

NUNAVUT AND THE NEW ARCTIC

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AUTHOR'S NOTE

This policy brief is drawn in large part from discussions at CIGI's Arctic Marine Policy and Governance Workshop in Iqaluit, Nunavut, May 1-2, 2013. See page 4 of this brief for more details.

The author expresses special thanks to Northern industry, Inuit and community participants, who contributed so much to the workshop; James Manicom, CIGI research fellow, who acted as workshop rapporteur; Kristine Burr and Andrea Charron, who helped sum up workshop findings; and Fen Hampson, director of CIGI's Global Security Program.

KEY POINTS

- Nunavut's unique dependence on the sea and lack of basic maritime transport infrastructure keep it from serving basic community needs, including safe transportation, and facilitating responsible economic resource, tourism, fishing and polar shipping development.
- Nunavut is not yet prepared to address the maritime challenges emerging in the High Arctic; nonetheless, it is the Canadian region with the most to gain over the long run from the economic opportunities that melting Arctic ice will present.
- Nunavut has a unique and complex governance structure that blends Inuit consensus principles and rights with Westminster-style government. Territorial autonomy does not, however, reduce the weighty responsibility of the federal government to develop national Arctic maritime transport infrastructure.
- The federal government, in collaboration with stakeholders and in support of its jobs and growth agenda, should develop an "Arctic Maritime Corridors and Gateways Initiative," starting modestly, but based on a pathway to establish Canada's maritime and economic leadership in the "New Arctic" as part of a refreshed Northern Strategy.

INTRODUCTION

Nunavut is already a special place and rapidly becoming the focal point of Canadian exposure to the melting of the Arctic ice cap and the opportunities and challenges that presents. It is Canada's northernmost and largest territory (larger than Western Europe), with a population of 35,000 arrayed in 26 small, largely Aboriginal communities along the shores of a vast, austere Arctic archipelago. Once linked by ice, these communities are increasingly joined and separated by open water.

These isolated communities face a range of modern social and economic pressures, while striving to maintain traditional values and occupations. They are highly dependent upon the sea, from which a rising tide of positive and

ABOUT THE ARCTIC GOVERNANCE PROJECT

Geophysical developments in the Arctic will challenge and disrupt traditional patterns of Arctic governance at the global, regional, bilateral, national, subnational and local levels, a shockwave that carries profound implications for shipping routes, on- and offshore resource and economic development, international trade and investment patterns, territorial definitions and disputes, local communities, international security, and national and international politics.

This CIGI project is premised on the idea that strengthened governance is the key to containing chaos and achieving order in the New Arctic. Keeping existing governance mechanisms and strategic interests in the region in mind, CIGI researchers will work with national and international experts to explore the best possible outcomes of the “great melt,” and what new bilateral and multilateral relationships, challenges and opportunities may evolve from newly accessible resources and territories. The project has already begun to explore emerging Arctic shipping issues in a bilateral North American context, a building block of broader Arctic multi-stakeholder cooperation.

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negative forces of change can be expected in coming decades.

