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EU leverage in the Arctic: Climate leadership in a high-stakes region

POLICY BRIEF
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DISCLAIMER

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EXECUTIVE SUMMARY

The Arctic is experiencing climate change three times faster than any other region, with consequences reaching far beyond its borders. Recent projections indicate that the situation is even more severe than previously thought, with some areas, like Svalbard, warming six times faster[1].

The European Union (EU) may only have limited jurisdiction in the Arctic, but that does not mean it has no impact. The EU's demand for Arctic resources has a considerable footprint in the region, implying a certain responsibility. As the current EU Arctic policy states: "*Arctic development is not driven by local political and economic forces only*".[2] The EU has significant leverage through trade, regulations, and diplomacy to shape a more sustainable region.

In a rapidly changing environment, both in terms of climate and security, the EU's goals in the Arctic should be clearer, particularly as they relate to the green transition. Failing to be clear leaves room for ambiguity, meaning the EU risks being seen to have contradictory interests in the region: On the one hand being an advocate for protection and precaution, but on the other hand, fuelling demand for fossil fuels and critical raw materials originating from one of the world's most sensitive regions.

In this policy brief, we take a closer look at the latest status of the Arctic, the EU's scope for influence in the region, and we make recommendations for a renewed EU Arctic policy.

Disclaimer: *There are a multitude of issues of concern regarding the Arctic that this brief does not address (e.g. pollution, defence and space activities). The aim of this brief is not to provide a complete overview, but rather to make an introduction to some select matters which are of particular concern to Bellona, hereunder petroleum activities, deep-sea mining, shipping and governance.*

Description: *Bellona has been engaged in Arctic matters since its founding in the 1980s and our activities span from research to activism, as here from a protest against petroleum activity in Lofoten and the Barents Sea in 2004 with signs reading "no oil in the north"*

1 https://www.amap.no/documents/download/7291/inline
2 "A stronger EU engagement for a peaceful, sustainable and prosperous Arctic ", 2021: 2_en_act_part1_v7.pdf

Rising heat, rising stakes. Why the Arctic matters

The Arctic is both extremely vulnerable to activities originating elsewhere in the world and is the epicentre for changes that will ripple across the globe. Activities both within and beyond the region matter immensely.

As is widely known, the Arctic is warming faster than the rest of the world. But this is just one of many extreme changes in the region. The most recent data from the Arctic Council's Working Group of Monitoring and Assessment (AMAP) has found[3]:

THE ARCTIC IS HEATING UP FAST

3x
higher air temperature rise compared to the global average since 1979

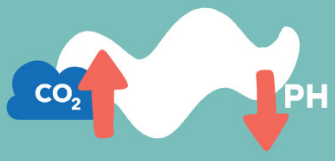
ICE-FREE SUMMERS ARE EXPECTED

By 2040
summer sea ice could disappear

RAIN IS REPLACING SNOW

2-10%
increase in precipitation from 1979-2023, with more rain than snow

OCEAN ACCIDIFICATION IS ACCELERATING



3-4x
faster ocean acidification than any other ocean

MELTING GLACIERS DRIVE SEA-LEVEL RISE

glacier melt in the Arctic has accounted for most of the world's land ice loss since 1979

ACCELERATED CHANGE AT AN ALARMING RATE

By 2100
scientists expect greater warming, ice loss & ecosystem disruptions

3 Arctic Climate Change Update 2024: Key Trends and Impacts Summary for Policymakers

6 reasons climate change is of special concern in the Arctic

1 CLIMATE FEEDBACK LOOPS

The Arctic is highly susceptible to amplification effects that can accelerate global warming and climate change. For example, black carbon (soot) from ships using heavy fuel oil (HFO) and other fossil fuel emissions settle on ice, darkening its surface and reducing its ability to reflect sunlight thus leading to increased melting (the albedo effect)[4]. Additionally, rising temperatures may trigger other, less understood feedback loops, such as increased vegetation growth in Arctic regions, which could further alter the climate system.

