

A Warmer Arctic Makes for Hotter Geopolitics



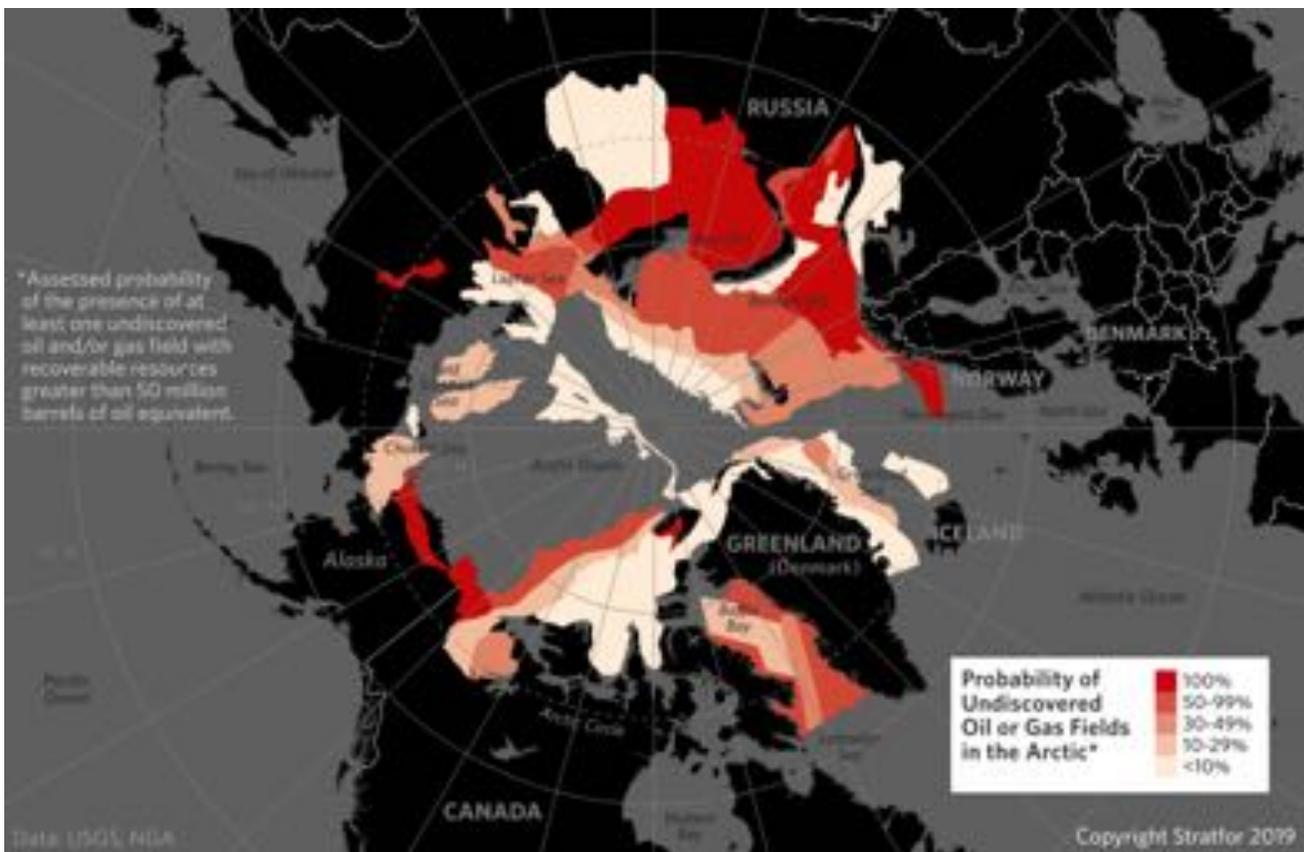
For decades, the far North has been seen as an area of distant frontiers – a place of adventure, untapped resources and mythical trade routes. In this, the region is reminiscent of the frontiers pursued in the early eras of exploration. But unlike the fertile Great Plains of North America or the tropical forests of South America, the Arctic's ice-covered, frigid land has minimal agricultural capacity and little to offer in the way of transport links for the small, distant populations around its periphery (and even then, only seasonally).