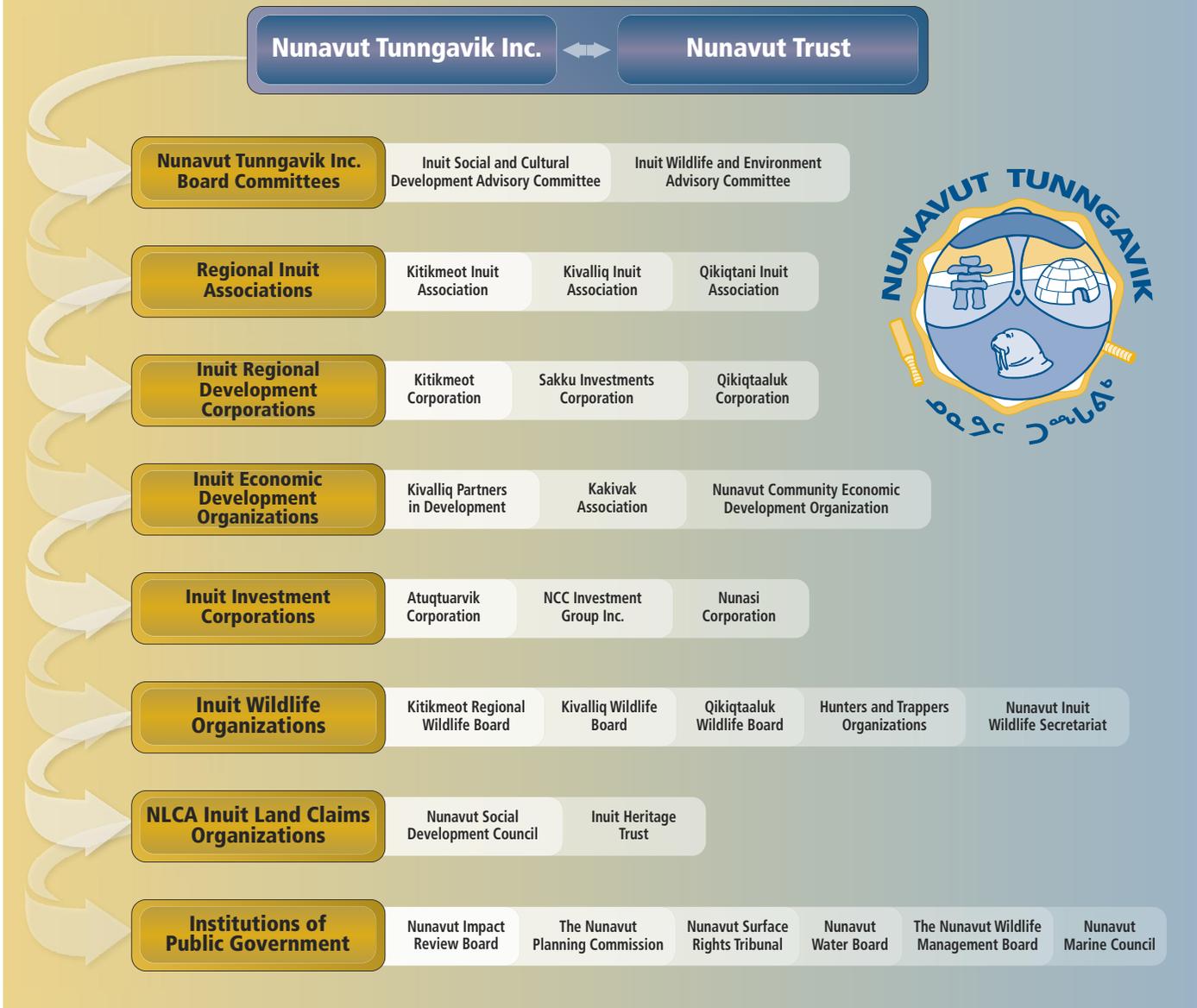
Although the federal government retains ultimate constitutional responsibility for Nunavut, Ottawa’s influence is scattered among many departments and agencies, and coordinated with a surprisingly light and distant hand. The Canadian government’s considerable presence is modestly resourced. Although most services are in short supply in Nunavut, complex multi-layer governance is not among them. Nunavut’s governance is unique, with an evolving web of jurisdictions that reflect Westminster-style democracy and Western corporate structures adapted to the consensus-based traditions of its Inuit inhabitants. Influential Inuit authorities and joint territorial-Inuit-federal boards flowing from the land claims settlement reached between the Inuit and the Government of Canada constitute another layer of governance (see chart on page 3).

THE GLOBAL ARCTIC ENVIRONMENT

The international picture is rapidly changing, especially the growing global commercial interest in the Arctic stimulated by the melting of the Arctic Ocean’s sea ice. Although expanding from a miniscule base of two to three months, each summer’s lengthening shipping season by days and weeks brings more vessels to the Northern Sea Route in Russia and, to a lesser degree, the Northwest Passage in Canada. This year, the first Chinese commercial vessels are expected to transit the Arctic Ocean through the Russian Northern Sea Route.

