addressed the Arctic Council Chairmanship after Sweden handed its Chair to Canada (2013, p3):

"Important to be mindful of the dividing line between mainly domestic issues that need to be handled at home by national or local decision makers, and those issues that are suitable and relevant to address in an international context like the Arctic Council. It would be counterproductive, both for those directly affected and for the Council in general, to give the impression that the Council can be tasked with duties that fall outside its mandate."

Because some of the Arctic states, such as Canada discussed later in the chapter, are driving the Chairmanship from the point of their national interests that does not necessarily concern all the states and the Council's agenda changes every second year, some of the Arctic countries as well as Observers might find bilateral relations more appealing (Bennett, 2015). This thesis sees that other international Arctic conferences are becoming even more important in multilateral diplomacy than the Arctic Council meetings since every topic can be addressed accordingly and transparency can be better facilitated through 'Track Two' networks as information is more openly shared (Su and Lanteigne, 2015).

As security falls outside of the Arctic Council's mandate, Huebert (2008) argues that the restriction has resulted in reluctance to deal with geopolitical issues. During Canada's Chairmanship of the Council the annexation of Crimea became a big topic of discussion. The increasing tension between Russia and the West over the Ukraine dispute has already seen some spill-over in the Arctic Council especially from the Canadian and Russian side (CBC News, 2015). Canada's then-Minister for the Arctic Council, Leona Aglukkaq, for example refused to attend an Arctic Council meeting in Moscow because of the occupation of Crimea (CBC News, 2014). Minister Aglukkaq indicated that she would deliver a strong message to Russia over its actions in Ukraine during private meetings at Arctic Council Ministerial meeting last April in Iqaluit (McDiarmid, 2015). A lot of criticism was drawn, especially from the Russian and Indigenous people's side, to the spill-over of the Ukraine crises before and after the Ministerial

meeting concerning the Council's mandate (Quinn, 2015; Sputnik International, 2015). Russia notably decided not to send their Foreign Minister, Sergei Lavrov, to the Iqaluit Ministerial meeting and many speculated that this might be due the current tensions between Russia and Canada. Michael Byers however stated that it was more because of Canada's focus on domestic issues in the Council and that Russia did not consider that important decisions for their foreign policy would be done at the meeting in Iqaluit. (CBC News, 2015)

Lanteigne (2015) states that it is becoming clear that keeping global geopolitical issues and further security concerns off the Arctic Council agenda more difficult in the coming years. Seeing as the Arctic Council includes NATO countries, two neutral countries and Russia on the other end, regional security community as an end result of cooperation is still a fairly sensitive topic in the Arctic (Petursson, 2015). From a neorealist point institutions can be significant in the areas where national security interests are not central and Acharya and Johnston (2007) point out to neo-functionalist literature that security issues should not be brought to the regional integration agenda in the early stages (Baylis *et al.,* 2011). This thesis finds that considering that the Ukraine crisis has already affected the diplomatic relations in the Arctic Council, the AC should not necessarily restrict the discussions to exclude geopolitical issues.

Agreeing with Martin (1999) that institutions such as transparent multilateral diplomacy can help maintain trust between states, this thesis also suggests that strong institutions or openly addressed security issues stating that cooperation will continue in the Arctic despite the Ukraine conflict disagreement, it might help to ease the media narratives and the worries of non-Arctic states. There is another side to the story though and the thesis recognizes that keeping geopolitical issues outside the Arctic Council mandate makes sense if the diplomatic friction between the states would then spill-over to Arctic issues. The beauty of the Arctic Council is that even with geopolitical disputes between the Arctic states exists in other parts of the world, the Arctic Council could still function as a platform for multilateral dialogue about Arctic issues if they do not concern security. Besides the whole geopolitical issue, the Arctic Council is also facing an increasing amount of attention and pressure from the international community questioning the Council's regional responsibilities and the role non-Arctic actors can have in Arctic governance (Lanteigne, 2015).

5.2 Observers forming a ‘queue’ to the Arctic Council

As the Arctic is gaining more international attention as a result of climate change, possible resource development, increasing shipping in the Arctic waters, and the geopolitical tension spill-over, the Arctic Council is under pressure to set the agenda also for the international audience (Lanteigne, 2015). As stated before, the Arctic Council has been very efficient on raising public awareness on Arctic issues and attracting attention on itself as the number one international forum that everyone would like to join (Huebert, 2008; Knecht, 2015). At the same time, as the international participation increases, the Arctic Council will have to find ways to impose its institutional framework as binding also to the non-Arctic actors if it wishes them to follow the AC guidelines in the long run.

At the moment there are twelve Observer nations to the Arctic Council; China, France, Germany, India, Italy, Japan, Netherlands, Poland, Republic of Korea, Singapore, Spain, and the United Kingdom and many non-governmental and intergovernmental organizations (Arctic Council, 2015). Being an Arctic Council Observer has its benefits as it gives the non-Arctic countries or international organizations a certain status as an Arctic partner and proves that they have given actual contributions to the Arctic issues (Knecht, 2015; Exner-Pirot, 2015; Mered 2013). Now as the Arctic Council is getting more popular, non-Arctic countries and international organizations have been said to ‘queue’ up to be granted an Observer status. Countries including Switzerland, Greece, Turkey and Mongolia submitted their applications at the last Ministerial Meeting in April and international organizations like the EU and Greenpeace have applied the Observer status many times now. (Exner-Pirot, 2015; Knecht, 2015) Even though Observers have been part of the Arctic Council since 1998, only recently the Observer matters have been concentrating on questions who should be an Observer and to what degree can the Observers influence and participate in the Arctic Council (Knecht, 2015). The increasing interest in Observer matters seems to follow the overall increasing international attention directed to Arctic resources, politics, shipping, science, and climate change. Even though the Arctic Council has little enforcement power and perhaps bilateral relations would be a better way for non-Arctic actors to influence, this thesis understands that the attitude of ‘it is better to be part of it than excluded’ attracts the non-Arctic nations to join.

The European Union has acknowledged the need for an Arctic policy as it claims to have *"an important role to play in supporting successful Arctic cooperation and helping to meet the challenges now facing the region" (*EEAS, 2015). During the upcoming spring 2016, the EU should announce its 'new' Arctic policy (Østhagen, 2015). The European Union has applied for an Observer status in the AC four times now and is waiting for a decision to be made at the next Ministerial in 2017 as all the Observer applications were not taken into the agenda this year under Canada's Chair (Knecht, 2015; Depledge, 2015). Even though the EU can take part in the Arctic Council as an ad-hoc Observer, it is yet to receive a formal status (Knecht, 2015). Three of the Arctic Council countries; Finland, Denmark and Sweden are EU member states and although they represent themselves in the Council meetings, they have advocated on behalf of the EU and together with Norway strongly support EU's application for an Observer status (Depledge, 2015; Prime Minister's Office Finland, 2013; Ministry for Foreign Affairs Sweden, 2011; Ministry of Foreign Affairs of Denmark, 2011; Helgesen, 2015). Finland has also indicated that approaching its Chairmanship in 2017, the future agenda should be in line with both Finland's Arctic Strategy and the EU policies (Koskinen, 2015). Seeing that six of the Observer states to the Arctic Council are also members of the European Union and the Union is in a good position to enforce its member states' policies on for example environmental protection including contributions for research, the European Union could actually be counted as an important partner (EEAS, 2015; Depledge, 2015; Evans, 2012).

The decision on the EU Observer status has been vetoed earlier mainly by Canada and Russia. Canada strongly opposed the EU's import ban on seal products leading up to the 2009 Ministerial however has lifted its opposition after agreements on global security, energy development and implementing exemptions for Indigenous peoples from the EU's import ban on seal products. (Depledge, 2015; Willis and Depledge, 2014) The issue of banning the seal imports seems like an acceptable reason to oppose the EU Observer status as it compromises the livelihood of the Indigenous communities. Russia however has mainly opposed the EU application due political reasons and has been speculated to most likely opposing the EU application due the Ukraine sanctions if it had a chance to vote on the 2015 Ministerial. (Depledge, 2015) This thesis points out that even though Russia has criticized Canada on bringing up the Ukraine security issues to the Arctic Council, Russia has also indirectly brought

the same issues to the Council's decision-making agenda affecting and prolonging the procedures.