However, the warming climate and technological advancements are quickly changing what's feasible in the region. And this, combined with expanding economic and strategic interests, is bringing heightened attention back to the North Pole among both Arctic and non-Arctic stakeholders alike.

What's at Stake

The Arctic Circle is technically defined as all the space located at a latitude of roughly 66.34 north, and where there is at least one 24-hour period of both total daylight and total darkness per year. Others consider the region as anywhere north of the tree line, or where average summer temperatures never rise above 10 degrees Celsius. But in the simplest terms, the Arctic is a donut that sits atop the Earth; an enclosed sea surrounded by frosted land.

Natural resources remain the primary driver of economic and development activity in the Arctic. The region is estimated to contain 20-25 percent of untapped global oil and gas reserves, as well as deposits of rare earth elements and other, strategically important minerals including platinum, palladium, uranium and cobalt. While no commercial fishing currently takes place in the High Arctic, fish stocks around the periphery are already exploited by nearby countries. Timber, coal and animal products are also valuable resources for the small local populations in the near-Arctic.



The Arctic also serves as a transit route, albeit a limited one when it comes to maritime shipping. Ice cover often restricts the use of the high Arctic waters for surface transit and allows only seasonally reliable shipping along the periphery. Russia only fully explored and transited its Northern Sea Route (NSR) in the 1930s, but even with technological improvements, it largely remains only a viable option for destination shipping rather than a reliable shortcut between Asia and Europe. And Canada's Northwest Passage remains even more constrained due to its more complicated geography and shallow draft.

But while much attention around Arctic transit is often focused on the sea, the first major breakthrough after the Cold War was in aviation, with trans-polar commercial routes undergoing testing by the late 1990s and expanding rapidly in the early 2000s. And as evidenced by the shortened flights among North America, Europe and Asia, the Arctic is also often the shortest route between great powers for strategic air assets and missiles, which has continued to spur offensive and defensive strategies and capabilities in the region. The Arctic (like the Antarctic) is also a prime location for satellite tracking and receiving stations – a critical component of early warning, navigation and guidance systems.

The Original Arctic Eight

The countries that have territory in the Arctic Circle have long sought to jealously guard their control over the region by limiting the internationalization of Arctic sovereignty and management. These eight Arctic states – Russia, Canada, the United States, Norway, Sweden, Finland, Denmark (via Greenland) and Iceland (via a small portion of Grimsey Island) – also make up the permanent members of the Arctic Council, a post-Cold War international body established in 1996 to manage competing and complementary Arctic issues. But even in this ostensibly cooperative body, broader global competition is often at work, as some countries have more to lose (and gain) than others.

Russia: Of the eight Arctic states, Russia is by far the most dependent on its Arctic region, which Moscow has identified as the target of a \$160 billion development plan over the next five years. Accounting for some 40 percent of the total Arctic land area, Russia is home to half of the world's entire Arctic population, as well as some of the largest Arctic cities (including Murmansk and Norilsk). Today, Russia's Arctic territory accounts for 15-20 percent of its gross domestic product, 20 percent of national exports and attracts more than 10 percent of all investments into the country.

