

Backgrounder on Economic Opportunities

**For Discussion at the Economic Opportunities
Sectoral Meeting, December 13th and 14th, 2004,
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INUIT TAPIRIIT KANATAMI

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I Introduction

Inuit are a circumpolar people that share a common language, cultural heritage, and archaeological record of settlement stretching from Siberia in the west, to northern Alaska and northern Canada in North America, and on to Greenland in the east. In Canada, the traditional Inuit homeland comprises almost one third of the land mass of Canada and includes fifty three communities primarily located along coastal areas that are only accessible by air and sea-lift on a seasonal basis and, in some cases, air alone on a year round basis.

Not only do circumpolar Inuit today find themselves separated by international boundaries, the Inuit that live within the traditional homeland in Canada are also subject to different political and economic jurisdictions. Inuit in Canada are appropriately recognized as one “Aboriginal People” for constitutional and other purposes. Yet, as a result of the history of provincial and territorial boundary delineations and extensions, and the closely related process of the settlement of Inuit land claims agreements in Canada, the Inuit homeland in Canada is divided into four different Inuit “land claim settlement areas”. These, in turn, are located within three different territorial government jurisdictions (i.e., Nunavut, the Northwest Territories, and the North Slope area of the Yukon Territory) and two provincial government jurisdictions (i.e., Quebec, and Newfoundland and Labrador).

Recognizing the “oneness” of Inuit in Canada, and prior to the start of the Inuit land claims process, Inuit founded the Inuit Tapirisat of Canada (now the Inuit Tapiriit Kanatami) in 1971. The national Inuit organization played a strong early role in supporting the regional land claims negotiations and helped the Canadian government understand their right to self-determination. Canadian Inuit also recognized their important links to all circumpolar Inuit and founded the Inuit Circumpolar Conference (ICC) in 1977. The Canadian office of ICC works closely with ITK and Canadian regional Inuit organizations to help share information and promote joint ventures among Inuit across international lines. In the 1970s, for example, Inuit in Greenland and Alaska learned from the Canadian land claims settlement process and vice-versa.

In a speech to the Canadian Council on Aboriginal Business on February 18, 2003, Jose Kusugak, the President of Inuit Tapiriit Kanatami, observed that the national Inuit organization was now over thirty years “young” and that over these years “Inuit have developed solid partnerships with our fellow Canadians who assisted us in settling our land claims, supported our political and constitutional rights, and the development of our capital.” He also commented that “a return to self-reliance was at the very heart of the land claim demands we made on the government of Canada thirty years ago.”

In a review of the history of ITK, available on the ITK web site, it is pointed out that the discussions at the very first national meeting of Inuit representatives, who had gathered together to create the national organization, identified many of the core issues that have defined the mandates and activities of ITK since its founding in 1971. These issues

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included: aboriginal rights; concerns about both large scale development, especially the potential of oil exploration, and smaller scale or local development such as the establishment of northern tourism by outside interests; the need to formalize Inuit rights with respect to development and to establish appropriate mechanisms for Inuit participation, consultation and decision making powers; formulating policies, programs and research for dealing with rights to territory and resources and concerns about the right to maintain traditional land use and harvesting practices.

The history of the negotiation and finalization of Inuit land claim settlement agreements in Canada, which is a process that has not yet been completed, can also be seen as one of the more exciting chapters in the overall story of the economic and political development of Canada. In fact, the two aspects of this process – the economic and the political - are closely intertwined. The *James Bay and Northern Quebec Agreement (JBNQA)*, which was signed in 1975, was the first modern land claims settlement agreement in Canada and was negotiated under enormous political pressures related to the Government of Quebec's desire to proceed with the James Bay hydro-electric mega-development project. Similarly, the extensive oil and gas exploration activities that were being carried out in the Beaufort Sea and Beaufort Delta area of the N.W.T. in the 1970s and the desire of the major petroleum companies to build the proposed Mackenzie Valley pipeline, provided the background context for the negotiation of the *Inuvialuit Final Agreement*, which was signed in 1984.