2 UNIQUELY VULNERABLE ECOSYSTEMS

The Arctic environment and ecosystems are highly specialised, having evolved to thrive in a harsh climate. Take away one plant or animal, and there may be few or no alternative food sources, potentially leading to an entire ecosystem's collapse. While each change may not be disastrous, the cumulative effect of many different changes and human activities can be. This means that the Arctic is particularly vulnerable to temperature increases, habitat changes, industrial impacts, human activity (e.g. noise pollution) and invasive species. It also means that the Arctic has slow natural recovery processes, exacerbating the impact of environmental damage.

3 MELTING ICE

The rising temperatures in Arctic waters, ice melting and changing seasonal ice cover may alter global currents and weather patterns, as is already being seen with increased local precipitation, but also exacerbating the effects of climate change elsewhere.

4 PERMAFROST COLLAPSE

The Arctic permafrost melting releases methane, creating feedback loops that accelerate global warming[5]. It is also causing land movements that can lead to accidents and infrastructure damage with further environmental consequences. Shifting landscapes are already causing land and rockslides as mountains previously "held up" by permafrost are melting[6], and frozen "swamp-hills" are collapsing and turning into ponds[7].

5 EXTREME CONDITIONS AND EXTREME RISKS

The Arctic's extreme climatic and weather conditions, including more frequent storms, polar darkness, ice cover, long distances and spread-out population enhance the consequences of any disasters and complicate emergency response efforts. As icy waters are melting and become more accessible, activity levels are rising and with that the risk of accidents.

6 GREEN COLONIALISM

Climate-related initiatives in the Arctic can be at odds with indigenous peoples' rights, which are not yet well enough protected, thereby leading to cases of human rights violations and green colonialism.

4 For more information on HFO see the Clean Arctic Alliance (https://cleanarctic.org/), of which Bellona is a member
5 Når permafrosten tiner, Cicero
6 Når fjellene tiner, NRK
7 Nils Thomas oppdaget «synkehull» midt på Finnmarksvidda, NRK

What is the Arctic and why does the definition matter?

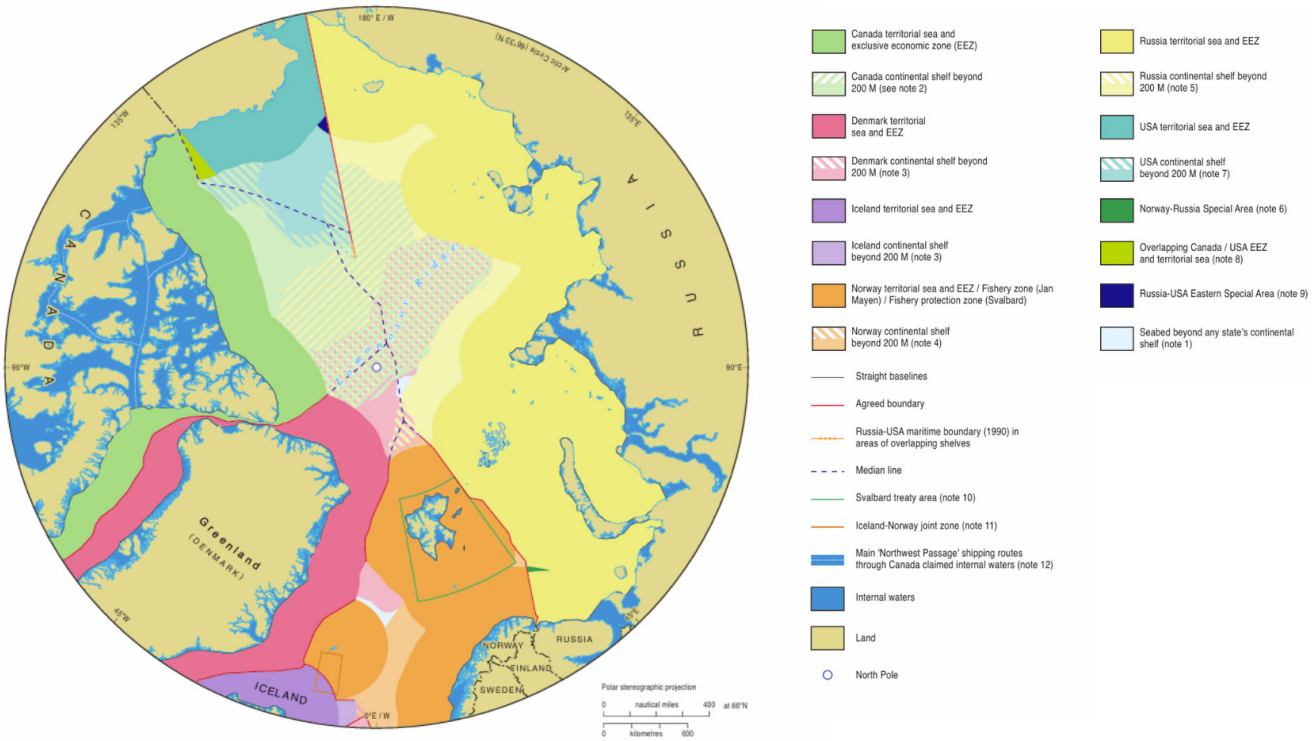
While there is an international law definition for Antarctica (land and ice shelves south of 60°S latitude, in the Antarctic Treaty), we don't have one for the Arctic (nor is there an 'Arctic Treaty'). With climate change, definitions of the Arctic can also change, which can open up for activities that were previously either physically or politically not feasible.

