

## Geo-politics and Geo-economics of the Arctic Region

General, faculty members and students,

### SLIDE 1

Good morning and thank you very much for giving me this opportunity to address such a distinguished audience and to share Norwegian perspectives on the **Geo-politics and Geo-economics of the Arctic Region**.

### SLIDE 2

- A region in rapid transformation
- Polar explorers and the rush for the Poles
- Strategical change: climate + technology main drivers
- Geopolitical consequences – India 48 researches on Svalbard last summer
- At the cusp of a new ocean with new trade routes?

### SLIDE 3

- Military dimension. New Russian base opened last month due west off Norwegian Island Group Svalbard.
- But: not new. 1945. Festung Norwegen. Strategic location vis à vis Soviet Union. Cold War. Anecdote: Vadsø.
- Russia. 1000 years of peace. 1826 – oldest border. But a few miles from our borders: Northern Fleet strategic base

#### SLIDE 4 BILDE FRA OSEBERGSKIPET

Distinguished audience! Before I come to the Arctic, let me first make a small historic diversion, focusing on **historic interconnectedness between India and Norway:**

**The first traces of India in the annals of Norwegian history go far back to the age of the Vikings**, a thousand years ago. In continental Europe this was a time of havoc in the aftermath of the fall of the Roman Empire. **In Norway, however, it was a time of growth – both geopolitically, culturally and economically. Vikings landed in America, ruled Britain, played a central role in the founding of Russia, wrote epic literature and traded luxury goods with Asian merchants in West Asia and the Caspian Sea.**

Among the artefacts found in archeological excavations in Norway are figures of the Lord Buddha as well as fine Asian textiles and Indian style swastikas. The photo you can see shows a detail from twelve hundred year old goods found in the Oseberg Viking ship, clearly with roots in Indian civilisation. When visiting Oslo you may see the ship.

My point is simply this: The global economy is nothing new, except the dimensions and scale of interdependence. India and Norway enjoy links that are far more extensive than what is often realised.

#### SLIDE 5 MALERI AV TRANKEBAR

400 years ago, when Mughal India was the world's second largest economy, Norway and Denmark founded an East India Company to enable trade in textiles, spices and dyes. At that time the United Kingdoms of Denmark and Norway followed the trend of the Portuguese and the Dutch and entered the

scene around the same time that another actor, ultimately a very important one, emerged in Indian waters: The English East India Company. India was seen as a highly developed country with boundless opportunities. Many European countries were poorer than India.

The slide depicts the trading post of Tranquebar on the Coromandel Coast, just south of Pondicherry. The colony was established by treaty with the local prince of Tanjore and was fortified in the 1620s to facilitate Dano-Norwegian East Indian commerce, and to tap into the booming trade generated by the South Indian textile industry.

**The point is this: The links between India and the Nordic countries are many, and often surprising!** Today the political and economic circumstances are different. It is a two way street with full equality. A sense of strong optimism and dynamism is dawning upon us again, and in my eyes, the opportunities for co-operation have never been bigger.

Let me also quote the great statesman and friend of the Nordic countries, India's first Prime Minister, Honourable Mr. Nehru:

*"These countries are not far from the Arctic regions; they are cold and hard to live in. They can support only a small population. But ... they live a peaceful life and spend their energies in civilized ways. Science flourishes there and fine literatures have grown. Norway and Sweden were joined together and formed one state till 1905. In that year Norway decided to break away and carry on a separate existence. So the two countries decided peacefully to break their bonds ... There was no war or attempt to compel one country by another, and both continued to live as friendly neighbours. "*

I am not sure whether we have ever managed to live up to this testimony of Nehru! But let me emphasise that his keen interest in Norway and our welfare state system gave our bilateral relation after 1947 a flying start – indeed Norway was among the first nations to recognise the independent India.

Norway has a population of slightly more than 5 million people, a fact which sometimes makes it easy to forget that **our 400 billion US dollar economy** amounts to **a fifth of India's GDP**. Our Sovereign Wealth Fund is approaching the gargantuan scale of **1000 billion USD** – indeed, it is the world's largest. And it is still growing. An increasing amount of that money, currently around 10 billion USD moment, is being invested in Indian portfolios. It is a trend which is likely to continue and to accelerate.

