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# STRATEGIC COMPETITION IN THE ARCTIC: SOONER OR LATER?

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## Strategic Competition in the Arctic Still Decades Away

### Introduction

The Arctic has a reputation for being dark, cold, and inhospitable but melting sea ice has made natural resources more accessible and opened shipping lanes, drawing the attention of the great powers. In 1996, to deal with competing interests the eight Arctic nations (Canada, Denmark, Finland, Iceland, Norway, Russia, Sweden, and the United States) signed the Ottawa Treaty creating the Arctic Council. This council is an intergovernmental forum promoting cooperation in the region and involves 13 non-Arctic nations including China, France, India, Japan, and Poland. Most of the Arctic nations are U.S. Allies. Once Sweden joins NATO, Russia will be the only Arctic nation not in the alliance. Even with its allies, American capabilities in the region are challenged by Russia. Comparatively, Russia has extensive infrastructure and military bases in the region and has amassed the largest icebreaker fleet in the world with 46 ships. The United States has five and China only three. Even if the United States and its allies combined assets, it would number only 40 icebreakers. Icebreakers alone do not indicate a nation's Arctic capability, but provide one indicator to be considered along with military bases, regional infrastructure, and air forces. Considering this situation, three main factors have pulled the great powers to the region. (1) The year-on-year reduction of sea ice has allowed greater access to shipping lanes and natural resources. (2) New technologies have made the region more accessible. This includes modern icebreakers, all-weather airstrips, drones, floating nuclear power plants, regional infrastructure improvements, and remote-sensing equipment. (3) The Arctic could provide alternative sources of oil and Rare Earth Elements (REE). With this purported opening of the Arctic, how should the United States and its allies respond?

### The Changing Arctic Environment

The 2022 U.S. National Strategy for the Arctic Region noted, "Climate change in the Arctic [and the] resulting diminishing sea ice, thawing permafrost, and ice sheet degradation creates a cascade of difficulties, [and] possibilities...the Arctic is warming three times faster than the rest of the world... making the Arctic more accessible than ever before, while contributing to rising global sea levels, coastal erosion, more frequent and severe wildfires..." As there is no land at the North Pole, sea ice provides the only solid barrier to maritime traffic. NASA satellite images show that summer ice extent in the Arctic has not returned to the long-term average since 2002. Some models predict that summers in the Arctic Ocean may be ice-free by mid-century, thereby opening shipping routes without the need for icebreakers.

### Emerging Shipping Lanes

Retreating sea ice has opened three major shipping passages shown in Figure 1: the **Northeast Passage** through the Norwegian and Russian Exclusive Economic Zones (EEZs), extending around 200 nautical miles from the territorial sea baseline, the **Northwest Passage** through the Danish, Canadian, and US EEZs, and the **Transpolar Route** that mostly avoids the EEZs of the region, but requires the largest, most capable icebreakers to transit. These arctic shipping lanes reduce travel distance and could cut transit time by nearly 50%, or an estimated 14 to 20 days, when compared to routes through the chokepoints of the Suez or Panama Canals. In addition to circumventing maritime chokepoints, arctic shipping passages are not targeted by pirates. As Amanda Lynch, PhD noted, "These potential new Arctic routes are a useful...recall the moment when the Ever-Given ship was stranded in the Suez Canal, blocking an important shipping route for several weeks...Diversifying trade routes, especially considering [these] new routes that can't be blocked, because they're not canals, gives the global shipping infrastructure a lot more resiliency."



Figure 1: Arctic Shipping Routes. **Northeast Passage** in yellow, **Northwest Passage** in green, and the **Transpolar Route** in red. Source: US Coast Guard Arctic Strategic Outlook. Map created with ESRI ArcGIS online software.

Yet, other barriers will likely keep the Arctic lanes from emerging as massive shipping routes in the next few decades. Increased insurance premiums, extreme seasonal weather and sea conditions, along with the respective rules of each of the national EEZs will limit maritime traffic. To put this into context, ships entering the Arctic have increased from ~1300 ships a year in 2013 to ~1700 ships a year in 2019. As of now, Arctic routes remain of low strategic importance as compared to major shipping lanes such as the Panama Canal with ~15,000 vessels per year, the Suez Canal with ~20,000, and the Malacca Strait with ~60,000. Although the Arctic routes do not have canals as chokepoints, the Bering Strait between Russia's Chukotka region and the US State of Alaska is only 50 miles wide, similar to the Malacca Strait.

### ***The People and Natural Resources of the Arctic***

Russia controls roughly 53% of all Arctic coastline and most of the roughly four million people living in the Arctic. Around ten percent of those four million people are indigenous and remain a priority for engagement through the Arctic Council. The largest cities in the Arctic Circle are situated in Russia with Murmansk (population ~300,000) and Norilsk (~170,000). In comparison, Norway's largest Arctic settlements is Tromsø (~71,000); Sweden's is Kiruna (~22,000); and Finland's Rovaniemi (~62,000) lies four miles south of the circle. The North American side of the Arctic has far fewer inhabitants with the largest towns being Sisimiut (Greenland) with ~5,600 inhabitants; Utqiagvik, Alaska with ~5,000 inhabitants; and Canada's Inuvik with ~3,000 inhabitants. More than 80 percent of the people who live in the North American Arctic are Indigenous.