Geographic definitions: *the areas within the Arctic Circle (above 66° 32'N), the southernmost point that experiences midnight sun and polar night.*

Climatic definitions: *10°C July isotherm, meaning the area where the average temperature for July is below 10°C. This is also more or less the limit for where trees above two-three metres grow.*

Political definitions: *In Norway, petroleum activity is restricted at the "ice edge", defined as where open ocean meets sea ice – a fluid border that moves northward with global warming. The "ice edge" is itself defined using different metrics.*

Maritime Jurisdiction and Boundaries in the Arctic Region



Source: IBRU, Durham University, UK https://www.durham.ac.uk/research/institutes-and-centres/ibru-borders-research/maps-and-publications/maps/arctic-maps-series/

Climate, competition and conflict: Status of EU engagement in the Arctic

In essence, there is no global 'Arctic Treaty' as there is for the Antarctic, and EU Arctic policy consists largely of policies for other areas, that have relevance to the Arctic. But with rising geopolitical tensions, the consequences of both action and inaction are rising, so the EU should be more consistent and specific in formulating its Arctic policy. The EU is at the global forefront of fighting climate change and can use its size and influence to nudge Arctic nations in a more sustainable direction.

In October 2021, the EU introduced its latest and current Arctic policy 'A stronger EU engagement for a peaceful, sustainable and prosperous Arctic[8]', which focuses on three priorities: Cooperation, climate change, and inclusive development[9]. It builds on previous versions from 2016, 2012[10] and 2008[11] , reflecting the EU's interest, but also relatively short history, in Arctic affairs.

The EU's Arctic policy as a legal document is a joint communication: a non-binding legal instrument that lays out current policy or provides a framework through which to understand policies. The EU's Arctic policy could therefore be seen as a collection of other policies as they relate to the Arctic, more than a stand-alone piece. This raises the question: Is the time ripe for a more specific EU Arctic policy?

Administratively, it's the Directorate-General for Maritime Affairs and Fisheries (DG MARE) and the European External Action Service (EEAS) that jointly oversee EU Arctic policy coordination. The EEAS also appoints a Special Envoy for Arctic Matters, the EU's "Ambassador to the Arctic".

The current EU Arctic policy is understood to be more ambitious and assertive than previous versions and was developed during a time in the EU marked by a stronger focus on foreign policy[12]. Since its publication, Russia's full-scale invasion of Ukraine has triggered a new geopolitical reality. Perhaps counter-intuitively, the invasion has led to a lessening of military activity in the Arctic, compared to before, as Russia cannot afford the "over-stretch"[13]. However, previous collaboration on climate and environment issues, particularly scientific collaboration, between Russia and the other Arctic states and the EU, have largely come to a halt. As information exchange channels have dried up, Bellona's Environmental Transparency Centre continues its work on Russia's environmental impact on the Arctic[14]. The EU's Arctic policy could therefore arguably be ripe for a review – which focus area goals have been achieved, and which ones need further work? – and an update to address the region's evolved challenges and opportunities.

