

SUMMARY

Arctic Economic Development Forum

Hosted by Institute of the North and The Wilson Center's Polar Initiative

The Washington, DC-based Wilson Center's Polar Initiative and the Alaska-based Institute of the North co-hosted a forum on April 6, 2016 that highlighted the importance of economic development in the Arctic region, current opportunities and barriers, as well as successful government strategies to facilitate economic prosperity. The Forum built consensus, suggested ways forward for benefits to accrue to Arctic companies and communities, identified long-term goals, and provided a platform for business to interface with policy. The full event webcast and speakers' PowerPoint presentations are available online [here](#).



Left to right: Mr. Sjørður Skaale, MP, Faroe Islands, Danish Parliament; Nils Andreassen, Executive Director, Institute of the North, and Sen. Lisa Murkowski, Alaska, U.S. Congress

DISCUSSION

Each of the eight Arctic nations has produced a national policy and/or strategy for the Arctic region, and each has listed economic development as a priority. Indeed, economic development is the only common priority that the eight share. Importantly, almost all of the strategies/policies reference a corresponding commitment to sustainability or sustainable development.

Much of recent Arctic economic discussions are framed by offshore oil and gas development, shipping, icebreakers, and relationships with Russia. Almost all of these are embedded within a broader sustainable economic development agenda shared by the Arctic countries. While the Arctic Council has focused on environmental protection and sustainable development—and has been clear that its role is not job creation—much of its work intersects with economic development. Many Arctic Council projects relate to significant economic drivers such as renewable energy, port and aviation infrastructure, shipping, and tourism. The Arctic Council has contributed significantly to de-risking development in the region by working toward increased search and rescue capabilities, oil spill response, and environmental protection.

The creation of the Arctic Economic Council speaks to the Arctic countries' interest in better informing the work done in the Arctic Council through an active private sector that has decades of experience and knowledge. While that relationship is still under development, the opportunity exists to advance regulatory coherence, infrastructure investment, maritime safety, and responsible resource development.

While governments are invested in advancing economic conditions in the North, there remain significant structural barriers. These include market access, regulatory inconsistency, political unpredictability, and lack of infrastructure. Additionally, economic sanctions imposed on Russia have resulted in an uncertain business and political environment, at the same time that Russia's role in the Arctic is increasingly important.

The complexity of doing business increases when other priorities and unique Arctic factors are included: active traditional lifestyles maintained by indigenous peoples; a fragile environment; remote communities; sensitivity to climate change; lack of oil spill response assets; varying local government capacity; and lack of a highly-skilled workforce. Certainly this varies by region, with Nordic nations experiencing some of these challenges very differently.

It is important to remember that advancing economic development is felt most keenly at local and sub-national levels, as Arctic citizens, regional governments, and companies work to improve the quality of life.

The Arctic is unique and public awareness of the region is growing—in fact it is one of the pillars of the U.S. Chairmanship of the Arctic Council. There is some demand to reframe the narrative of a “Last Frontier” in the Arctic and instead demonstrate the interconnectedness between northern regions and southern population centers. The region's sense of “exceptionalism” is creating an expectation for a different set of rules, which potentially impede economic activity and growth in the region.

ACTION ITEMS

ARCTIC COUNCIL

- Develop an economic and social research action agenda for the next 20 years of the Arctic Council, as part of an Arctic Council strategic planning process.
- Develop a mechanism for consultation between the Arctic Council and the Arctic Economic Council (AEC), including involving the AEC directly in Working Groups, Expert Groups and Task Forces.
- Evaluate the outcomes of the Arctic Economic Council's review of Arctic regulatory systems and technical standards, and work to define and increase regulatory coherence across the Arctic.
- Ask the Arctic Economic Council to conduct a study of North-to-North investment and business development.

U.S. ARCTIC

- Draft and implement an Economic Development Vision and Strategy for Alaska; consider potential collaboration between the U.S. Commercial Service, the State of Alaska Division of Economic Development, and Alaskan economic development organizations.
- Consider a request by Alaska (and perhaps including Maine and Washington) to the U.S. Department of Commerce's SelectUSA program to develop a business roadshow to Europe and/or Asia showcasing U.S. Arctic expertise/products.
- Develop an Alaska Arctic Business Directory that identifies competitive advantages for outreach to domestic and foreign investors.
- Request from the U.S. Departments of Commerce and Interior the creation of a U.S. Arctic Economic Development Agency, modeled off of the Canadian Northern Economic Development Agency (CanNor).

CIRCUMPOLAR ECONOMIC DEVELOPMENT

- Consider opportunities for knowledge transfer and human capacity-building via economic and infrastructure projects in partnership with global companies that demonstrate best practices.
- Develop and expand Arctic regional development strategies.
- Emphasize the potential for on-site processing of minerals and metals using natural gas—all of which the Arctic is rich in—improving unit value-added.
- Evaluate the potential for "blue" and "green" economies in the Arctic, and consider the North as a food-producing region.

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