Russia and Scandinavian countries are putting a priority effort into marine corridors and surface gateways serving rapidly expanding Siberian mineral and petrochemical development. This infrastructure

Inuit and Land Claims Organizations in Nunavut



Source: www.tunngavik.com/about/nti-organizational-chartnti-timiup-havaktut-naunaitkutaat/. Courtesy of Nunavut Tunngavik Inc.

enables new projects and supports Russia’s newly legislated and fee-charging Northern Sea Route as an eventual distance-cutting alternative to the Suez Canal. The recently appointed Chinese president, Xi Jinping, visited Russia on his first trip abroad, and announced new collaboration and investment in Russian Arctic hydrocarbon projects.

The United States, like Canada, lags behind Russia and Scandinavia in Arctic resource development, icebreakers, deepwater ports, search and rescue facilities, strategic transportation investment in support of the private sector and high-level North American bilateral coordination. Newly released presidential, Department of the Interior, US Coast Guard and other American Arctic strategies are promising and constructive, but

**ARCTIC MARINE TRANSPORTATION
AND GOVERNANCE WORKSHOP,
IQALUIT, MAY 1-2, 2013**

Against a background of global Arctic change and local realities, CIGI organized a wide-ranging, non-attributable discussion in Iqaluit among 25 business people, Inuit leaders, federal and Nunavut government officials, and Arctic academic and other transport and governance experts. The workshop was designed to test the results of a high-level Canada-US Arctic Marine Corridors and Resource Development round table that took place in Ottawa last June (see box on page 5 for the meeting’s conclusions).

Workshop discussions in Iqaluit deepened understanding of the special conditions of Nunavut, drew upon local views and strengthened the case for more coherent and energetic approaches to Arctic marine transportation development. This policy brief is largely based on the discussions at that workshop.

Discussion covered a number of topics, including the implications of broader Arctic trends for Nunavut, Arctic governance, the needs of maritime resupply chains, potential implications of increasing cruise and ecotourism, the impact of federal and territorial government policies and programs on maritime development, and the valuable activities of Transport Canada, the Canadian Coast Guard, the Canadian Forces and other federal agencies, despite limited resources, in the High Arctic.

the timely translation of words into action is far from certain.

At the diplomatic level, as chair of the Arctic Council, Canada has placed emphasis on the needs of Northern peoples, economic development, and safe and efficient shipping. It is also working to draw together an Arctic business council. In May 2013, Asian economic powers (but not the European Union) were invited to be permanent observers to the council. Lengthy International Maritime Organization efforts to develop a mandatory Polar Shipping Code and work on the delimitation of the extended continental shelf continue. The Inuit Circumpolar Council and the Arctic Council provide a valuable international voice to the Inuit of Nunavut, a point repeatedly underlined by Inuit experts. Through a web of international agreements and understandings among the Arctic coastal states, Arctic geopolitics remains stable, civilized and conducive to economic cooperation.

It is recognized that climatic shifts have serious negative impacts. Problems include impacts on the annual sealift arising from increased ice presence in harbours, on ice bridges and winter roads, on wildlife and hunting, and the effects of melting permafrost on buildings and roads. Weakened or disappearing ice bridges will affect animal migration and the traditional way of life in some communities. Maritime practitioners are happy that the shipping season is getting longer, but say the weather is becoming less predictable. Mitigating measures, as well as a continuing emphasis on training and education to assist with this transition, will be necessary.

MARITIME CAPACITY GAPS: INFRASTRUCTURE, CHARTING, REGULATION AND EMERGENCY RESPONSE

Despite this favourable geopolitical and global economic situation, the “great melt” presents a number of maritime economic and social challenges to Nunavut.

Marine transportation and supply chains will be of growing importance to Nunavut in coming decades, with the immediate growth in destination transportation to new mining projects. A gradual rise in non-commercial, transpolar traffic through the Northwest Passage can be anticipated with or without enhanced federal and regional government facilitation. Growth can also be expected in cruise tourism and commercial fishing. Yet, there is a significant transportation deficit affecting all coastal communities in the territory, especially the awkward and expensive system of resupply that relies on barges to move goods to beaches during the annual sealift. There are no facilities to off-load directly from vessel to port. The current unloading method was described as inefficient, archaic and dangerous by participants attending the workshop in May. Industry experts argue that by improving the efficiency of shipping, the overall cost of resupply could be reduced, cutting prices in local communities.