8 A stronger EU engagement for a peaceful, sustainable and prosperous Arctic, European Commission
9 The EU in the Arctic, European Commission
10 Developing a European Union Policy towards the Arctic Region: progress since 2008 and next steps, European Commission
11 The European Union And The Arctic Region, European Commission
12 EU Engagement in the Arctic: Challenges to Achieving Ambitions in an Area outside Its Jurisdiction, Arctic Review
13 How the Ukraine War Stopped Arctic Brinkmanship, Arctic Review
14 Sign up to Bellona ETC's monthly Arctic Digest here.

Oil and gas

The current EU Arctic policy takes a clear stance in calling for a moratorium on Arctic oil and gas:

> *"The EU is also an importer of oil and gas extracted in the Arctic. It is committed to achieving the targets under the Paris Agreement by implementing the European Green Deal. Building on the partial moratoriums on hydrocarbons exploration in the Arctic, the EU is committed to ensuring that oil, coal and gas stay in the ground, including in Arctic regions. An important consideration in this regard is the specific difficulty, due to the prevailing weather conditions, for response and clean-up, in case of industrial or maritime accidents. To this end, the Commission shall work with partners towards a multilateral legal obligation not to allow any further hydrocarbon reserve development in the Arctic or contiguous regions, nor to purchase such hydrocarbons if they were to be produced."*

However, since the Russian full-scale invasion of Ukraine and resulting energy crisis, the follow-up on this point has been vague. In the lead-up to COP27 in 2022, the EU and Norway negotiated a "Green Industry Agreement" through which the Norwegian side aimed to get a 'green light' from the EU for continued oil and gas exploration, supposedly including (or at least not explicitly excluding) in the Arctic. The IEA is clear in that we have already found more fossil resources than we can extract within our carbon budget and that no further exploration is necessary[15]. The Arctic is among the very first places we should halt such activities and the EU's steadfast leadership on this remains pivotal.

Short-term domestic interests of Arctic nations such as Norway, for resource extraction and export, can be at odds with the interests of the international community to combat climate change. Any "pressure" from individual countries, for instance from Norway toward the EU regarding the former's role as a secure energy supplier, must not be allowed to be used as leverage to continue unsustainable and unnecessary petroleum activities.

EU imports of Russian Arctic LNG

Becoming independent of Russian energy imports is a top priority for the EU. Since the war started, pipeline imports of Russian fossil fuels have decreased, however, liquefied natural gas (LNG) imports have risen. Because of price increases, this is also costing the EU an estimated 3x more than before the war - money that is going to fund the war against Ukraine. Furthermore, almost all of these Russian LNG imports are of Arctic origin[16]. It therefore also risks providing a business case for Arctic petroleum activities[17]. Our research shows that it was possible for the EU to stop Russian energy imports entirely by 2025[18].

Description: *Melkøya LNG plant in Hammerfest, Norway, that processes gas from the Snøhvit field for exports to the EU. A fire in 2020 and resulting investigations, including by Bellona, uncovered serious risk mismanagement.*

15 The Oil and Gas Industry in Net Zero Transitions, IEA
16 EU Policy Impact Overview Final Report, EPRD Consortium, European Commission
17 High North News: EU Paid Near 300% More for Russian LNG in 2024 Compared to Early 2021
18 EU can stop Russian gas imports by 2025, Bellona Europa

Deep sea mining

We face an emerging and similar challenge of domestic vs international interests in deep sea mining, with Norway taking controversial steps to develop this industry, arguing, among other things, that it could provide a secure supply of critical raw materials. Deep sea mining is not a topic that is addressed in the current EU Arctic policy, but it should be, considering a large part of Norway's deep sea mining plans are set to take place in the Arctic[19]. Norway is positioning itself as an outlier in the international community by opening for exploration activities, in contradiction to scientific advice and before adequate scientific understanding of the environmental impact, in breach of the precautionary principle. The European Parliament has criticised Norway for this decision in a resolution[20], which should be followed up with binding EU policy banning the imports of products resulting from deep sea mining.