Knecht (2015) states that: *"The case of the EU remains a politicized issue in Arctic affairs, ignoring the many voices that see the EU as the one applicant being able to make a distinct contribution to Northern governance."* The fact that the EU has not been accepted yet as a formal Observer, especially if the reasons for it lie outside Arctic matters, reflects this thesis's base argument which suggests that the increasing geopolitical and global pressure is affecting the Arctic Council's decision-making abilities and without stronger institutions on the background, the AC cannot evolve and agree on mutual decisions that are needed for the rapidly changing Arctic. Without properly and mutually agreed structures for the Observers and other non-Arctic actors too, this thesis sees that the Arctic Council will slowly lose its international relevance as the Observers are also demanding a clearer role in the Arctic Council.

When Observers join the Arctic Council they agree to recognize the Arctic state's sovereignty, respect Arctic Indigenous peoples, contribute financially to research and work of the Indigenous peoples, and demonstrate expertise, interest and ability to support the Council's work (Arctic Council, 2013). The Observers can propose and support projects as well as acquire and share information and expertise especially on the working group level (Knecht, 2015). The Council has however yet to determine a clear role for the Observer states and how much they should be able to participate on the Arctic Council negotiations (McGwin, 2015).

During Sweden's Chairmanship of the Arctic Council and at the Kiruna Ministerial 2013, the Observers and the general global interest in the region was brought up as an agenda item and even addressed in the Declaration. During Canada's Chairmanship though, the Observers were less integrated and the theme of Canada's Chairmanship did not raise international issues and has been said to concentrate more on national agenda. (Bennett, 2015; Kiruna Declaration, 2013; Iqaluit Declaration, 2015) During these early stages of United States' Chair the Observers have however been invited to express opinions on their general engagement in the Arctic Council. At the latest Senior Arctic Official (SAO) meeting in Anchorage, Alaska, the Observer issue was brought up and many of the Observers indicated that the status of the Observers is not well defined and they would like to be able to give greater input and participation (McGwin, 2015; Interview 11/2015). David Balton, the SAO Chair, noted after the meeting that the Observers

seem to have varying concerns related to different issues in the Arctic. While some Observers are more interested in policy related issues, others are concerned about the changing climate and environment. (McGwin, 2015)

A Government of Canada official interviewed (11/2015) for this thesis about the role of the Observers and the latest meeting in Alaska, said that there is also a disconnect on what is heard from the working group level and what is seen from the political SAO level. The person stated that if the Observers are engaging and contributing to the research of the working groups, they actually have a chance to influence in the work of the Arctic Council and they are quite happy about it. At the political SAO level though, the Observers are not able to influence much in the negotiations which is why the issue is brought up in the media and Arctic Council meetings. The Council has also taken steps on standardizing the application procedures and reviewing the Observer engagement under the US Chairmanship. (Interview 11/2015)

David Balton also noted after the Alaska SAO meeting that: *"taking up the role of observers comes as the Arctic Council is opening a wider discussion about the direction of the organisation over the next five to ten years"* (McGwin, 2015). Exner-Pirot (2015) also states that: *"There seems to be broad acceptance, including from Permanent Participants, that there is a role and a right for non-Arctic states and organizations to be involved in the governance of the region, especially with regards to the transnational issues that non-Arctic states both impact and are impacted by."*

As the Arctic region will accommodate and attract more international interest in the future especially on shipping, resource extraction and transnational environmental governance, it is important for the Arctic Council to include non-Arctic actors in the discussions and welcome international interest if the Arctic countries wish to keep the governance regional. This thesis recognises a possibility that if the Arctic Council does not bind non-Arctic actors to the guidelines and agreements it makes, the non-Arctic countries, businesses and NGOs will proceed without consultation from the Arctic Council with bilateral agreements or unilateral action. As the "international parts" of the Arctic require multilateral agreements and international institutions under international regimes, such as the IMO with Polar Code, UNCLOS and the UN or the EU with environmental regulations, they might eventually play a bigger role in governance than the Arctic Council. These kind of international 'soft-law institutions' are

negotiated and adapted globally which also gives the non-Arctic countries some soft balancing negotiating power when it comes to IGOs and their influences. Also if bilateral trade will keep increasing as the main form of cooperation instead of multilateral diplomacy, countries such as China are economically in a good position for soft balancing in the Arctic.

Because of these notions the thesis suggests some restructuring of the Arctic Council as the main international regime or organization for international Arctic cooperation instead of keeping it purely as a regional regime. If the Arctic Council was given more regulative power and the Arctic countries would strengthen its status as a multilateral decision-making body, it would benefit the Arctic countries as they would be able to make sure that non-Arctic actors follow the guidelines and regulations too. This thesis agrees with Knecht (2015) and the Arctic countries in that the Council should not be 'UN-ificated' or made the Observers as permanent or full members of the Council however if the institutions behind the Arctic Council were stronger, Observer participation further formalized and Observers admissions standardized without one country for example using a veto power over issues that do not relate to the Arctic, it could benefit both the non-Arctic actors and also the Arctic member states and Permanent Participants. More binding agreements would also allow the Arctic Council to better reach the international community and perhaps bring decision-making procedures together to address the rapidly changing Arctic as they seem to be quite scattered according to issue areas at the moment.

Following the same reasoning the next part of the chapter discusses Canada's and China's views of the Arctic Council and its status on regional governance. Because Canada and China depart from very different objectives, power capabilities and positions in Arctic governance, it is important for the research to examine the spectrum of which Arctic governance can develop especially in the context of the Arctic Council. China without a border to the Arctic cannot match with Canada's sovereignty in the north nor has China the same capabilities and exclusive economic zones that Canada has. China is however an important trade partner to all the Arctic countries thus already has some soft balancing abilities in the region (Su and Lanteigne, 2015). Because the Western narratives of China's involvement in the Arctic are in an exact contrast with Canada's status quo approach to the Arctic and the AC, these two countries were picked as examples of comparison (Su and Lanteigne, 2015; Lackenbauer and Manicom, 2014). Lackenbauer and Manicom (2014) have noted that much of Canada's attention on East-Asian

states in Arctic affairs has focused on China and according to a research done on Canadian perspectives of the Arctic relations, Canadians seemed to view China's engagement in Arctic relations with scepticism. Some Canadian scholars of the so-called "Calgary School" have also suggested that Canada should treat China with suspicions as its revisionist interests are opposite of Canada's. (Lackenbauer and Manicom, 2014; Su and Lanteigne, 2015)

Canada has however good bilateral relations with China and welcomes investments and projects with Chinese mining companies in northern Canada (Interview with Canadian Official, 11/2015; Rees, 2013). This thesis does not claim that Canada wants to shut China out of Arctic affairs and the Council or divide the Arctic between coastal states but merely point out that their approaches to the Arctic Council come from two different viewpoints and starting positions in Arctic affairs.

5.3 Canada for the people of its North

This thesis has already addressed Canada's interests and priorities in the Arctic which during Prime Minister Stephen Harper's terms were concentrated mostly on Canada's Arctic sovereignty and northern identity (Coppes and Herrmann, 2015). Canada's Arctic Foreign Policy (2010) also emphasizes that there are clear rules for boundaries in the region and Canada wishes the Arctic development to advance its national interests:

"Given our extensive Arctic coastline, our Northern energy and natural resource potential, and the 40 percent of our land mass situated in the North, Canada is an Arctic power. We are taking a robust leadership role in shaping the stewardship, sustainable development and environmental protection of this strategic Arctic region, and engaging with others to advance our interests."

The Government of Canada official interviewed (11/2015) said that with the New Liberal Government, it is yet too early to say whether Canada's priorities in the Arctic will change and affect also its status quo approach to the Arctic Council however the official did indicate that Canada feels that there are already clear rules for the Arctic and they do not need to be changed.

