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POLICY PERSPECTIVE

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2024 marked an inflection point in Canada's approach to the Arctic. Two major policies were released as the result of this Arctic transformation. Jointly considered, they describe the future of Canada's global posture in the Arctic. In July, Canada signed the Icebreaker Collaboration Effort (or ICE Pact) with Finland and the United States (U.S.). In December, Ottawa released Canada's Arctic Foreign Policy (AFP). Together, these policies altered Canada's post-Cold War approach to the Arctic and offer a response to the question of how Canada can best enhance Arctic security in the face of emerging threats, especially climate change and increased geostrategic competition. Since the announcement of the ICE Pact, a new U.S. administration has been elected, which has shaken many of the foundations of Canadian-U.S. relations. Despite this, the ICE Pact remains an agreement that offers tangible economic and national security benefits to both Canada and the U.S. There is therefore reason to believe that such a valuable trilateral agreement will weather the ongoing political tensions between Canada and the U.S. and perhaps offers one area of cooperation that the Canadian government elected on April 28th can leverage to positively improve bilateral relations with the new US Administration. This Policy Perspective will argue that the ICE Pact offers a powerful example of minilateralism and modern commercial diplomacy that strongly benefits Canada and protects its Arctic interests. It is an agreement worth pursuing – even in the current context of Canada-U.S. relations.

What is the ICE Pact?

At its heart, the ICE Pact is a trilateral partnership focused on increasing the three signatories' Arctic capabilities through the enhancement of their marine industrial bases. Via the deepening of economic connections between the three partners where relevant, its overall aim is to strengthen Arctic security and the rules-based international order in the region. To do so, the ICE Pact includes four components: (1) enhanced information exchange; (2) workforce development collaboration; (3) engagement with partners; and (4) research and development. As of the spring of 2025, the ICE Pact consists of a Memorandum of Understanding (MOU) and an agreement for the signatories to meet tri-annually to advance the goals of the Pact and potentially evolve the MOU over time. The medium-term future of the Pact is not clear, but the possibility to expand its membership or areas of collaboration indicates that there are several potential ways to increase the Pact's foreign policy impact over time.

The ICE Pact focuses on mutual economic and information-sharing opportunities that might strengthen shared international norms and rules. It is part of the signatories'

national industrial strategies, and all three countries have assigned investment and economic affairs representatives to it. Canada is at the centre of the ICE Pact. Canadian shipbuilder Chantier Davie purchased a Finnish shipyard, is building icebreakers for Canada as part of its National Shipbuilding Strategy, and is looking to expand into the U.S. market. Despite the Pact not discussing shared security concerns, Canadian and American governments nonetheless firmly situated the ICE Pact as a tool to enhance Arctic capabilities and allies' abilities to respond to potential Russian and Chinese geopolitical threats when announcing the MOU in December. Prime Minister Trudeau highlighted that the Pact "builds on Canada's commitment to asserting its sovereignty in its Arctic and Northern regions" and advances the defence priorities outlined in *Our North, Strong and Free*. From the U.S. perspective, several National Security Council directors have tied the Pact to emerging Arctic defence concerns around renewed great power competition in the Arctic. Thus, while the ICE Pact as written focuses on economic opportunities and is administered by economic affairs personnel, there are deeper strategic and defence implications embedded within it. It remains to be seen how these additional layers will impact the Pact's implementation over time. The future potential for Canadian businesses to expand into the massive American marine government market through icebreaker production is a vital potential outcome of the ICE Pact for Canada.