Dear officers;

Keeping this context in mind, let me now move on towards the main topic of today: The geopolitics and geo-economics of the Arctic region.

**Norway is, with its ocean and polar territories, among the 10 largest countries in the world. We are the only nation with territorial claims in both the Arctic and the Antarctic regions.** Our Arctic presence is not only a result of large parts of the mainland being north of the Arctic circle, but must also be understood in light of the Svalbard archipelago, a group of islands mid-way between Norway and the North Pole, in the midst of what can potentially develop into a new important trading route between Europe and Asia.

#### **SLIDE 6: THE ARCTIC GEOGRAPHICAL AREA**

#### **SLIDE 7: WHAT IS THE ARCTIC?**

The Arctic is more than just water and ice: it is environment, animals, people, culture, infrastructure, economic activity, research, cooperation.

- Barents Cooperation
- Border: people to people. Visa free. Kirkenes as an example. Shops, street signs.

**Norway and India have a strong research and higher education cooperation on Arctic and Polar issues.** Since 2008, Indian researchers have been present in Ny-Ålesund on Svalbard, collecting data from the glaciers and under the sea. There are Indian students at the University of Svalbard and Indian researchers at the Norwegian Polar Institute. Five polar related Indo-Norwegian research projects were chosen to receive funding in 2016, following a MoU signed between Indian Ministry of Earth Science and the Norwegian Research Council in 2014. For India, the main driving force behind a strong polar research program is to find connections between changes in the Arctic, Antarctic and the Indian Monsoon.

One of our joint research projects, MADICE, made international headlines this year as the Indo-Norwegian team of researchers got stuck for days in abnormal amounts of melted water on the Antarctic icecap.

### **SLIDE 8: WHY IS THE IMPORTANCE OF THE ARCTIC GROWING?**

This picture illustrates the main reasons why the Arctic is gaining importance globally, and why it is gaining geopolitical importance.

- **The technological factor.** Norwegian cutting edge offshore industry is one sterling example. We can drill in the toughest conditions at sea.

Over the **last 100 years, temperatures in the Arctic have been rising twice as fast as the global average.** According to some estimates, **the Arctic summer**

**ice cap will completely vanish by the year 2050.** This will bring enormous changes and challenges not just to the Arctic states, but also to the world.

The melting ice of the Arctic is a barometer for the global warming that may cause unimaginable damage to our planet. We, citizens of the Arctic, can see climate change taking place with our naked eyes. It is obvious that we have to commit to the international cooperation to combat climate change.

As the ice retreats, the Arctic countries will **no longer be divided by the ice, but connected by the ocean.** The sea will become a highway, not a barrier. For the first time in history, the Atlantic Ocean and the Pacific Ocean will be connected through a sea passage around the North Pole. **The North East Passage between Europe and Asia – can potentially be ice free in 2050. It will open up new possibilities for trade and transport; mining and minerals; oil and gas; research and education.**

At the same time, the global effects of the climate change observed in the Arctic are serious – and potentially very damaging. The rise of sea levels opens up a plethora of challenges, not least in South Asia. There is **growing evidence for temperature swings in the Arctic influence snow melting in the Himalayas and the monsoon.** Climatic developments in the Arctics may thus have direct repercussions for India, explaining to some extent India's strong focus on Arctic research.

### **SLIDE 9: RESOURCES IN THE ARCTIC**

### **SLIDE 10: ARCTIC COUNCIL**

The most important forum for discussing issues of common interest is the Arctic Council.

The Arctic Council was officially formed only in 1996. It is the only Arctic forum for cooperation where all the Arctic countries are represented.

8 Arctic countries are full members: Canada, Denmark, Finland, Iceland, Norway, Russia, Sweden and the United States.

Non-Arctic states are also showing interest in the region. This is a new and interesting development. **India**, China, Japan, South Korea and Singapore are observer states to the council from Asia. The Arctic has become an arena for cooperation between Europe, North America and Asia. It presents us with new opportunities. The Arctic Council would like to see observer states, like **India**, more engaged in the working groups.

**Sustainable development** and **protection of the environment** are the two most important subjects for the Arctic council.

**Trade** is becoming more and more important – the **Arctic Economic** council was established in 2014 to be a platform for dialogue and cooperation between the Arctic council and the business community.