The signing of the *Nunavut Land Claims Agreement* in 1993 not only provided certainty with regard to many issues related to the development of mineral and other resources in the Nunavut Land Claim Settlement Area, but also directly led to the creation of the Nunavut Government on April 1, 1999. The *Labrador Inuit Land Claims Agreement*, which is currently in the process of being finalized and ratified by the federal government, will lead to the creation of different levels of Labrador Inuit self-government institutions and includes extensive provisions regarding economic development. In addition, as the final piece in the overall structure of Inuit land claims agreements, the *Nunavik Marine Region Comprehensive Land Claims Agreement*, which is currently being negotiated between Canada and the Inuit of Nunavik (i.e., the Inuit in the area of Quebec north of the 55th parallel of latitude), will provide, upon ratification of the Agreement, for the establishment of procedures for the development of projects in this off-shore area and for the harvesting of renewable resources on the islands and in the waters surrounding the fifteen Nunavik Inuit communities.

When the negotiation and ratification of the Inuit land claim agreements is completed, there will be a total of five comprehensive settlement agreements, entered into by the four groupings of Inuit beneficiaries (i.e., Inuvialuit, Nunavut, Nunavik, and Labrador Inuit beneficiaries), which will set out Inuit rights with regard to the ownership of or access to land and resources in these Inuit land claim settlement areas and provide for a constitutionally protected framework for the development of resource projects in these areas and for the pursuit by the Inuit of local or regional economic opportunities.

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Although the Inuit land claim settlement agreements have many different provisions, there are also many similarities when it comes to economic development. All of the agreements include provisions related to land ownership regimes, procedures for access to Inuit land, wildlife harvesting regimes, financial compensation, the review and assessment of development projects proposed for the settlement areas, public sector employment, government procurement, and specify that Inuit will live in regular municipal structures (i.e., not on reserves). As well, almost all of the agreements include provisions for land use planning, the co-ordination of economic development programs and policies, and for the type of Impact Benefit Agreements that would need to be entered into in relation to the approval of resource development projects. As well, none of the agreements provide for a special tax status for Inuit beneficiaries or their companies. With regard to the economic provisions set out in Section 16 of the *Inuvialuit Final Agreement*, it is specified that Canada and the Inuvialuit agree that the various economic measures contained in that Section were designed to support the achievement of the following objectives:

- (a) full Inuvialuit participation in the northern Canadian economy; and,
- (b) Inuvialuit integration into Canadian society through development of an adequate level of economic self-reliance and a solid economic base.

All of the Inuit land claims settlement agreements as well as the national and regional Inuit organizations can be seen to share this overall objective with regard to the development of resources in their respective settlement areas and with regard to the pursuit of local and regional economic opportunities.

However, largely because they result from a similar claim settlement process and also share many other organizational linkages and experiences, the local and regional Inuit organizational structures in Canada share many other organizational features that play a significant role with regard to economic development, which include the following:

- **Local Inuit organizations** usually hold title to Inuit lands, issue various types of wildlife harvesting and other permits, invest in certain types of local business opportunities, and play a role in determining Inuit beneficiary status.
- **Regional Inuit organizations** appoint Inuit representatives to various types of Comprehensive Land Claim Agreement (CLCA) mandated bodies, hold CLCA land claim settlement funds and are responsible for the stewardship and wise investment of these financial resources, and have frequently made capital investments in strategic regional development initiatives.
- **Regional Inuit development corporations** (the Inuit heritage corporations) have been created in all four Inuit land claim settlement areas (i.e., the Labrador Inuit Development Corporation, Makivik Corporation, Nunasi Corporation, and the Inuvialuit Development Corporation) and in the three regions within Nunavut

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(Qikiqtaaluk Corporation, Sakku Investments Corporation, and Kitikmeot Corporation), which are responsible for pursuing commercial business opportunities on behalf of beneficiaries in their respective regions and which are wholly owned and controlled by the regional Inuit organizations.

- All of the Inuit heritage corporations have in turn established wholly Inuit-owned **subsidiary corporations** of their own and currently participate in a wide variety of joint ventures and other business partnerships and arrangements in specialized areas of business activity (airlines, fishing ventures, shipping companies, construction companies, etc.) that play an important role in the various regional economies in northern Canada.

