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THE ARCTIC IN AN AGE OF GEOPOLITICAL CHANGE: ASSESSMENT AND RECOMMENDATIONS

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The views and opinions expressed in this Paper are those of the author and do not represent the views of the Valdai Discussion Club, unless explicitly stated otherwise.

Introduction¹

Largely viewed as those waters and lands located above 66 ° 33' 39" North, the Arctic remains one of the world's last great, pristine and undeveloped areas. Equivalent to one-sixth of the world's landmass, the region is home to just 4 million people scarcely spread across eight circumpolar states: Canada, Denmark (Greenland), Finland, Iceland, Norway, Russia, Sweden, and the United States. The region is rich in both renewable (fish, marine mammals) and non-renewable resources (minerals, oil, gas). Geological surveys estimate up to 20 percent of the world's natural resource reserves are thought to remain there.²

While the Arctic has been subject to geopolitical pressures during the Second World War and the Cold War, today a combination of resource-hungry great powers, climate change, and rapidly evolving resource extraction technology has now turned one of the world's most stable regions into a focal point of much geopolitical interest and concern.³ The question is whether the eight circumpolar states can accommodate not only one another's interests, but also those aspirant non-Arctic states like China and India, who wish to advance their own respective economic and commercial objectives in the region. This paper argues that such accommodation is possible by building upon the governance structures and successes that have been established in the region over the last 30 years.

In making this argument, the first section of this paper will provide a historical summary of geopolitics and security in the Arctic before proceeding on to analyzing the rise of multilateral institutions in the post-Cold War era. Succeeding sections cover the three key geopolitical issues (boundaries, natural resources, military activities) impacting the circumpolar states, and secondly, the primary non-Arctic states who are active in the region and the reasons behind their activities. The final section will provide a brief set of recommendations on ways to ameliorate competing pressures in order to facilitate continued cooperation and stability in the region while also incorporating the interests of both non-Arctic and Arctic states alike.

¹ A special thank you to Joel Plouffe for his comments and feedback on an earlier draft of this paper.

² Ross, E, 2017, 'How China's Arctic Empire Will Upset the Global Balance of Power', *Newsweek*, July 14. Available from: <http://www.newsweek.com/chinas-arctic-goals-620794>

³ Huebert, R, Exner-Pirot, H, Lajuenesse, A & Gullede, J, 2012, 'Climate Change & International Security: The Arctic as a Bellwether', Arlington, VA: Center for Climate and Energy Solutions, p. 3.

(Brief) Geopolitical History of the Arctic

While less commented upon than other regions of the world, the Arctic has no less been subject to changing geopolitical order. Historically, the region was isolated from geopolitical pressures due to its harsh environment, small and scattered populations, and peripheric location, however, the Second World War demonstrated the importance of the Arctic region amid renewed great power conflict and the advent of modern transportation technology and global supply chains. In North America, Canada and the United States had to strengthen the transportation and surveillance networks of their Arctic territories in the face of Japanese encroachment in Alaska's Aleutian Islands. In the North Atlantic, Greenland and Iceland became pivotal transit points for Allied troops, aircraft, supplies to Europe; while also providing basing for anti-submarine patrols against German U-boats. For the Soviet Union, the Northern Sea Route became a link for Allied shipping to the port of Murmansk, serving as a crucial lifeline against the Axis invasion.⁴

The Cold War brought the geopolitical pressures to bear on the Arctic. Concerns over a nuclear war saw a military build-up in the region, with submarine and air patrols, military exercises, and radar and base construction between the Soviet Union and the United States and its North Atlantic Treaty Organization (NATO) allies, respectively. However, the end of the Cold War following the collapse of the Soviet Union in 1991 saw the eight circumpolar states of Canada, the United States, Russia, Denmark (Greenland), Sweden, Iceland, Finland and Norway move away in the 1990s from military expenditures and related activities. Low commodity prices that decade, particularly in oil, saw similar low-level resource extraction exploration. At the same, the end of East-West tensions highlighted the region's environmental and sustainable development concerns while traditional hard security interests (economic, military) went to the wayside.

For example, Canada had to contend with cleaning up contaminated soil associated with the decommissioned Distant Early Warning (DEW) Line radar stations constructed in the 1950s. The Canadian government spent \$460 million cleaning up the 21 DEW stations, a process that was only completed in 2014.⁵ Meanwhile, the new government in Russia confronted 250 derelict Soviet nuclear submarines from its Northern Fleet and tons of spent nuclear waste located in Andreyeva Bay that needed cleaning up. Properly disposing of these subs involved a multi-national effort between Russia, the U.S., Norway, and, eventually, the Group of 7.⁶ Much of this work is still ongoing: An estimated \$129 million was pooled in 2017 from 11 states to help clean up the Andreyeva Bay site.⁷

⁴ Pickford, A & Collins, JF, 2016, 'Toward a New Polar Partnership: A Framework for Canadian-Australian Cooperation', Ottawa: Macdonald-Laurier Institute; Melas, M, 2016, 'The Arctic as a Geopolitical Bond among the European Union, Norway & Russia', in Heininen, L, Exner-Pirot, H & Plouffe J (eds.), 'The Arctic Yearbook: 20 Years of Regional Cooperation and Policy-Shaping', Northern Research Forum/University of the Arctic, p. 326-337.