The Arctic Council's comprehensive reports and studies of climate change in the Arctic have been of major importance. The reports have proven beyond doubt that climate change is taking place at a fast rate, with serious and far-reaching consequences.

The United States focused on three areas as the focus of its [chairmanship](#): **improving economic and living conditions, Arctic Ocean safety, security and stewardship, and addressing the impacts of climate change.**

President Obama's trip to Alaska in 2015, the first by a sitting president north of the Arctic Circle in the United States, brought attention to the real effects of climate change experienced by Americans.

### **SLIDE 11: LAW OF THE SEA**

In sum, successful international cooperation depends on a **robust and predictable legal and institutional framework**. This is clearly the case in the Arctic. With a firm basis in the international community, The United Nations Convention on the Laws of the Sea (UNCLOS) provides the legal framework for diplomacy in the Arctic region. Our experience is that UNCLOS is respected and adhered to in the Arctic by all actors, also in the case of disputes.

A concrete example is **the amicable settlement of the maritime boundary dispute between Norway and Russia in 2010**. Norway and Russia are different in size, but enjoy a high level of mutual respect based among other things on international law. Our experience is that there is no “Scramble for the Arctic” as it were. When my government expounded the slogan “**High North, Low Tension**”, it was – I can assure you – not merely meant as a catchy, but empty, slogan. It fits with our long standing and intimate geopolitical experience of the region.

### **SLIDE 12: EXAMPLES OF OTHER ARCTIC COOPERATION**

### **SLIDE 13: NORWEGIAN INTERESTS IN THE ARCTIC**

For us, the importance of the Arctic emanates from the fact that:

Sovereignty in 6 times as much sea as land

1/3 of Norwegian territory north of the Arctic Circle

80 % of Norway's sea areas are north of Arctic Circle

10 % of Norway's population lives north of the Arctic Circle.

80 % of our sea areas are located north of the Arctic Circle.

80 % of maritime traffic in the Arctic passes through Norwegian waters.

Almost 90 % of our export revenues come from resources and economic activity and in our sea areas.

Indeed, as **a nation of seafarers and fishermen**, Norwegians have always lived off the sea.

**Polar exploration** is an integral part of our national identity.

**Our long coastline, traditions and innovation go hand in hand.**

For Norway, the High North remains a key domestic and foreign policy priority.

Peace, stability and international cooperation are needed to ensure value creation and sustainable development in the Arctic.

**About two-thirds of our export revenues come from sea-based economic activities and marine resources. We have harvested the ocean's resources for more than 10 000 years.**

For decades, we have **pursued an integrated, ecosystem-based management of our oceans. This science-based approach safeguards biodiversity and ensures sustainable use of resources.**

Shown that it is possible to combine ocean-based industries — such as fisheries, aquaculture, shipping and energy – and healthy marine environment. But crucial to set high environmental standards, and ensure that these are met.

The Arctic has some of the **world's most productive sea areas**, rich biodiversity. Arctic also some of the most well-managed sea areas in the world.

In the Barents Sea, science-based management and the close fisheries cooperation between Russia and Norway have been a resounding success.

Today, we have the world's most abundant cod stock.

**Sustainable use of ocean resources is the very foundation of Norway's prosperity and well-being.** Today and in the future.

For this reason, Norway has recently launched **a national ocean strategy**. In the strategy, we outline our policies for employment, growth and value creation in the ocean-based industries.

Our ambition is to facilitate the transfer of expertise and technology across industrial sectors, and to support the development of environmentally friendly technologies.

We have also presented a white paper on the role of the oceans in Norway's foreign policy. Our goal is to strengthen Norway's position as a dynamic and future-oriented ocean nation.

#### **SLIDE 14: NORWEGIAN GOALS IN THE ARCTIC**

**Dear officers, let me now move on to**

#### **Energy Security and Arctic Petroleum Resources**

I will introduce some fundamental facts as important background.

**First:** We need to **deliver more energy** to a world that demands it. The world population is growing. Energy is needed to reduce poverty, and to improve health and standards of living.

**Second:** The message from Paris is equally clear: We also need to act on the climate challenge - and lower emissions.

With major emitters on board, the Paris Agreement is a significant step towards fighting global climate change.