II Economic Characteristics of the Inuit Regions

In addition to sharing many organizational similarities, the Inuit regions of Canada and, indeed, all circumpolar Inuit regions, also share many of the same economic characteristics. In this regard it can be commented that all of the Inuit regions in Canada are characterized, of course, by their cold climate, sparsely settled and remote geographical location, and a reliance on transportation linkages provided by air and sea. As well, all of the Inuit regions are also characterized, in an economic sense, by the existence of a “mixed economy” that combines traditional or subsistence harvesting of wildlife resources, either for direct domestic consumption or for commercial sale, existing alongside of a cash or wage economy that has developed at different speeds and to varying degrees within the northern communities.

However, while the wage economy is growing rapidly in all of the Inuit regional economies, it can easily be observed that many of these new jobs are related to the expansion of public services and the devolution of government administrative positions to northern communities. As a result, in many Inuit communities, over 70% of the available jobs are often found within the public sector and are involved with the provision of health or educational services or relate to locally available government administrative positions. The *Nunavut Economic Development Strategy* noted, in this regard that, “Government spending on wage and non-wage activities constitutes 65 percent of the Territory’s overall expenditures.” After taking into account a small non-profit sector (i.e., churches, charities, etc.) the remainder of the economy is composed of the private sector, which is comparatively less developed than in the south and which is faced with many challenges in terms of its potential for growth and job creation.

The demographic make up of the population in the Inuit regions, combined with the expected leveling of the rate of growth in public sector expenditures in the north over the coming years, makes the growth and diversification of the private sector of vital importance. It has often been noted that the relatively high birth rates in the north mean that Inuit communities have a correspondingly “young” population. One half of the

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regional population in Nunavik, for example, is under the age of 25 and over three quarters of the population is under 35 years of age.

In order to successfully meet this challenge, the barriers to business development in the private sector will have to be overcome and the “capital assets” of the Inuit regions will have to be maximized with the objective being to achieve the development of a mature and diversified economy capable of providing a sufficient level of employment opportunities to the growing population base and a standard of living equal to that enjoyed by other Canadians.

III Supporting the Growth of the “Capital Assets” of the Inuit Regions

The *Nunavut Economic Development Strategy* makes the point that economic growth is vitally necessary for Nunavut and comments that the main analytic tool that is used by economists when talking about economic fundamentals is the concept of “capital”, which refers to the assets or wealth of a community. However, in developing the proposed development strategy for Nunavut, the concept of Nunavut’s capital assets is expanded “to include natural resources like mineral wealth (natural capital), people’s abilities and potential (human capital), the capacity of Nunavut’s organizations (organizational capital), and physical assets as diverse as buildings, airport runways and satellite dishes (physical capital).”

This four-part conceptualization of the capital assets of Nunavut could equally be applied to all of the Inuit regions and is useful when discussing strategies to promote economic opportunities. The important point flowing from this discussion is that strategies for maximizing economic opportunities in the Inuit regions must be aimed at increasing the existing capital assets currently found within these communities, along each of the four dimensions of capital formation, and toward reaching basic thresholds of economic growth in each of these areas so that a region’s full economic potential can be achieved.

In order to take full advantage of the economic opportunities in the Inuit regions, it will therefore be necessary to invest in all four of these aspects of economic growth.

- The **natural capital** of the Inuit regions is still being explored and delineated in many ways, which will need to continue, and the environment and the renewable and non-renewable resources that it contains will need to be protected from harmful types of exploitation.
- The **human capital** of the Inuit regions can only be fully developed through building healthy communities, the provision of appropriate education and training to the growing population, and the elimination of social problems like inadequate housing, and drug and alcohol abuse.

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- ❑ Local and regional Inuit organizations must be strengthened if the **organizational capital** of the Inuit regions is to be maximized.
- ❑ The **physical capital** or infrastructure of the Inuit regions is also inadequate in many ways and currently impedes both the social aspects of economic development and the commercial development of viable business enterprises necessary for a strong and diversified economy.