⁵ 'DND announces DEW Line clean-up completed', 2014, CBC News Online, March 7. Available from: <http://www.cbc.ca/news/canada/north/dnd-announces-dew-line-clean-up-completed-1.2564735>

⁶ Walker, S, 2017, 'Russia begins cleaning up the Soviets' top-secret nuclear waste dump', *The Guardian*, July 2. Available from: <https://www.theguardian.com/environment/2017/jul/02/russia-begins-cleaning-up-the-soviets-top-secret-nuclear-waste-dump>

⁷ Howell, J, 2017, '£100m from West to clean up Russian nuclear base', *BBC News Online*, June 27. Available from: <http://www.bbc.com/news/av/business-40407034/100m-from-west-to-clean-up-russian-nuclear-base>

Post-Cold War Interlude and the Rise of Multilateralism

It was during this post-Cold War era that Arctic states began examining how to address these environmental and sustainability issues beyond ad-hoc monetary and research partnerships. A series of multilateral bodies were established in the 1990s, the chief of which is the Arctic Council. Created in 1998, the Arctic Council is comprised of the eight circumpolar states and emerged out of the 1996 Ottawa Declaration, which called for an organization to “provide a means for promoting cooperation, coordination and interaction among the Arctic states”. Building upon the work of a number of environmental working groups established in the early 1990s, the Arctic Council has two objectives: promote environmental protection and sustainable development. The Council explicitly does not discuss military/security matters, nor does it deal with trade or immigration. Decision-making is by consensus from the eight Arctic states; given the military/economic/geographic power disparities between these states, the consensus model is seen as key to building confidence in the Council and “that the Council will not be used to impose policies” on any one state.⁸

Notably, the Council is not of ‘legal character’ – it is not based on a Treaty (like the 1959 Antarctic Treaty), nor are its decisions legally binding. These circumstances, along with the prohibition on being involved in military/security affairs, are attributed to the influence of U.S. diplomatic practice in the 1990s: Washington sought informal cooperative organizations that allowed for flexibility in discussing issues without limiting U.S. ambitions or interests. Similar approaches were adopted with the Asia-Pacific Economic Cooperation (APEC). The Council does have a Secretariat, based in Norway, to help generate institutional knowledge and coordinate the biannual Ministerial meetings, but it was only established in 2013.⁹

The Council is seen by member states and commentators alike as successful in “developing norms around regional peace and stability” and fostering cooperation.¹⁰ For instance, it is one of the few international bodies to incorporate Indigenous peoples in its structure and deliberations. There are currently six Indigenous groups sitting as ‘Permanent Participants’: Aleut International Association, Arctic Athabaskan Council, Gwich’in Council International, Inuit Circumpolar Council, Russian Association of Indigenous Peoples of the North, and the Saami Council. These groups share their own secretariat.¹¹ Moreover, while the Council itself is not a treaty organization, its research and good offices have served as a mechanism for developing three legally-binding agreements: *Cooperation on Aeronautical and Maritime Search*

⁸ Bloom, ET, 1999, ‘The Establishment of the Arctic Council’, *The American Journal of International Law*, vol. 93, no. 3, p. 714, 718, 720, 721-722

⁹ *Ibid*

¹⁰ Exner-Pirot, H, 2016, ‘Why governance of the North needs to go beyond the Arctic Council’, *OpenCanada.Org*, October 14. Available from: <https://www.opencanada.org/features/why-governance-north-needs-go-beyond-arctic-council/>

¹¹ Arctic Council. *Permanent Participants*, 2017. Available from: <http://www.arctic-council.org/index.php/en/about-us/permanent-participants>

and Rescue in the Arctic (2011); *Cooperation on Marine Oil Pollution, Preparedness and Response in the Arctic* (2013); and *Enhancing International Arctic Scientific Cooperation* (2017). As can be inferred, such agreements are largely in keeping with the Council's twin objectives of promoting environmental protection and sustainability. The Arctic Council has also attracted the attention of non-Arctic states like China and India, who now constitute two of the 13 observer states (see below).¹² Many of these states have even appointed Arctic Ambassadors to demonstrate their respective interest in the region.¹³

Although the Council has achieved much success over the last twenty years it has come under criticism for what some see as a limited mandate. The Arctic Council is viewed as having a monopoly on Arctic politics at the exclusion of other forums or possible new organizations.¹⁴ Amid a time of growing non-Arctic state economic and environmental interest in the region and occasional saber-rattling between Arctic states, the inability of the Council to either officially debate these concerns (although offside conversations do occur) or to enforce or enact agreements and regulations is seen by some commentators as a weakness in overall regional governance.¹⁵

