



Environmental Audit Committee

Oral evidence: [Arctic follow-up](#), HC 533

Wednesday 17 December 2014 (am)

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Members present: Joan Walley (Chair), Katy Clark, Zac Goldsmith, Caroline Lucas, Dr Matthew Offord, Mrs Caroline Spelman, Dr Alan Whitehead

Questions 1–56

Witnesses: **Ben Ayliffe**, Head of Campaigns for Arctic Programme, Greenpeace, and **Charlie Kronick**, Senior Programme Adviser, Greenpeace, gave evidence.

Q1 Chair: I would like to commence our follow-up inquiry to two further inquiries that we have already completed on the Arctic by thanking both of you for coming along to this first panel session this morning. In view of the collapse in oil prices that we are witnessing, it might be appropriate, before we go into our detailed questioning, for me to ask whether you would like to comment on its implications, particularly in respect of the Arctic.

Charlie Kronick: A collapse in oil prices is always a mixed blessing in the sense that if it is passed on, it is obviously great from the consumer's point of view. In terms of the Arctic specifically, the offshore Arctic, which is where our focus is, is among the most expensive oil in the world to extract. It is at the far end of every published cost curve. If you were making rational business decisions about looking after shareholders' investments, it would probably literally be the last place that you would go, because the economic rewards were always suspect even with a high oil price. With a low oil price, you run the risk of really damaging your shareholders' values, as well as a huge environmental risk.

Our view is that it is literally a no-brainer. Even in a complex geopolitical situation where companies hedge about trying to cover supply, it would be a very strange decision to go into the Arctic on purely business terms. Obviously, it is completely unacceptable on environmental terms.

Q2 Chair: Do you think that that will perhaps be reflected in the work being done by the Bank of England looking at stranded assets and so on? Is there a link to such concerns?

Charlie Kronick: Assets get stranded all the time in business. People make investments and for one reason or another they do not work out. The narrative around stranded assets has been focused on the idea that a carbon limit imposed by a global climate

deal would impose huge pressure on the fossil fuel industries. There is already huge pressure on the fossil fuel industries at the margin. The less than spectacular outcome from Lima will not be the thing that will make those assets stranded, but the extremely expensive cost of extraction combined with a global flattening of demand means that there is a real likelihood. If we then come up with a significant climate deal in Paris, that becomes a much more realistic prospect.

Chair: So it's an added factor.

Q3 Zac Goldsmith: I don't know whether it was massively optimistic, but it was nice to read a small piece in the *FT* that attributed part of the collapse in oil prices to this sudden emergence of viable alternatives. Solar, for example, is the cheapest form of energy now without subsidies in every country in Africa. Is that wishful thinking or is it a part of what we are seeing at the moment?

Charlie Kronick: I don't think it's wishful thinking, but it is a really complex picture. Increasingly, the amount of oil that is used for anything other than transport is shrinking. In the power sector, there has been a massive transformation almost entirely due to the decrease in the price of renewables and some pretty bad decisions taken by some of the big utilities. It is the link of oil and gas that drags the oil companies into the stranded assets debate. For better or worse, there is a glut of oil in global markets at the moment, which is not helping their case in the context of those really rapidly dropping renewable prices. It is probably the best news story out there as far as the power sector and energy goes.

Q4 Chair: We must move on to some detailed questions. You are aware that, following our previous report, in which we called for an over-arching strategy on the Arctic, the Government have actually introduced a framework document—although they are not calling it that as such. We would like to know what you thought of it and how fit for purpose it is.

Charlie Kronick: As you can imagine, we read it with interest. It of course covers all the bases, such as science, indigenous people and climate change, but I guess the thing that jumped out for me—Ben might have something to add to this—is that there is a clear statement about the Government's commitment to a 2° global average temperature rise target. It then goes on to endorse an extractive agenda for oil and gas in the Arctic as somehow compatible with that. Going back to the really complex world of supply, it is pretty inescapable that to have any chance at all of hitting that 2° target, at least half and probably two thirds—close to 80%—of the known fossil fuel reserves need to stay in the ground. What is in the Arctic is undiscovered and therefore it has not been booked. It is not even part of the known reserves that we are not allowed to burn if we want to have a hope in hell's chance of staying near 2°. To us—to me—that is the major flaw. It is just impossible to see how those two objectives—supporting an extractive agenda and supporting a 2° target—are remotely coherent.

Ben Ayliffe: The other thing that jumps out as well is that a framework is all very well and good, but besides promoting the interests of the extractive industry in the Arctic it is hard to see, actually, what the UK is meaningfully doing. There is a lot of talk about using best environmental standards for oil drilling, but I am not aware of anything that the UK is doing, apart from sending this sort of semi-official trip to Iceland at the recent Arctic circle conference and looking like a scene from “Dad's Army”, with huge Union Jacks everywhere.

I am not aware of anything that the UK Government is meaningfully doing to engage, maintain or build the best standards possible for operating in the Arctic. There is certainly a need for—we would recommend—a shift away from the rhetoric towards real action to protect the Arctic.

Q5 Chair: Are there any omissions in the framework document, in terms of the professed intentions and objectives, irrespective of what the Government might not be doing on the ground?