IV Shared Barriers to Economic Development

Other Aboriginal communities as well as other northern and remote communities in Canada share many of the barriers to economic development faced by the Inuit. These problems have been accurately described in a number of reports and studies such as those produced by the Royal Commission on Aboriginal Peoples and the National Aboriginal Financing Task Force. These barriers need not be elaborated here, but can be seen to include such realities of daily life as the following:

- ❑ The limited size of communities and their distance from the major metropolitan centres of Canada
- ❑ The remoteness of the communities and the lack of surface connections both to the south and amongst northern communities
- ❑ The high cost of transportation of people and goods to the north and within northern communities, along with the need to import most foodstuffs, consumer products and building materials, etc. from southern suppliers and delivery points
- ❑ The high burden of taxation faced by residents of the north due to the application of various types of user fees (e.g., NAV Canada landing fees) and consumption taxes (GST, provincial sales taxes) applied to high consumer prices
- ❑ The lack of an effective telecommunications infrastructure in the region
- ❑ The almost complete absence of banks and other mainstream financial institutions in many northern communities along with the personal and commercial deposit and lending services normally provided by such institutions
- ❑ The harsh climate of the region and the impact that this has on the construction and operating costs of facilities of all kinds
- ❑ The cultural and language realities of remote Aboriginal communities that mean that organizations often have to provide services to customers and/or deal with government departments and agencies in two or three different languages
- ❑ The difficulties in remote areas in locally recruiting specialized manpower, and
- ❑ The international trade laws and regulations that act as barriers to marketing a spectrum of Inuit produced products (e.g. sealskin coats and other marine mammal products, caribou meat, products from muskoxen, etc.).

These realities of daily life in the Inuit regions affect everyone living and working there and all of the public and private sector organizations that provide services to clients within the region. These broad regional development barriers act as very real constraints

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on all types of development and so businesses along with other organizations must take them into account in planning their activities. As well, these barriers also lead to a more specific set of obstacles that have to be faced by private sector entrepreneurs in relation to their business activities, which from a business point of view can be stated as follows:

- ❑ The small population and scattered nature of the local markets
- ❑ The low purchasing power and lack of personal savings within local markets
- ❑ The high taxation levels, which are reflected in increased business costs and which inevitably result in higher consumer prices which, in turn, reduce demand for products and services produced within the region
- ❑ The high cost of transporting goods, services and people into and out of the region and the logistical difficulties of having to arrange for transportation of all heavy or bulky goods by seasonal sealift operations
- ❑ The high cost of constructing and operating facilities within the Inuit regions
- ❑ The lack of modern telecommunications services in many northern communities and the high cost of these services to the extent they are available
- ❑ The relatively high wage structure of the labour force in northern communities based on the high cost of living and the dominance of public and para-public organizations within the regional economies
- ❑ The lack of specialized knowledge on many of the products that could potentially be produced from the Inuit regions, the potential for marketing these products outside the north (either domestically or internationally), and the potential profitability of such ventures.
- ❑ The lack of many types of technical and professional services (i.e., legal, accounting, business and financial planning, audit, investment, architectural, engineering, environmental, etc.) in most communities in the Inuit regions
- ❑ The lack of access to appropriate sources of commercial loans for many business activities, from capital sources located within the Inuit regions, and the cost and difficulty of accessing business financing if located outside the region, and
- ❑ The difficulties faced by many entrepreneurs in learning about and successfully accessing various types of financial and business advisory services that might potentially be available to them from local, regional, provincial/territorial or federal government departments and agencies
- ❑ The problems in exporting certain types of Inuit produced products to other countries or to import various products and materials into Canada.

V Supporting Inuit Economic Opportunities Through Strengthened Governance Structures and Enhanced Organizational Capacity

In any discussion related to enhancing the capacity of Inuit organizations, there will be two major components to this discussion. The first of these relates to capacity building at the local level through strategies and initiatives that promote community economic development, which is often simply referred to as CED. The second component of the discussion will relate to the need to strengthen the regional Inuit organizations and for the

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enhancement of their role in the delivery of programs and services of various kinds, at a regional level, in close cooperation with the Inuit organizations at the community level.

For example, the *Nunavut Economic Development Strategy* comments that Inuit participation in the economic growth in Nunavut depends on linking that growth to the communities and notes “CED is attractive for two principal reasons. First, it promotes a bottom-up approach to development, which involves the full participation and control by local people, as an alternative to the outside-in approaches to development that have had limited success in the past. Secondly, a CED approach to economic growth is a sustainable development approach ...”