Consequently, in light of this vacuum, a series of smaller – but no less important – sub-regional bodies have been created to address these concerns, although their membership numbers are comparatively low and they lack the international clout of the Council. One such organization is not even technically a formal organization: the Arctic Five. The Arctic Five is made up of the Arctic littoral states: Canada, Russia, U.S., Denmark and Norway. These five states originally came together in 1973 to establish the *Agreement on the Conservation of Polar Bears*, however, it has only been in the past 15 years that this informal grouping has undertaken more activity, largely due to the impact of climate change, increased non-Arctic state economic interest in the region, and tensions over boundary claims in the mid-2000s.¹⁶ The Arctic Five “negotiate among themselves in an ad-hoc manner”, but have come together at least three times in the last decade: Ilulissat, Greenland (2008); Chelsea, Canada (2010); and Oslo, Norway (2015).¹⁷ The Greenland and Norway meetings led to non-binding declarations being issued of which the former made it clear that these five states saw no need for an Antarctic-like legal regime (favored by China) in the north and that

¹² France, Germany, Italy, Japan, The Netherlands, China, Poland, India, South Korea, Singapore, Spain, Switzerland, and the United Kingdom.

¹³ Pickford, A & Collins, JF, 2016, ‘Toward a New Polar Partnership: A Framework for Canadian-Australian Cooperation’, Ottawa: Macdonald-Laurier Institute, p. 6.

¹⁴ Exner-Pirot, H, 2016, ‘Why governance of the North needs to go beyond the Arctic Council’, OpenCanada.Org, October 14. Available from: <https://www.opencanada.org/features/why-governance-north-needs-go-beyond-arctic-council/>

¹⁵ *Ibid*

¹⁶ *Ibid*

¹⁷ Kuersten, A, 2016, ‘The Arctic Five Versus the Arctic Council’, in Heininen, L, Exner-Pirot, H & Plouffe J (eds.), ‘The Arctic Yearbook: 20 Years of Regional Cooperation and Policy-Shaping’, Northern Research Forum/University of the Arctic, p. 389-395.

the “law of the sea” – a reference to the United Nations Convention on the Law of the Sea (UNCLOS), which the U.S. has not ratified, but tacitly abides by in practice – is sufficient for dealing with disputes. The five states emphasized their belief in regional cooperation and the “orderly settlement of any possible overlapping claims”.¹⁸ Notably, the Arctic Five’s informal structure is seen as advantageous for possibly developing binding agreements with non-Arctic states and dealing “concretely with issues of state interests”, particularly in the security-sphere.¹⁹

Aside from the Arctic Five, there is the Barents Euro-Arctic Council (BEAC). Created in 1993, BEAC members are Denmark, Finland, Iceland, Norway and Russia. The BEAC is designed to ensure that “close cooperation secures political long-term stability and reduces possible tensions”.²⁰ During the same time as BEAC was created, the Barents Regional Council (BRC) was formed. The BRC brings together the 14 counties located in “the northernmost parts of Finland, Norway and Sweden and north-west Russia”. With the inclusion of indigenous representatives, the BRC seeks to “support and promote co-operation and development in the Barents Region”.²¹ Indigenous sub-regional groups have also emerged; the Inuit Circumpolar Council (ICC) was launched in 1977 and represents over 160,000 Inuit located in Alaska, Canada, Greenland, and Chukotka, Russia. One of the primary aims of the ICC is to promote Inuit rights internationally, unite the Arctic’s Inuit populations, and “seek full and active partnership in the political, economic, and social development of circumpolar regions”.²² Finally, on the economic and trade front, the Arctic Economic Council (AEC) was recently created in 2014. It emerged out of the Arctic Council and deals with fostering business-to-business relationships in pursuit of economic development among companies located in the eight Arctic states.

¹⁸ *The Ilulissat Declaration (2008)*. Available from: <http://www.arcticgovernance.org/the-ilulissat-declaration.4872424.html>

¹⁹ Kuersten, A, 2016, ‘The Arctic Five Versus the Arctic Council’, in Heininen, L, Exner-Pirot, H & Plouffe J (eds.), ‘The Arctic Yearbook: 20 Years of Regional Cooperation and Policy-Shaping’, Northern Research Forum/University of the Arctic, p. 389-395.

²⁰ *Barents Euro-Arctic Council*. Available from: <http://www.barentscooperation.org/en/Barents-Euro-Arctic-Council>

²¹ *The Barents Regional Council*. Available from: <http://www.barentscooperation.org/en/Barents-Regional-Council>

²² *Inuit Circumpolar Council Canada*. Available from: <http://www.inuitcircumpolar.com/>

Circumpolar Geopolitical Issues

Boundaries: Among the eight circumpolar states, maritime boundary concerns remain an ongoing issue, but not to the point of an outbreak in hostilities. As demonstrated in the 2008 Ilulissat Declaration, Arctic states have made it clear, either in their own foreign policies and in regional forums that disputes are to be addressed through multilateral and international legal means, especially UNCLOS.²³ Pointedly, UNCLOS allows a state to claim control of the seabed beyond the 200 nautical mile limit if it can prove that “the seabed is an extension of its continental shelf.”²⁴ One such overlapping claim is the Lomonosov Ridge located near the geographic North Pole; Denmark, Russia and Canada claim the Ridge, and its potential mineral deposits, but, after extensive mapping have submitted their claims to UNCLOS for decision that is not expected in many years.