The EU consumes 20% of the world's minerals, but produces only 3%[21], thus again, the EU's role as a demand-driver is significant. The Critical Raw Material Act sets out clear priorities, for instance more sustainable extraction methods and enhancing circularity in order to reduce demand for new extraction[22]. But positive impacts of such measures may well be "eaten up" by increased demand. While there is a need for more critical raw materials, these must be sourced from land, where we have more knowledge on how to contain environmental impact. In deep sea mining, such containment remains a fallacy.

It remains vital to draw red lines and establish no-extraction zones, as a minimum on the Arctic seabed. The EU should continue to oppose deep sea mining, as it does in the Critical Raw Materials Act[23], and work to establish a ban on imports of products resulting from such activities, particularly in the Arctic.

Description: *The consequences of deep sea mining are not well enough understood and would likely include further disruption to marine mammals, that are already heavily impacted by noise pollution from shipping and seismic activity.*

19 The Norwegian Deep-Sea Mining Project, Green Peace
20 MOTION FOR A RESOLUTION on Norway's recent decision to advance seabed mining in the Arctic, European Parliament
21 As cited in EU Arctic policy Communication: Overview of EU actions in the Arctic and their impact, Office for Economic Policy and Regional Development, EPRD, Poland, June 2021 ('EPRD Report'). EU Partnership Instrument funded study report.
22 See Bellona's other recommendations for critical raw materials: A new state-of-the-art for battery materials production
23 Regulation (EU) 2024/1252 of the European Parliament and of the Council of 11 April 2024 establishing a framework for ensuring a secure and sustainable supply of critical raw materials

Governance gaps: what makes EU action in the Arctic difficult

Though historically based on the rule of international law, a number of reasons make jurisdiction in the Arctic challenging. Arctic governance could be said to be characterised by gaps, fragmentation and increasing opportunism. In some cases, the EU has a formal role, in others it does not. Leveraging these presents opportunities.

There are many international bodies and treaties that are relevant to the Arctic, such as the Paris Climate Agreement or the Svalbard Treaty, but there is no treaty governing the whole Arctic per se. As the Arctic Council (itself an intergovernmental forum largely based on good-will) declares: "Their [the Arctic nations'] national jurisdictions and international law govern the lands surrounding the Arctic Ocean and its waters".

The Arctic nations (i.e. nations with territories in the Arctic: USA, Canada, Russia, Denmark (Greenland), Iceland, Sweden, Finland and Norway) are thus the unofficial "stewards" of the Arctic region.

They have full control over their land, coastlines, and territorial waters, which extend 12 nautical miles (22.2 km) from shore. Beyond this, the United Nations Convention on the Law of the Sea (UNCLOS) grants each nation exclusive rights to resources within their 200-nautical-mile (371 km) Exclusive Economic Zones (EEZs). Outside these zones lie the Arctic's High Seas, the Central Arctic Ocean, which is a "global common". Global commons are areas or resources that are not under the control of any state.

The High Seas Treaty[24], concluded in 2023, aims to strengthen governance in such areas, paving the way for extending marine protected areas (MPAs) and demanding environmental impact assessments for activities like deep sea mining[25]. It's the latest addition to Arctic-relevant international agreements where the EU is a party. The EU is already committed to protecting 30% of the ocean by 2030 through marine protected areas, and the EU should aim to fulfil (or exceed) this target as a matter of priority and urgency in the Arctic.

The fragmentation of Arctic governance into a number of treaties and bodies calls for a more coordinated engagement for the EU, Member States and the EEA.

24 "The High Seas Treaty" is formally: The Agreement under the United Nations Convention on the Law of the Sea on the Conservation and Sustainable Use of Marine Biological Diversity of Areas beyond National Jurisdiction (BBNJ Agreement):