ICE Pact and Minilateralism

The ICE Pact reflects a current trend among European and Indo-Pacific countries towards partnering with small groups of allies on commercial diplomacy initiatives. This approach furthers national diplomatic and defence priorities when large multilateral organizations are under strain and may not be functioning efficiently. The Canadian government has acknowledged its lack of experience with this type of diplomacy. Recently however, positive examples such as the Five Eyes Partnership and AUKUS Pillar 2, have encouraged Ottawa to consider minilateralism as a means of furthering Canada's interests. It is likely that Canada will engage more frequently in these types of diplomatic initiatives, especially in the Arctic, if it perceives the ICE Pact as successful. Certainly, Canada's position as the lynchpin of the ICE Pact on a critical area of allied economic cooperation offers an innovative manner of practicing Arctic diplomacy and will enhance Canada's Arctic security. Moreover, in an era of limited American international cooperation, U.S. politicians may be more supportive of minilateral initiatives, especially those that benefit American commerce. For these reasons, Canada should continue to engage with its partners and allies on minilateral and commercial agreements.

How does the ICE Pact complement Canada's Arctic Foreign Policy?

In the post-Cold War environment, Canada has traditionally focused its northern multilateral diplomacy on the Arctic Council. The Council emphasizes the "environmental, social and economic aspects of sustainable development in the Arctic region" and has no mandate for defence or security management. Management of Canada's Arctic international relations using the Arctic Council is consistent with Canada's support for 'Arctic Exceptionalism,' the idea that the region should be exempt from typical security concerns. Over the past 30 years, the Arctic Council has provided strong multilateral Arctic governance consistent with Canada's diplomatic goals. However, Arctic exceptionalism was undermined by the renewed 2022 Russian invasion of Ukraine, as offensive Russian actions meant that the other Arctic states felt obligated to respond punitively. The Arctic Council was on a hiatus from 2022 to 2024, and the Senior Arctic Official meetings have not yet restarted, sending a clear diplomatic signal to Russia about its egregious actions but also rendering the Council largely ineffective. Ottawa has since released its AFP, which offers a substantial change in vision by more fully acknowledging strategic threats and security concerns. In this environment, Canada continues to privilege diplomacy in the protection of Canadian northern interests, but also recognizes the need for new agreements to protect Arctic human security.

The ICE Pact and its renewed vision of minilateralism lie at the heart of the new AFP. In the current profoundly altered geopolitical landscape, Canada's best response is to work with like-minded partners on issues of mutual concern. Issues that strengthen commercial, informational or development goals in the Arctic are likely the most relevant to Canada's interests, especially if they complement Arctic security. The ICE Pact is a particularly relevant initiative as it leverages Canadian capital and expertise to assist with a rare area of security where our continental partner is relatively weak, thus increasing the impact of Canada's investment. Additionally, increased Canadian icebreaker capacity has the potential to lead to additional trade and community engagement in and through the Arctic. Improved icebreaker production is also another way of demonstrating Canada's Arctic focus and thus enhances our sovereignty in grand terms. Generally, the AFP offers a new vision of diplomatic engagement for the Arctic and provides the strategic orientation for Canada to engage in new forums to protect its interests. The ICE Pact is a good example of these novel types of partnerships.

How does the ICE Pact benefit Canada?

The ICE Pact offers numerous benefits to Canadian interests. It gives Canada a presence in an international group focused on resolving an issue that is of great concern to the

United States (the so-called 'Icebreaker Gap'), allowing Ottawa to shape conversations on the Arctic in beneficial ways. This benefit was evident in the scope of issues considered in the December 2024 MOU in comparison to the original July 2024 ICE Pact. Whereas the Pact focused solely on icebreakers and shipyards, the MOU included enhanced information exchange. Canada should recognize that US security and trade officials are widely supportive of the ICE Pact and have indicated that it improves the defence of the U.S. This is an important benefit to the U.S., therefore should be a benefit which Canadian officials discuss more prominently. The ICE Pact also demonstrates Canada's emphasis on collective security and international partnerships to a wide audience, which aligns with the national foreign policy tradition and demonstrates our Arctic values on a global stage. In this vein, the ICE Pact offers a tangible example of international Arctic cooperation in an era where collaboration has recently decreased.