Other boundary disputes are in the Lincoln Sea (between Canada and Denmark), Hans Island (Canada and Denmark), and the Beaufort Sea (Canada and the US) where, again, potential resource deposits have played a key role in delaying resolution. This is not to say that resolution is not possible, but only that it can take decades. Hans Island, a small uninhabited 1.3 square km island located between Canada and Greenland has been in dispute since 1973 with both Ottawa and Copenhagen agreeing to disagree on its final ownership. Still, there have been successes: a 40-year demarcation line dispute in the Barents Sea between Russia and Norway was settled in 2010 with a treaty thus permitting the development of oil and gas deposits to proceed.²⁵

Of course, an ongoing concern is the Northwest Passage and the Northern Sea Route, the former of which is claimed by Canada as internal waters and the latter by Russia as its internal waters. Both routes represent significant shortcuts for commercial shipping and Arctic exploitation development in the event of a greater loss of sea ice (although the Northern Sea Route is 400 km shorter than the Northwest Passage).²⁶ To illustrate, a trip between Japan and Germany through the Arctic is 37 percent shorter than through the Suez Canal.²⁷ The challenge is that no other state recognizes Ottawa’s and Moscow’s respective claims. Instead, states like the United States and China view the Arctic Archipelago as an international strait, in which their ships can navigate freely. Any deviation from this in Washington’s and Beijing’s eyes is seen as creating a precedent in other global maritime channels like Gibraltar and the Malacca Straits.²⁸

²³ Huebert, R, Exner-Pirot, H, Lajuenesse, A & Gullede, J, 2012, ‘Climate Change & International Security: The Arctic as a Bellwether’, Arlington, VA: Center for Climate and Energy Solutions, p. 1- 3.

²⁴ Chase, S, 2013, ‘Harper Orders New Draft of Arctic Seabed Claim to Include North Pole’, *The Globe and Mail*, December 4.

²⁵ Harding, L, 2010, ‘Russia and Norway to resolve Arctic border dispute’, *The Guardian*, September 15. Available from: <https://www.theguardian.com/world/2010/sep/15/russia-norway-arctic-border-dispute>

²⁶ Pickford, A & Collins, JF, 2016, ‘Toward a New Polar Partnership: A Framework for Canadian-Australian Cooperation’, Ottawa: Macdonald-Laurier Institute, p. 2.

²⁷ Hille, K, 2016, ‘Russia’s Arctic Obsession’, *Financial Times*, October 21. Available from: <https://ig.ft.com/russian-arctic/>

²⁸ Pickford, A & Collins, JF, 2016, ‘Toward a New Polar Partnership: A Framework for Canadian-Australian Cooperation’, Ottawa: Macdonald-Laurier Institute, p. 8.

But the region remains costly to operate ships in and there remains a lack of sufficient deepwater port infrastructure and sea navigation tools on either side of the Arctic. Factor in the harsh weather and the presence of ice and Arctic navigation remains a challenge for the foreseeable future: in 2014 just 22 ships passed through the Northwest Passage.²⁹ For the Northern Sea Route, only in 2015 did cargo volumes approach the levels of the latter years of the Soviet Union, when Moscow used the route to supply remote towns and military bases by sea.³⁰ Total commercial shipping through both sea routes involved a mere 71 ships in 2013.³¹ In contrast, even at the height of Arab Spring-related instability in 2011, the much longer voyage between East Asia and Europe saw the Suez Canal experience 40 to 65 ships transiting *per day*.³²

Resources: Resource development is at the centre of much of the renewed interest in the Arctic, between circumpolar and non-Arctic states alike. While mineral and petroleum exploration and exploitation had been occurring in the region for decades, the ice, harsh weather, and relatively low prices in comparison to cheaper, more conventional sources of resources meant that development in the Arctic was done haphazardly. Over the last twenty years there has been a change: The impact of climate change, commodity price increases and well publicized accounts of geological surveys pointing to vast potential reserves became a draw on capital cities beyond the circumpolar states. One such survey in particular was the 2009 U.S. Geological Survey; it estimated that there are 83 billion barrels of oil in the Arctic and 44 trillion cubic meters of natural gas. As international legal scholar Michael Byers notes, “most of the projected reserves [are] located in waters less than 500 meters deep”; however, this resource potential “likely fall[s] within the uncontested jurisdiction of one or another Arctic Ocean coastal state”, and thus is unlikely to strain Arctic states’ relations for the immediate future.³³

Even the Donald Trump Administration, which has generally paid scant attention to Arctic affairs since taking office, has made it clear that it views the region as a petroleum reserve and as a means towards energy independence. An Executive Order signed by the President in April 2017 permits more offshore drilling although it could be stymied by court litigation, particularly as the Obama Administration and Canada agreed in 2016 to place a permanent ban and a moratorium, respectively, “on new oil and gas leasing in its Arctic waters”.³⁴ That said, the combination of a lack of a deep water northern port

²⁹ Chase, S, 2014, ‘Myth Versus Reality in Stephen Harper’s Northern Strategy’, *The Globe and Mail*, January 17.

