

2012 Research Project

"Arctic Governance and Japan's Diplomatic Strategy"

Executive Summary

Access to the Arctic has long been inhibited due to its severe weather conditions but now, as global warming is causing its ice to melt and diminish, the Arctic Ocean is starting to enter the spotlight as a new marine frontier. While the use of new navigation routes and the development of resources in the Arctic hold the promise of making great contributions to the global economy, the progress of global warming is beginning to have serious impacts on the environment and the ecosystem of the Arctic. These changes are expected to not only force a transformation of the regional framework of the Arctic Circle, which has thus far dealt only with non-political domains, such as the protection of the environment and indigenous peoples, but also affect broader international relations because new actors are coming into the picture: non-Arctic nations in Europe, Asia and other parts of the world that are interested in the region. The legal situation involving the Arctic Ocean has to date remained up in the air but, with the melting of its ice, there is now a need to clarify the relationships of rights and obligations among nations. As long as the legal situation involving the Arctic Ocean remains pending, no clear order can be maintained, thus possibly giving rise to the "tragedy of the commons," which would cause the environment to be further deteriorated and resources to be depleted.

If the emergence of a new frontier called the Arctic Ocean is indeed bringing about substantial changes to international politics and the international economy, Japan will also come under their influence. Focused on such awareness of the issue, year-long research was conducted under this Project to deliberate on: what national interests Japan should safeguard in connection with a "new frontier" in the form of the Arctic Ocean; by what means and in what areas such national interests should be safeguarded and, further; how Arctic governance necessary for ensuring common international interests should evolve. This led to a set of policy recommendations being produced and put together.

1. Economic benefits (marine transportation and resource development) and the environment

The seagoing vessel traffic volume is on the rise in the Arctic Ocean. According to the transit records of seagoing carriers on the Northern Sea Route (Northeast Passage) along the Russian

coasts that is open to commercial vessels, the number of ships that navigated the route was three in 2010 and 34 in 2011. Meanwhile, Russia has, on the strength of Article 234 of the United Nations Convention on the Law of the Sea, created a range of regulations to ensure the safety of ships navigating alongside the Russian coasts (approval on the hull of the vessel, a pre-navigational declaration, an icebreaker escort service and a pilot guiding service, which are required for transiting ships), which, in the light of marine transportation, poses a concern about the legal legitimacy and the transparency of pricing involved. The use of the Northern Sea Route will also necessitate the development of harbor facilities that can serve as a port of call for large vessels to take refuge at in times of emergency, as well as steps to apply in the event of a large oil spill emergency at sea. The possibility of Japan supplying satellite information to voyaging ships on a constant basis as a means to assist in operations of drift ice monitoring and navigation route selection should also be probed.

In the light of cost efficiency with respect to the Northern Sea Route, the use of an unstable shipping route would not be suitable for transportation of highly advanced industrial products, materials, components and intermediate parts as they are placed under a high level of marketing control or production control. Another point is that a ship cannot run at full speed there because it is escorted by an icebreaker in ice-bound waters. Considering the environment of the Arctic Ocean, diesel oil, which is pricier than fuel oil, would have to be used for voyages on the northern route. Accordingly, for the time being, the route via the Suez Canal is more economical in the case of a container vessel or car carrier.

Resource transportation via the Northern Sea Route started in 2010, which, at the onset, involved shipments of condensate from Russia to China; then in 2012, an LNG tanker traveled the Northern Sea Route to reach the City of Kitakyushu, marking the first-ever such shipment. Using the Northern Sea Route may possibly lead to lower LNG prices. In order to promote Japan's imports of LNG from the Arctic Circle in non-winter seasons, the utilization of government support programs needs to be boosted especially in an attempt to acquire interests in gas field and LNG projects.

While Russia, Norway, the US and Greenland, among others, have already attracted investments from abroad to embark on resource development in the Arctic, the fact is that weather conditions, which remain severe as ever, keep the costs high and no technological solution to crude oil

leakages in ice-bound seas has been established yet. While resource development carries objectives of pursuing profits as a commercial project and of contributing to energy security by acquiring interests, it, even more importantly, serves as a venue for the formation of a regional order cultivated by constant capital and infrastructure investment and mutually beneficial sharing of profits. Participation by many countries in resource development in the Arctic should be given a position as a process that generates value – "order formation" – and not as a "resource plunder."

There are three environmental issues in the Arctic Circle: reduction in sea ice in the Arctic waters, the melting of the Greenland Ice Sheet and methane emissions as a result of permafrost melting. The effects of these problems include rising sea levels (caused by the melting of the Greenland Ice Sheet), the effect of thermohaline circulation, a loss of biodiversity (the danger of extinction of the polar bear, etc.) and extreme climate phenomena, while the accelerated warming of the entire globe is the most serious. In the meantime, climate change in the Arctic region is progressing rapidly and sea ice is diminishing more quickly than any model computation indicates it to be. While international efforts to combat global warming are being thwarted by conflicting state interests, further work is awaited on deterring warming itself.

2. Implications on security and on international relations in East Asia

New sea lanes that connect the Atlantic Ocean and the Pacific Ocean by the shortest distance imply not only impacts on the economic sphere but also a significant transformation of strategic maneuver deployment capabilities of those nations which are concerned with global security issues. This prospect requires examining a possibility of reduced credibility of the US's extended nuclear deterrence capabilities, as well as various security issues in waters adjacent to the Arctic, including the seas surrounding Japan. Japan needs to deliberate, from a long-term perspective, reviewing Japan's defense posture, reviewing Japan-US cooperation and advancing joint efforts with friendly nations in the area of security, which it should do through the work of revising the National Defense Program Guidelines and the Japan-US Defense Cooperation Guidelines.

The geopolitical changes in the Arctic will present significant opportunities, and challenges, for Northeast Asia, particularly Japan, Korea, China, Russia and the US. Already, Korea and China have been actively and deliberately powering ahead with their involvement in the Arctic, working on scientific observation as well as on navigation route development and energy development and also pushing forward with their summit diplomacy. Russia, moving beyond the Arctic Circle, has

been working to reorganize its Pacific Fleet and making an attempt to strengthen its military presence in the Northern Territories and the Okhotsk Sea in their vicinity. The US has also established a comprehensive policy on the Arctic, with its Navy also deepening its involvement by, for example, creating a roadmap. In contrast, Japan is falling behind in its action to address Arctic issues. It is faced with a pressing need to first set up a dedicated headquarters so as to develop a national policy, advance scientific observation and navigation route and energy development and, with security issues in mind, explore cooperation with nations concerned.

3. Governance

The first step needed to ensure better governance in the Arctic is to objectively examine from numerous angles the possibilities and limitations of existing frameworks. The issues to be covered in that attempt include the legitimacy of the existing frameworks and a balance between environmental/ecosystem protection and the advancement of economic benefits. Furthermore, security issues not handled by the Arctic Council must be addressed as well. What Japan should do is to deepen its commitment by obtaining permanent observer status at the Arctic Council and contributing to the creation of a new framework. It should also adopt policies that give its diplomacy a greater presence and provide greater support for activities by the private sector. In particular, Japan's further involvement can be expected to take shape in its contributions and international cooperation in scientific surveys/research and environmental protection, areas in which it is especially proficient. Economic/commercial benefits and returns will be strategically positioned in the course of this development.