However, while the delivery of services must shift, wherever possible, to the community level from federal and provincial/territorial government program level, this devolvement should be within the context of multi-year program delivery arrangements that are entered into between the respective governments and the regional Inuit organizations. Again, as emphasized in the *Nunavut Economic Development Strategy* “Building a regional network to support community economic development will help breakdown stovepipes in government.” As well, the regional Inuit organizations are in an excellent position to combine or pool elements of government programming that might originate in different departments or even at different levels of government and deliver them in culturally and regionally appropriate ways to the communities located within their respective regions in support of economic growth and diversification.

It will also be important to ensure that Inuit women benefit from the limited job and business opportunities in their communities and regions. Pauktuutit, the national Inuit women’s association in Canada, has emphasized that a high priority in this regard is the need to address the critical gaps that prevent significant numbers of Inuit women from becoming self-employed. Pauktuutit and the regional Inuit associations could be used to provide a range of informational material, financial assistance, and other support services to potential Inuit women entrepreneurs.

Because of the shared regional economic characteristics and barriers to development, and the similarities in their land claims settlement structures, it is appropriate that this proposed devolution of program delivery responsibilities be accomplished by way of Inuit-specific programs and initiatives. With respect to the federal government, the examples of program delivery arrangements with the regions that come closest to this approach are probably the Community Economic Development Organizations (CEDO) Program of Indian and Northern Affairs Canada (INAC) and the Aboriginal Human Resource Development Strategy (AHRDS) of Human Resources and Skills Development Canada (HRSDC), which both use the regional Inuit organizations in the delivery of programs within their respective regions with services being provided at the community level through a network of service delivery personnel. Mechanisms must be found to extend this approach to other areas of economic development and Aboriginal business support programming in INAC, the regional development agencies, and Aboriginal Business Canada. At the international level, the Canadian International Development

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Agency (CIDA) is an international example of the federal government using Inuit to help deliver programs. ICC Canada is currently in the sixth year of a multi-million dollar capacity-building program that not only assists Russian indigenous peoples, but Canadian Inuit as well.

Supporting Inuit economic opportunities through the enhancement of organizational capacity must also focus on education and training related to both public and private sector employment and for jobs within the Inuit organizations themselves. There are innumerable economic opportunities in the Inuit homeland that will mostly benefit non-Inuit if a significant focus on skills development is not present.

VI Supporting Inuit Economic Opportunities Through Improved Access to Capital and Investment

As noted above, the lack of access to investment capital is one of the significant barriers to the growth and diversification of the regional Inuit economies. This reality has been commented upon in virtually every study on Aboriginal economic development or on business development in the Inuit regions of Canada. In many Inuit communities, financial institutions of any kind are completely absent, which means that capital is not accumulated within the communities or available for investment in business enterprises.

The response by government, and the Inuit regional organizations themselves, to this problem has generally consisted of the initiation of grant, business loan, and contribution programs in support of Inuit business development. These programs have a variety of eligibility criteria, loan or contribution size limits, and may be restricted to different types of business enterprises. The programs also focus somewhat differently on the various phases of the business development cycle, which moves through the following phases:

- ❑ Identification of business or commercial potential
- ❑ Preparation of a business plan
- ❑ Financing of the business
- ❑ Business start-up and operation, and
- ❑ Business expansion or re-financing

At present, Inuit entrepreneurs must usually go to different departments for different types of program support and often have to “stack” the support from different programs that are available at the different levels of government. Federal government support for Aboriginal business development, for example, is usually limited to 40% of the amount that is needed counting all departmental sources of funding. The other 60% must come from other levels of government, support from the regional Inuit organizations, commercial lending, or from the entrepreneurs own funds. This is very difficult, to say the least, in communities with no local financial institutions and very low levels of personal savings or assets against which business loans might be secured.

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There are two examples of Inuit-controlled developmental lending institutions that should be mentioned in this context. The Nunavik Investment Corporation (CFDC) was incorporated in 1987 (originally known as the Kativik Investment Fund) and provides commercial financing to Inuit and eligible non-Aboriginal businesses in the Nunavik region. This institution currently receives operational funding from the federal regional development agency in Quebec and has two sets of loan funds: one is an Aboriginal Capital Corporation (ACC) fund and is restricted to Inuit businesses while the other is a Community Futures Development Corporation (CFDC) fund and is available to Inuit and non-Aboriginal businesses.