³⁰ Hille, K, 2016, ‘Russia’s Arctic Obsession’, *Financial Times*, October 21. Available from: <https://ig.ft.com/russian-arctic/>

³¹ ‘The Arctic: Frozen Conflict’, 2014, *The Economist*, December 17. Available from: <https://www.economist.com/news/international/21636756-denmark-claims-north-pole-frozen-conflict>

³² Wearden, G, 2011, ‘Q&A: Suez Canal’, *The Guardian*, February 1. Available from: <https://www.theguardian.com/business/2011/feb/01/suez-canal-egypt-q-and-a>

³³ Byers, M, 2009, ‘Who Owns the Arctic? Understanding Sovereignty Disputes in the North’, Toronto: Douglas & McIntyre, p. 9-10.

³⁴ ‘U.S., Canada ban offshore drilling in Arctic waters’, 2016, *CBC News Online*, December 20. Available from: <http://www.cbc.ca/news/technology/obama-ban-offshore-drilling-arctic-atlantic-1.3905384>

in Alaska; digital communications infrastructure roads; and US Coast Guard fleet reduced to one icebreaker, means that even a U.S. government committed to “America First” will have to rely on its circumpolar neighbors for assistance (e.g. financial investment or the provision of icebreaking assets) in any would be economic expansion.³⁵

Military Activity: The end of the Cold War saw a rapid decrease in both Western and Russian military activity in the Arctic as attention drifted to cutting defense budgets, internal security matters (in the case of Russia), and responding to failed/failing states in the Balkans and Africa. The prospect of resource riches and a possible opening of the Northwest Passage and Northern Sea Route due to climate change saw a recommitment to a military presence in the region by a number of Arctic states. Canada, Russia and Norway have all sought to rebuild their military capacities although such military assets are aimed more at demonstrating sovereignty and surveillance in the region than at positioning advanced, offensive weaponry at one another. Concern over the reestablishment of Russian air force patrols have gained a lot of media attention in the West since ‘Bear’ bomber patrols resumed in 2007. Meanwhile, Russian concerns over Canada’s plans for a naval build-up in the late-2000s are similarly overstated as both countries have remained committed in word and practice to peaceful resolution of disputes and adherence to international law and regional governance.³⁶

Having said that, there remains an ongoing concern in some corners that the Arctic is susceptible to ‘strategic spillover’ from Western-Russian tensions (e.g. Ukraine, Syria). Yet, despite tensions in other regions of the world all Arctic states have maintained cordial relations with one another through their ongoing involvement and commitment to regional governance bodies and rules-based order. The success of these bodies, like the Arctic Council with its consensus based decision-making, and the plain fact that the region’s harsh environment and common problems necessitates co-operation have likely done much to block any potential strategic spillover.³⁷ For example, Norway became alarmed in 2015 over migrants and refugees entering its territory, when some 5,500 people crossed through its northern border with Russia in a four month period. The issue was resolved in early 2016 following the coordinated actions of Oslo, Moscow and Helsinki – the latter of which were also experiencing similar border pressures.³⁸

³⁵ Tingstad, A & Pezard, S, 2017, ‘What Does ‘America First’ Look Like in the Arctic?, RAND Corporation, May 25. Available from: https://www.rand.org/blog/2017/05/what-does-america-first-look-like-in-the-arctic.html?adbsc=so_cial_20170528_1544521&adbid=868648781687906305&adbpl=tw&adbpr=22545453

³⁶ Lasserre, F & Tetu, P-L, 2016, ‘Russian Air Patrols in the Arctic: Are Long-Range Bomber Patrols a Challenge to Canadian Security and Sovereignty?’, in Heininen, L, Exner-Pirot, H & Plouffe J (eds.), ‘The Arctic Yearbook: 20 Years of Regional Cooperation and Policy-Shaping’, Northern Research Forum/University of the Arctic, p. 305-327; Konyshov, V & Sergunin, A, 2014, ‘Is Russia a revisionist military power in the Arctic?’, Defense & Security Analysis, vol. 30, no. 4, 69-87.