**And third:** We need to choose policies that actually work.

An important measure in this respect is to establish a price on greenhouse gas emissions, which is long overdue.

Already in 1991 Norway introduced a CO2 tax offshore. We know that it works. We encourage more countries to follow this example

Another measure is to substitute gas for coal. This is one of the most efficient ways to reduce greenhouse gas emissions.

From a Norwegian point of view, we will carry on producing our petroleum resources in the best possible way, and with a minimum environmental footprint.

I can assure you that Norway will continue to combine its leadership in the climate negotiations with being a long term and predictable exporter of oil and gas.

### **Norway has long experience as an Arctic petroleum nation**

A fruitful international discussion on Arctic issues must be based on facts, experience and knowledge.

Oil and gas activities have already taken place in the Arctic for more than 80 years. Parts of the Barents Sea were opened for petroleum activities in 1979, and we have drilled more than 100 exploration wells in this area.

## **Slide 15: NYE OLJEFELT I BARENTSHAVET**

Many new oil and gas fields have been discovered over the last decades.

Much of our remaining oil and gas resources are located in the north. The Barents Sea has established itself as a new and promising petroleum province – strengthening Norway's position as a long term and stable supplier of oil and gas.

We also plan to award new production licenses in the southeastern part of the Barents Sea– moving into a new area for the first time since the mid-1990s.

And we will continue to award new licenses in mature areas every year.

The activities in the north as on all other parts of the Shelf, are based on the highest health, safety and environmental standards.

However, no activity will be permitted unless it meets our strict environmental and security standards. This includes catering for both new and traditional industries, such as fisheries, living side by side.

### **Blue Arctic**

Some prefer to describe operational conditions to be the same all over the region. That is, as I hope you all know, simply not true.

**The conditions in the Arctic are diverse.** The climate conditions vary substantially throughout the region.

Let me make a first point in that regard. To most people around the world the Arctic is seemingly a mystical, dark, frozen and remote part of the world.

Actually, that is quite far from the reality! There is half a million people living only in Norway's Arctic areas; **We have universities, we have roads and we have ice-free harbors there.** Lots of **tourists** come to see the Midnight-Sun in the summer months, and some return to see the magnificent spectacle of the northern lights in winter.

Due to the **Gulf Stream** the conditions in the Norwegian Barents Sea are comparable to those further south on our Continental Shelf.

The Norwegian part of the Arctic is mostly ice-free. Many other areas are covered in ice part of the year or all year.

One example of the region's vitality is the blossoming activity to tap into Arctic gas reserves. Norway has significant untapped oil and gas resources in the Barents Sea, and wants to remain a long term and secure supplier of gas to the EU. For us, gas is a part of the solution for green change.

Replacing coal by gas will reduce emissions from power production significantly.

**Gas is the perfect back-up fuel for intermittent renewable energy sources.**  
**Norway is the largest producer of natural gas in Western Europe.**

Signals from EU-countries, like the UK, show that gas will be an important part of their efforts to reduce emissions. Significant parts of British and German gas consumption stems from Norway.

However, gas supply requires large upfront investments, and investors need predictability to develop new projects.

Put simply: While Norway is important to the EU for gas supply; The EU is important for Norway for gas demand.

Clear and appropriate signals from both the markets and relevant policy-makers concerning the role of natural gas in the future energy mix of the EU

We also need a clear and a coherent regulatory framework to encourage companies to invest in and develop oil and gas resources in the Barents Sea, including extending our existing gas pipeline system further north.

Our activity in the Norwegian Arctic is not mystical, it is not new, and we have the same strict environmental and safety regulations as elsewhere on the Norwegian Continental Shelf.

Furthermore, and as stressed previously, **there is no race for natural resources in the Arctic**. The activity is thoroughly regulated both international and nationally, and most resources fall within clear national jurisdiction.

We need more energy, and lower emissions. Arctic resources and cooperation can be an important partial answer to this challenge. We are a major Arctic power and are already working closely with the EU as a strategic partner on these and related issues.