Charlie Kronick: It's pretty general, it has to be said. It is largely couched in generalities. The stated support for science, for example, is admirable. It would be fantastic to see, therefore, more support for institutions like the British Antarctic Survey, making sure it retains its independence, so that it does not operate as a sort of public affairs or science wing of the extractive industries, because that is a place where the UK, without any question, has absolutely led. We lose it at our peril.

Q6 Caroline Lucas: Is that already happening?

Charlie Kronick: There is an ongoing discussion. There was, almost a year ago now, a policy shift to remove its independence and there was a justifiable and unsurprising push back against that. I think the BAS is now maintaining the status quo, but if it was to support the objective stated in the document, more resources and more independence would be what you would want from a world-class scientific institution like that.

Q7 Chair: Can I just ask you about the proposal that we had for an Arctic sanctuary? Any progress on that in any way?

Ben Ayliffe: Sure, yes. In 2013, the Finnish Government publicly backed a call for a sanctuary, so they became the first Arctic nation to do so. I think if you had told us two years ago that we would be in a position where we had an Arctic nation backing what was perceived as such a radical call, I would have thought you were crazy. That is just an indication. In 2010, the Finnish Government in their then Arctic policy had no mention of protection or marine protected areas in the Arctic. So that was a seismic shift.

Then, beyond that, the European Parliament earlier this year was calling for, again, a sanctuary. They had a resolution in Parliament to back that. Angela Merkel was recently calling for the notion of protected areas in the Arctic. This is not an official German position, inasmuch as it is a statement of general support for the idea. Besides that, 6 million people have signed up to the campaign. Al Gore was recently talking about the need to keep the central Arctic basin off limits to the oil industry. So we are starting to see, slowly but surely, movement towards the objectives.

OSPAR next year will be looking at whether or not it will be possible, under OSPAR, to set up a marine protected area which will cover about two fifths of the sanctuary area that Greenpeace is proposing. We are making slow but steady progress, I think.

Q8 Zac Goldsmith: My understanding is that Norway and Sweden are both cautiously and unofficially making the right noises about the Arctic sanctuary and that it would not take a lot to formalise their position.

Ben Ayliffe: Certainly, we have heard behind the scenes that Sweden is coming round to the idea—nothing official. I have not heard the Norwegians couch it in quite so positive terms, but we do know that certainly the more important Arctic nations are considering it. If you look at where we were just a few short years ago, that idea, even as a possibility, would have been extremely remote.

Charlie Kronick: In Norway, although obviously their sovereign wealth fund is continuously topped up by their access to oil in the Barents, there is a growing view among other big investors and in the sovereign fund that they need to move away from oil and gas. So there is a real tension in Norwegian governance and society around their commitment to it. I do not want to praise them for something they are not doing, but what is clear is that there is movement there again that even a year or two ago would have seemed extremely unlikely.

Q9 Chair: If there is to be a breakthrough to get real progress, where will that come from?

Ben Ayliffe: I think that OSPAR could be a really important development if they do create this marine-protected area in the Arctic. Then, next year, Sweden will be crucial—the next domino.

Charlie Kronick: The idea of an Arctic century has been an objective without a process, and we would be the first to admit that: it is an aspiration. But when it moves into really effective multilateral processes like OSPAR, that is a step change in the way that institutions are responding to something that we think is a completely reasonable ask but that, up until now, has been seen to be outside of any formal process.

Q10 Chair: When we started our report back in 2012, the big issue was the extent of summer melting. Can you update us on the current situation?

Ben Ayliffe: Sure. In 2014 the summer melt was the sixth lowest extent on record: it was just over 5 million sq km. Although this was the lowest amount of seasonal loss since 2006, there is no change in the downward trend that we are seeing. The last eight, I think, sea ice minimum periods have been the lowest eight on record.

Alongside that, we are seeing that the volume continues to increase. There was an interesting quote from a chap at the NSIDC in Colorado, who are the experts—

Chair: Sorry, who was that?

Ben Ayliffe: The National Snow and Ice Data Center, who are the people who call the sea ice minimum. In response to this year's sea ice minimum, one of their scientists said, "Twenty years ago, having ice extent this low would have astounded us. Now it is expected." The progression is still downwards.

There were reports from the European Space Agency and its CryoSat satellite earlier in the week about how there appears to be a rebound of sea ice volume this winter. That is an interesting observation, but again it does not disprove the fact that the sea ice is on a sharp downward trajectory and that has not changed.

Q11 Chair: Do you draw conclusions from that?

Ben Ayliffe: I think the conclusion is that the Arctic is changing rapidly and the biggest driver is greenhouse gas emissions caused by human activity. I think that is clear. The warning remains as stark as ever, and yet we are still in the same position where, unfortunately, the oil and gas industry and a lot of Arctic nations see this as an opportunity rather than a clarion call to action.

Q12 Zac Goldsmith: In previous inquiries we took a lot of evidence and at the time there were mixed messages and information about the full extent of oil exploration and drilling in the Arctic, with patches of activity in Russia and Greenland but less off Alaska. Can you give us an overview of what is happening in the region?

Ben Ayliffe: Sure. The only people who are currently drilling are Gazprom at Prirazlomnaya, the fixed platform in the Pechora Sea. Looking into next year's summer window, we know that there will not be any drilling in Greenland and there is unlikely to be any drilling in the Barents sea in Norway—we are not sure that Statoil, after its less than stellar performance this summer, will be going back.