In terms of natural resources, it is estimated that the Arctic contains 13% of the world's oil; 30% of the world's natural gas; vast deposits of aluminum, apatite, copper, gold, graphite, gypsum, iron, nickel, platinum, silver, tin, and uranium; large sources of the rare earth elements dysprosium, neodymium, and praseodymium used in smartphones, laptops, cancer treatment drugs, and renewable energy sources for vehicles. New mining and remote sensing technology has made locating and extracting these resources easier. It's these resources that have driven geopolitical interests in the region and have non-Arctic nations like China vying for a stake. The growing demand for resource extraction and the development of the natural security infrastructure of Arctic States often conflict with indigenous rights and demands in the region.

### **The Great Powers in the Arctic**

#### ***United States and NATO's New 'Lake'***

U.S. direct involvement in the region began with the 1867 purchase of Alaska from Russia. Alaska remains the only U.S. territory in the Arctic, despite the U.S.'s attempts to buy Greenland from Denmark in 1946 and again under the Trump administration in 2018. In response to Russia's regional expansion over the last 15 years, the U.S. upgraded the U.S. Army Alaska Command to the division level with the activation of the 11<sup>th</sup> Airborne Division (the Arctic Angels). In terms of

NATO, the addition of Finland and eventually Sweden may soon make the Arctic Ocean another "NATO Lake" like the Baltic Sea, where Russia is the only littoral state not in the alliance. NATO members make up seven of the eight Arctic nations and seven of the 13 non-Arctic Members. NATO also conducts annual Arctic exercises to increase their presence and readiness.

#### ***Russia's Arctic Expansion***

Under the leadership of Vladimir Putin, Russia has expanded its Arctic presence economically and militarily. Russia has reopened several Soviet-era military bases while building new ones. For example, the military base on the island of Kotelnoy is a self-sufficient base that can house 250 personnel. Additionally, Russia is deploying floating nuclear power plants that can power a city of around 100,000 along with the machinery for mining and excavation. The first of these plants, the Akademik Lomonosov, is docked in the Siberian mining town of Pevek providing electricity and heat to the roughly 5,000 residents and the mining operations there. Russia reportedly has three more of these mobile nuclear power plants under construction.

Arctic resources offer Russia vast exploitation opportunities. Russia's economy is based on extracting resources and selling them on the global market. The Arctic accounts for nearly 20% of Russia's GDP, 22% of its exports, and more than 10% of all investment in Russia. Approximately 75% of Russia's oil and 95% of its natural gas reserves are in the North. Russia has developed 10 major oil fields and 22 gas fields. These projects, however, are heavily reliant on outside capital, particularly from China.

#### ***China's Polar Silk Road***

At present, China's direct link to the Arctic is through its financing of the Russian Yamal Liquefied Natural Gas (LNG) project. China also has its eye on fishing rights in the region. "In 2018... China's Arctic Policy... linked it to the growing Belt and Road (BRI) trade initiative through the "Polar Silk Road." Furthermore, China's interests... [are] first: Beijing's close involvement in the domains of scientific research, resource survey, shipping, and maritime security. And second: the probable effects of climate change on the region, rightfully highlighted by China as a valid reason that warrants the concern of major players in Arctic matters." Additionally, with REEs in the region, China aims to control those resources or at least deny them to the United States. As of now, "China leads the world with roughly 60% of all the mining and processing of REEs."

#### ***Competition in the Arctic will remain Peaceful***

With Russia draining resources in its War with Ukraine, China having no permanent presence in the Arctic, and the United States dividing its focus between Europe, the Middle East, and East Asia, the Arctic will remain a low priority for strategic competition. Norwegian officials have noted that Russian Arctic forces are at 20% of their pre-Ukraine war levels. Clearly, more pressing priorities in Ukraine and elsewhere will minimize Arctic competition, for now.

## Decision Points

- Should the United States invest in expanding its Arctic capabilities through building military bases, all-weather airfields, constructing military and civilian infrastructure, and expanding its aging ice breaker fleet?
- Should the United States increase its port and naval capabilities in the Bering Strait to better control access to the Arctic Ocean?
- How can the United States share the burden of Arctic security with its allies?
- With the war in Ukraine ongoing and the current Israel-Hamas conflict, where does the Arctic fall on US strategic priorities?
- The White House’s National Strategy for the Arctic Region lists 4 main ‘pillars’: **Security, Climate Change and Environmental Protection, Sustainable Economic Development, International Cooperation and Governance**. Using these pillars as a framework for US strategy in the region, what is the overarching objective of the strategy? Increase US influence in the region? Deny China or Russia a majority stake??

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