From an economic development standpoint, Nunavut is ill prepared to develop and capitalize on mines opening in the next decade. The territory’s remote location and size mean that, in the words of one industry representative at the Iqaluit workshop, “Any Nunavut project has to look after itself.” The territory urgently needs better navigational aids, charting and small craft harbour facilities, and credible search and rescue and oil spill mitigation capabilities serving priority marine corridors to facilitate maritime activities in Nunavut.

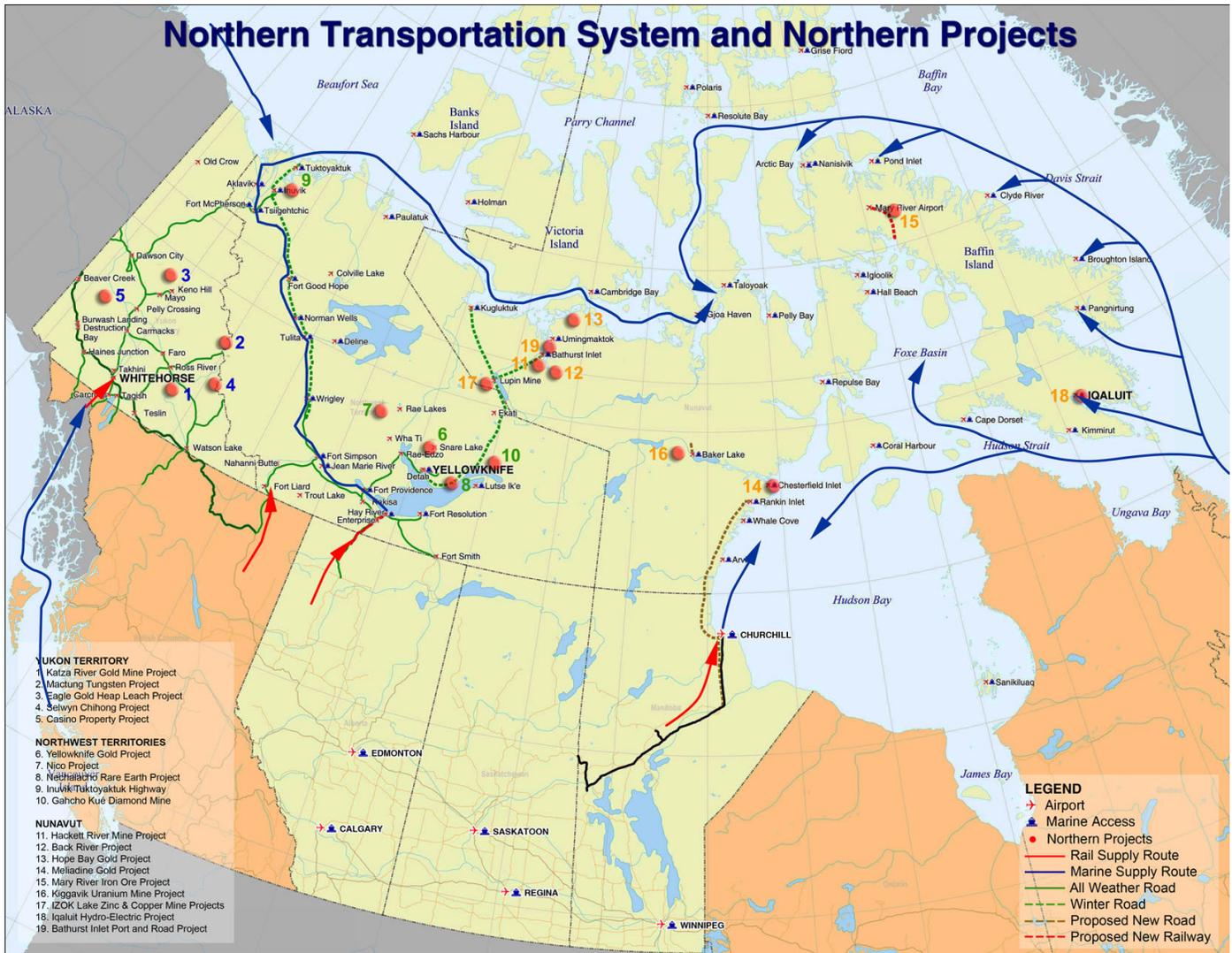
RESULTS OF CANADA-US ROUND TABLE ARCTIC MARINE CORRIDORS AND RESOURCE DEVELOPMENT, OTTAWA, JUNE 28-29, 2012

