

BY K. JOSEPH SPEARS

Canada and the New Ocean (the Arctic Ocean) – a call to action

September, 2013, saw the first transit of Canada's North West Passage by a fully loaded commercial cargo vessel. Many commentators had indicated that commercial traffic would never occur in the Canadian Arctic as multi-year ice in the west entrance to the Northwest Passage would block the passage and that the route is not economically feasible because of increased marine insurance costs. They were wrong.

All this changed when the Danish-owned ice-strengthened Panamax bulk carrier *Nordic Orion*, loaded with a cargo of metallurgical coal, sailed from Vancouver to Finland early in September. The vessel built in 2011 in a Japanese yard is a 75,000 deadweight-tonne vessel. The Northwest Passage route saved distance, time and money as the vessel was able to carry its full deadweight cargo as opposed to a reduced load if it had been required to transit the Panama Canal, which imposes depth restrictions. This Arctic voyage shaved 1,000 nautical miles off the voyage, saving fuel and CO₂ emissions. It is estimated the vessel saved \$200,000 in fuel costs and Panama Canal transit fees. There were no reported problems with this voyage. The vessel arrived in Finland on October 7.

Earlier, in 2012, the cruise ship *The World* made a transit of the Northwest Passage carrying likely over 500 passengers. The vessel encountered very little ice in 2012. This cruise ship – like the *Nordic Orion* – carried a Canadian ice navigator but was not ice-strengthened. Such precedent-setting voyages will only increase, as we have seen with the Northern Sea Route over the top in Russia. Is Canada, as a coastal and Arctic nation ready to manage this marine activity in its Arctic waters? As one commentator indicated, we can no longer simply talk about the Arctic. Canada has “to walk the walk.” Canada needs to be ready for increased arctic shipping. The future is now.

While the *Nordic Orion* was transiting the Northwest Passage, the United Nations Inter-Governmental Panel on Climate Change (IPCC) released its report indicating that the Arctic Ocean Basin could be ice-free by mid-century. The report went on to hold that global climate change caused by increased CO₂ emissions in the atmosphere is thought to be 95 per cent man-made. Climate change

is very apparent in the Arctic and is leading to both decreased sea ice coverage and ice thickness. There is still seasonal variability and fluctuation. In other words, the volume of ice has decreased.

These sea-ice changes allow for increased shipping activity throughout the entire Arctic Ocean Basin. Other Arctic and non-Arctic nations are taking these changes very seriously as they will impact on global trade, shipping resource development and the global security environment, not to mention resource development, and are positioning themselves for the long term for a changing Arctic future.

Canada has a Northern Strategy, which was announced in 2009 and sets out broad concepts, but does not explicitly address international shipping in the Northwest Passage, or lay out a detailed plan for its development as a major international shipping route. Lt. Governor Mead Treadwell at the Arctic Futures conference in Norway earlier this year spoke about the Arctic Ocean, which he dubbed “the New Ocean”. He stated: “This is the age of Arctic shipping the great explorers dreamed of. We’ve been given a new ocean of possibilities – and the dangers – and we need to do everything we can to prepare for both.” He called on Arctic nations to work closely on vessel routing and reciprocal port regulations to ensure safe and secure Arctic shipping. The Lt. Governor's comments that follow ring true for Canada and the Northwest Passage: “Arctic nations need to engage much more deeply on a strategic plan to realize the economic benefits of Arctic shipping. I look at the model of the St. Lawrence Seaway, which brings Canada and the United States together to provide both safe navigation and market promotion.”

Canada released its Arctic foreign policy document in 2010, which focused on issues of sovereignty but does not address the more pressing issue of international shipping, and requirements to regulate international shipping that was expected to pass through the Northwest Passage. This year Canada assumed the Chairmanship of the Arctic Council for two years. It has moved away from the earlier Arctic “Lose it or use it” approach announced by Prime Minister Stephen Harper in 2007, and has

softened its posture since then.

Canada's present approach at the Arctic Council was clearly set out by the Canadian Arctic Chair, the Honourable Leona Aglukkaq, M.P. at the *Arctic Frontiers: Geopolitics & Marine Production in a Changing Arctic* conference in Trømsø, Norway in January of 2013. Ms. Aglukkaq stated Canada will focus its approach on sustainable economic development of the Arctic: “With the help of our Arctic Council partners, we will focus on creating economic growth, strong and sustainable Northern communities and healthy ecosystems ... However, this development must be done in a responsible and environmentally sustainable manner so that the land, water and animals that many Northern people still depend upon, are not negatively impacted.”

The Arctic Council is a relatively new and unique multilateral international government organization created in 1996 made up of both Arctic nations and indigenous peoples, and was originally created as a forum to develop cooperation around Arctic issues. The Arctic Council's eight members include: Canada, Denmark, Finland, Iceland, Norway, Russia, Sweden, and the United States. Non-Arctic countries and organizations have sought observer status at the Council as its mandate has expanded. This year, India, Italy, Japan, China, Singapore and South Korea have been granted permanent observer status. It is important to note that the Arctic Council does not address security interests in the region.