In Russia, besides Prirazlomnaya, there is likely to be drilling at Dolginskoye in the Pechora sea and then possibly by Rosneft in the Kara sea. Those two are quite interesting. Because of the pressure on Russian companies through the western sanctions over Ukraine, we have seen that Exxon has practically had to walk away from the joint venture in the Kara Sea, so the big question is whether Rosneft will attempt to drill there next summer without Exxon, which would be a nightmare scenario for the Arctic.

Q13 Zac Goldsmith: Can I just ask you something on this issue of collaboration? Shell has a form of collaboration with Gazprom. Is that relevant in the context of the answer you have just given?

Ben Ayliffe: As far as I understand it, the main sort of operational co-operation they have is onshore in such places as Salym in Siberia. The memorandum of understanding talks about work in the offshore, but as yet that is vague and hazy. If they are anything like Exxon, the sanctions will have put the skids on any deal in the offshore. It is a memorandum of unde

Charlie Kronick: Nor is it the same as BP's 20% ownership of Rosneft as a company. The impact of the sanctions taking Exxon out of the picture so far as the Kara Sea goes is significant for BP. If Rosneft decides to go ahead and try to drill—they have virtually no equipment and no capacity—the 20% exposure that BP has to Rosneft will be significant for the company and its shareholders.

Q14 Zac Goldsmith: I was going to ask you which companies you are most concerned about, and I think you have just answered that. It is Gazprom and Rosneft.

Ben Ayliffe: I think Gazprom is certainly a concern, not least because the company they have lined up to drill in Dolginskoye in the Pechora sea is PetroVietnam, which has zero offshore experience in the Arctic. That would certainly cause me to lose sleep at night. With Exxon and Rosneft, even by the Arctic's standards, the Kara Sea is pretty remote. The idea of being able to respond to any sort of accident up there—we think that it would be nigh on impossible to operate safely up there with Exxon. Without them, that is a pipe dream.

Q15 Zac Goldsmith: Shell is going to tell us, as it has in the past, that it is possible to engage in these kinds of activities safely. Before we move on, can I ask you something? Around the time of the last inquiry, a couple of companies—I think Total was one; I forget the other—said that they would cease their activities and drop their interest in the Arctic, because they did not believe it practically possible to operate there safely. Is that correct? Have any other companies made the same decision?

Ben Ayliffe: Total and Lukoil.

Charlie Kronick: And also ConocoPhillips. ConocoPhillips did not make an in-principle decision. They said that they would wait for the regulatory situation to become clearer, and I think that that could be a long wait, certainly in Alaska. Total, interestingly, said that it felt that the reputational risk for drilling for oil in the Arctic was too high.

Q16 Zac Goldsmith: Reputation as a consequence of—

Charlie Kronick: Of the almost inevitable problems that any company would have there.

Ben Ayliffe: It is interesting. Oil companies are often quite reticent to put their necks on the line, because for them it is all about booking in reserve and replacement ratios. Sitting in their position and saying that they will never go to the Arctic offshore is a big step for them. What is interesting is not so much the rhetoric, but what is actually happening. Cairn Energy, which in 2010 was at the forefront of drilling in the Arctic—this was the new frontier off Greenland—lost so much money and made such a hash of it that it is now going to such places as Morocco, the North sea and the Atlantic margin west of Shetland. The Arctic is completely off the agenda for them. That is quite telling. The rhetoric is not matched by action.

Q17 Zac Goldsmith: The last question from me is: which regions cause you most concern from an environmental point of view?

Ben Ayliffe: I think that across the Arctic drilling is an exceptionally bad idea. We have touched on the Kara Sea and the Pechora Sea in particular, but Alaska is the big area for Shell next year. We have seen nothing from them that would suggest that they are in any way capable of working there safely. There is the story about their subcontractors, Noble Drilling, accepting eight felony charges for their operations in 2012. Just the other week, Arcticia shipping, which is a Finnish company that runs the icebreakers, admitted that there were serious safety violations on their ships that were operating on behalf of Shell in Alaska. There seems to be a pretty poor track record. There is nothing in the exploration plans that Shell has put out for the Chuckchi Sea that would allay any of those fears.

Charlie Kronick: One of the things we are concerned about is the fact that the full exploration plan has not been published, so it is not available for independent or third-party examination. What arose in 2012 and led to the criminal charges was the investigation by the coastguard, which highlighted again and again issues with contractors. It's not Shell that is going to be doing the drilling; it's Noble. It is very, very worrying—the extent to which they are criminally negligent in terms of maintaining their equipment. Even if you didn't think that

in the broadest environmental sense it was a bad idea to drill in the Arctic, it seems an extraordinarily bad idea to give them a licence, on the basis of their current performance.

Ben Ayliffe: Just to finish, the nerve of some of these people is remarkable. Noble Drilling said in their PR response to these felony charges that 2012 was a successful drilling operation in the Arctic for them. If a successful drilling operation results in eight felony charges, I wouldn't like to see an unsuccessful season.

Q18 Mrs Spelman: While we are doing a round tour of the countries that are getting cold feet—if you'll forgive the pun—in relation to drilling in the Arctic, I just wonder whether you have views about the Canadian Government's position. They have seriously contested their rights with Norway and Russia in the Arctic, but very big shale gas exploration of the prairies is going on at the same time. That is part of the reason why the oil price is coming down. Have you noticed any shift in their views?