³⁷ Myers, SA, 2016, ‘With Strategic Spillover Rising, Now Is the Time for an Arctic Security Forum’, World Politics Review, July 5. Available from: <http://www.worldpoliticsreview.com/articles/19259/with-strategic-spillover-rising-now-is-the-time-for-an-arctic-security-forum>

³⁸ Melas, M, 2016, ‘The Arctic as a Geopolitical Bond among the European Union, Norway & Russia’, in Heininen, L, Exner-Pirot, H & Plouffe J (eds.), ‘The Arctic Yearbook: 20 Years of Regional Cooperation and Policy-Shaping’, Northern Research Forum/University of the Arctic, p. 333.

The Rise of the Non-Arctic Great Powers

One of the key concerns facing the circumpolar states is how to incorporate the interests of non-Arctic states in the region without jeopardizing their own predominant influence on Arctic affairs. Asian states in particular have been vocal in wanting to be active in the region, as has the European Union. These states, and organization, are motivated to have a say in Arctic issues by a combination of commercial, economic and environmental factors.

China: The “key objective of China’s Arctic Policy is not to be left behind in the changing governance of the resource-rich North Pole.”³⁹ The goal is to secure access to as much of the world’s resources as it can, to meet the demands of its growing and increasingly more prosperous population. In doing so the country has branded itself as a ‘near-Arctic state’ and has sought to play a role in developing Arctic governance. As such, Chinese aspirations in the Arctic should be seen within Beijing’s larger ‘Belt and Road Initiative’, which constitute the country’s plans to establish infrastructure linkages across 60 states and what President Xi Jinping refers to as a way in which to cement China’s ‘Northern Link’.⁴⁰ China has pursued resource development in the Arctic by partnering with Russia; for example, the \$27 billion Yamal LNG project is under 29.9 percent control of Chinese companies. In Greenland, Chinese influence on the Citronen Fjord Zinc-Lead Project raised the ire of local residents after thousands of Chinese workers were brought in to work on it.⁴¹

For China access to resources is only part of its desire for greater Arctic involvement; with 90 percent of Chinese exports going by sea, officials have eyed the Arctic’s transportation potential (state media even refer to the Northwest Passage as a “golden waterway”).⁴² As *Newsweek* reported in 2017, with a possible ice-free passage, “shipping costs and time could be slashed for China” if a viable Arctic shipping passage was established making the region attractive as Chinese commercial shipping confronts piracy, regional instability, and infrastructure constraints in the world’s other great maritime transit points: the South China Sea, the Suez Canal, and the Panama Canal. In advancing its shipping interests in the region, China has partnered with Iceland since gaining Arctic Council observer status in 2013. That same year a free trade agreement was signed with Reykjavik (the first between China and a European state); this came on the heels of a 2010 \$406 million currency swap negotiated to assist Iceland in its fight with the European Union over the fallout of the 2008 financial crisis. In building stronger Icelandic relations, Beijing aims to position the island nation

³⁹ Liu, N, 2016, ‘China’s Emerging Arctic Policy’, *The Diplomat*, December 14. Available from: <http://thediplomat.com/2016/12/chinas-emerging-arctic-policy/>

⁴⁰ Ross, E, 2017, ‘How China’s Arctic Empire Will Upset the Global Balance of Power’, *Newsweek*, July 14. Available from: <http://www.newsweek.com/chinas-arctic-goals-620794>

⁴¹ *Ibid*

⁴² Fife, R & Chase, S, 2017, ‘Chinese ship making first voyage through Canada’s Northwest Passage’, *The Globe and Mail*, August 31. Available from: <https://beta.theglobeandmail.com/news/politics/chinese-ship-making-first-voyage-through-canadas-northwest-passage/article36142513/?ref=http://www.theglobeandmail.com&>

of 300,000 as a “key base for commercial shipping between Asia and Europe”.⁴³ China has continued its involvement in Iceland and in 2016, China’s Polar Research Institute funded the construction of a new research centre, the Aurora Observatory, in northeastern Iceland to study the northern lights.⁴⁴ In a similar vein, Chinese officials have also sought improving ‘soft power’ relations with Arctic states, even going so far as to host the fifth World Reindeer Herders Congress in 2014 in Beijing.⁴⁵

Intertwined with resource development and commercial shipping are the country’s environmental research interests. Over the last two decades Beijing has been investing in both its ship-going and land-based Arctic research capabilities. In 2004, the Yellow River Arctic research station opened in Norway’s Svalbard archipelago; likewise, some \$60 million has been spent on polar research and building a China-Nordic Arctic Research Centre in Shanghai.⁴⁶ The research icebreaker *Xue Long* (Snow Dragon), China’s only icebreaker, completed its first navigation through the Northwest Passage in the summer of 2017 in what was seen by some Arctic observers as much as a research mission as a demonstration of political intent of China’s seriousness on being a player in the region.⁴⁷ Beijing is planning for a new icebreaker to enter service in 2019 that is capable of breaching 1.5 meter thick ice.⁴⁸