The Arctic region stands at the cusp of tremendous economic development. Efficient, secure, environmentally sensitive marine transportation systems and smart public infrastructure could facilitate offshore and onshore energy, mineral, ecotourism, fisheries and local community development.

Current Canadian and US government policies, regulations and investment in support of Arctic maritime infrastructure and resource development are inadequate and seriously lag behind Russian and Scandinavian efforts. There is an urgent need for strengthened, comprehensive and innovative national Arctic economic development policies, and Canada-US federal, regional and corporate cooperation in the Arctic.

Public leadership and private investment, through the development of smart and strategic transportation infrastructure, are urgently needed in the North American Arctic to drive development and facilitate economic activity.

CIGI, Carleton University’s Norman Paterson School of International Affairs, the Yukon government, the US embassy and Canadian federal departments partnered in organizing the round table.



Source: Transport Canada, Prairie and Northern Region.

A network of deepwater ports, ports of refuge and re-fuelling facilities will be needed over the longer term.

With respect to infrastructure investments, governments should look to pragmatic, functional solutions to current problems, rather than focussing on large, grandiose projects. Hundreds of small craft harbours originally funded by the federal government exist elsewhere in Canada, but Nunavut has almost none. At this point, Nunavut needs only the basics, not the frills. The private sector supports the need for port enhancement, but some argue Nunavut often pursues top-end solutions rather than practical solutions that

would keep costs down (for example, a new swimming pool being built to replace a perfectly useable swimming pool). Urgent needs include rebuilding the causeway in Iqaluit and investing in ramps, breakwaters and windbreaks for smaller communities, developed with local traditional knowledge.

Better port facilities will improve the safety and efficiency of marine sealift, directly benefitting people in Nunavut communities. A new fishing port on the eastern shore of Baffin Island would allow catches that now go to Greenland to be handled in Nunavut. The Nunavut government must give an enhanced

priority to marine facilities as well as to housing and airports. Transportation safety and security regulatory frameworks need to be updated to ensure they meet the unique conditions in the North, particularly given expectations that marine traffic will continue to expand. Canada has a robust regulatory framework for Arctic shipping, but continuous adaptation and improvement will be required (see map on page 6).

Several analysts attribute Nunavut's slow development to federal policies that are "southern focussed" and to underfunded programs in the region, which negatively affect community economic opportunities and social life. Additionally, according to some, there was money available for Nunavut, but potential applicants either did not know how to apply, did not know it existed or could not agree on how to spend it. These observations are broadly relevant for other overlooked ocean-dependent regions in the Canadian Arctic.

ARCTIC CRUISE TOURISM: A CASE STUDY

Industry, academic and Nunavut government representatives acknowledge the rapidly growing public interest in Arctic marine tourism. There is recognition that while tourism offers economic potential, overly rapid growth in traffic or irresponsible behaviour on the part of some operators could negatively impact community culture and the sensitive Arctic environment. Private sector practices range from excellent to barely acceptable. For now, safety remains the dominant concern in the difficult and challenging Arctic waters. High standards for small cruise ships and crews are essential. There has been one recorded instance of a cruise ship hitting an uncharted rock, narrowly averting a disaster. Canadian Coast Guard and other search and rescue facilities are very limited.

Nevertheless, as the cruise season lengthens in coming decades, cruise tourism could become economically important to Nunavut if and when facilities and regulations are developed to facilitate safe and culturally sensitive visits by large cruise ships. Large vessel cruises are a major industry in Alaska, Greenland and Antarctica. The Nunavut government is preparing a cruise management plan, which could require ships and boats to bring an Inuit guide or cultural ambassador on board. There is a need to put into place a voluntary, but stringent, code of conduct governing cruise ships and private yachts entering Canadian waters. (According to one workshop participant, useful advice would be "Don't pet the sled dogs!") Search and rescue insurance may be required of nautical and terrestrial "adventurers." Finally, there needs to be a greater exchange of available information among government agencies as to the location and status of ships and boats of all types in Nunavut waters.