Ben Ayliffe: Not so much. The Canadian position is very much that the Arctic is Canada's. How that plays out in the long term, particularly with Russia, will be very interesting. Canada is unashamedly a petro-state, in many ways. It is interesting that they are starting now to look at the options for oil drilling in places such as the Canadian Beaufort sea, so the Canadian National Energy Board is coming under increasing pressure from people such as Imperial Oil, the Exxon company up there, to water down some of the quite onerous drilling regulations that it has for the Arctic offshore, with a view to allowing them in within the next five years. Greenpeace is working with some indigenous communities on the Canadian side of Baffin bay to try to stop some of the seismic testing going on there. That will have quite a significant detrimental impact on their livelihoods, so you can see that the seeds are there for a potential conflict.

Q19 Dr Whitehead: When we did our earlier inquiry, we examined and reported on the hazards of drilling in the conditions in the Arctic and particularly the question of hazards at the end of the summer drilling season and the problem of the potential clean-up afterwards. In your view, have any risks changed since then or do they remain the same? Has any new research been undertaken or have there been any developments that might cause you or any of us to think that circumstances may have changed?

Ben Ayliffe: I have certainly seen nothing that would allay any of the concerns. I have seen no technological panacea that will clean up any oil that is spilt in ice. That is the case for all the companies operating across the far north. There are industry groups, groups around the Arctic Council, that are doing research into specific issues—in situ burning, physical removal and stuff like that—but this is all on a relatively small scale. There is nothing to show us that there is a silver bullet that would be able to clean up the sort of accident that we saw in the Gulf of Mexico. It almost feels like the oil companies and the politics are way ahead of the technology and the science, and that gap has still to be bridged.

Charlie Kronick: To add to that, on the mechanical, the chemical and in situ burning, nothing has changed in any significant way, to reiterate what Ben said, but specifically as far as Shell are concerned, their capping stacks and containment domes, which were spectacularly unsuccessful in the testing in temperate conditions off the west coast of the United States, have still not been tested in Arctic conditions. When I pressed their then chief executive, Peter Voser, about that, he said, "There isn't going to be a spill." I don't think they

can have it both ways. Look at the revised environmental impact assessment from the Bureau of Ocean Energy Management; there is a 75% chance of at least one major spill in any offshore drilling in that lease area. The equipment that they have has not been tested, and the technology that has been tested is inadequate. In that sense it is pretty categorical that a spill there would be, as you found in your earlier inquiry, catastrophic.

Q20 Zac Goldsmith: Can I ask you to repeat that? Where did the figure of 75% come from?

Ben Ayliffe: That's from BOEM. It has done a supplementary environmental impact statement for Shell's lease sale—lease sale 193. In that, BOEM's scientists have pulled the figure of a 75% chance of at least one spill over the lifetime of a field.

Charlie Kronick: I will send you that.

Chair: It would be very helpful to have that.

Q21 Dr Whitehead: Part of our evidence and conclusions related to, as you mentioned, the sheer remoteness of a number of sites. Over and above the inherent problem of containment or cleaning up under the circumstances of the Arctic there is the question of equipment being available, round-uppable or moveable to many sites. Have there been any developments in that sense?

Ben Ayliffe: If you look at Shell's plan for next summer in Alaska, in their exploration plan they will say that they will have a few more supply and support ships, and more ROVs for underwater work, which is no bad thing per se, but those ships will still have the same technology on board—the mechanical recovery and dispersants—that have never been proven to work there. It is all well and good having more ships but if the equipment is not capable of responding to the threat posed by the Arctic, you have to wonder what the point is.

Q22 Dr Whitehead: But there aren't going to be any spills anyway.

Ben Ayliffe: Well, this is the thing. I think you would have to ask Shell that because Peter Voser was saying that there are not, and Pete Slaiby, the head of Alaskan operations for Shell said that spills would be inevitable. That is a question for their internal comms team as opposed to Greenpeace.

Q23 Caroline Lucas: You have touched on some of this. I was going to ask you about the real world conditions for testing. However, you have been pretty categorical in saying that they still have not tested the techniques in the real world. Has there been any progress at all in terms of their oil spill response planning? Has anything changed in the past couple of years?

Charlie Kronick: In some ways, from what we know about the current plan, it is slightly worse. They were going to be drilling on two sites in the Arctic: Beaufort and Chukchi in the US. The relief rig—the capacity to drill a relief well—which is a requirement, would come from the adjacent site that was, in Arctic terms, relatively close. Now the relief drilling well will be kept in Dutch Harbor, which is about 1,000 miles south of the Burger prospect, where they will actually be drilling. In that sense, their capacity is slightly diminished from what we thought was inadequate in 2012 and which proved to be operationally pretty challenging conditions. Without full access to their unedited, unredacted

exploration plan, it is impossible for us to say what the details of it are. As an initial response, it looks like it is a weaker provision, not a stronger one.

Q24 Caroline Lucas: Would that be cost-driven? Is that why they would do that?

Charlie Kronick: Again, you would have to ask them. There is certainly evidence that they have been driven by cost in the past.

Ben Ayliffe: Part of it is driven by the fact that when they lost control of the Kulluk rig on the way back from Dutch Harbor to Seattle in winter 2012, the rig was wrecked—I think that it has been recycled in China now—and they had to find a replacement rig. They do not grow on trees, unfortunately for Shell. The only rig that they could find was the Polar Pioneer. Again, that is not particularly Arctic-ready by any standard; it is not an ice class vessel, for instance. They have been driven by the mistakes that they were responsible for in the past.