**SLIDE 16, NORWAYS DEFENCE SECURITY AND DEFENCE POLICY in the Arctic perspective**

**SLIDE 17, THE BASICS**

### **Primary Objective**

Defending the country is one of the State's most important tasks. The ability to handle crisis and armed conflict in own and allied territories must be given the

highest priority. **The main objective for Norway's security and defence policy is to secure Norway's territorial integrity and political room for manoeuvre.**

Norwegian security and defence policy is based on a solid international framework, a strong transatlantic security community through NATO, and the society's total contribution to the defence ability.

**The security and defence policy must enable Norway to deal with all challenges in the crisis range, from handling of episodes in time of peace, via security policy crisis to armed conflict.**

### **NATO - The Corner Stone**

The NATO alliance and the transatlantic security community is the cornerstone of Norway's security policy. **The government gives priority to a proactive Alliance policy with the aim of securing close relations between NATO and Norway i day-to-day cooperation, in crisis and in armed conflict.** The purpose of an active Alliance policy is to reduce the risk of security policy crisis and armed conflict. An attack against a NATO member is an attack against the Alliance. NATO is a political and a military alliance. The transatlantic security community is based on common values. This is the core of the cooperation.

### **UN and International law**

A multilateral and rule based world order based on the principles in the UN Charter is the foundation of Norway's foreign- and security policy. As the framework for international cooperation, the UN is the central global actor securing that interaction between states is based on international law and respect for human rights. A well functioning set of international laws are crucial for Norway's ability to promote and look after her interests.

## The Armed Forces

The Armed Forces are crucial in taking care of Norway's security and in making it possible for Norway to contribute in a credible way to collective security. The gain of threatening or challenging Norway's security shall not outweigh the costs involved. The Armed Forces shall contribute to that military threats against Norway do not arise.

The Armed Forces shall, together with our Allies, secure collective defence of Norway and Allies against threats and attacks. Through participation in international operations and capacity building in selected countries, the Armed Forces shall prevent war and contribute to peace and stability.

## SLIDE 18, NORWAYS STRATEGIC POSITION

### First three decisive features

#### First - Close to Russian strategic bases and capabilities in The High North (nuclear and conventional)

Even though Russia does not constitute a military threat to Norway, the combination of military modernization and the will to exert influence through military power make Russia a central factor in Norwegian defence planning. Areas in Norway's immediate vicinity are also central to Russian nuclear deterrence. Russia's military presence and activities in the North have increased in recent years.

#### Second - Russian-Norwegian asymmetry

Russia's population is 145 million, Norway 5 million. **Defence budget:** Russia 540 billion (NOK), Norway 50 billion (NOK).

For Norway, like the other Arctic states, it is of great importance **to protect the High North. Routine and day-to-day military presence is an important element**

**in safeguarding these interests and to maintain security and stability for everyone operating in this demanding environment.**

The Norwegian Armed Forces provide **intelligence and surveillance, situational awareness, exercise sovereignty, authority and contribute to crisis management.** Our search and rescue helicopters are operated by the Air Force, **and our Coast Guard organisation is part of the Armed Forces.** Modern and capable military forces are important means to preserve stability.

We have recently invested **in new frigates, coastal corvettes and coast guard vessels.** Coast Guard continuously exercises authority in northern waters, executing both military and civilian tasks. **Our upcoming acquisition of fighter aircrafts (F-35), maritime patrol aircrafts (P8-Poseidon) and submarines (strategic cooperation with Germany), is a part of this overall investment.**

### **Third - Norway and the sea**

Norway is responsible for the **jurisdiction of more than 2.2 million square km of sea areas, most of them in the High North (Norwegian economic zone, the Fishery Zone around Jan Mayen, the Fishery Protection Zone around Svalbard).** This is **seven times larger than the Norwegian mainland.** Regular presence of Norwegian authorities is vital to secure stability and sustainable management of resources. We need to be able to exercise sovereignty and authority in waters under Norwegian jurisdiction. Norwegian regulations in these waters are based on the Convention on the Law of the Sea.

With **the ratification of the delimitation agreement between Russia and Norway (2011),** we have resolved the one remaining border issue in the Barents Sea. Russia and Norway have established **efficient fishery control regimes in our respective national waters.** Still, **we disagree on the status of the fishery protection zone surrounding the Arctic archipelago of Svalbard.**

Despite the disagreement, these incidents have not spilled over to other areas of cooperation, or escalated into more serious disputes.