THE WAY AHEAD FOR NUNAVUT: COOPERATION WITHIN NUNAVUT, WITHIN CANADA AND ABROAD

Nunavut has a long way to go to fully participate and take advantage of its natural geographic strengths in the New Arctic. The challenge will be to balance local needs and conditions with global imperatives. Local communities have a great deal of human capital to contribute to adapting to the changing Arctic waters. Inuit use the sea ice to travel to other communities, and are increasingly dependent on open water as the season lengthens. Local people have both positive and negative impressions of shipping. Some have positive memories of hospital ships, but negative memories of people being taken away to educational institutions in "the South." They have observed the number of ships increasing over time, mostly resupply and tourism.



Source: Photo by Tim Keane, Courtesy of Fednav Limited.

Inuit communities are concerned about pollution, dumping, accidents, noise and impact on wildlife, but also have positive views of economic potential, visitors buying arts and crafts, working as guides and the rich opportunity for cultural exchange.

However, a lack of understanding of Northern conditions often undermines current federal government policies and programs. Introducing three-month internships in Nunavut for mid-level federal regulators would help when considering ways that standards and regulations developed in Ottawa could be adjusted to respond to Northern realities, rather than relying on a “one-size-fits-all” approach. The National Building Code of Canada, rules governing contaminated sites and regulations against certain products travelling by air represent areas where urgent work should be undertaken to ensure that rules and regulations in place are actually workable in the North.

To outsiders, Nunavut’s governance structure is unusual and complex, which could impede investment. Several of the new observers in the Arctic Council — China, Japan and South Korea — are already significant investors in Northern Canada, and a special effort should be made to encourage their broader understanding of local conditions to shape their long-term interest in Nunavut.

From a Canada-wide perspective, Nunavut, the Northwest Territories, Yukon and Nunavik (in northern Quebec) should collaborate at home and internationally when possible — for example, marketing in Asia and building links with Alaska and Greenland. Nunavik presents a possible model for repairing Nunavut’s capacity gaps. Nunavik has found ways to set priorities and to invest more successfully in infrastructure than Nunavut has, by using collaborative partnerships with industry, economic development bodies and other levels of government.

Multilateral bodies, such as the Arctic Council and the International Maritime Organization, play an important role, but as the views of many countries and interests need to be reconciled, progress can be slow and the results uneven. Consequently, Canada should not hesitate to strengthen bilateral economic cooperation on Arctic issues with key partners such as the United States, Russia, Greenland and East Asian countries where new connections offer opportunities to build collaboration and deepen knowledge of what is effective. In particular, Canada should look to Russia to learn specifically what works (or does not work, or works, but with environmental and social costs that are too high) in the realm of Arctic maritime development. The Russia-Canada Intergovernmental Economic Commission Arctic and North Working Group should be exploited more energetically to gain this knowledge.

Important opportunities for bilateral Arctic cooperation exist with the United States. Nunavut and Canada should work closely with the United States on a four-year North American Arctic Council agenda, as the United States will succeed Canada as chair in 2015, and the clock is already running on Canada’s term. Nunavut should join the Arctic Caucus of the Pacific Northwest Economic Region, a valuable public-private partnership

with representatives from Alaska, Washington and British Columbia, among others. Working closely with Alaska, the Yukon and the Northwest Territories is critical for Nunavut's future.

Preparing Nunavut for coming economic changes in the Arctic should be a priority of Canadian, territorial and Aboriginal public policy. Nunavut remains the least developed of any Canadian or Arctic region, and the most

vulnerable to the gradual melting of the Arctic Ocean ice. Nunavut's small population, limited territorial economic development capacity, divided jurisdictions, and modest federal presence and investment are at the root of its suboptimal development. But in the long term, Nunavut, because of its geography and special identity, is the Arctic region with perhaps the most to gain from smart and responsible evolution into a twenty-first-century Arctic maritime economy. Stronger maritime

NUNAVUT GOVERNANCE

Government of Nunavut (GN): The members of the Legislative Assembly of Nunavut are elected individually. The Legislative Assembly is consensus-style, with no parties and the head of government (currently Premier Eva Aariak) is chosen by and from the members of the Legislative Assembly. The GN represents the interests of all Nunavut residents and delivers education, health, social, police and economic development programs, some of them through municipalities.