Looking at Canada's Arctic Foreign Policy, the Arctic Council is often referred when talking about regional solutions for cooperation with the eight Arctic countries on issues such as environmental protection, Ocean management, search and rescue as well as Indigenous issues (Government of Canada, 2010). Unlike for example Sweden who advocates a stronger policy-making status for the Arctic Council, Canada puts more emphasis on the Arctic Council as a

forum that could help advance Canada's priorities in the Arctic (Ministry for Foreign Affairs of Sweden, 2011; Government of Canada, 2010). Canada's Arctic Foreign Policy thus states that: *"The Arctic Council is the leading multilateral forum through which we advance our Arctic foreign policy and promote Canadian Northern interests"*.

Before the creation of the current Arctic Council, Canada was actually one of the countries that wanted to establish a formal multi-lateral organization following the Arctic Environmental Protection Strategy that could address all Arctic issues including international politics and security but was in the end formed as a regional regime (Huebert, 2008). At the moment, Canada puts a lot of emphasis on the Arctic Council as a facilitator for regional cooperation with non-geopolitical agenda but does suggest that the agreements made in the Arctic Council should be followed by all the states as standards (Government of Canada, 2010). Canada's Arctic Foreign Policy (2010) also reminds many times of Canada's role as forming and leading Arctic Council initiatives.

Besides Canada's overall strategy influencing its approach to the Arctic Council, concerns were raised whether Canada would bring its national interests and geopolitical concerns into its Arctic Council Chairmanship (George, 2013). Another reason why Canada is taken in this thesis as an example of Arctic Council approaches, is that Canada concluded its Chairmanship to the Arctic Council this April and the main theme for the past two years included issues that the international community and even some Arctic countries could have found hard to relate to (Bennett, 2015). Canada for this thesis, represents a country that is focusing its Arctic interests on national development for social and military security and directing multilateral cooperation in the Arctic in order to advance those interests where as China's interests are international and mostly facilitated though bilateral relations.

Before examining Canada's recently concluded AC Chairmanship this thesis would like to first pick up the earlier introduced point made by Tauriainen, Sweden's former Ambassador to Canada, (2013, p 3) stating that it is important to draw a line "*between mainly domestic issues that need to be handled at home by national or local decision makers, and those issues that are suitable and relevant to address in an international context like the Arctic Council."* (Tauriainen, 2013) Following the rationale of this statement, Canada definitely did not have it easy during its Chairmanship as concerns were raised on its 'inwards looking' agenda after Sweden's

international approach and just before the last Ministerial criticized to bring in the Ukraine issue and facilitating its own geopolitical stance via the Arctic Council even though the mandate does not concern security issues (Bennett, 2015; Quinn, 2015; Sputnik International, 2015). This thesis wants to point out thought, that Canada was perhaps also caught in the middle of the general increasing interest in the Arctic issues and the structure of the Arctic Council. New 'Track Two' networks and conferences were also created and the already existing ones saw more attendance than before from governmental and non-governmental participants allowing open discussion on all issues relating to the Arctic (Quaile, 2013; Johannessen, 2014; Su and Lanteigne, 2015).

After Canada announced its Arctic Council Chairmanship 2013-2015 'Development for the People of the North' theme, Kristofer Bergh, a researcher with the Stockholm International Peace Research Institute, said that there were concerns especially from the Observers that after the Swedish Chair which raised attention towards Observers and included global concerns in the Arctic Council agenda, Canada would *"politicize the Arctic Council and use the international forum as a platform to tout its own narrow domestic concerns — such as the Canadian claim to the Northwest Passage "* (George, 2013) While the Northwest Passage status disagreement with the US and issues of sovereignty were not taken into Canada's Chairmanship agenda, the long-standing northern identity rooting from Indigenous presence was definitely the main inspiration for Canada's Chairmanship theme (Global Affairs Canada, 2015; Bennett, 2015; Byers, 2013).

As a comparison between the Swedish and the Canadian Chairmanships of the Arctic Council, Mia Bennett (2015) states that: *"Sweden"*, this thesis adding Finland, Norway and Iceland to this category, *"is more likely to look south to the rest of the world even when it is thinking about northern development"*, pointing out to the close geographical location and good infrastructure from north to south. She continues on Canada saying that: *"For Canada's Arctic, however, the world beyond the north still seems distant."* (Bennett, 2015) Whereas Canada's remote Indigenous communities in the north are struggling with telecommunication, poor infrastructure such as the lack of roads, and ice closed shipping lanes for supply deliveries in the winter which were all also reflected in the Chairmanship initiatives, the Northern countries (excluding Greenland) have excellent infrastructure and communicational capacities as their northern areas are much smaller in size. (Bennett, 2015; Raffan, 2014) Worth noting is also that Iceland for

example does not have any Indigenous population and the challenges and presence of the Arctic communities are greatly different within the circumpolar north (Raffan, 2014).

Bennett (2015) also points out to the Observer engagement at the 2013 Kiruna Ministerial when six new countries including China were granted an Observer status and the Kiruna Vision paper addressed the increasing global attention on the Arctic region, whereas the Iqaluit Ministerial in 2015 did not take Observers applications into the meeting agenda and deferred the decision to the 2017 Ministerial (Bennett, 2015; Kiruna Declaration, 2013; Iqaluit Declaration, 2015; Depledge, 2015). The Iqaluit Ministerial also faced some tensions from the geopolitical side described earlier in this thesis however Michael Byers noted in a CBC interview that the political tensions were not the reason Russia did not find the Ministerial of great importance but rather because it concentrated more on domestic issues (CBC, 2015).

Even though global issues were overshadowed by the 'Northerners first' approach during Canada's Chair, one of the flagship initiatives of the Chairmanship was the creation of the Arctic Economic Council (AEC), a separate body which was first advocated to foster circumpolar business and limited for only for the Arctic businesses and Indigenous groups but later at the Arctic Circle Assembly 2015 announced by the vice-Chair, Tero Vauraste, to be open also for non-Arctic businesses interested in joining the network (McGwin, 2014; Vauraste, 2015; AEC, 2015; Global Affairs Canada, 2015). The Government of Canada Official in an interview (11/2015) said that there was perhaps a misunderstanding between media reporting, formal advocacy and the actual idea for the AEC. The Official said there might have been moments especially in the media where a wrong message was sent about the AEC mandate and confirmed that the working groups in the AEC have been open to both Arctic and non-Arctic businesses. The Official also reminded that the AEC also excludes businesses from the Arctic countries if they are not in line with the AEC vision for responsible development. (Interview, 11/2015; AEC, 2015)

In the light of all the statements above, this thesis argues that Canada's overall position towards the Arctic Council seem to follow its national interests rooting from its long-standing national identity and Canada finds the Arctic Council to be an important forum through which Canada can advocate those interests multilaterally (Government of Canada 2009; 2010). Canada does not oppose the engagement with non-Arctic actors rather it welcomes it however the country

emphasizes that all the states in the Arctic Council should follow the Council's guidelines and contribute to the Indigenous communities (Lackenbauer and Manicom, 2014; Rees, 2013; Government of Canada, 2010). This example suggests that for Canada the Arctic Council is a forum for regional cooperation with the Arctic countries and Permanent Participants rather than an international regime where global Arctic concerns are brought up.

5.4 China carefully observing Arctic opportunities

China comes from a very different position, geographically and by status, concerning international cooperation in the Arctic and the Arctic Council compared to Canada. China is quickly becoming the world's largest economy and achieving a great power status in international relations however in the Arctic China's rights to influence are limited as the country does not border to the Arctic (Su and Lanteigne, 2015). There has been however many misconceptions and exaggerated narratives especially from the Western media on China's rise in the Arctic as a challenger and a revisionist power. (Willis and Depledge, 2014; Su and Lanteigne, 2015)

As already mentioned, China's interests in the Arctic concentrate mostly on scientific research, trade and investment opportunities with mineral, metals and hydrocarbons, shorter shipping routes, for example to Europe via Northern Sea Route compared to the Suez Canal (*see Appendix 3*), climate change and environmental protection, and bilateral relations (Liu, 2015; Su and Lanteigne, 2015; Humpert, 2013; Jakobson, 2010). China does not want to be excluded from Arctic relations or possible development opportunities but rather than a competitor it wants to be considered as a partner (Zhang, 2015). Su and Lanteigne (2015) have conducted a comprehensive research on the myths and misconceptions of China's interests and actions in the arctic comparing China's Arctic identity from Western and China's point of views. They found that Western reporting and analysis have seen China's Arctic interests as revisionist *"seeking to challenge the status quo and unilaterally include itself in Arctic politics and regional relations"* (Su and Lanteigne, 2015, p 15).

