

Icelandic Chairmanship priorities for the Arctic Economic Council 2019-2021



Introduction:

Strategically located, the Arctic unites three continents and 90 % of the world economy. The demographic changes and expected increase in living standards globally call for an economic push and increased resource utilization. Home to an estimated 20 % of the global natural resources, this will have an impact in the region.

The Arctic is a region of growing importance as the need for energy and minerals including rare earth minerals accentuates. Access to the region's natural resources as well as the development of its economy will likely push the Arctic infrastructure development.

The Arctic will also gain significance as the growing global population needs to be fed. Arctic fish resources can help secure access to high quality proteins. Other new opportunities provided by blue economy include e.g. bioprospecting and innovative solutions for fish waste.

The significant changes taking place are expected to speed up the development of the Arctic. They will likely have an impact on the region's connectivity development, data transfer capacity and energy. In the face of the expected rapid development, it is imperative to make certain this development takes place under the right premises. The Arctic Investment Protocol provides an important framework for the responsible development of the region.

With 15 % of global landmass, the Arctic is a vast but sparsely populated region. Its approximate four million inhabitants include indigenous peoples. On a global scale, the Arctic accounts for 0.05 % of the global population. Being part of the leading global economies, the Arctic not only provides relatively well established national framework for business development, its estimated economic growth potential is well above the global average.

Priorities for the Icelandic AEC Chairmanship:

The AEC entered its second strategic planning period in 2019. The current Strategic Plan covers an initial period of three years (2019-2021) with an opportunity of an extension of up to two more years (until 2023). The AEC Strategic Plan and the organization's five overarching¹ themes form the core of the AEC's operations during the Icelandic businesses' AEC Chairmanship.

The AEC Strategic Plan 2019-2021 is founded on the following pillars: **Economic growth, Global AEC, Arctic Stewardship in Action and Strong Organization.**

In addition to the framework set by the AEC Strategic Plan, the Icelandic business communities have decided to set the following priorities for their two-year chairmanship:

- **Securing Sustainable Development: Arctic Investment Protocol**
- **An Ocean of Opportunities: Blue Economy**
- **International Collaboration: Strengthened collaboration between the AEC and the Arctic Council**



Securing Sustainable Development: Arctic Investment Protocol

In 2017, the AEC endorsed the intent of the Arctic Investment Protocol (AIP), originally a product of the World Economic Forum Global Agenda Council on the Arctic. Work on the AIP is conducted by the AEC Working Group on Investments and Infrastructure (IIWG).

During the Icelandic businesses' AEC Chairmanship, the aim is to:

- **Strengthen the AIP as the baseline for commitment for companies investing in the Arctic**
- Build a coalition of support around the principles
- **Work in an open and transparent manner to make the AIP more practically applicable**
- Open a submission form for the collection of best practices and lessons learned related to these principles.
- Publish the best practices and push to make them known internationally

An Ocean of Opportunities: Blue Economy

In addition to the already strong AEC focus on maritime issues, the Icelandic businesses aim to broaden the scope of the AEC's work by focusing on the opportunities provided by the emerging blue economy. Icelandic examples related to the harvest of cod show that there is a significant untapped potential tied to the better use of resources. Better use of natural resources can help diversify the economy in remote Arctic communities and help create new jobs suitable for both genders. This can help serve as an example for innovation and better use of natural resources of the whole region.

The aim is to:

- Establish a new Working Group on Blue Economy and build a strong coalition of stakeholders from across the Arctic as well as from outside the region to work on these issues
- Use this Working Group as an arena for sharing examples of best practices across the region

International Collaboration: Strengthened collaboration between the AEC and the Arctic Council

One of the AEC's goals is to provide advice and business perspectives for work being done by the Arctic Council. A Memorandum of Understanding between the two organizations was signed in May 2019. The Icelandic business community wants to strengthen the practical cooperation between the AEC and the Arctic Council Working Groups, bringing the two closer together.

- Review collaboration opportunities between the relevant AEC and Arctic Council Working Groups
- Joint effort to improve connectivity in the Arctic based on the previous work of the Arctic Council task forces and the AEC Working Group on Infrastructure: Telecommunications, AEC's Top of the World Arctic Broadband Summit and the AEC's Working Group on Connectivity
- Review the opportunity for a joint effort within the blue economy including maritime transportation
- When relevant, review collaboration potential with other international organizations.

¹The five overarching themes in the AEC's work are:

1. Fostering strong market connections within the Arctic as a vital part of international value chains.
2. Promoting stable and predictable regulatory frameworks.
3. Encouraging public-private partnerships for infrastructure investments.
4. Facilitating knowledge and data exchange between industry and academia.
5. Embracing traditional indigenous knowledge, stewardship and small businesses.