The other example is the Atuqtuarvik Corporation, which was created by the regional Inuit organization in Nunavut, Nunavut Tunngavik Inc. (NTI), about four years ago and was provided with \$70 million in core funding from NTI that has been used to provide large-sized loans to new and expanding Inuit-owned businesses. Atuqtuarvik Corporation currently has equity in Inuit-owned businesses and loans to the regional Inuit development corporations totaling more than \$57 million.

The fact that these two institutions are the only examples of Inuit-controlled developmental lending institutions means that federal government programs in support of such institutions have not been designed with the business needs or economic realities of the Inuit regions in mind. This is an area where Inuit-specific programming is desperately needed and where new approaches should be developed to support the creation of viable Inuit-controlled regional developmental lending institutions.

There are also other investment opportunities on the international front. With natural and historical ties to other Inuit, joint ventures that cross international borders may also be useful in assisting the economic development of Inuit regions in Canada. Other international “land claims” regions (e.g. the North Slope Borough in Alaska, the Government of Greenland, etc.) have access to capital that Canadians may jointly pursue with their fellow Inuit abroad.

However, it must be kept in mind that business financing is only one of the phases – although a very important one – in the business development cycle. To be effective, business support services should be developed that will cover all of the phases of Inuit business development. For example, if a region has great support for carrying out feasibility studies and for preparing business development plans but lacks investment capital it is likely that the business plans will not come to fruition. The regional Inuit organizations lend themselves to the creation of a “one window” system of support for the provision of business development, support and aftercare activities to Inuit entrepreneurs and Inuit-owned businesses and as the parent organizations that could be responsible for the creation of regional developmental lending institutions that could receive investment capital and operational funding from the federal government. Regional land claims settlement organizations, like NTI has done, should not have to try to meet this need on their own using CLCA heritage funds.

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VII Supporting Inuit Economic Opportunities Through the Development of Lands and Resources in the Inuit Regions

As mentioned above, all of the Inuit land claims settlement agreements include provisions related to the assessment and approval of developmental projects within their respective settlement areas. The most important tool for the reconciliation of the interests of the resource development companies, with those of the local and regional Inuit populations, has been the use of Inuit Impact and Benefit Agreements (IIBAs) in the Inuit land claim settlement areas in relation to major resource development projects such as the oil and gas exploration activities in the Inuvialuit Settlement Area, the development of diamond mines in Nunavut, the Raglan mining project in Nunavik, and the Voisey's Bay mineral project in Labrador. These agreements have provided for Inuit involvement in these projects by way or royalty payments or equity participation, employment and training opportunities, service and supply contracts, wildlife compensation, or restoration and mitigation activities.

The development of the resources that are found in the Inuit regions will continue to be an important source of growth for the regional Inuit economies for many years to come. However, these opportunities will only be meaningful if the Inuit beneficiaries living in these regions have the education, training, and technical skills necessary to fill the employment opportunities that are created and if local or regional Inuit-owned businesses are in a position to take advantage of the business development opportunities that emerge.

Similar opportunities will become available as investments are made in relation to the development of public sector financed infrastructure in the Inuit regions, which is often done in conjunction with regional development projects and Inuit beneficiaries and businesses must be in a position through education and training and business support activities to capitalize on these development or the benefits will largely flow to southerners and non-Inuit business enterprises.

VIII Supporting Inuit Economic Opportunities Through the Improvement of Regulatory/Legislative Frameworks

There are four priority areas where the federal government's policies and related regulatory and legislative frameworks must be strengthened in relation to the fulfillment of the federal government's land claims obligations and in support of Inuit economic opportunities.

First of all, the federal government's procurement policies must be amended in order to fully implement the public sector contracting obligations set out under Article 24 of the *Nunavut Land Claims Agreement* (NLCA) and procedures must be developed to put this policy into effect as soon as possible. Under this article, the governments of Canada and Nunavut are required to actively assist Inuit firms to compete for government contracts

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for goods, services and construction. The Government of Nunavut has developed and successfully implemented a policy to provide this preference to Inuit firms for territorial contracts, known as the Nunavummi Nangminiqatunik Ikajuuti (NNI) Policy, but Canada has yet to introduce a comparable policy eleven years after signing the NLCA.