Following this storyline, when talking about Canada-China relations, Lackenbauer and Manicom (2013) point to the Canadian scholars called the "Calgary-school" who see China as a revisionist

actor with interests that counter those of Canada thus Canada should be concerned about Beijing's intentions. A Canadian Official (Interview 11/2015) states though that Canada has good bilateral relations with China and Canada welcomes Chinese investment especially in the mining sector (Rees, 2013). David McIntyre also reminds in an article for Mining Weekly, that the Chinese investment in the mining sector is driven by supply and demand (Rees, 2013). This thesis suggests that the same market driven rationale and incentives instead of 'conquering' are most likely the ones attracting and restricting China's interest in other developing industries in the Arctic such as resource extraction, fisheries and shipping.

Unlike Canada, China does not have a given Arctic identity, so in order for China to participate in Arctic relations also in the Arctic Council and not to be excluded from the discussions on development, the country wished to establish an Arctic identity to show its commitment as a "near-Arctic state" or an "Arctic stakeholder". The reasoning from China's part was that the climate change in the Arctic has been also affecting China's environment, ecosystem and agriculture. (Sun 2014; Ping and Lanteigne, 2015) Ping and Lanteigne (2015) point out that the term "near-Arctic state" was however interpreted in the Western media as another way for China to "gate-crash" the Arctic Council and to challenge the role of the Arctic states without actually bordering to the Arctic. An article in the Diplomat by Arthur Guschin (2013), for example claims that the term "near-Arctic state" means that Beijing is unsatisfied *"with the current balance of power in the Arctic region"*. China, having already done scientific research in the polar regions and being one of the highest emitters in the world, was actually invited to consider applying an Observer status by a former Chairman of the Senior Arctic Officials already in 2004 (Willis and Depledge, 2014). Before China received the Observer status in the Arctic Council almost all Arctic countries were however wary on China's intentions and was perceived as the least preferred partner in the Arctic (Liu, 2015; Lackenbauer and Manicom, 2013; Kraska, 2011).

The decision on China's Observer application to the Arctic Council was postponed both in 2009 and 2011 as it got caught in the middle of the overall discussions of the Observer roles especially after the EU submitted its application too and institutional restructuring of the Arctic Council itself (Willis and Depledge, 2014; Byers, 2013). After being granted the Observer status in 2013 the Western reporting got new grounds to argue its case (Blank, 2013; Mered, 2013). One article suggested that after joining the Council: *"China will also now have a secure footing from which*

it can defend what it will claim to be its "legitimate rights" in the Arctic. It is quite conceivable that China will now use that foothold to demand as well a voice in the resolution of Arctic territorial boundaries that are up for decision" (Blank, 2013). The same article claimed that after establishing the China-Nordic Research Center (CNARC) *"Beijing made clear it did not intend to be a passive member of the Council; it planned to have a real say in its future proceedings"* (Blank, 2013).

One has to keep in mind though that by agreeing to the "Nuuk Criteria" which recognized the sovereign rights and territorial jurisdiction of the Arctic states as well as the respect of the Law of the Sea, China is not seeking to 'challenge' the status quo of the Arctic Council or its states (Arctic Council, 2013; Su and Lanteigne, 2015). The Observer status is also not "permanent" as some have suggested and the Observer status can be withdrawn if decided by the Arctic states (Knecht, 2015). What is taken out of context is that China as well as the other Observers have stated their rights to research and shipping referring to the international law and the outer limits of the continental shelves in the central Arctic Ocean (Bartenstein, 2015). While Germany and UK have stated the same in their Arctic policies, China is seen as 'threatening' due its status as a rising power in international relations. (Su and Lanteigne, 2015; German's Federal Foreign Office, 2013; UK Foreign and Commonwealth Office, 2013) Su and Lanteigne (2015) suggest that because of China's overall position in international relations building hard and soft power, China in comparison with the other non-Arctic states is more difficult to be viewed as a partner that follows regulations.

This thesis sees that China contributes to the Arctic affairs mostly with soft balancing abilities in trade, investments and diplomacy with strong bilateral relations to some of the Arctic countries such as Iceland with the free-trade agreement. China has been cautious with its policy approach in the Arctic as it does not want to be seen as provoking or challenging the status quo (Jacobsen 2010). As already mentioned China does not have a white paper on Arctic policy however China recently announced its six-point approach to the Arctic region emphasizing respect, cooperation, international law and "win-win" situation (Zhang, 2015).

When talking about China's interests in the Arctic, the Arctic Council could be seen as only a formality and a secondary priority seeing as economically China *"does not need the Council to secure its interests in the region"* as Mikå Mered (2013) has argued. However following

common practices of the Arctic Council, even if it only has a symbolic meaning to China, seems like the best way forward. This thesis argues that if China were to turn to unilateral action in the Arctic abandoning the Arctic Council, the diplomatic and reputational consequences would be greater than the benefits received from unilateral operations (Su and Lanteigne, 2015). For the Arctic Council's point of view it is also beneficial to include China in the Arctic discussions as China's bilateral trade relations in the Arctic would secure its position as a stakeholder anyway.

According to the Western narratives of China's identity and interest in the Arctic region, China is using its soft and hard balancing abilities to challenge the regional status quo of the Arctic Council that Canada is advocating to maintain as mentioned above. For China, unlike Canada, the Arctic Council could be a good platform for global discussions on Arctic issues that concern both the Arctic and the non-Arctic countries. Canada however sees the Arctic Council as a forum for regional cooperation with the Arctic countries and Permanent Participants where Canada can advocate its national priorities to an international audience. This thesis agrees on some level with Mered's statement (2013) that even without the Arctic Council, China would be in a good position to facilitate soft balancing and "new regional" global ideas in the Arctic. Going back to the main argument of this thesis, in order for the Arctic Council to keep the development and enforcing power in "regional-hands", it should strengthen its institutional framework also to include regulative agreements that consider the non-Arctic nations. Further including the non-Arctic actors like China in the Arctic Council's discussions might also help with transparency especially with the misunderstandings of Western reporting on China's intentions that seem to be in contrast with the status of the Arctic states when in reality China wants to be a partner for the Arctic countries and a contributor with science and funding in the Arctic Council instead of a "gate-crasher" (Su and Lanteigne, 2015).

While some of the Arctic countries, such as Canada, view the Arctic as regional space, China's overall view on Arctic affairs also in relations to the Arctic Council are considered when suggesting that the Arctic is becoming an international space as some of the issues that the region faces such as climate change and increasing shipping activity are international or global in nature (Bartenstein, 2015; Jegorova, 2013). China has also advocated the overall engagement of the international community in Arctic affairs to jointly explore, understand and utilize the Arctic (Zhang, 2015). Canada on the other hand concentrates on its national interests and the

development of the Arctic should enhance the opportunities for the northerners as Canada's Chairmanship of the Arctic Council suggested (Government of Canada, 2010; Global Affairs Canada, 2015). Following the examples on Canada and China made above, the thesis argues that while Canada would like to maintain the Arctic Council as a regional regime facilitating the national interest of each of the Arctic states, the Council is facing some restructuring or strengthening its institutional framework in the future if the Arctic countries wish to keep it as the main multilateral body for international cooperation. The thesis also notes that as new soft balancing dynamics and geopolitical concerns are emerging in the Arctic from the international community, countries like China that have already established strong bilateral relations with some of the Arctic countries will continue to pursue bilateral diplomacy as the primary choice for cooperation.