India: Like its Chinese neighbor, India views its interests in the Arctic as comprising the “scientific, environmental, commercial as well as strategic”.⁴⁹ In 2007, India established an Arctic Research Program to examine climate change in the region and its impact on India, including the role of melting Arctic glaciers on sea-levels – something of concern for a country with hundreds of millions of people living in low-level coastal areas. That same year, the country established its first Arctic research base, named ‘Himadri’, in Norway’s Svalbard archipelago. Like China, India sought and achieved Observer status with the Arctic

⁴³ Guschin, A, 2015, ‘China, Iceland and the Arctic’, *The Diplomat*, May 20; Guschin, A, 2013, ‘Understanding China’s Arctic Policies’, *The Diplomat*, November 14; Pickford, A & Collins, JF, 2016, ‘Toward a New Polar Partnership: A Framework for Canadian-Australian Cooperation’, Ottawa: Macdonald-Laurier Institute

⁴⁴ Lawless, J, 2016, ‘China’s Arctic ambitions take shape in remote Iceland valley’, *Fox News World*, November 16. Available from: <http://www.foxnews.com/world/2016/11/16/china-arctic-ambitions-take-shape-in-remote-iceland-valley.html>

⁴⁵ Liu, N, 2016, ‘China’s Emerging Arctic Policy’, *The Diplomat*, December 14. Available from: <http://thediplomat.com/2016/12/chinas-emerging-arctic-policy/>

⁴⁶ Ross, E, 2017, ‘How China’s Arctic Empire Will Upset the Global Balance of Power’, *Newsweek*, July 14. Available from: <http://www.newsweek.com/chinas-arctic-goals-620794>

⁴⁷ Fife, R & Chase, S, 2017, ‘Chinese ship making first voyage through Canada’s Northwest Passage’, *The Globe and Mail*, August 31. Available from: <https://beta.theglobeandmail.com/news/politics/chinese-ship-making-first-voyage-through-canadas-northwest-passage/article36142513/?ref=http://www.theglobeandmail.com&>

⁴⁸ Ross, E, 2017, ‘How China’s Arctic Empire Will Upset the Global Balance of Power’, *Newsweek*, July 14. Available from: <http://www.newsweek.com/chinas-arctic-goals-620794>

⁴⁹ ‘India and the Arctic’, 2013, Ministry of External Affairs. Available from: <http://mea.gov.in/in-focus-article.htm?21812/India+and+the+Arctic>

Council in 2013. The country views its experience with the Antarctic Treaty system as giving it expertise in polar affairs, and sees environmental and resource changes in the Arctic as going “beyond the littoral states”; akin to Beijing, New Delhi seeks to influence the Arctic governance system and developing “effective cooperative partnerships that can contribute to a safe, stable and secure Arctic”.⁵⁰

On the economic front, New Delhi sees the development of the region’s energy reserves as necessary to addressing “significant energy shortfalls in the years ahead”; given the country’s rapid economic since it opened its economy in the early 1990s, a shortfall in hydrocarbons risks stunting economic growth. Weary of continued reliance on Middle Eastern oil supplies and competition with China over securing access to commodities, India quickly aligned itself with Russia after acquiring Observer status in 2013. In late-2013, India and Russia issued a joint statement concerning a partnership between the former’s Oil and Natural Gas Corporation (ONGC) and the latter’s Gazprom, in developing the Pechora Sea oil field in northwestern Russia. Of value to Gazprom and its 30 Arctic petroleum fields is the ONGC’s four decades-plus of offshore drilling experience.⁵¹

Japan and South Korea: Both East Asian states are keen to secure trans-Arctic shipping routes for their “export-based economies”. In the case of South Korea, which acquired Observer status with the Arctic Council in 2013, it is both a major exporter of commercial goods to Europe and a major shipbuilder; an opening up of the Arctic would therefore represent an opportunity to take the lead in building ice-capable vessels and moving its high-end products to European markets faster.⁵²

For Japan, which also acquired observer status in 2013, Tokyo “has a strong interest in diversifying its supply of rare earths, on which China has a near monopoly”.⁵³ In 2016, Japan’s special ambassador in charge of Arctic affairs, Kazuko Shiraishi, echoed these concerns, when she stated that Japan’s interest lay in “research, the Northern Sea Route, and the Yamal liquified natural gas project”. While the \$27 billion Yamal project is currently a joint Russian-Franco-Chinese venture, a Japanese company is building the necessary infrastructure and, following the imposition of Western sanctions against Russia in 2014, the Japanese Bank of International Co-operation spent \$400 million assisting the project. The Bank has also agreed to assist Russian gas producer Novatek’s ‘Arctic LNG-2’ project. Once it comes on stream by 2025, it will produce up to 16.5 million tons of liquefied natural

⁵⁰ *Ibid*

⁵¹ Cima, K & Sticklor, R, 2014, ‘Asian Giants Look to the Arctic’, *The Diplomat*, February 26. Available from: <http://thediplomat.com/2014/02/asian-giants-look-to-the-arctic/>

⁵² Huebert, R, Exner-Pirot, H, Lajuenesse, A & Gulledge, J, 2012, ‘Climate Change & International Security: The Arctic as a Bellwether’, Arlington, VA: Center for Climate and Energy Solutions, p. 35.