Secondly, Article 23 of the NLCA requires the governments of Canada and Nunavut to achieve a public service workforce reflective of the Nunavut population, which is 85% Inuit. Yet again, after 11 years, the Government of Nunavut's workforce is about 42% Inuit and the federal government workforce in Nunavut is only about 33% Inuit, and these rates have been falling. This situation has significant and concrete economic consequences for Inuit. A study by PricewaterhouseCoopers in 2003 showed that every year that passes with Inuit representation in government stuck at 42 to 45%, Inuit are losing \$123 million in salaries and benefits. The study also showed that the governments spend \$65 million each year to recruit workers from the south and pay for unemployment and social assistance for the unemployed Inuit. After three years, negotiations with the Government of Canada have broken down on funding for the labour force development measures needed to achieve implementation of this crucial component of the NLCA.

Thirdly, the comprehensive land claims settlement agreements that have been entered into by the Inuit with Canada, related to all of the settlement regions, include provisions for access to various types of renewable resources, commercial harvesting priorities (e.g., fish quotas), or other measures related to economic opportunities. Federal government departments must ensure that regulatory processes and procedures do not effectively nullify these provisions of the CLCAs. These regulatory provisions are usually complex, involve other non-Inuit business interests, and are highly industry-specific, but the harmonization of these regulations with the related land claims provisions is of vital importance if the economic opportunities provided by these provisions are to be fulfilled.

And finally, as noted above, Canadian Inuit have numerous opportunities to market products, knowledge, and services internationally. Improved international regulatory and legislative frameworks must be given some consideration in this regard. International covenants, laws, and agreements have significant impact on the Inuit way of life and in exploiting future economic opportunities. Governments, Inuit entrepreneurs and their organizations must become more aware of these matters, which are sometimes opportunities and also barriers. Significant work must be done within international organizations such as the North American Free Trade Agreement (NAFTA), the World Trade Organization (WTO), the World Intellectual Property Organization (WIPO), the Arctic Council, the Association of American States, the United Nations (and its various agencies), etc. Further, on a bi-lateral basis, Inuit with the support of the federal government must gain a better understanding of national laws in various countries other than Canada that can serve as an opportunity or a barrier to Inuit economic development.

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IX Supporting Inuit Economic Opportunities Through the Development of International Opportunities

The Inuit of Canada have worked together with other circumpolar Inuit for the promotion of Inuit economic opportunities and other shared objectives since the founding of the Inuit Circumpolar Conference (ICC) in 1977. In this regard, The ICC's *Principles and Elements for a Comprehensive Arctic Policy* states "Initiatives to attain economic goals and aspirations in the Inuit circumpolar homeland can be significantly enhanced through regional, national, and international cooperation. Major economic challenges facing present and future generations of Inuit and other northern peoples are unlikely to be effectively met through isolated efforts."

Not only do the Inuit of Canada pursue these objectives by working with other circumpolar Inuit at the international level, they also work with other indigenous peoples internationally (e.g., the Canada-Belize project and the ICC-Russia capacity building project), international companies, and on projects or programs that have an international character (e.g., the promotion of international tourism in the circumpolar regions).

The importance of eliminating or reducing international trade barriers is illustrated by ICC's work on the Task Force on Arctic Trade and in relation to the *Marine Mammals Protection Act* in the United States. In her remarks to the United Nations in May 2003, Shiela Watt-Cloutier, the current ICC chairperson, stated "[Our] steps forward will result in failure if we do not exert ... influence in the development of international trade agreements be they global, regional or bi-lateral. We must sit at the negotiation tables of the World Trade Organization. Our concerns must be heard by the negotiators of the Free Trade Agreement of the Americas..." The ICC is also very active with regard to other issues such as climate change in the Arctic, the sovereignty of the north, the opening of northern sea routes, the effect of pollution on the Arctic, and global economic issues.

X Conclusion

This document was developed to provide a basis for discussion during the December Aboriginal Roundtable Economic Opportunities Sector meeting. The areas for action listed below are suggestions to be further discussed and developed in collaboration with Inuit and government representatives. Common elements underlying these areas for action are: developing Inuit specific programs, meaningful Inuit involvement in program and policy development, full implementation of the Inuit land claims settlement agreements, and developing Inuit organizational capacity in the regions.