5.5 Summary

This chapter aimed to contribute to the second and the third research questions on the Arctic Council's effectiveness as a regional regime illustrating the conclusion through a case study comparing Canada's and China's views. It found that while the Arctic Council is considered as the main multinational forum for international cooperation, it mostly serves as a regional regime than a formal intergovernmental organization. Even though it has the potential and characteristics to develop into formal policy-making structures, the chapter found that those approaches, while supported by others, are not favoured by some of the Arctic Council member states such as Canada and the United States. In the case example the thesis suggested that Canada sees the Arctic Council as a platform to facilitate its national interest to the international audience where as China looks at the Arctic Council as an opportunity for broader international partnerships.

The Arctic Council is also attracting more international attention which serves as a benefit but also a challenge for the Council. As new countries and organization as 'queuing' up for an Observer status, the other Observers are asking a clearer role at the Arctic Council's discussions. This chapter suggested referring to the study on Canada and China that the Arctic Council is facing some restructuring or strengthening its institutional framework in the future for example with more binding agreements that also concern the non-Arctic countries, if it wishes to address

the growing interest of non-Arctic actors and advocate multilateral action instead of stronger bilateral agreements.

6 Findings

This chapter addresses the main findings and discussion of this thesis based on the information from previous chapters and follows the thesis objectives referred in the problem statement: *Is there a policy difference between the Arctic and non-Arctic countries on whether the Arctic is, or will be, a regional or an international space? And if so, what is urging this division?*

In order to address the problem statement, three research questions were formed on the basis of wanting to understand the changing nature of Arctic governance from regional and international perspectives:

1. What are the main challenges facing regional governance in the Arctic?
2. How can the Arctic Council contemplate action in order to respond to the growing influences and interests of non-Arctic nations?
3. Is the Arctic Council willing to evolve from a regional regime to a formal intergovernmental organization in order to better enforce rules and regulations that would also apply to the non-Arctic actors?

As stated in the methods chapter of this thesis, one of the main goals of the work was also to point out the difference between media narratives, academic research and policy approach. With these the thesis attempts to contribute to the Arctic research by bringing out different viewpoints comparing regional and international perspectives from different sources and also address the lack of Arctic research within regionalism literature in International Relations studies as the Arctic offers a situation that is quite different to the most commonly studied regions. By using theory on governance especially in the form of institutions and regimes, the thesis was able to build a framework for Arctic governance and cooperation also addressing the prevailing power dynamics which is increasingly influenced by the soft balancing abilities of non-Arctic actors such as China. This chapter includes the overall findings of this thesis under each research questions, finally addressing the problem statement as well.

6.1 Multiple challenges facing the regional governance in the Arctic

The Arctic region can be understood via many different definitions and regionalist perspectives. Even viewed from the Arctic countries, the region encompasses different areas, latitudes and stakeholders as all the countries define the Arctic with respect to their own national interests, identities and goals (Koivurouva, 2009). As an example for Iceland, the region should be viewed as an extensive area not narrowed to geographical terms whereas Canada focuses on the sovereign borders in the Arctic Ocean and its northern territories start from the 'North of 60°' latitude (Ministry for Foreign Affairs of Iceland, 2011; Government of Canada, 2009). As most of the decisions that concern the actual Arctic areas are done from capitals and actions far south from the Arctic Circle, such as industrial emissions affecting the climate of the Arctic, the region cannot be approached only from geographical terms even though they do define the obvious location of the region.

The thesis earlier stated that the environmental, industrial and geopolitical developments of the 21st century have taken the Arctic regional debate also to include the identities and perspectives of the non-Arctic actors (Knecht, 2013; Jegorova, 2013). The Arctic region has been more and more driven by ideational and behavioural approaches to regionalism and increasingly gaining identity and being reshaped by political practices and economic developments rather than Indigenous human practices or historic pride that used to define Arctic identities (Emmerson, 2010). While the Arctic has been mostly influenced by institutionalism and regimes after the Cold War, the region has also developed more global thinking which, following the literature on "new regionalism", links globalisation to regionalism (Knecht, 2013). The thesis finds that these ideas are mostly driven by the smaller Arctic states such as Finland, Iceland and Sweden as well as the non-Arctic actors.

This research sees that as many non-Arctic countries have been involved in developing Arctic science, trade and diplomacy and are concerned by Arctic climate change, they too feel like belonging to the 'common' or 'global Arctic' (Bartenstein, 2015). Due to this though the Arctic countries put more emphasis on their sovereignty in the Arctic and remind that they are responsible for the developments of the region which implies that the Arctic countries as well as the Indigenous northern communities have not yet embraced the global approach. Going back to

the case examples on Canada and China, while Canada strongly believes that the Arctic region if developed should mirror the interests of its peoples and the Arctic states, China on the other hand suggests that the governance system is based on international law which also recognizes the international community and gives rights to utilize the central Arctic Ocean (Government of Canada, 2010; Jacobson, 2010; Zheng, 2015). This approach should not however be taken out of context as it sometimes is by the media claiming a 'resource scramble' or a turn to unilateral action.

The difference in the regional approaches within the Arctic and non-Arctic states builds a base for the problem statement and argument for this thesis. As the regional dynamics in the Arctic have changed overtime due political, economic and environmental practices, multilateral regimes have been built to facilitate these changes. The leading challenges why multilateral governance regimes as well as multilateral diplomacy have been increasingly applied in Arctic governance, this thesis found to refer to environmental protection, resource extraction, territorial boundaries and shipping in the Arctic Ocean, but also recently geopolitical issues as well.

This research however does not suggest further disputes in the Arctic concerning these challenges because international rules are already laid out as a basis for cooperation and the Arctic states have indicated to follow these rules. Following this reasoning, the thesis argues that while the "Arctic 5" and especially Russia hold a powerful position in Arctic relations due to a long coastline to the Arctic Ocean as well as economic and military capacities, traditional hard balancing behaviour in the Arctic, that some media narratives suggest, is discouraged by the existing institutional framework, multilateral diplomacy and the geographical location as a harsh environment for development (Lanteigne, 2015). Even though Russia has been increasingly "militarizing" its Arctic territory, this should not be taken out of context especially as the Northern Sea Route for shipping and offshore resource development will require constant monitoring as well as search and rescue (Zysk, 2011). Instead the thesis suggests that as security in the Arctic will be emphasised in the form of monitoring shipping and extraction activities, the power dynamics are facilitated in the Arctic through soft balancing arrangements. These arrangements include international institutions such as international law functioning through international and regional regimes, mainly UNCLOS and the Arctic Council, as well as economic incentives and diplomatic relations. This approach could be referred to the early stages

of the idea of a security community in the regionalist literature. As long-term peaceful cooperation through institutions has prevailed for few decades now in the Arctic, there are some characteristics of a regional security community to be found in Arctic relations. (Buzan and Wæver, 2003; Acharya and Johnston, 2007; Lanteigne, 2015; Collins *et al*., 2015)

A challenge for regional governance has emerged as more stakeholders are taking part in the regional soft balancing in the Arctic. The emerging as well as long-standing non-Arctic actors including countries, companies, and environmental NGOs are using different means of influence according to their interests, which this thesis sees also affecting the overall dynamics of the Arctic. Non-Arctic countries have been active on multilateral and bilateral diplomacy through regimes, international organizations and 'Track Two' networks emphasising their rights according to the international law. Stronger bilateral relations are also emerging with the "smaller" Arctic countries (Finland, Iceland, Sweden) and the non-Arctic nations. Companies have relied on more structural power for example on the capitalist market system that has power over economy but also function in the framework of costs and benefits on development which in the Arctic at the moments is quite high in costs (Humpert, 2015). Environmental NGOs are also in a good position to affect the public opinion and use the 'governance without government' approach in environmental governance in the Arctic. The NGOs' means of influence are mostly symbolic however efficient as the public finds the narratives easy to relate to.

Another challenge for Arctic governance which is also urging the policy division between the Arctic and the non-Arctic states rises from regime structures. As the main institution for the governance of the Arctic Ocean is the international law facilitated by the UNCLOS regime, it should be noted that UNCLOS does not address boundary disputes and gives the right also for the non-Arctic actors to freely use the area outside the economic zones at least for now (Byers, 2013; Bartenstein, 2015). The Arctic Council also does not enforce its guidelines and the two binding agreements so far do not consider the Council's Observers (Arctic Council 2011; 2013; 2015). The main challenge for regimes such as UNCLOS and the Arctic Council is that neither of them can actually govern the increasing interest in the central Arctic Ocean by the non-Arctic actors which is why new international institutions like the Polar Code is negotiated by other international organizations to avoid unilateral action.

