The UK’s business interests in the Arctic

“How we act in the next 10 years will define mankind for the next 10,000 years”

Sir David King, 2018

**Summary**

WWF-UK wants a consultant to work with our Arctic Sustainable Development Manager the consultant will research and assess the extent of UK’s business activity, and influence on the Arctic region. The research will identify the main UK business activities that are driving development, whether they are sustainable, and the trends in these activities.

It will look at both the direct involvement, such as UK businesses active in the Arctic (e.g. oil & gas[[1]](#footnote-1), renewables[[2]](#footnote-2), fishing[[3]](#footnote-3), and mining[[4]](#footnote-4)) as well as UK indirect involvement (e.g. the financing or insuring of companies active in the Arctic[[5]](#footnote-5) or shareholders of companies active in the Arctic). WWF is interested in measuring the financial exposure and risk of UK companies via companies that they may wholly or partly own (e.g. BP Russian Investments Limited owns 19.75% of Rosneft[[6]](#footnote-6)). In cases where there is large exposure WWF would like to know what environmental commitments the UK company has given towards the Arctic or sustainable development and whether those commitments cover the part-owned company.

WWF wants a baseline of each of the sectors identified with an analysis of their future trends. For example, with the melting ice the scope for tourism, shipping and fishing are increasing. This also raises questions about whether current sustainable activities may soon become unsustainable. In the most impactful sectors WWF wants a list of the top companies in those sectors.

**Background**

The greatest threat to the Arctic, its environment and people, is from climate change. The Arctic is one of the most rapidly changing regions on Earth; it has been warming more than twice as rapidly as the global average for the past 50 years[[7]](#footnote-7). This has led to the loss of permafrost, land and sea ice causing increased coastal erosion, sea level rise and a change in frequency of some extreme weather events[[8]](#footnote-8). These changes are opening up new shipping routes and the opportunity for new activities in exposed Arctic areas.

However, these changes reach beyond the Arctic. The UK’s weather in the coming decades is uncertain and will likely be influenced by Arctic change[[9]](#footnote-9). Global food insecurity could rise due to the effects of Arctic change and weather patterns on global food production.

Since the late 15th Century the UK has looked north and engaged in Arctic exploration, research and development[[10]](#footnote-10). The legacy of this is a continued interest with the UK government having observer status at the Arctic Council[[11]](#footnote-11), UK excellence in Arctic research, and the UK having an Arctic Strategy[[12]](#footnote-12).

Fast forward to the 21 century and current developments include the opening up of the Northern shipping routes, increased tourism[[13]](#footnote-13), and hydrocarbon exploitation[[14]](#footnote-14). At the forefront of these are international businesses, finance and services (e.g. insurance and reinsurance), including UK ones.

The UK government has made commitments to deliver policies to reduce UK emissions in line with its Climate Change Act targets, and is seeking advice from the Committee on Climate Change as to how the UK can deliver net-zero emissions, in line with commitments made in the Paris Agreement. However, WWF is interested to explore whether there are policies or incentives to companies contrary to tackling climate change. And there are biodiversity and other sustainability issues associated with some of the options for taking climate action.

WWF wants to ensure the UK development activity in the Arctic doesn’t threaten the environment, reinforce climate change or hinder sustainable development for local and indigenous people. Sustainable development of the Arctic would be a positive force for the 4 million Arctic inhabitants (e.g. renewable energy). It could help remote communities become vibrant population centres rather than be marginalised. Development can present challenges and efforts are needed to ensure it does not reinforce climate change or present risks to the environment, ecosystems and species. One of the key areas prioritised in the latest UK Arctic policy is to promote prosperity in the Arctic throughsustainable economic and commercial development:

When the United Nations set the Global Goals for Sustainable Development in 2015, it recognised the importance of taking urgent action to combat climate change and its impacts; to conserving and sustainably using marine resources; and of life on land. The UK is firmly committed to delivering the Goals at home and around the World.[[15]](#footnote-15)

But the strategy also included a statement on Arctic oil and gas exploration and development that potentially contradicts this and the UK’s commitments on climate change:

Even as it moves to decarbonise its economy, projections show the world will continue to rely on oil and gas for decades to come. Supplying this demand will require exploration of new potential resources, with the Arctic, with its significant hydrocarbon reserves, potentially playing a major role. [[16]](#footnote-16)

WWF is confronting and building a movement to challenge the urgent threat of climate change. WWF is also promoting sustainable use of resources, working with business and government to protect our planet for generations to come. WWF-UK is developing a strategy to drive sustainable development in the frozen north and ensure that the UK’s role in the Arctic is a positive force for the people and wildlife found there.