Nunavut Tunngavik Inc. (NTI): NTI represents the rights and interests of the Inuit of Nunavut, is responsible for ensuring that the Nunavut Land Claims Agreement is respected and enforced, possesses significant influence over the GN, has the role of watchdog over the GN, provides programs and services to Inuit, and has control and management over Inuit-owned lands, including subsurface resources (Légaré, 2010). For more details, please see chart on page 3.

Regional Inuit Associations (RIAs): RIAs manage and control above-surface Inuit-owned lands. Five co-management boards are responsible for the management of renewable and non-renewable resources, wildlife, land and water in Nunavut. The boards' members are nominated by NTI, the GN and the federal government, which also has veto power (ibid.).

The **federal government** has wide ranging responsibilities in the territory. A number of departments are active in Nunavut: Aboriginal Affairs and Northern Development Canada, Transport Canada, Canadian Coast Guard, Fisheries and Oceans Canada, Natural Resources Canada, Royal Canadian Mounted Police, Environment Canada, Canadian Forces and Canadian Northern Economic Development Agency (CanNor).

One member of Parliament promotes Nunavut interests in the House of Commons, currently Leona Aglukkaq, the Minister of Health, Minister of CanNor and chair of the Arctic Council. There is one Senator from Nunavut, currently, Dennis Glen Patterson.

Inuit Tapiriit Kanatami is a national advocacy organization representing and promoting the interests of the Inuit of Canada that does not deliver or fund programs.

and air transportation links, infrastructure and support systems will be the keys to that future.

The 1993 Nunavut Land Claims Agreement protects Inuit social and environment interests well. However, the resulting multi-layer governance structure in combination with divided and limited federal economic development leadership in the Arctic does not afford the coherence or agility required to adapt to the emerging regional and global pressures. Nunavut at present offers less competitive options than those found in similar regions of Russia in attracting foreign resource investments. A more unified and proactive system is needed to provide a road map to prospective investors in all three Canadian territories.

Federal investment in Nunavut should be seen as an effort of nation building, like the Trans-Canada Highway and the Confederation Bridge in southern Canada. Building on Canada's successful Asia-Pacific Gateway and Corridor Initiative model, the federal government should move dutifully into the breach with new ideas and resources. It should launch, with the territories and other players, a strategic marine corridor and port facilities initiative as a way to encourage all possible public and private partners to work to a common purpose. Possible elements include identifying and beginning to address short- and longer-term infrastructure priorities, introducing regulatory enhancements to meet Arctic conditions, and encouraging training and capacity building in maritime sectors where growth and future jobs are anticipated. In all cases, a balance should be struck between excessive zeal and extreme caution in addressing the special circumstances of developing Canada's high Arctic maritime economies.

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The Centre for International Governance Innovation is an independent, non-partisan think tank on international governance. Led by experienced practitioners and distinguished academics, CIGI supports research, forms networks, advances policy debate and generates ideas for multilateral governance improvements. Conducting an active agenda of research, events and publications, CIGI's interdisciplinary work includes collaboration with policy, business and academic communities around the world.

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CIGI was founded in 2001 by Jim Balsillie, then co-CEO of Research In Motion (BlackBerry), and collaborates with and gratefully acknowledges support from a number of strategic partners, in particular the Government of Canada and the Government of Ontario.

Le CIGI a été fondé en 2001 par Jim Balsillie, qui était alors co-chef de la direction de Research In Motion (BlackBerry). Il collabore avec de nombreux partenaires stratégiques et exprime sa reconnaissance du soutien reçu de ceux-ci, notamment de l'appui reçu du gouvernement du Canada et de celui du gouvernement de l'Ontario.

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