⁵³ *Ibid*

gas per year.⁵⁴ None of this is to say that Japan, or South Korea, are not concerned with environmental issues in the Arctic; Japan as an island archipelago state is especially vulnerable to sea-level rises. In 2016, Japan, South Korea and China held trilateral talks on Arctic matters in Seoul, and have recently agreed on conducting a “joint study to assess the pollution and climate impacts in the Arctic”. The *Japan Times* reported that an objective of the study is to obtain data that can “predict the best timing for navigation in the Arctic Ocean” and how to best protect the environment during development.⁵⁵

European Union: EU interest in the Arctic followed with the accession of Finland and Sweden as member states in 1995. A consistent theme with EU statements on the Arctic since 2000’s Northern Dimension policy, has been collaboration in “economic development, environmental protection, nuclear safety, social wellbeing, and security and justice”.⁵⁶ The current EU Arctic Policy states that the Arctic “remains a zone of peace, prosperity and constructive international cooperation”.⁵⁷ As the home of some of the world’s largest shipping companies, having a faster link to Asian markets through either the Northern Sea Route or Northwest Passage is a critical motivation behind EU involvement in the north. Fishing also remains paramount for the EU in the region. While the EU has not recognized either Russia’s or Canada’s respective claims to treat Arctic waters as internal – and therefore subject to those countries’ authority – the EU has sought a more “comprehensive governance structure to regulate the Arctic” including even passing a resolution in 2008 calling for an Antarctica-like Treaty system.⁵⁸

⁵⁴ Chater, A, 2016, ‘What is Japan’s Arctic Interest?’, *The Polar Connection*, December 6. Available from: http://polarconnection.org/japan-arctic-interest/#_ftn1 ; Kobzeva, O, 2016, ‘Russia’s Yamal LNG project on track and on budget, says Novatek’, *Reuters*, September 5. Available from: <http://www.reuters.com/article/russia-vladivostok-forum-novatek/russias-yamal-lng-project-on-track-and-on-budget-says-novatek-idUSL8N1BH1PE>

⁵⁵ ‘Japan, China and South Korea OK joint study on Arctic development’, 2017, *The Japan Times*, June 9. Available from: <https://www.japantimes.co.jp/news/2017/06/09/national/science-health/japan-china-south-korea-plan-joint-study-arctic-development/#.WbYHttHavIV>

⁵⁶ Huebert, R, Exner-Pirot, H, Lajuenesse, A & Gullede, J, 2012, ‘Climate Change & International Security: The Arctic as a Bellwether’, Arlington, VA: Center for Climate and Energy Solutions, p. 36.

⁵⁷ ‘International Cooperation on Arctic Matters’, 2017, European Union. Available from: https://eeas.europa.eu/arctic-policy/eu-arctic-policy/20954/international-cooperation-arctic-matters_en

⁵⁸ Huebert, R, Exner-Pirot, H, Lajuenesse, A & Gullede, J, 2012, ‘Climate Change & International Security: The Arctic as a Bellwether’, Arlington, VA: Center for Climate and Energy Solutions, p. 36; Pickford, A & Collins, JF, 2016, ‘Toward a New Polar Partnership: A Framework for Canadian-Australian Cooperation’, Ottawa: Macdonald-Laurier Institute, p. 8.

Final Analysis and Recommendations

International law and rules-based norms govern the Arctic and are largely responsible for why disputes have been addressed peacefully in the region. All of the major non-Arctic states have expressed a commitment to adhering to existing practices in the region, however, there is scope for improvement given the heightened interest and involvement of non-Arctic powers.

- *Option 1: Expand the scope of the Arctic Council to include security, trade, and immigration. As non-Arctic states will require a more meaningful status beyond the current Observer designation, thought should be given to examining a widening of the list of Member states. Non-Arctic states could be admitted on the basis of meeting set criteria (e.g. previous Observer status, scientific activity in the region, commitment to sharing research knowledge, etc).*
- *Option 2: Create an Arctic International Boundary Commission to settle disputes among Arctic states. Arctic state boundary disputes, while peaceful, have persisted for decades. In the event of accelerating ice melting and possible commodity increases, the push for developing areas like the Beaufort Sea will increase. As such, a proven model like the Canada–U.S. International Boundary Commission offers a template for an Arctic Commission to build upon.*
- *Option 3: Formalize the Arctic Five into a ‘hard interests’ forum. Using the Arctic Council’s consensus based, non-treaty format such an organization would allow the littoral Arctic states a means to coordinate, research, and develop relationships in the military, trade and immigration realms.*
- *Option 4: Adopt an Arctic Treaty modeled on the Antarctic Treaty (with the caveat that in the Arctic there already exist sovereign state territory and a permanent populations). Such a treaty could provide a larger, structured forum involving Arctic and interested non-Arctic states a format for which the latter’s input is possible.*

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