

## The Arctic Economic Council

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The Arctic Economic Council (AEC) is an independent organization representing the viewpoints of industry and business; it was established in 2014 under the auspices of the Arctic Council during the Canadian Chairship in 2013-2015. The AEC operates independently from the Arctic Council but maintains close cooperation with it. The Economic Council serves as a platform for representatives of business and industry from Arctic states, Indigenous peoples' organizations, and other stakeholders, enabling them to collaborate and address economic opportunities and challenges in the region. The AEC's primary objective is to promote responsible economic development that respects the unique social, cultural, and environmental aspects of the Arctic. Representatives from various Arctic businesses in sectors such as shipping, tourism, energy, mining, and telecommunications play an important role in the AEC's activities. Following are the key areas to which the AEC contributes:

*Serving as a venue for economic cooperation:* By bringing together representatives from both the public and private sectors, the AEC encourages dialogue, knowledge sharing, and collaboration on various commercial projects. This cooperative approach helps to ensure that economic activities in the Arctic are conducted in a manner that is both sustainable and mutually beneficial for all parties involved.

*Promoting sustainable and responsible resource development:* The Arctic region is rich in both non-living and living natural resources, including oil, gas, minerals, and fish. However, the extraction and utilization of these resources must be done responsibly to avoid irreparable damage to the fragile Arctic ecosystem. Here, the AEC plays a crucial role in promoting best practices for responsible resource development. It encourages companies to adopt sustainable extraction methods, adhere to strict environmental regulations, and engage in comprehensive environmental impact assessments before undertaking any projects. By promoting responsible resource development, the AEC aims to minimize negative ecological impacts while maximizing economic benefits for local communities.

*Fostering sustainable Arctic tourism:* Tourism has been growing rapidly in the Arctic, driven by the allure of the region's unique landscapes and wildlife, ice and snow, remote wilderness, aurora borealis, and extreme temperatures. Its pristine countryside and unique Indigenous cultures also attract increasing numbers of tourists every year. Yet, the increase in tourist activities also poses significant challenges, including overtourism, pollution, and disruption of local communities. The AEC recognizes the importance of sustainable tourism and works to develop guidelines and best practices for responsible tourism in the Arctic. By encouraging sustainable tourism practices, the AEC ensures that the economic benefits from tourism are balanced with the preservation of the Arctic's natural and cultural heritage.

*Integrating voices from Indigenous communities:* The AEC acknowledges the vital role of Indigenous communities in the sustainable development of the region. It actively engages with Indigenous peoples' organizations and seeks their participation in economic decision-making processes. By incorporating Indigenous knowledge, perspectives, and traditional practices, the AEC ensures that economic development respects and preserves Indigenous cultures and their land-based livelihood practices, and thereby complies with human rights norms applicable to Indigenous communities. Moreover, the AEC promotes capacity-building initiatives to enhance the economic opportunities and self-determination of Indigenous peoples in the Arctic.

Following is an overview of the key institutional components that underpin the AEC:

*Members:* The AEC consists of representatives from the business community operating across the Arctic region; the Council currently has over thirty-five member companies. The members are primarily from the Arctic states, but some are from non-Arctic states, examples being Greece, Germany and South Korea. There are also members from Indigenous organizations (Permanent Participants). The members of the Council are selected based on their expertise, economic interests, and commitment to sustainable development. There are four categories of membership: 1) legacy members, numbering three business representatives from each Arctic state and three representatives from each Permanent Participant organization, who have voting rights; 2) Permanent Participant organizations, which have voting rights; 3) Arctic

Partners, composed of business representatives from both Arctic and non-Arctic states; and 4) Permafrost Partners, who represent small- and medium-sized enterprises in the Arctic (SMEs).

*Chair and Executive Committee:* The AEC is led by a Chair appointed for a two-year term; the position rotates among the Arctic countries, mirroring the chairship of the Arctic Council. The Chair is responsible for providing leadership and representing the AEC externally. The Executive Committee consists of the Chair, Vice-Chair, and other appointed representatives, including a representative from among the Permanent Participants. The Committee oversees the organization's activities, sets priorities, makes strategic decisions, and guides the overall direction of the AEC.

*Working Groups:* The AEC establishes various working groups to address specific economic sectors or cross-cutting issues. These working groups are composed of experts and representatives from member organizations who collaborate to identify opportunities and challenges in their respective sectors. The Working Groups represent different industry clusters, such as energy, infrastructure, shipping and logistics, tourism, and telecommunications. The Working Groups may change over time depending on their mandate.

*Annual General Meeting/Business Summit:* The AEC holds an Annual General Meeting, also referred to as the annual Arctic Business Summit, where members gather to discuss key economic issues, share best practices, and establish priorities for the coming year. The event serves as a platform for networking, collaboration, and the exchange of knowledge and experiences among the members. The program features presentations, panel discussions, and workshops on various economic issues related to the Arctic.

*Secretariat:* The AEC has a Secretariat based in Tromsø, Norway, that supports its operations and facilitates communication among members and other stakeholders. The Secretariat is responsible for coordinating meetings, organizing events, maintaining the Council's website, and facilitating information exchange.

*Engagement with the Arctic Council:* As an independent organization, the AEC works closely with the Arctic Council to provide input and recommendations

on economic matters. The AEC participates in Arctic Council meetings, contributes to policy discussions, and collaborates on initiatives that promote sustainable economic development in the Arctic.

Since its establishment, the AEC has undertaken several initiatives to advance its objectives. It has organized business-to-business networking events, conducted research on key economic sectors in the Arctic, and provided policy recommendations to governments and international organizations. The AEC has gained recognition as an important platform for economic engagement in the Arctic. Its annual Arctic Business Summits, brings together business leaders, policymakers, and other stakeholders to discuss opportunities and challenges in the region. The AEC also maintains partnerships with other international organizations, such as the International Maritime Organization and the World Economic Forum, in order to build a resilient Arctic future. By prioritizing responsible economic development, the AEC paves the way for a prosperous and resilient Arctic for generations to come.

**For more on this, read...**

Erokhin V, T Gao, and X Zhang, *Handbook of Research on International Collaboration, Economic Development, and Sustainability in the Arctic* (IGI Global 2019) <https://dx.doi.org/10.4018/978-1-5225-6954-1>