As all of these challenges have been changing the nature of Arctic governance, the thesis wanted to further examine the abilities of the Arctic Council to respond to the growing international interest.

6.2 The Arctic Council responding to the interests of non-Arctic states

This thesis suggests that the Arctic Council's main forms of influence relate to structural and soft power. Power over social relations as well as attraction has worked well for the Arctic Council especially in the recent years. During Canada's Chairmanship, the Arctic Council has gotten more public attention and countries and organizations have been recently said to be 'queuing' to receive the Observer status (Knecht, 2015). By facilitating multilateral diplomacy, the Arctic Council or as this thesis points out, the Arctic states through the Arctic Council, are trying to change the preferences and interests of other Arctic and non-Arctic states by setting the Arctic Council Chairmanship agenda according to their national interests as proven from the example on Canada's Chairmanship.

While the United States is now leading the Council to address climate change as a global issue, the Council is also facing questions on whether it can actually make a difference as the agenda keeps changing biannually to match the interests of Arctic states and international influences, especially in a form of bilateral trade, are growing in the Arctic (Exner-Pirot, 2015). Besides the Arctic Council's soft power status as a leading multinational body for cooperation, this thesis sees that the Council has the possibility to exercise institutional power to gain an advantage over the international society within the Arctic regional affairs. However as noted in the chapter above, the institutional framework of the Arctic Council is guided by recommendations and guidelines and the binding agreements made by the Council only concern the Arctic states (Arctic Council 2011; 2013; 2015). While some Arctic Council member countries such as the US state that without a formal status the Arctic Council can actually facilitate national interests better without a political agenda, Sweden, for example states that it would like the Arctic Council to be strengthened into a policy-making body (Bloom, 1999; The Ministry for Foreign Affairs of Sweden, 2011).

When it comes to the role of the Observers in the Arctic Council this thesis argues that if the Arctic Council would strengthen its institutional framework especially by making clear rules, procedures and roles for the Observers as well as addressing binding agreements also on the Observers, it might have a better changes of facilitating Arctic regional governance. The Council has already talked about standardizing the forms for the Observer applications however the Arctic countries should keep in mind that as security is not in the Arctic Council's mandate, geopolitical issues should not affect their decisions on accepting the applications as has on some level with Russia and the European Union application (Interview 11/2015; Knecht, 2015; Depledge, 2015). It seems as well that non-Arctic countries such as China already have good bilateral diplomatic and economic relations with some of the Arctic countries thus the Arctic Council offers perhaps only a symbolic status for China and the country would be able to have influence in the region with soft balancing behaviour even without the Arctic Council. While this might be true, the thesis points out that China is not interested in 'challenging' the Arctic Council or its member states unlike Western narratives indicate (Su and Lanteigne, 2015). However including the non-Arctic countries in discussions also on high-level and not only within the working groups could help the Arctic Council to increase transparency on non-Arctic intentions which often are not as aspiring as they are perceived to be.

6.3 The Arctic Council reluctant to evolve as a regional regime

The issue with enforcing guidelines and regulations comes down to strengthening the institutional framework of the Arctic Council again. While the thesis suggests more binding agreements that include the Observers too, it does not see the Arctic Council restructuring itself as a formal intergovernmental organization as the Arctic states themselves do not wish further 'UN-ification' (Bloom, 1999; Interview 11/2015). Some experts suggest that the Arctic Council already is a formal international organization however this research found that some of the Arctic countries such as the US, Canada and Russia do not see the Arctic Council as a legal body enforcing regulations and the regional relations in the Arctic have remained very state-centric (Byers, 2013; Hough, 2013; Wegge, 2010;Baev, 2010; Bartenstein, 2015). Even though Sweden and mostly likely Iceland and Finland too would suggest more policy-making body for the Council, the states with strong sovereignty position and identity are unlikely to advocate more

power to the Arctic Council as they see it as a platform for voicing their own interests to an international audience.

This thesis also does not see the Arctic Council taking steps towards a supranational centre or moving from low politics to security issues, like the neo-functionalist approach proposes, even though the conflict in Ukraine has already 'spilt-over' to the Arctic Council causing diplomatic friction (Acharya and Johnston, 2007; Lanteigne, 2015; Sputnik News, 2015). Even if addressing security issues in the Council might bring more transparency and trust, it would also limit the diplomatic works of the Council. This thesis sees that at the moment the strength of the Arctic Council is that countries and government officials can discuss Arctic matters such as climate change, science and business as well as work together in the working groups even though some of the countries would have disputes in the other parts of the world. As discussed earlier though, the Arctic Council could agree on clearer roles and rules for the Observers on their participation and set binding agreements that will also be signed by the Observers and not only the Arctic countries.

6.4 Addressing the policy difference between regional and international perspectives

There is a common understanding also globally on the jurisdiction and sovereignty of the Arctic countries' territories (Bartenstein, 2015). As the Arctic countries are geographically and politically the main stakeholders in the region, the regional governance should also be decided by the Arctic countries. Whether the Arctic is a regional or an international space, though is dividing opinions as the case example on Canada's and China's approach to the Arctic affairs and the Arctic Council reflects. Prompting this division is mostly the rights that non-Arctic actors in their policies and strategies state to have under the international law on scientific research and shipping in the Arctic Ocean an also the argument that climate change in the Arctic affects the environment in the other parts of the world and the mitigation therefore is a global issue (Bartenstein, 2013).

One might also say that the underlying fear of the Arctic globalisation is driving countries like Canada to advocate its Arctic sovereignty and the fact that the Arctic belongs to the people living in the north. The non-Arctic states could in this regard fear, as was suggested in a research on

China, that the Arctic will be divided between the Arctic states and they will lose their freedom for shipping and research outside the economic zones defined by UNCLOS and they would be excluded from 'the Arctic club' (Lanteigne, 2014). Both of these views, the Arctic and non-Arctic, suggest a zero-sum approach where one's gain is one's loss but from different perspectives and also implies increasing competition because of international law (Baylis *et al.*, 2011). The reality though is not as black and white as these narratives suggest. The non-Arctic, like China for example, has been careful to address the rightful sovereign status of the Arctic countries and emphasised a partnership approach with 'win-win' solutions instead of indicating 'unilateral' gaining (Jakobson, 2010; Zhang, 2015; Su and Lanteigne, 2015). The Arctic countries too do not have intentions of dividing the region and have welcomed international cooperation and interest on science, business and environmental protection increasing trust and reducing competition through diplomacy (Interview 11/2015).

The Arctic Council too, especially under the US Chair, is taking leading steps to make the Council more attractive to the international audience and include global conversation such as conferences discussing climate change leading to the COP21. The Council has also started to process of evaluating the general engagement of the Observers. (Exner-Pirot, 2015; US Department of State, 2015; McGwin, 2015)

While reminding that the perspectives should be kept in context with the actual developments in the Arctic which are in their early stages, the thesis concludes that looking at the policies and strategies of the Arctic and non-Arctic states there is a difference between the visions of the Arctic and non-Arctic countries on whether the Arctic is a regional or an international space. The overall challenges such as global warming facing the region as well as the existing international institutions are urging this division.

7 Conclusion

This thesis was conducted as a qualitative research exercise in order to address the Arctic governance from regional and international perspectives. The objectives of this thesis were established to accommodate both policy approach and understanding of the actual situation in the Arctic in order to build a theory approach suitable to the realities in the Arctic which were meant to lead to recommendations for both theory and the effectiveness of the Arctic Council.