25 Marine Protected Areas, European Environment Agency

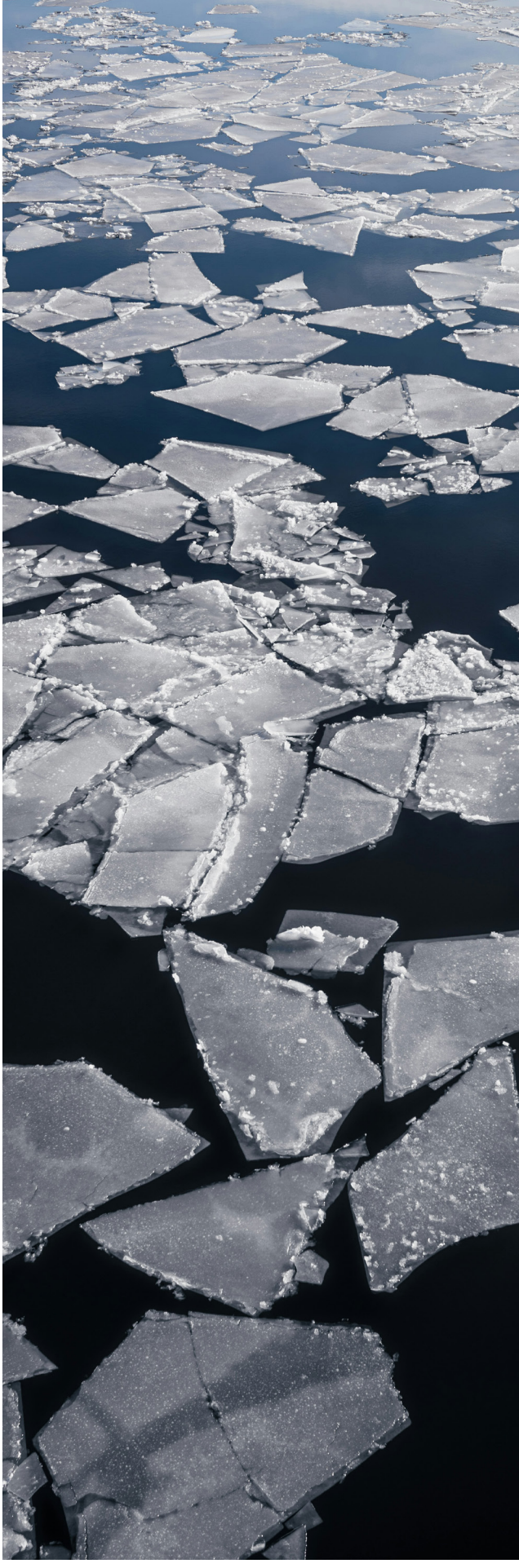
EU jurisdiction in the Arctic

In addition to the High Seas Treaty (BBNJ) and UNCLOS, the EU is a signatory to the Convention for the Protection of the Marine Environment of the North-East Atlantic (OSPAR). UNCLOS is relevant for a multitude of reasons, but in the current context particularly as it establishes the International Seabed Authority, which regulates seabed mining. OSPAR is particularly important as it establishes marine protection areas, the polluter pays and precautionary principle, for instance in relation to petroleum and shipping activities in the Arctic.

The EU is not a member of the Arctic Council and is still awaiting approval for observer status (6 EU Member States are already observers, alongside the 3 EU Arctic Member States). The EU is also not a member of the International Maritime Organization (IMO), which regulates Arctic-relevant shipping agreements such as the Polar Code and Heavy Fuel Oil ban, but the European Commission holds observer status.

The EU has direct jurisdiction in the Arctic areas through its Member States of Finland and Sweden and an indirect relationship with Greenland through Denmark and the Overseas Countries and Territories (OCT) status. The EU extends its Arctic influence to Norway through the EEA Agreement, but this excludes e.g. Svalbard as a geographic area and fisheries as a sector. The application of EEA provisions to Norway's continental shelf and offshore activities, including petroleum activities, also remains a somewhat ambiguous issue, often dependent on a case-by-case legal framework.

The EU is a member of the Barents Euro-Arctic Council[26] and maintains regular engagement with central Arctic stakeholders, including the Arctic Economic Council, the Arctic Mayors' Forum, and the Northern Sparsely Populated Areas (NSPA) network. It also engages with indigenous communities, through the Sámi Council and the EU Indigenous Peoples' Dialogue.



26 Cooperation in the Barents Euro-Arctic Region, The Barents Euro Arctic Council

Arctic future in EU hands: How can the EU guide Arctic Policy?

Despite its limited jurisdiction in the Arctic, the EU has powerful levers through which it can exert meaningful influence. As a market for Arctic resources, the EU has significant purchasing power. It should leverage this power strategically toward its aim of climate neutrality by 2050. The EU should consider the Arctic an area of priority for climate action and for eliminating unsustainable imports.