### **SLIDE 19, NATO THE CORNERSTONE**

#### **The Corner Stone**

NATO and the transatlantic security cooperation is the corner stone of Norway's security and defence policy. Norway is dependent on a solid international security and defence cooperation.

#### **Collective defence, Article 5**

The principle of **collective defence** is at the very heart of NATO's founding treaty. It remains a unique and enduring principle that binds its members together, committing them to protect each other and setting a spirit of solidarity within the Alliance. Collective defence means that an attack against one Ally is considered as an attack against all Allies. The principle of collective defence is enshrined in Article 5 of the Washington Treaty.

NATO invoked Article 5 for the first time in its history after the 9/11 terrorist attacks against the United States. NATO has taken collective defence measures on several occasions, for instance in response to the situation in Syria and in the wake of the Russia-Ukraine crisis. NATO has standing forces on active duty that contribute to the Alliance's collective defence efforts on a permanent basis.

#### **Training and exercise**

We will **continue to accommodate for military exercises and training for allies and partners in Norway. In this way Norway contributes to allied forces' ability to operate in Norwegian climatic and geographical conditions.** By that we increase the credibility of the collective defence guarantees in crisis and armed conflict. A high level of regular allied presence creates a stabilizing state of normality in times of peace, which contributes to deterrence and defence.

## **SLIDE 21, RUSSIA**

Russia's **increased defence spending and re-emergence as a strong regional power** poses a potential challenge for neighbouring countries. We follow the developments in Russia closely.

We are concerned about several aspects of Russian foreign and domestic policies, not least **the worrying human rights situation and the state's strict media control**.

There has been increased distance between Russia and the West, not least between Russia and the US.

**Norway's relationship with Russia is good and constructive:** we share common opportunities and challenges in the High North.

In the military field, we work closely with Russia in a number of areas: Since 1996 we have signed and executed **annual bilateral military work plans**. We now conduct **joint exercises in areas like search and rescue at sea and maritime security operations**.

President Putin has approved an Arctic development strategy to 2020, highlighting energy exploration, infrastructure upgrading and national security. According to the document, infrastructure construction in the Arctic will help diversify export routes of Russian energy resources to global markets.

## **SLIDE 19, RUSSIAN MILITARY CAPACITIES IN THE ARCTIC**

**The slide is only meant to illustrate the importance of the Arctic in today's Russia**

## **SLIDE 20, THE HIGH NORTH**

The High North is Norway's most important strategic area of responsibility. **Our High North policy is designed to safeguard Norwegian interests, increase our cooperation with other countries that have interests in the High North, and facilitate business and social development in the north.**

Norway's High North policy seeks to strengthen Norway's ability to exercise its authority and to promote Norwegian interests in the north. The Government considers it vital for Norway to play an active role in the Arctic Council, the Barents cooperation and the Northern Dimension.

The Government will promote further growth through its new ocean strategy, which is currently being developed, as well as by strengthening universities and university colleges, and enhancing the links between research and the business sector. Our High North policy will help the Government to achieve its goal of creating more jobs and ensuring better welfare.

### **Gentlemen, let me conclude by summing up the main points of my talk here today:**

In the years to come, we will see **an increasing demand for Arctic resources. A growing global population will need more food, more energy, more minerals and more goods will need to be shipped between continents.**

The Arctic is mostly ocean - and **the blue economy holds great promise for new investments, growth and employment.** For Norway, **the ocean is the very foundation of our economy.** As much as 80 % of Norway's sea area is located north of the Arctic Circle.

We therefore have a strong interest in promoting sustainable ocean management in this region. An interest I am sure we share with all the other Arctic states.

We want Northern Norway to be **one of the most innovative and knowledge-driven regions of growth in the world**. To achieve this, we must continuously identify greener, smarter and more innovative ways to use Arctic resources.

We need even closer regional cooperation and we must make sure the institutions we are setting up are robust enough to handle the rapid changes taking place in the Arctic.

Together, we can make the Arctic **a global model** for sustainable growth - based on knowledge, cooperation and respect for international law.

Our vision should be for the Arctic to be the best-managed region of the world. If we succeed, we will not only ensure the prosperity and well-being of millions of people who depend on Arctic resources - we will also contribute to a safer, more stable and more sustainable world.

Thank you.

[SLIDE 23, Q & A](#)