As the Arctic is a fairly new topic for regional studies and the Arctic as a region is seen differently depending on the purpose and interest of its stakeholders the Arctic region encompasses different approaches to regionalism. This thesis suggested that whereas the Arctic region has been both geographically and politically made, the economic opportunities and trans-boundary challenges such as climate change have been driving the region to new phases of integration and towards globalisation. This thesis also sees that the region is only in its early stages of building a strong institutional framework and is still a low priority in overall international affairs. While some regional studies have already been made about the Arctic region looking at different phases that the region has gone through, the author saw an opportunity to look at the Arctic region and introduce the regional literature from two different perspectives; regional or national and international.

This was mostly done by looking at the policy statements of the Arctic countries as well as the non-Arctic states. The thesis found that urging the division between regional and international perspectives to the is the idea that non-Arctic actors have the rights to utilize the areas defined as common under the international law in the Arctic Ocean and also the argument that climate change in the Arctic affects the environment in the other parts of the world too and all actors should be part of the mitigation. This has in part driven the Arctic countries especially Canada, Russia and the United States to strengthen their status and sovereignty approach in Arctic relations.

This research also found that even though there is an obvious increase in military activities in the Arctic hard balancing behaviour is discouraged by the existing institutional framework, multilateral diplomacy and the geographical location as a harsh environment for development.

Instead the thesis applied soft balancing approach that is facilitated through regimes such as UNCLOS and the Arctic Council, diplomacy and economic relations. Examining the IR literature, soft balancing is perhaps a less used theory when looking at the balance of power approach. This thesis found an opportunity to contribute to the overall study of soft balancing in the International Relations literature as in contrary to the common understanding on the US primacy after the Cold War, in the Arctic the United States is not actually considered to have to best capacities and the strongest Arctic identity. This thesis found that especially all the littoral Arctic states have their own strengths and the balance of power is spread across the circumpolar area between the Arctic states. In addition the thesis wanted to include the international challenges that are currently facing the governance of the region and find how effective the tools for regional governance are in the light of increasing balancing from the non-Arctic actors on industry development, science cooperation and climate change debate. While in this regard the international institutions such as international law and bilateral diplomacy could actually be seen as facilitating competition between the Arctic and non-Arctic actors, the thesis reminds that the actual development which happens slowly in the Arctic should be kept in mind. As institutions are the backbone for Arctic regional governance, this thesis sees that they actually reduce the overall competition and facilitate trust between the Arctic states through diplomacy and agreements discarding the media narratives of conflicts.

The Arctic Council, in this regard, was examined as the main forum for regional governance and cooperation in the Arctic region. Using literature on international regimes and intergovernmental organizations, the thesis found that while some consider the Council to be a formal IGO, it is viewed by the Arctic countries rather as a regional regime that works through structural and soft power than a regulating body. Countries like, Sweden though would like to give the Arctic Council more policy-making power however the United States and Canada for example see it to serve their national interests by keeping the status quo of the Council. Through examples from Canada's Chairmanship of the Arctic Council and China's approach to the Arctic Council viewed by the West in contrast to China's actual intentions, this thesis suggests that if the Arctic Council strengthened its institutions and created more binding agreements that also address the non-Arctic actors, the Council and its working groups would gain more international effectiveness and could help facilitate transparency of the Observers' goals.

The research wished also to address the regime studies with the Arctic Council as an example pointing out that as international regimes evolve to accommodate larger political entities and attract wider international audience, it gives the regime more structural power over political and social relations but also strains the informal institutional framework. If the regimes are not willing to evolve with the increased status or agenda, other soft balancing arrangements will appear as the primary form of cooperation.

This research is seen to contribute to the Arctic studies as it addresses the literature on Arctic regionalism from regional and international perspectives combining it at the same time with Arctic regional governance and power dynamics that are increasingly affected by the differing views. The author of this thesis saw that there was an opportunity for addressing all of these issues in this research and introducing something new to the study by illustrating the different perspectives especially in the context of the Arctic Council by comparing Canada's and China's views which by Western narratives clash with each other. The research also aimed to contribute to the attempts to differentiate between media reporting and the actual reality of Arctic relations and development.

Because issues and developments in the Arctic keep constantly changing, from a methodological perspective the validity and reliability of this research might decrease in the future. However as the Arctic research is still small in scale comparing it to the overall International Relations studies, this thesis gives new angles to the future research on state interaction.

7.1 Further research

This thesis suggests that the future research would look at the 'global Arctic' approach comparing the perspectives from non-Arctic actors and the Indigenous communities. As these communities are actually the ones that are affected the most by the environmental and economic globalisation in the Arctic region, they should be taken into further consideration. The difference should also be made in this regard with different Arctic communities. Seeing as the Indigenous communities around the circumpolar north are very different in their capacities and resources, some of them might consider the globalisation and international attention to support their communal development however the more remote communities that rely on traditional

livelihood might feel that their rights will diminish if the non-Arctic actors see that their rights to develop are more important than the Indigenous rights to govern. This kind of research would better advocate the problems as well as opportunities that arise from further globalisation and non-Arctic interest to the people who actually live in the Arctic region. It might also further drive the Arctic countries apart on their views on international integration in the region and perhaps encourage even stronger views on sovereignty with the Arctic countries that would like to keep the region exclusive.

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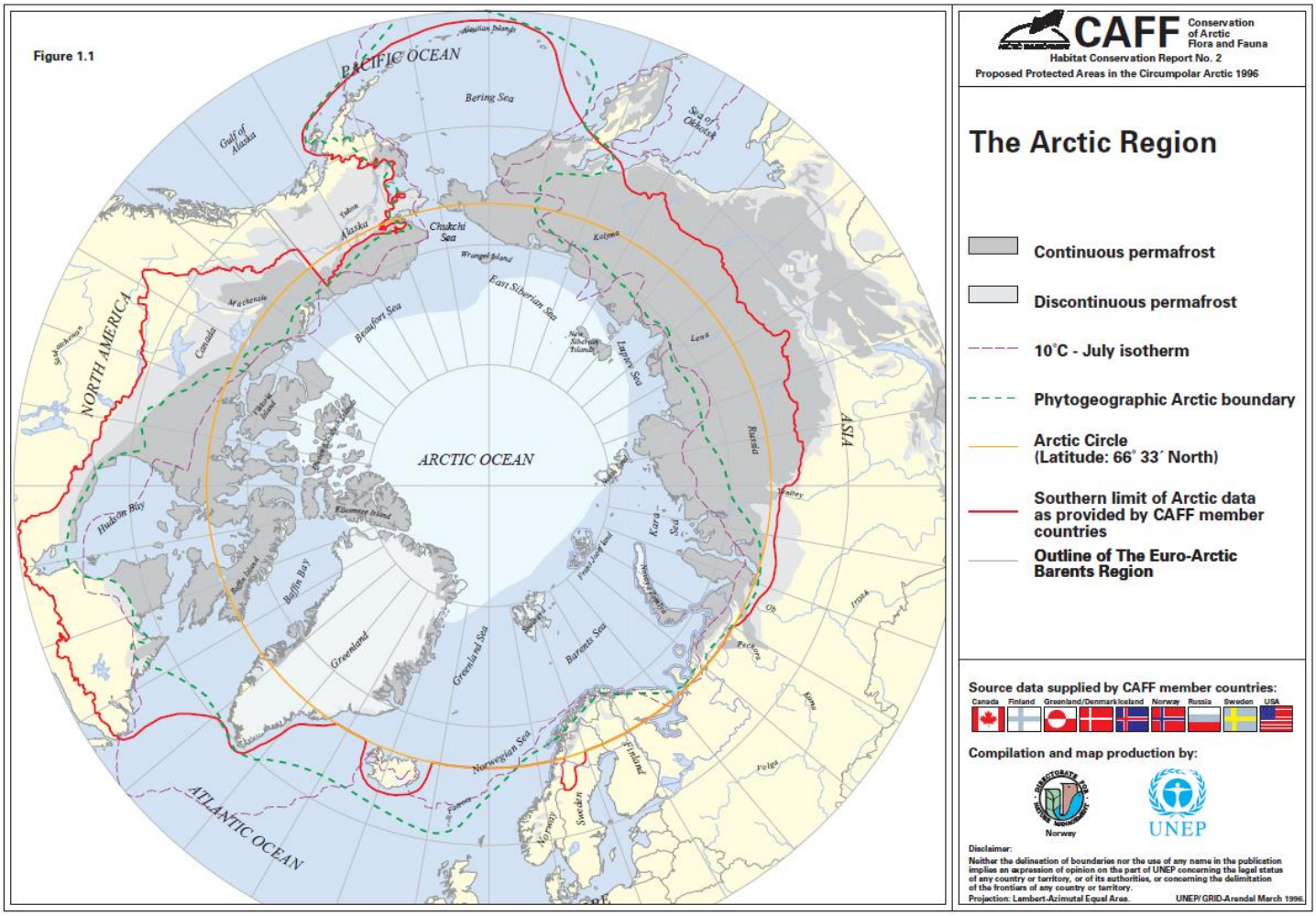
Interview with a Government of Canada Official, 26 November 2015, wishes to remain anonymous.