Q25 Caroline Lucas: Have the Arctic countries themselves changed their perception of the risks of oil spills over the past couple of years?

Ben Ayliffe: Again, I have not seen anything that would suggest or imply that that is the case. A lot of the countries talk about the challenges and the unique risks that are posed by the Arctic, but always with the sense that those risks are manageable and the chance of something going wrong is so remote that it is not necessarily the overriding concern.

This goes back to my point about how the politics and the will of the Arctic nations and the oil companies are so far ahead of the technology and the science around spill response that this gap in the middle still remains a huge concern. From looking at what we know of Shell's plans for next year, they are still going to rely on the vessels that either went wrong in 2012 or that have still not been tested in Arctic conditions. The Arctic Challenger is a capping and containment device that they have built. It has never been tested in icy conditions and it is said that if there is a spill, it will collect the oil and gas and flare it off. That has never been attempted in the Arctic, so they are going into this assuming that everything will be all right, but with no real proof that, in the worse case scenario, they would ever be able to deal with anything.

Charlie Kronick: To add to that, in the context of the politics, it is almost that if there was a late-season spill—modelling that has been done by our colleagues at WWF in Canada is really interesting—you can basically guarantee that there will be trans-boundary movement of the oil that is spilled, whether it is in open water or, more likely, under the ice. That means that there will inevitably be some kind of international incident, to be defined as you wish, once such a spill takes place. We certainly think there is a tension between the enthusiasm for the Arctic nations for further exploration and drilling in the Arctic and what happens when—not if—it goes wrong.

Q26 Caroline Lucas: So it is not any more difficult to get regulatory approval for drilling than it was a couple of years ago?

Ben Ayliffe: Potentially. We are still looking to see exactly what. It is interesting that Shell have not said with absolute certainty that they will return to Alaska. The way they have

couched it is if the regulations are in place and they get the support from the US Government. I still think they are probably quite concerned that at some point between now and June or July the US Government will add extra stipulations to the support vessels or their management of subcontractors, which could prove insurmountable for Shell. It really depends on what comes out from the US Government between now and next summer.

Charlie Kronick: The mood music is changing around regulation in Alaska. The decision not to allow exploration both for mining and oil drilling in Bristol bay—a very significant salmon fishery and spawning ground for large cetaceans—is a change. It is certainly a change from the previous Administrations that granted the original leases, but saying that they do not want to go ahead with further exploration, at least in that part of the Alaskan Arctic, is one of the first real decisions that has taken place from the Obama Administration.

Q27 Caroline Lucas: My last question was about the Arctic Council. How well has it facilitated co-operation between countries or companies when it comes to oil spills?

Ben Ayliffe: I am sure it has facilitated co-operation pretty well, but, unfortunately, that does not amount to much. The document itself, the spill response agreement, was very vaguely written and seemed to focus more on how countries would be reimbursed for costs of responding to a spill. There were no enforcement mechanisms; it was purely voluntary. Even if you thought, for instance, that drilling in the Arctic was a good idea, you would have thought that the Arctic Council would have wanted some sort of de minimis standards, such as the best possibly technology or to set up a system for close international co-operation with agreed protocols and standards, but there is none of that. There is absolutely nothing, so you really do question quite what the value of this document from the Arctic Council is.

I have seen that the Arctic Council is doing work on mapping the Arctic environment, what the potential impact of spills could be and what potential technologies could be used to mitigate damage from a spill, which is fine. The Arctic Council does a lot of very helpful science, but the problem that we have is that that very rarely gets translated into meaningful and lasting

Q28 Mrs Spelman: One more question. Has the Arctic Council considered the implications of the Nagoya agreement on biodiversity? This is not a question on spillage, but a question of melting pack ice, which means that boats can come through sea passages that previously have not been navigated. That is bound to put at risk species that previously had not faced any of the contamination from other waters—the countries of origin of those ships, and so on. Has there been any discussion around that?

Ben Ayliffe: I'm not sure. I know that the Arctic Council has working groups on biodiversity and the impacts of changes in the Arctic, but I am not aware—just because it is not an area of expertise—of whether or not they have done. It could well be something that the IMO is looking at as well, with their new polar code.

Chair: I think time has beaten us. On that point we must leave it and move on to our next witness. I thank each of you for coming along this morning.

Examination of Witness

Witness: **Ole Kristian Bjerkemo**, Head of Arctic Council Working Group on Emergency Prevention, Preparedness and Response, gave evidence.

Q29 Chair: Good morning, Mr Bjerkemo. I thank you on behalf of the Committee for coming before us this morning. I'm not sure how much you are aware of our work, but we did produce a report earlier in 2012 and a subsequent follow-up one in 2013. We are returning to some of those issues in the final year of this parliamentary session, just to try and get a current up-to-date understanding of what the issues are. We will be interviewing Shell later today.

One issue that we are concerned about is the readiness to be able to deal with oil spill responses. We obviously have other concerns as well. I think you have just heard some of the evidence from our previous witnesses. They were alluding to the fact that the Arctic Council, and the committee that you chair, could well fill in the gap about where the regulatory pressure is coming from. It would be helpful for us to have an indication of your working group's remit and what the detail of your work is in respect to emergency prevention, preparedness and response, and have that overall picture of how critical your work is.