Russian Arctic and Near-Arctic Military Assets



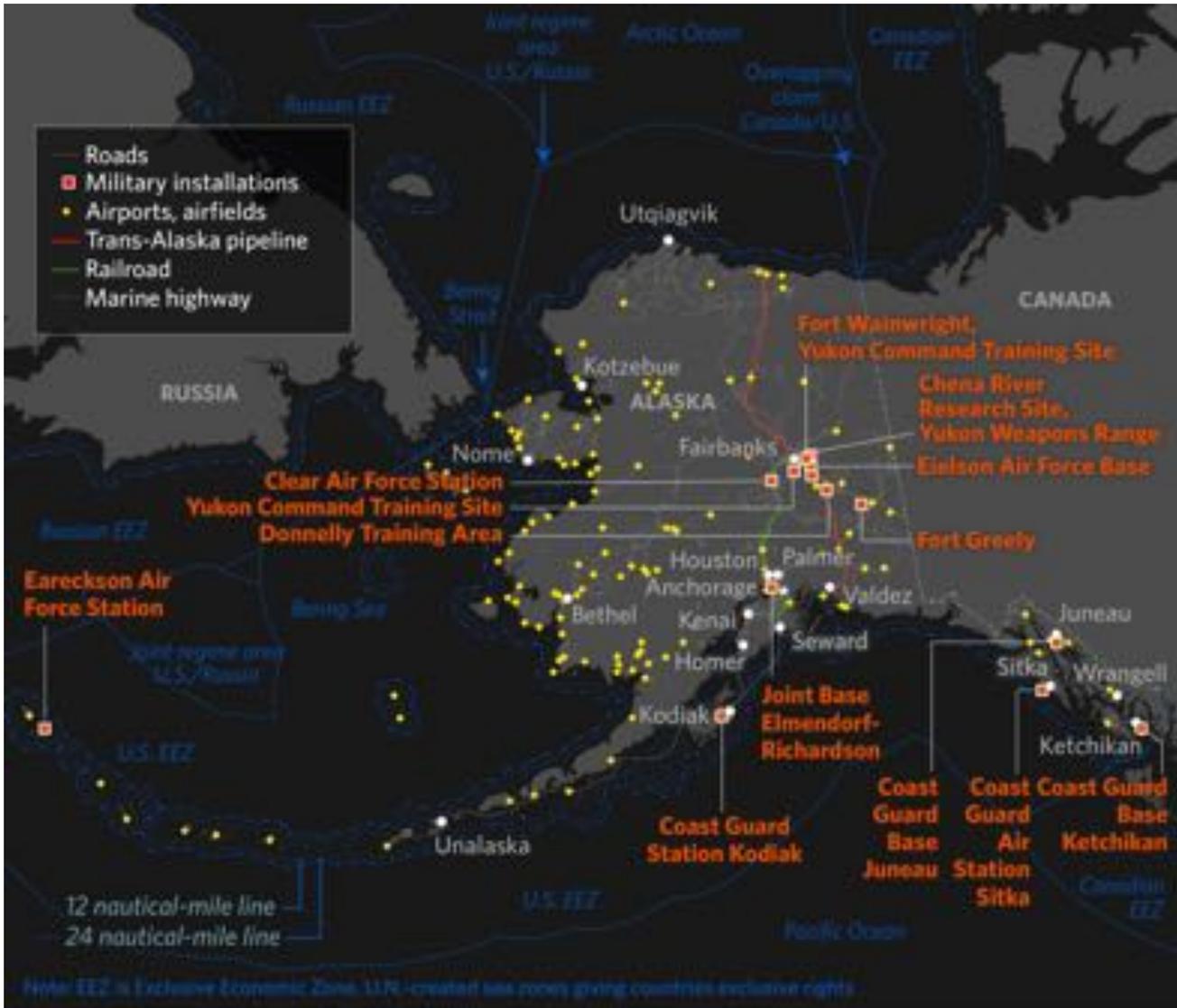
Source: U.S. Senator for Alaska Dan Sullivan

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Indeed, there are signs that Russia and the United States' Cold War rivalry over the Arctic for missiles and missile defense, submarine espionage, nuclear capabilities and strategic aviation are once again moving to the fore, with both sides deploying next-generation fighter aircraft to the region. But Russia has been active in its Arctic regions since the 17th century and has always been the most active Arctic state. Thus, its "militarization" of the Arctic in recent years is more of a return to 1980s-era levels, rather than a major increase – driven by the revival of great power competitions, increased international activity in the region, climate change and the need to bring its Arctic capabilities back up to speed amid the changes in power dynamics.