The interest of non-Arctic states highlights the growing importance the world's governments place on the work of the Arctic Council which is expanding its role to deal with governance issues in the region. Countries want a seat at the table to have a voice in how the Arctic is going to be managed, and non-Arctic nations don't want to be left out of these important discussions which will have both long term and global impacts. In recent years, the Arctic Council has taken a more operational focus on technical matters to develop the governance regimes around commercial activities such as shipping, which normally has been the purview of the International Maritime Organization (IMO). The Arctic Council has developed an international agreement on search and

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rescue, as well as marine pollution response which have been reported in earlier Arctic issues of *Canadian Sailings*. These agreements are between nations and set out broad mandates for cooperation.

The United States assumes the Council's Chairmanship in 2015. Earlier this year, the U.S. released its Arctic National Strategy, which lays out the Obama Administration's strategic priorities for the region with the stated purpose of positioning the United States "to respond effectively to emerging opportunities while simultaneously pursuing efforts to protect and conserve this unique environment". Shortly thereafter, the United States Coast Guard released its Arctic strategy to "ensure safe, secure and environmentally responsible maritime activity in the Arctic". Canada has no similar document.

Utilization of Russia's Northern Sea Route has increased from just a few vessels five years to over 215 vessels transiting the route this year. President Putin has clearly indicated that the Russian Federation wishes to develop it into a commercial trade route to rival the Suez and Panama canals. Russia

has set up a series of search and rescue bases along the Northern Sea Route and developed a fleet of salvage and pollution response vessels, and updated its fleet of nuclear powered icebreakers to make this a reality. The proactive Russian approach is in sharp contrast to Canada's, which has taken a wait-and-see approach to international Arctic shipping.

The passage by the *Nordic Orion* through the Northwest Passage is a wake-up call for Canada. Canada has played a key role in the development of the Polar Code at IMO, which sets out a series of guidelines for the development of harmonized standards for Arctic international shipping. The International Chamber of Shipping (ICS), the largest organization of ship owners in the world, representing over 80 per cent of the world's merchant fleet and including national shipowners associations from 36 countries, released a policy statement with respect to Arctic shipping. ICS wants a mandatory uniform regulatory framework. It also sets out the need for the development of Arctic maritime infrastructure to support

safety and environmental protection. The ICS Arctic Policy states: "While the IMO Polar Code will provide the regulatory framework, the infrastructure needed to ensure safety environmental protection must also be developed. This includes, inter alia aids to navigation, nautical charts, means of satellite communication, bunkering facilities, port reception facilities for ships waste, pilotage in shallow passages, possible ice-breaking assistance, as well as search and rescue infrastructure developed for defined incident scenarios, and the provision of adequate places of refuge should ships be in distress." The position paper goes on to state: "Serious challenges related to lifesaving and oil spill cleanup capability in remote or hostile waters or where sea ice potentially presents an obstacle must also be addressed. In particular, in cooperation with IMO this requires increased coordination amongst Arctic nations to promote the regions search and rescue (SAR) capability."

Of particular importance to Canadian regulation of the Northwest passage is the need for the full participation of shipping nations



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which the ICS Position Paper goes on to state:

“Given the important implications for all IMO member states of current and future regulatory discussions, it is vital that all maritime nations in their capacity as flag states and coastal states, are fully and actively involved in all decision-making processes that impact on Arctic shipping. Unilateral, national, or regional regulation governing ship safety, environmental protection and other shipping matters should be avoided and they must not disadvantage ships registered with non-Arctic states.

Canada needs to walk the walk. Canada needs new icebreakers, new fixed wing search and rescue aircraft, new rifles for its Canadian Rangers, vastly improved pollution countermeasures capability, increased communications and Arctic marine domain awareness, and more hydrographic surveying and charting. But more than anything, Canada needs a new perspective. Canada needs to look at these changing conditions as an opportunity, and to put flesh on the Arctic Council policy statement it released earlier this year. Canada’s North-

ern Strategy needs to buttress the realization of these opportunities.

Canada needs to develop the maritime infrastructure or “sovereignty infrastructure” and engage internationally and bilaterally to ensure Canada’s interests are protected and realized into the future. We need to develop a strategic plan as Lt. Governor Treadwell suggested. If we do not, we will not have the ability to manage our Arctic resources and protect the marine environment. The Arctic Council is a very good venue to develop international agreement.

With countries like China eyeing development of a new canal across Nicaragua at a cost of 40 billion dollars, Canada needs to look at the economic opportunity that the Northwest Passage presents, and consider new models for funding marine infrastructure in the Arctic. Many countries, China included, are positioning themselves for the future and a changing Arctic. China, with almost all of its trade carried by sea, considers the New Ocean very important to its economic future.

Canada needs to work with its best

friend and ally, the United States, to create a new trade path in the New Ocean connecting the Atlantic and Pacific across the top of North America. We need to address environmental protection and security. We need to capture the same spirit that led to the creation of the Panama Canal and the creation of the St. Lawrence Seaway, a joint Canadian-American operation, which U.S. President Dwight Eisenhower considered one of his greatest legacies. Canada is an Arctic Nation and the New Ocean’s Northwest Passage represents new opportunities for Canada on which we need to capitalize to seize political and commercial opportunities in the 21st century. With strong leadership, this is an achievable goal for this Arctic Nation.

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