Ole Kristian Bjerkemo: Thank you very much for your invitation. I will, of course, try to answer your questions as well as I can. Perhaps I can first explain a little bit about the working group I am sharing in. They are six working groups within the Arctic Council. In addition to that there are also currently some task forces that have a goal to deliver some product in the end. That is also important to know.

My working group—the emergency prevention, preparedness and response working group—deals not only with oil spills, but also with radiation and natural disasters. Currently, the focus is on oil spill response.

Regarding prevention, we delivered a report in 2013 based on the decision by the ministerial meeting in 2011. I have the “Summary Report and Recommendations on the Prevention of Marine Oil Pollution in the Arctic”. This summary report is based on a more extensive report, “Recommended Practices for Arctic Oil Spill Prevention”, which sums up prevention measures related to not only oil and gas, but to shipping and land-based activity and influence on the Arctic environment.

As a follow-up to this report the Ministers decided to establish a task force on oil pollution prevention. This task force is working now and will deliver a report or a plan, or whatever, for the ministerial meeting next spring in Canada.

I have been involved in all of the meetings of the task force, but since the result is not there, I cannot tell you the result of this work. That is related to prevention.

Q30 Chair: Okay. Thank you for that.

Just in terms of the powers that you have, are there any legal powers? What enforcement powers would there be if there was any contravention? How does it work in monitoring, enforcement and taking countries to task over their responsibilities?

Ole Kristian Bjerkemo: The Arctic Council is a consensus-based organisation, so the result is not better than the consensus among all the states. As for power, we do not have any power within the working group.

Q31 Chair: Would it go against the grain to have a power to deal with enforcement in some way?

Ole Kristian Bjerkemo: We can recommend and give advice. Enforcement is up to the different nations. There are two legally binding agreements among the Arctic states: the oil-spill agreement and the SAR agreement. Those are legally binding instruments, but all the other projects are recommendations that must be followed up by the different Governments, or in other forums such as the IMO.

Q32 Chair: I know there is a great deal of sensitivity in the UK about the sovereign states of the Arctic Council countries. I am thinking about the observer status that countries have. What is the role or the input of the observer countries into your taskforce?

Ole Kristian Bjerkemo: Some observers, but not all—in fact, too few—are in the different working groups. Some observers have the possibility to take the floor and give input to the working groups. There are also observers in the Senior Arctic Officials meetings, where they can take the floor and give their views. It is also possible for observers—not only observer countries, but observer organisations—to propose activities, but those activities must be supported by the different states. It will normally be a project or activity that will be conducted; the observer country or organisation may take part in it, and could give really good input to it.

Q33 Chair: So observer states could initiate action, could they? Or would that have to be done through consensus? I am not quite sure how something could be brought to the table and taken forward.

Ole Kristian Bjerkemo: My understanding is that it is possible to initiate activities, but that has to be done through a member. You cannot just initiate as an observer; it must be through a member of the Arctic Council. That is my understanding of how this works.

Q34 Chair: Have you got any examples of where that has been done—where proposals on safety have been initiated by observer states?

Ole Kristian Bjerkemo: I don't think anything on the prevention side has been initiated by observers. That has been done through the different states themselves, because they have the business in their own territorial waters, and they would like to have the best preventive measures possible.

Q35 Chair: Finally from me, what kind of opportunity do the oil companies and NGOs have for input in how you take your work forward?

Ole Kristian Bjerkemo: I can only answer for my working group. We had a meeting two weeks ago in Seattle, USA, where WWF introduced an idea for a project. They presented this as a document, and it is up to the different countries to consider if it is something they could go forward with, or how to deal with it. It is important that the NGOs and observer countries try to influence the different countries, so that they are really on board and can bring a proposal forward, if they really want to.

Q36 Mrs Spelman: Good morning, Mr Bjerkemo. We heard from you just now that one of the working groups will report in the next quarter. It is always difficult to be asked to say something about what has not yet been published, but could you give us an indication of the particular changes that you think the Arctic circle might recommend as part of the revision of the operational guidelines? Could you give us any indication of the direction of travel?

Ole Kristian Bjerkemo: The Arctic circle is not for us; I am not involved in the Arctic circle.

Mrs Spelman: Arctic Council, sorry.

Ole Kristian Bjerkemo: If you are referring to the taskforce I mentioned—

Mrs Spelman: Yes.

Ole Kristian Bjerkemo: They were asked to deliver an action plan or other instruments, but that is not concluded yet. They are now in the final process. The last meeting was a few weeks ago, so now there is a consultation between the countries to deliver something at ministerial level. As I said, everything must be done on consensus. From my point of view, that could be the weakness, because the result is not better than the consensus.

Q37 Mrs Spelman: So you couldn't give us any indication of whether they might consider particular techniques to be appropriate for dealing with spillage in Arctic conditions, such as dispersal, burning or other mechanical recovery techniques?

Ole Kristian Bjerkemo: This taskforce is dealing with prevention measures, not a response, but I understand that a very great concern of the states is standardisation of the prevention measures. That is considered very important and is highlighted. The different authorities among the Arctic states should work together on the regulations, so that they have knowledge of the regulations and how to work with them.