North America: After Russia, North America lays claim to the second-largest Arctic landmass. But unlike Moscow, the Arctic accounts for just a small percent of national GDP for both the United States and Canada, and is thus often considered of secondary importance. Alaska is the largest U.S. state in terms of sheer territory by a long shot, though it's also the third-least populated state. This, along with its distance from the continental 48 states, contributes to Alaska's status as an "afterthought" in Washington, despite its strategic location along the Arctic frontier. In Canada, where the vast majority of the population lives hundreds of kilometers from the U.S. border, the government continues to give short shrift to development and resources to its Arctic frontier as well. Both Washington and Ottawa have approved additional maritime

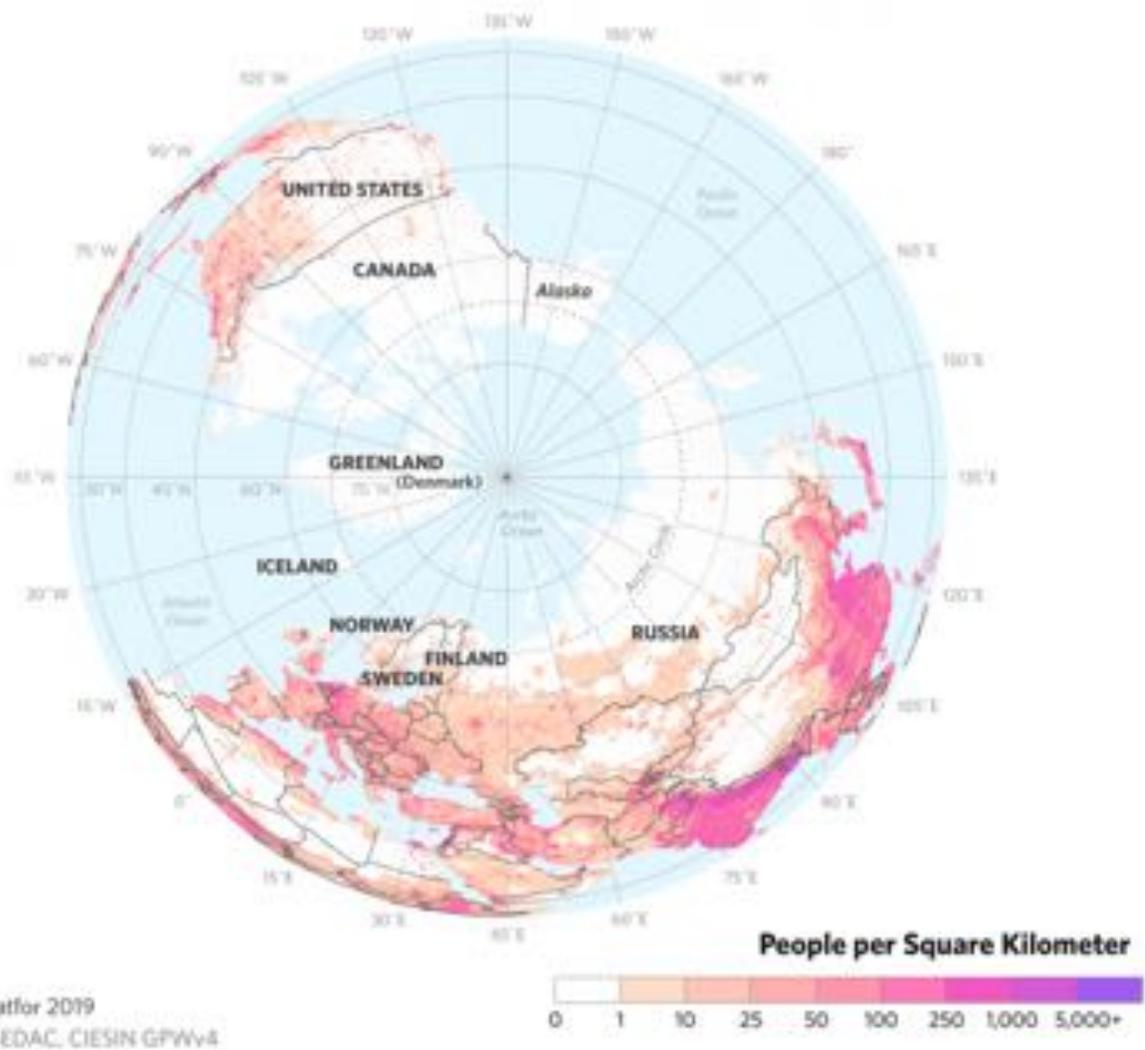
assets for the Arctic, including new icebreakers and polar-capable ships. But their investments still fall far behind those of Russia (or even China).