Participation at the Arctic Circle Assembly 2015, 16 – 17. October, 2015. Reykjavik.

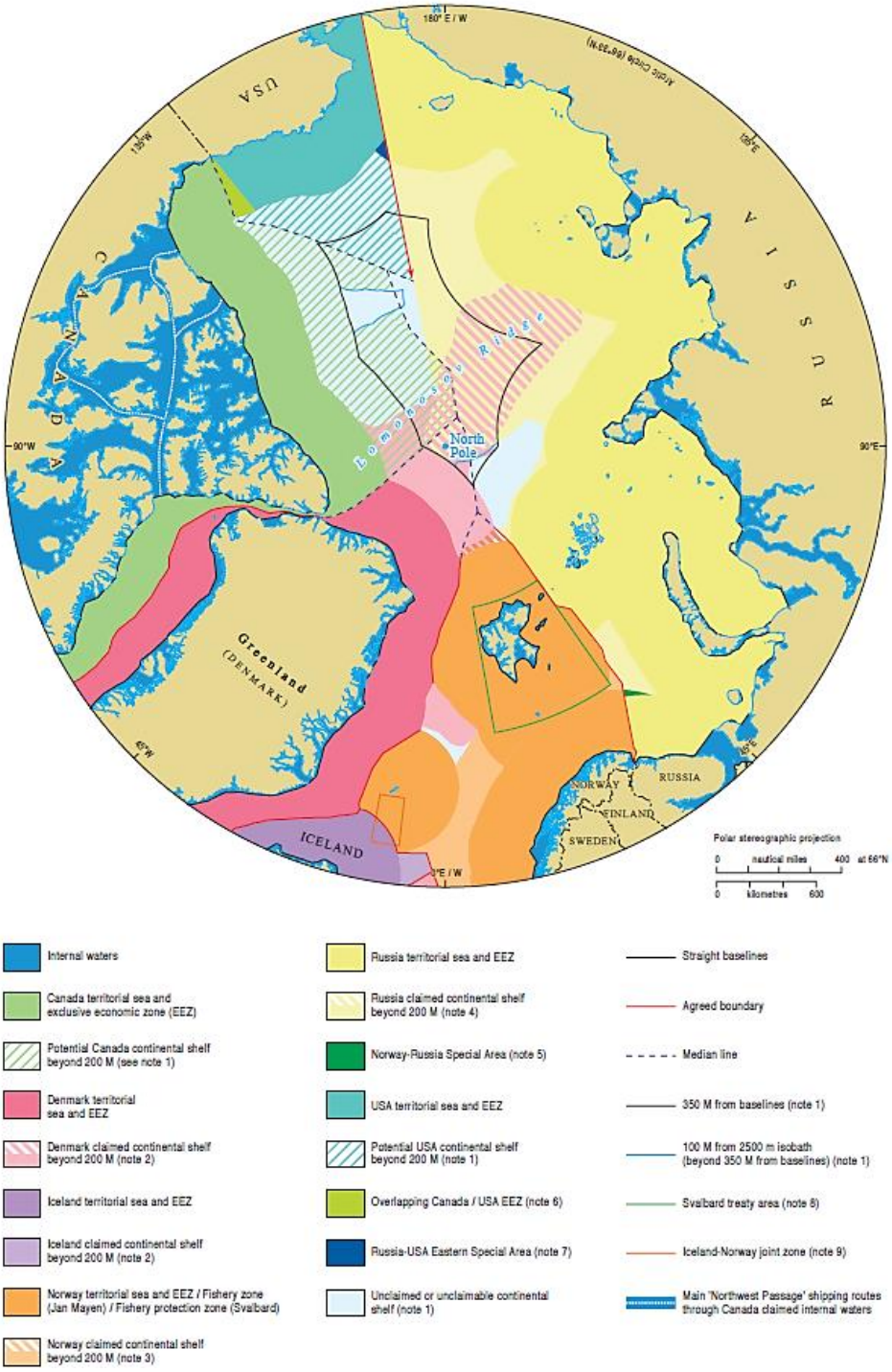
APPENDIX

Appendix 1. The Arctic Region



Source: *Arctic Council, Conservation of Arctic Flora and Fauna, 1996 [viewed 5.11.2015] Available online: http://library.arcticportal.org/1331/*

Appendix 2. Maritime jurisdiction and boundaries in the Arctic region



Source: Durham University, International Boundaries Research Unit, 2015 [viewed 10.11.2015] Available online: https://www.dur.ac.uk/resources/ibru/resources/Arcticmap04-08-15.pdf

Appendix 3. China's Largest Ports, 2012

Northern Sea Route compared to Suez Canal

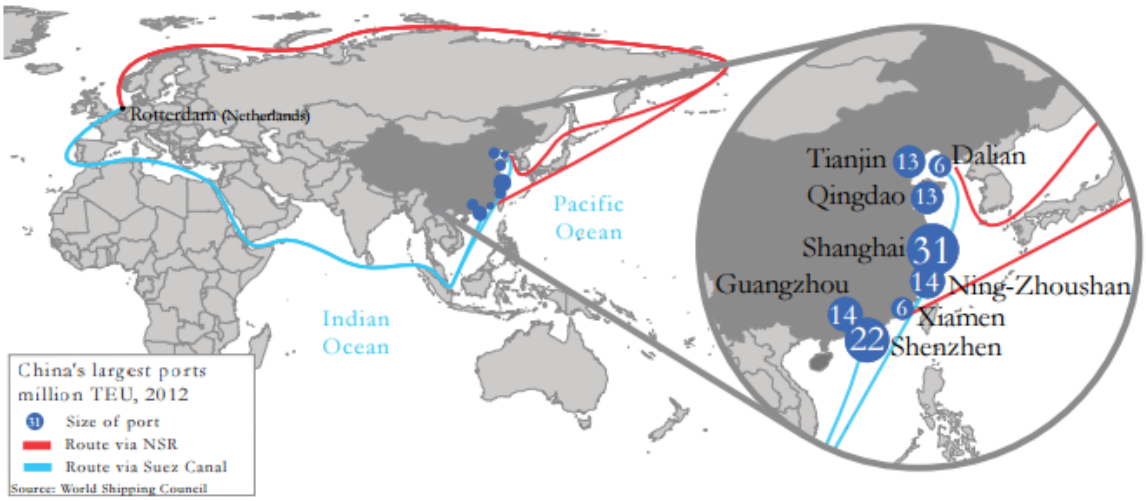
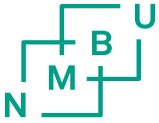


CHART 9: COMPARISON SUEZ CANAL VS. NSR

TRADE ROUTE	SUEZ CANAL, NM	NSR, NM
Tianjin - Rotterdam	11,500	7,800
Shanghai - Rotterdam	10,800	7,600
Shenzhen - Rotterdam	10,100	8,500
	SUEZ CANAL, DAYS	NSR, DAYS
Tianjin - Rotterdam	29.9	23.4
Shanghai - Rotterdam	28.1	22.9
Shenzhen - Rotterdam	26.3	25.2

Source: Hofstra, Maersk, NSR Administration

Source: Humpert, M. 2013. The Future of Arctic Shipping: A New Silk Road for China? The Arctic Institute, Centre for Circumpolar Security Studies, Washington



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