Though its geographical claim is limited, the EU holds many other roles through which it may legitimately call for stronger governance and protection of Arctic areas. Through instruments like the High Seas Treaty and organisations like the International Seabed Authority, the EU can be a strong voice for expanding marine protection areas and establishing protected subsea areas or 'no extraction zones' where activities like deep sea mining and fossil fuel extraction is not allowed. The EU can exert pressure on states like Norway, to enact such measures in its Exclusive Economic Zone.

Extractive industries like oil, gas and critical raw materials carry their own risks and climate impact, but also lead to increased activity levels and shipping, which bring further climate impact as well as heightened risk of incidents and accidents in an especially vulnerable region.

In the IMO, the EU can work through its Member States, to call for a stricter enforcement of the Heavy Fuel Oil (HFO) ban. The HFO ban came into force in 2024 and restricts the use and carriage of the fuel that is a major source of black carbon but provides far too many exemptions and should be expanded in its geographic coverage. The European shipping fleet is one of the world's largest, representing 35% of the global fleet in terms of tonnage, making the EU a leading and impactful shipping force[27].

Description: *Rough conditions, including regular storms and perpetual darkness in winter, make activities in the Arctic extra challenging and risky*

27 https://ecsa.eu/european-shipping-key-for-europes-security-with-35-of-global-fleet-studies-find/

The Northern Sea Route

The EU should also raise the alarm around emerging threats such as the trans-Arctic shipping and the Northern Sea Route (NSR). The Northern Sea Route, a shipping lane between Europe and Asia that follows the Russian Arctic coastline and is about half the length of any other sea route between Europe and Asia, is being pushed by Russia as it would enhance the country's strategic importance and provide lucrative sources of income. Not only would such activities fund Russia's war against Ukraine, the environmental risks associated are unacceptable, with increased shipping activity leading to heightened risk of incidents in an area with a critical lack of infrastructure to handle them[28]. The EU must review the role it plays in enabling high-risk Arctic shipping and consider measures to oppose the development of the Northern Sea Route.

Since Russia's full-scale invasion of Ukraine, and since the latest US elections, geopolitical tensions have risen. In March 2022, the EU published its Strategic Compass for security and defence[29] which recognises the Arctic as an important part of the EU's strategic environment, in particular the role of the region's maritime security. Questions of military, energy and resource security have taken precedence and cooperation on climate action risks being set back. The EU must be a force for balance between short term resource security and long-term climate action, especially in the Arctic. The Arctic is an important - and symbolic - region in which the EU can and should lead by example.

28 https://arcticreview.no/index.php/arctic/article/view/6409/10092
29 https://data.consilium.europa.eu/doc/document/ST-7371-2022-INIT/en/pdf

POLICY RECOMMENDATIONS

01. REVIEW AND UPDATE EU ARCTIC POLICY

Conduct a thorough review of the EU's current Arctic strategy to assess progress. Reaffirm the EU's commitment to climate neutrality by 2050, and strengthen this by:

- Reinforcing the ban on offshore fossil fuel extraction in the Arctic
- Extending the ban to include deep-sea mining in Arctic waters

02. PRIORITISE THE ARCTIC IN EU CLIMATE ACTION

Make the Arctic a focus area in the EU's path to climate neutrality, due to its extreme vulnerability and global importance. This includes:

- Prioritising Arctic ecosystems for the expansion of marine protected areas
- Establishing no-extraction zones
- Taking other protective environmental measures

03. BAN IMPORTS TIED TO ARCTIC FOSSIL FUELS AND DEEP-SEA MINING

Use the EU's economic influence to discourage harmful Arctic practices by:

- Banning imports of petroleum and critical raw materials sourced from Arctic fossil fuels or deep-sea mining
- Excluding companies involved in these activities from public procurement processes

04. OPPOSE THE USE OF THE NORTHERN SEA ROUTE

The EU should actively oppose the commercial use of the Northern Sea Route due to:

- Severe environmental and climate risks
- The route's strategic value to Russia's war efforts in Ukraine

Support international efforts to restrict this shipping lane

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