Sources: Esri, marineregions.org, Alaska Department of Natural Resources, U.S. Census Bureau | Copyright Stratfor 2019

Nordic countries: Like Russia, the Arctic also accounts for a significant portion of Greenland's economic activity and attention. Home to only 56,000 people, the sparsely populated island is gradually moving to reduce its dependence on and oversight from Denmark. In 1979, it gained home rule from Denmark and in 2008, approved a self-government referendum that grants the right to eventually vote for independence.

Meanwhile, Finland, Norway, Iceland and Sweden – while smaller players – each have interests at stake in the Arctic as well, including oil and gas and minerals, fisheries and tourism industries. For its part, Norway is considering reinterpreting the 1920 Spitsbergen Treaty, which gives sovereignty over the Svalbard archipelago to Norway but allows other signatories to set up research stations and exploit resources.



The Emergence of "Near-Arctic" China

At the same time, changes in technology and economic activity are increasingly bringing more non-Arctic states into the fold as well. China, in particular, has expanded its investments and activities in the Arctic [2] at a rate and scale far greater than any of the Arctic countries in recent years. Even Russia has found itself heavily dependent upon Chinese investment and financing for its Arctic development.

Beijing finally (and controversially) received full observer status in the Arctic Council in 2013, alongside India, South Korea, Singapore and Japan. This – along with China's 2011 claim as a "near-Arctic" power, as well as its stated drive to become a "Polar Great Power" as part of its maritime and national security strategy – has changed the Arctic from being primarily a zone of competition and cooperation among European and North American powers to one that is now actively expanding to include Asia. China currently works within the existing management structure for the Arctic, but it has a clear interest in internationalizing the Arctic, teasing away the control exerted by the core Arctic countries.

Arctic Council Member States and Observers

Member States	Year Admitted
Canada	1996
Denmark	1996
Finland	1996
Iceland	1996
Norway	1996
Russia	1996
Sweden	1996
United States	1996

Observers	Year Admitted
Switzerland	2017
China	2013
India	2013
Italy	2013
Japan	2013
Singapore	2013
South Korea	2013
Spain	2006
France	2000
Germany	1998
The Netherlands	1998
Poland	1998
United Kingdom	1998

Source: Arctic Council

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The multiplicity of interests is complicating Arctic governance, and China's much larger pool of financial resources available for Arctic development across the region is driving both development and division among the Arctic nations. Beijing, for example, has increasingly been eyeing Greenland's reserves of rare earth elements, which has drawn sharp criticism and even intervention from both Denmark and the United States. Whereas Copenhagen fears Chinese involvement could accelerate Greenland's move toward independence, Washington fears giving its global rival Beijing more control over strategic mineral reserves, as well as weakening Greenland's historic status in the North Atlantic security architecture. Iceland has also recently welcomed some Chinese investment, much to the chagrin of other countries, like the United States.