Regarding standards for operations, standards are developed through the industry, but also supported by the Governments. I heard that somebody would like the Governments to set the standard, but then the standard would be behind the development; it could really reduce the development. I have also learned from my home country that the standard is not at the forefront if it is developed through the Governments.

Q38 Mrs Spelman: I am deeply sympathetic to your point that trying to achieve consensus is not easy, even among the relatively small group of nations that are members of the Arctic Council, but you may have heard me mention earlier that all the Arctic Council member countries are also signatories to the Nagoya agreement on biodiversity, because that was a United Nations agreement of 193 countries; it was unanimous. Obviously, oil exploration in

the Arctic and the risks that that entails have implications for biodiversity loss in a biodiversity-rich part of the world. Has this been discussed by Arctic Council members?

Ole Kristian Bjerkemo: Yes, but not in my working group; the other working group is dealing with this. It is a big issue in the Arctic Council, including in the Arctic Monitoring and Assessment Programme. CAFF is another working group dealing with it, and many others are dealing with it. All the thinking behind the work of the Arctic Council is, of course, to try to reduce the impact on the Arctic environment. That is really the goal for the work of the Arctic Council. But then we have the different states, with their right to follow up on what they would like to do; that is their decision.

Q39 Zac Goldsmith: I think you heard the Greenpeace evidence; I think you were sitting here during that. Its view is that the conditions in the Arctic are such that a spill is inevitable. That view is shared by a lot of the people who gave us evidence in previous inquiries, and it seems to be the view of at least one and possibly more oil companies that are no longer interested in exploring the opportunities there. So I want to know this: in the event of an oil spill, which would necessarily be an international problem, for all the Arctic states, what would be the role of the Arctic Council? You would have diplomatic issues there, at the very least. What would be the actual role of the Arctic Council?

Ole Kristian Bjerkemo: To answer your question, the Arctic Council will have no role, because the agreement is not an Arctic Council agreement; it is an agreement between the Arctic states. It is the same as the agreement between the countries around the North Sea: it's an agreement between the states. The business of our working group is to follow up this agreement—to ensure that the operational guideline is up to date.

Q40 Zac Goldsmith: I take that point, but given what we know about the Arctic Council and the evidence that you have already given this morning, it is hard to understand the point of the Arctic Council, other than to provide a platform for the interested states and stakeholders to talk. Is there anything beyond that? Other than creating a room for talking, what is the actual value of the Arctic Council? I do not want to ask a rude question, but I am genuinely struggling with that.

Ole Kristian Bjerkemo: I think that many important reports have led to developments in many aspects. For example, the Arctic marine shipping assessment was a huge report with many recommendations. It had a really big follow-up, and the result was the polar code. That is an example of a recommendation from that report. There are many examples of recommendations that come out of Arctic Council work that lead to initiatives between states bordering the Arctic. I cannot give you a detailed example of that, but that is one of the main goals. Another is to ensure that the states in the Arctic—Russia, the US, Canada and the others—are sitting around the same table.

Q41 Zac Goldsmith: We have also heard evidence about the movement towards at least thinking more about creating an Arctic reserve. If that gained ground—if, for example, the Scandinavian countries developed a joint position in favour of an Arctic sanctuary—is that the kind of process that would be managed and handled via the Arctic Council? Would that be put on the agenda in the Arctic Council? What would its role then be?

Ole Kristian Bjerkemo: There are initiatives on that already. Currently, there are many Arctic reserves—if you take the whole Arctic as a reserve, that is one issue, but there are already many reserves in the Arctic. In my country, the Spitsbergen area is really a big reserve, with some exceptions. There are initiatives to consider other reserves in the Arctic through Arctic Council working groups.

Q42 Caroline Lucas: Following up on the idea of the governance of the Arctic Council, would it be more effective if some of the guidelines that it came up with could be mandatory, and if it had a different governance system whereby it could be more forceful?

Ole Kristian Bjerkemo: I cannot answer that on behalf of my working group—

Caroline Lucas: No, but from your experience.

Ole Kristian Bjerkemo: My experience is that if a guideline is mandatory, it will of course be more effective, because a guideline is a guideline. We are developing guidelines, and it is up to different countries to follow them.

Q43 Caroline Lucas: First, the development of guidelines is not mandatory, as you said. Secondly, I was a little perplexed when you said that in a sense you wait for the companies themselves to develop the guidelines because you do not want to set something that might be difficult or impossible for them to meet. The other side of that is that we never have the ambition and incentive to develop higher standards if we do not have something to meet. If you know that something is coming in 10 or 20 years, or whatever it is, that gives you time to adapt. If you know that that is where you have to be, does that not provide an incentive and put investment into finding ways to meet those standards?

Ole Kristian Bjerkemo: On Governments developing regulations, in my country they are goal-based regulations—goals that the different operators should achieve. There are also initiatives and incentives so that the companies really try to reach the goals. When all the regulators from Russia, Canada, the US, Norway and so on are working together, they know the regulations in the different countries. My view is that, through such co-operation, the regulation and the goals will be more strict, which will lead the oil companies and the industry to work even harder to achieve the goals in the regulations.

Q44 Caroline Lucas: Your website indicates that the oil spill guidelines would be updated after an exercise that was due to be held in Canada this summer. Did that exercise take place? In what ways have the guidelines been updated?

Ole Kristian Bjerkemo: As I mentioned, we had our meeting in Seattle two weeks ago, where Canada informed us about this exercise.

