

# Comment

## Create a global authority for Arctic oil and gas

by Jeffrey Garten

Published: August 14 2008 19:21 | Last updated: August 14 2008 19:21

Whatever happens with the development of alternative fuels, and however much we economise on using energy, the world will be reliant on oil, gas and coal for decades. The challenge of developing conventional energy sources in an environmentally sustainable way is one of the most critical we face. We therefore need to create an institution imbued with sovereign powers to develop the massive fuel sources in the Arctic Circle. It would be a far-reaching step, but the stakes warrant a special attempt to take it.

Last month the US Geological Survey [released the results of a four-year study](#) showing that the Arctic Circle contains sufficient energy supplies to have a big impact on supply: 90bn barrels of oil, 1669 trillion cu ft of natural gas and 44bn barrels of natural gas liquids. That represents 13 per cent of the world's undiscovered oil – the “largest unexplored prospective area for petroleum on earth”, according to the USGS. It equals 30 per cent of the world's undiscovered gas, or nearly two-thirds of the proven gas reserves of the Middle East; or 20 per cent of the world's undiscovered liquid hydrocarbons.

However, developing the Arctic Circle is so rife with conflicting interests among governments, businesses and non-government organisations that years of delay are likely. At least five countries lay claim to the region's energy resources: Russia, Canada, the US, Denmark and Norway. Conflicts are already brewing about who owns what, with Russian assertions of sovereignty particularly brazen when Moscow planted its flag on the ocean floor beneath the North Pole.

In addition, energy development must avoid any further destruction of Arctic wildlife. It must take account of the habitats of indigenous people. As the polar ice cap melts because of global warming, the Arctic is becoming an important shipping lane between Europe and Asia, raising a host of transport-related regulatory concerns.

Existing international law cannot deal with all forthcoming disputes. The sheer number of international bodies that claim some jurisdiction – including the Arctic Council, the Law of the Sea Convention, the United Nations International Maritime Commission – is a recipe for institutional competition, polarisation and delay. And a multilateral agreement among governments would not suffice, for it is sure to lead to another intergovernmental process bogged down in slow-motion bureaucratic machinery whose activity is paralysed by the threat of national vetoes.

We need to create an organisation to which sovereignty is ceded by the nations around the Arctic Circle. Governments would have an advisory role, as would industry and other interests, but none would be able to override the decisions of the new Arctic Authority. Its mission would be to ensure that the maximum amount of energy is produced consistent with consideration for the environment and other issues. It would be responsible for creating order out of what will otherwise become a national scramble for resources that could even have military implications.

The Arctic Authority would have the power to gather information from all countries, companies and NGOs involved. It would hold public hearings, weigh scientific and other kinds of evidence, make executive decisions on rules relating to the exploration and distribution of energy sources and adjudicate appeals. By imposing a modest levy on all oil and gas production, it would have the resources to invest in environmental protection. It would not own the natural resources, but would decide on the rules for governments and for companies (publicly listed, private, state-owned) that govern energy-related activity in the region.

There is a precedent. In 1951, six European nations formed the European Coal and Steel Community, to which they ceded sovereignty over their coal and steel resources. They took this momentous step because tensions among countries over these industries were seen as being at the heart of two previous wars. The ECSC showed that, in a circumscribed area of industry, there was an alternative to destructive nationalist rivalries on the one hand and inefficient intergovernmental organisations on the other. It became the forerunner of the European Union.

In the wake of a spreading credit crunch, the failed Doha trade negotiations and rising resource nationalism, enhanced global co-operation in any area might seem far-fetched. Nevertheless, is not this the moment for world leaders to show they are capable of meeting new challenges in new ways?

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