To enable WWF to develop the most impactful Arctic sustainable development strategy WWF needs a baseline of UK activity in the Arctic. The main UK touch points in the Arctic – both positive and negative, now and in the future will be determined by:

* an analysis of the UK’s involvement in the different sectors listed in the section below (both UK companies and investment in companies leading the sectors)
* an assessment of the growth trends within these sectors
* an evaluation of the impact of the UK within each sector

WWF-UK’s Arctic Sustainable Development Manager with the help of the Conservation Intelligence Team will work with the consultant to identify data sets (such as the WWF-SIGHT database). However, WWF does not have access to all the key ones and the consultant should be able to access them in order to carry out this research.

**Sectors**

WWF-UK wants to look into the following list of sectors where UK businesses have interests in the Arctic. However WWF-UK expects that some sectors will be covered in depth – where there is the greatest UK business involvement – and others not to the same extent.

* Oil and gas (exploration, exploitation, and sub-contracted companies (e.g. seismic, hydrogeographic and side scan sonar surveys)
* Finance sector (investors/pension funds, asset management, bond holders, banks, risk management, insurance and reinsurance)
* Renewables (technology transfer)
* Fisheries distant waters fleet (expanded fleet)
* Shipping and associated infrastructure (ports/docks, airports, housing, roads)
* Mining (including coal and potential deep sea mining)
* Tourism (shipping, associated facilities and infrastructure)
* Infrastructure and logistical services (ports, docks, airports, roads, housing, support services, pollution cover, rescue cover, cable laying)
* Seaweed farming
* Aquaculture/mariculture
* Biotechnology
* Bioprospecting
* Agriculture

Context

While WWF-UK will not directly be focussing on the sectors below WWF is aware that they will influence business sectors and where relevant should be considered.

* Government policy (Beyond the ice UK policy towards the Arctic [[17]](#footnote-17); Export credit agency[[18]](#footnote-18))
* Security (NATO bases and activities – physical and noise)[[19]](#footnote-19)
* Science and research (including bathymetric surveys)
* Legal services

**Definitions**

The Arctic: WWF uses the CAFF definition for the Arctic region[[20]](#footnote-20).

Sustainable Development: WWF takes its definition from the Brundtland report, to meet the needs of the present without compromising the ability of future generations to meet their own needs[[21]](#footnote-21).

UK activities: These are sectors in business that have a direct or indirect involvement in the Arctic via projects, investment, insurance or policies that promote activities in the Arctic.

UK company/business: To be defined in discussion between WWF-UK and the consultant.

**Objectives**

* Identify the UK’s influence in the Arctic through business activities, and financial flows including company investments and services to provide a clear baseline of UK financial and business interests in the Arctic.
* Analyse trends in these sectors, identifying which are increasing and which pose the biggest future threats and opportunities to the Arctic.
* Identify unsustainable activities by UK business.
* Provide a foundation upon which to base a advocacy strategy for WWF-UK’s work on sustainable Arctic development

**Output**

WWF-UK wants a credible report that will provide the foundation for WWF-UK’s ten year Arctic strategy. WWF-UK anticipates that sections of the report might be made publicly available and released via the media.

* Assessment of the size of each sector linked to the Arctic as well as the trend for the sectors in the Arctic
* List of the top 10 companies in key sectors, which will allow an analysis of investors in them
* Assessment of the size of UK involvement in each sector linked to the Arctic compared with the sector as a whole
* List of UK companies, their involvement, and size of exposure in the Arctic – projects, activities and financial commitment
* List of UK companies that provide services that enable activities in the Arctic (insurers etc), the projects that they are associated with and the policies or services they provide that could be related to the Arctic
* List of UK companies and individuals investing in companies active in the Arctic, companies that provide services that enable activities in the Arctic, and the top 10 companies in each sector active in the Arctic and the size of the investments
* Analysis of the trends in these activities and services (increasing or decreasing)
* Set out the risks and benefits to sustainable development involved in each sector
* In cases where there is large exposure:
	+ What sustainable development commitments the UK company has given and whether those commitments cover the part-owned company.
* Estimate the risk to UK plc from UK businesses operating in the Arctic using unsustainable practices and UK investments

**Consultancy**

WWF is looking for a consultant to help deliver this report. The consultant will work closely with WWF-UK on the report. This will include a meeting with a WWF project team of experts, regular contact with the Arctic Sustainable Development Manager, additional inputs from WWF experts and the WWF-SIGHT Conservation Intelligence Team.

**Timeline**

This is expected to be a thorough study delivered before 30 June 2019 providing insights and the foundation for WWF-UK’s strategy on sustainable development in the Arctic.