Q45 Caroline Lucas: What has changed concretely as a result?

Ole Kristian Bjerkemo: Here is the report from the exercise. It will be delivered to the ministerial meeting.

Q46 Caroline Lucas: Okay, can we get a few headlines?

Ole Kristian Bjerkemo: Of course, contact details are an example. There are also things about how to deal with equipment coming to a remote area in the Arctic when asking for support from other countries. Those are two examples.

Q47 Caroline Lucas: Contact details? I am sorry, but we heard a huge amount of evidence about how dangerous and risky this whole area is. We set some store in the fact that the oil spill guidelines will be updated following an important exercise earlier this year, and the first thing that has been updated is the contact details. One doesn't need a big meeting to update contacts.

Ole Kristian Bjerkemo: But I'm not sure what you think the guidelines are. It is about how different countries should co-operate in the case of a spill in the Arctic.

Q48 Caroline Lucas: Is there anything more rigorous? Has something come out of that that will now mean that how countries co-operate after an oil spill will be much more effective?

Ole Kristian Bjerkemo: Yes. There was some improvement on how to co-operate between states. If the incident happened on a platform—in this situation it was a ship incident in the Canadian Arctic and some lessons were learned. This agreement is about how countries should help each other, notify each other and work together in case of a large incident in the Arctic. So the details, such as telephone numbers, must be updated, but that is a small issue.

Q49 Caroline Lucas: One thing that could be updated might be an understanding that it is absolutely crucial that particular pieces of kit are effective in real-world conditions. Having been to one of your meetings, you might now say that you really understand the importance of testing technology in real-world conditions, and that you will do more to make that a priority. Is that something that you could imagine?

Ole Kristian Bjerkemo: I heard the previous evidence. The agreement has nothing about what equipment the different countries should have. That is up to the different states. I have not seen any other global agreement that states that there should be certain kinds of equipment.

Q50 Caroline Lucas: I don't mean that the equipment must be agreed down to the final specification; it is about how robust the equipment will be in real-world conditions. That seems fairly crucial.

Ole Kristian Bjerkemo: That is another issue. This exercise was the first one. Normally, the first exercise of an agreement or plan is a table-top exercise. It was not about testing equipment. There are other examples of exercises in which we share information and learn about how different equipment works, methods and so on. That is another issue.

Q51 Dr Whitehead: I think it's fair to say that some frustration was expressed back in 2012 about what seemed at the time to be relatively slow work by the IMO in moving towards a mandatory polar code on shipping, in particular as regards ship design and resilience, back-up, way stations and so on. I understand that the polar code was finally agreed by the Arctic Council last month, although I don't think that we have a great deal of information about what is in it and the extent to which it has developed over the recent period. Do you think that

the polar code as it now stands goes far enough, in terms of the sort of issues that we were raising in 2012? Is it as comprehensive as you might have hoped?

Ole Kristian Bjerkemo: My understanding is that it is an important first step to preventing shipping incidents in the Arctic, but some countries would like to see a stronger polar code.

Q52 Dr Whitehead: Are the countries that would like to see the polar code the core polar countries, or is that generally felt across states taking part in the Arctic Council?

Ole Kristian Bjerkemo: I am not involved in the work of the polar code, so I cannot answer your question. Sorry.

Q53 Dr Whitehead: But the implication is that the code may be something of a compromise at present. Would it be fair to say that?

Ole Kristian Bjerkemo: It is an international kind of agreement so, of course, it will always be based on compromises.

Q54 Dr Whitehead: So there is more work to be done.

Ole Kristian Bjerkemo: That's my understanding, if the highest standards are to be reached.

Q55 Chair: I have one final question before we bring our proceedings to a close. Faced with the evidence that we heard from our earlier witnesses, our previous reports, the concerns about summer melting, the economic opportunities that are opening up in the Arctic, and the slow rate at which the IMO is operating, is there scope for real leadership on how to balance the economic issues with the environmental and social ones? Looking at the Arctic Council, I understand everything you say about it needing to be a consensual body. Where is the leadership coming from to ensure that there is a reconciliation of all the conflicting demands in the urgent situation facing us in the Arctic?

Ole Kristian Bjerkemo: It is not easy to answer that. As I said, in the beginning the Arctic Council was about protecting the Arctic environment; that is really its goal because of the melting ice. You can see the possibility of developing the Arctic, because people live there and people would like to have work and activity. Different countries would like to extract resources such as oil, minerals or whatever, so people could live in that area. We see, through the initiatives from the Arctic Council and the Ministers, that they would like to see that the development is done in a sustainable way.

Q56 Chair: But do you honestly feel that the preconditions for that development to be done in a sustainable way are in place? What more could be done to ensure that they are in place to a greater extent?

Ole Kristian Bjerkemo: There is a lot of good documentation from the different working groups, and from other groups such as NGOs; the WWF, for example, is trying to influence decision making. It is up to Governments and Ministers to extract what we could do to improve safety and environmental standards in the Arctic. It is difficult to answer your question clearly.

Chair: Sure, I appreciate that. I need to bring our proceedings to a close now. I thank you sincerely for taking the time to address us. The work that the Arctic Council is doing will be absolutely key. We are grateful to you for coming and for the work that you are doing.

Ole Kristian Bjerkemo: Thank you.