The focus on marine industry and homeland security partnerships offers Canada distinct engagement pathways with the U.S. that augment more traditional forums such as NORAD or the National Technology and Industrial Base. Continued defence industrial connections with both Finland and the U.S. are likely to yield significant productivity and research benefits to Canada's marine industrial sector, including potential future Canadian access to the highly protected U.S. marine sector. The ICE Pact will also see Canada enhance its own industrial base and build strategic icebreaker capability in a more cost-effective manner than recent shipbuilding projects. It will increase Canada's international trade and domestic intellectual property, improving Canada's global economic position. This is especially pertinent as Canada has gained access to cutting-edge Finnish intellectual property, a skilled Finnish workforce and Finnish R&D. Putting these assets to use domestically to create a world-class marine industrial capacity while adding capability to respond in the Arctic is an obvious gain.

Challenges

While the ICE Pact offers considerable benefits to Canada, it is not without challenges. The announcement of the ICE Pact at the 75th NATO Summit and high-level diplomatic announcements around the MOU signing in December 2024 showed the partners' political investment in this agreement. However, the structure of the Pact as an MOU, as well as uncertainty about the Pact's exact trajectory indicate that sustained political support from all three countries will be needed for this agreement to achieve its full potential. Unfortunately, it is likely that the ICE Pact will face significant headwinds in light of the arrival of a new U.S. administration. This may limit the effectiveness of the agreement, especially as a tool for aligning Canadian-U.S. marine industrial and Arctic foreign policy.

The wider future of Arctic cooperation may also impact the long-term viability of the ICE Pact. While it currently appears that the Arctic Council is unlikely to offer a useful multilateral forum for future Arctic governance, its revival would limit the scope of the ICE Pact. In this situation, the Pact would likely continue as a trilateral agreement focused on marine industrial cooperation and would be much less likely to mature into a larger forum for cooperative Arctic partnership. Whether the ICE Pact is the first step towards a dynamic minilateral diplomatic system in the Arctic or is a 'one-off' agreement with a limited scope is an uncertain question that future researchers may find it useful to investigate.

Conclusion

The pace of change for Canada's Arctic policy increased dramatically in 2024, with new national policy responding to Canadian's changing perspectives on Arctic affairs. Canada's new Arctic foreign policy reflects Ottawa's acceptance of fundamental changes to the post-Cold War North. In this new environment, innovative tools will be needed to protect Canadian interests. The ICE Pact represents a dynamic evolution of the means to protect these interests. Its focus on commercial diplomacy and minilateralism represents an innovative method to further Canadian interests, while acknowledging that these interests remain consistent with previous experience. The Pact binds Canada and the U.S. together on a matter that is important to Americans, while furthering Canada's commercial interests globally. While the perspective of the new American Administration towards Canada represents a challenge to Canadian interests, cooperation between the U.S. and Canada will remain necessary to ensure the defence and security of both partners. Rhetoric between Canada and the U.S. in 2025 may be divisive, but the same shared interests that undergird 80 years of shared Arctic defence make it likely that cooperation will continue. The ICE Pact is an economic development tool that will provide further industrial capacity and Arctic capability to the U.S. and Canada in the years to come. However, beyond this important benefit, the ICE Pact also offers an agreement between the Trump Administration and the new Canadian government where engagement can continue without pause. Fundamentally, the ICE Pact is an example of effective modern diplomatic engagement that benefits Canada and furthers Canadian Arctic interests. Canada should continue to invest resources to maintain it and utilize the benefits it provides to the fullest degree possible.

About the Author

Julian Yates *is a Lieutenant-Commander who was born and raised in Victoria, British Columbia, where he joined the Canadian Armed Forces. He is privileged to be currently enjoying the Joint Command and Staff Program at the Canadian Forces College in Toronto. Julian has extensive operational experience in Halifax, Yellowknife, Esquimalt and Ottawa throughout a 20-year career as a logistics officer. Julian's most memorable operation was in Iqaluit, where he had the chance to meet a polar bear 'up-close'. Julian perpetually thanks his spouse and two children for their support and love.*

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