**Payment Arrangements**

WWF invites respondents to indicate their budget requirements for this project within their proposal, WWF’s normal process is to make 100% of payment upon delivery of the requested products, but alternative payment schedules could be considered.

**Contact Details**

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1. #  The Barents Observer (2016) [BP makes return to Russian Arctic](https://thebarentsobserver.com/en/2016/11/bp-makes-return-russian-arctic)

 [↑](#footnote-ref-1)
2. Arctic renewable energy atlas <http://arcticrenewableenergy.org/home/about> [↑](#footnote-ref-2)
3. Vessel finder position for Norma Mary UK flagged trawler: <https://www.vesselfinder.com/?imo=8704808> [↑](#footnote-ref-3)
4. Alba Minerals website [Amitsoq graphite, Melville Bay iron ore, Inglefield Land, and Thule black sands projects](http://www.albamineralresources.com/index.php) [↑](#footnote-ref-4)
5. #  UK P&I Club website [Polar shipping](https://www.ukpandi.com/knowledge-publications/industry-issues/industry-developments/polar-shipping/)

 [↑](#footnote-ref-5)
6. #  BP website (2018) [Working in Russia](https://www.bp.com/en_ru/russia/about-bp-in-russia/business.html)

 [↑](#footnote-ref-6)
7. AMAP (2017) [Snow, Water, Ice and Permafrost](https://www.amap.no/documents/doc/Snow-Water-Ice-and-Permafrost.-Summary-for-Policy-makers/1532) [↑](#footnote-ref-7)
8. Ibid 5. [↑](#footnote-ref-8)
9. #  University of Lincoln (2018) [Is Arctic warming influencing the UK's extreme weather?](https://www.lincoln.ac.uk/news/2018/01/1427.asp)

 [↑](#footnote-ref-9)
10. In 1497 John Cabot sailed west in search of the Northwest passage having received funds from Henry VII <https://www.rmg.co.uk/discover/explore/john-cabot> [↑](#footnote-ref-10)
11. Arctic Council webpage: [Observers](https://arctic-council.org/index.php/en/observer-menu) [↑](#footnote-ref-11)
12. Polar Regions Department, Foreign and Commonwealth Office, HM Government (2018) [*Beyond the Ice: UK policy towards the Arctic*](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/697251/beyond-the-ice-uk-policy-towards-the-arctic.pdf) [↑](#footnote-ref-12)
13. Pers coms, the Arctic Circle Conference (2018) Alaskan cruise tourism is expected to rise 17% in 2019 and there are 113 new cruiser liners on order [↑](#footnote-ref-13)
14. #  Total website (2018) [Yamal LNG: The gas that came in from the cold](https://www.total.com/en/energy-expertise/projects/oil-gas/lng/yamal-lng-cold-environment-gas)

 [↑](#footnote-ref-14)
15. Polar Regions Department, Foreign and Commonwealth Office, HM Government (2018), page 4: [*Beyond the Ice: UK policy towards the Arctic*](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/697251/beyond-the-ice-uk-policy-towards-the-arctic.pdf) [↑](#footnote-ref-15)
16. Polar Regions Department, Foreign and Commonwealth Office, HM Government (2018), page 27: [*Beyond the Ice: UK policy towards the Arctic*](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/697251/beyond-the-ice-uk-policy-towards-the-arctic.pdf) [↑](#footnote-ref-16)
17. Ibid 13. Page 4: “Promote the Arctic as a place where economic and commercial development occurs in a sustainable and responsible manner.” Page 29: “the UK Government will continue to promote the UK as a centre of commercial expertise”. [↑](#footnote-ref-17)
18. <https://www.gov.uk/government/organisations/uk-export-finance/about>: “to ensure that no viable UK export fails for lack of finance or insurance” [↑](#footnote-ref-18)
19. <https://www.nato-pa.int/download-file?filename=sites/default/files/2017-11/2017%20-%20172%20PCTR%2017%20E%20rev.1%20fin%20-%20NATO%20AND%20SECURITY%20IN%20THE%20ARCTIC.pdf> [↑](#footnote-ref-19)
20. #  CAFF website: [Boundary for Conservation of Arctic Flora and Fauna (CAFF) working group of the Arctic Council](http://geo.abds.is/geonetwork/srv/eng/catalog.search#/metadata/2ad7a7cb-2ad7-4517-a26e-7878ef134239)

 [↑](#footnote-ref-20)
21. United Nations (1987) [Report of the World Commission on Environment and Development: Our Common Future](https://www.are.admin.ch/are/en/home/sustainable-development/international-cooperation/2030agenda/un-_-milestones-in-sustainable-development/1987--brundtland-report.html) 3.27 [↑](#footnote-ref-21)