Overcoming the barriers to economic development in the Inuit regions will involve the active coordination of many different bodies as well as the different levels of government all working toward the development of innovative approaches to maximizing the capital assets (in the broadest sense of the term) of the communities in these regions and the

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development of a mature and diversified economy that will provide both economic opportunities for Inuit and a standard of living equal to that enjoyed by other Canadians.

Areas for Action:

- Initiate discussions with the local and regional Inuit organizations for the development of initiatives that promote effective community economic development strategies and coordinating mechanisms in each Inuit community.
- Undertake a comprehensive review that will identify federal government programs that support economic opportunities in Aboriginal communities or the Inuit regions in order to determine where program responsibilities might be devolved to regional Inuit organizations under multi-year funding arrangements.
- Produce printed information and develop group or self-directed business training programs or modules that are specifically directed at Inuit women who would be interested in either starting their own business or becoming self-employed and make this information widely available to Inuit women through Pauktuutit and the regional Inuit organizations.
- Develop “one window” approaches in each Inuit region where clients can apply for project funding for community economic development projects as well as where Inuit businesses and potential entrepreneurs can apply for business development grant and loan applications.
- Undertake a study to determine the feasibility of establishing an Inuit-controlled developmental lending institution in each of the six Inuit regions (i.e., Labrador, Nunavik, Qikiqtani, Kivalliq, Kitikmeot, and Inuvialuit) and for the provision of adequate levels of investment capital and operational subsidies to these institutions to meet the developmental lending needs of Inuit-owned businesses in their respective regions.
- Develop new mechanisms through which the federal government can discuss opportunities and work together with the regional Inuit organizations and development corporations with respect to major strategic investments that might be made with regard to various sectors of the regional economies such as the development of mineral resources, oil and gas development, transportation services, the tourism sector, or the telecommunication industry.
- Undertake a review, in close cooperation with the regional Inuit organizations, of the infrastructure needs in each Inuit region and how investments toward meeting these needs (i.e., social housing, transportation infrastructure, hospitals and schools, and public buildings) might be structured in order to maximize local involvement in temporary and permanent employment opportunities, job training for Inuit beneficiaries and the development of occupational skills, the

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participation of local or regional Inuit-owned businesses in procurement and supply opportunities, and the potential for developing viable Inuit businesses related to the building, operation or maintenance these structures.

- Negotiate a Canada-Nunavut Economic Development Agreement based on the priorities identified in the *Nunavut Economic Development Strategy*.
- Complete the negotiation and ratification of the remaining two Inuit land claims settlement agreements and implement fully the existing CLCAs in Nunavik, Nunavut, and the Inuvialuit Settlement Region.
- On a priority basis, fully implement the federal government's public sector procurement obligations under Article 24 of the *Nunavut Land Claims Agreement* and put in place the contracting policies and procedures necessary to make this policy an effective tool for the promotion of Inuit economic opportunities.
- Similarly, on an urgent priority basis, fully implement the federal government's public sector employment obligations under Article 23 of the *Nunavut Land Claims Agreement* and put in place the provisions necessary to achieve a federal public service workforce in Nunavut reflective of the Nunavut population.
- Through on-going discussions with the regional Inuit organizations and development corporations, take steps where necessary to ensure that the regulatory provisions and administrative procedures of federal government departments do not conflict with or effectively nullify the resource allocation provisions or guarantees contained in the Inuit land claims settlement agreements.
- Support Inuit regions and communities -- through ICC (Canada) and other Inuit organizations -- in identifying and taking the necessary steps to remove international trade laws and regulations that act as barriers to marketing a spectrum of Inuit produced products (e.g. sealskin coats and other marine mammal products, caribou meat, products from muskoxen, etc.).
- Support Inuit through organizations such as ICC (Canada) in their work on global and circumpolar issues that affect the economic, social and cultural well being of Inuit and the environmental health of the circumpolar regions of the world.
- Involve Inuit throughout the complete processes of development of both the Northern Strategy and the Ocean Strategy announced in the 2004 Federal Budget.