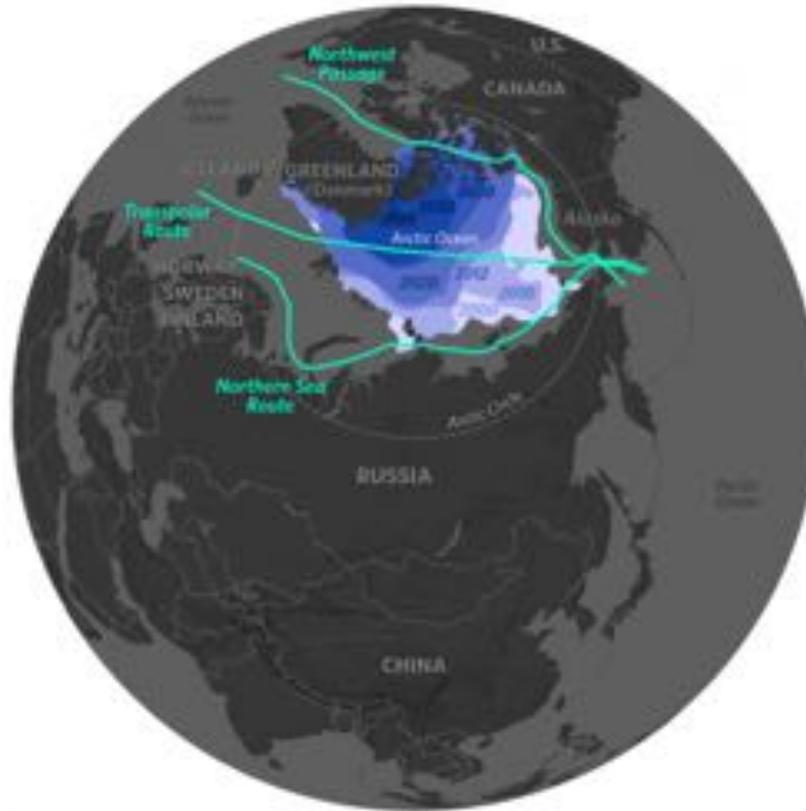
Rising Temperatures, Rising Stakes

These international disputes are only bound to become more heated and more complicated as the repercussions of climate change start to fully take shape. Warming temperatures are already having a very real impact on sea ice patterns in the Arctic, removing the barrier that protects coastal areas against erosion during winter storms. And the melting top layers of permafrost is also sinking the ground in some areas as well, damaging buildings and transportation infrastructure. In the Arctic Ocean, fish stocks are moving from their traditional locations, impacting both local and commercial fishing and potentially leading to increased activity and competition over key resources. The wall of ice-covered seas that once barricaded countries are also gradually receding, exposing key security vulnerabilities for countries like Russia.

At the same time, however, the thawing ice is also opening new areas to resource exploration and extraction, allowing increased transit access, and potentially opening the way for increased agricultural activity further north. The potential for new sea routes has become a particular area of contention among and between both Arctic and non-Arctic states. Russia and Canada both argue that their northern passages are internal waters, and are thus fall under the regulatory and sovereign jurisdiction of their respective governments. But the United States and China consider these to be "international straits" that are thereby freely accessible by anyone. This pits ostensible allies against one another – with Canada reminding the United States that innocent transit through international straits could include Russian and Chinese submarines; while Beijing seeks ways to bypass the regulations that its nominal partner Moscow imposes on ships transiting the NSR.

Arctic Shipping Routes and Minimum Extents of Arctic Sea Ice

Arctic sea ice has been receding steadily in recent years, and the trend is likely to continue over the next 80 years.



Data: NGA, NSIDC, NOAA

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Meanwhile, the uptick of Arctic activity among these larger powers is prompting other international stakeholders to respond. Moscow's revitalization of its Arctic military frontier, for one, is drawing the Scandinavian countries closer together, with Norway challenging Russian energy exploration activities in the Barents Sea. The European Union has also begun asserting its own Arctic policy, given that several of its members are Arctic states. And many other countries and international organizations are increasingly seeking to internationalize Arctic management as well, in the hopes of stepping up everyone's actions related to climate issues and environmental protection.

A Geopolitical Enigma

And therein lies the conundrum that makes the Arctic so unique. Just as the perimeter of the Arctic Circle can be ambiguous, it's difficult to define who lays claim to it or the issues that arise within it. Are Arctic issues regarding climate, transit and resources global in nature (or as China characterizes it, the "common heritage" of mankind)? Or are they national, based on geographic location and international rights to sovereignty, both on land and in the coastal waterways? Or are they local, shaped by the native populations that have long lived on the land around the Arctic Ocean, who increasingly seek to balance their traditional subsistence lifestyles with the cash economy via resource exploitation?

There is, of course, no right answer to these questions, as no there is no one authority to say who is definitively right. With no core population, the Arctic has been pulled between competing and changing interests for decades. And as a result, it has become an area where close allies compete and archenemies agree; where native interests at times clash with environmentalists and coincide with energy and mineral interests; where historically sidelined or displaced indigenous populations are key stakeholders in development or claims on national territorial sovereignty; and where questions about connectivity and infrastructure development are caught between the strategic incentives to develop the region for extractive and national security reasons, and the very sparse populations and harsh climate that mitigate against the costs.

Climate change, technological advancements and the increased activity of distant powers are bringing the Arctic back to a place of prominence it hasn't held in decades, if ever.

Many of these Arctic issues are not new, but climate change, technological development and the increased involvement of distant stakeholders are returning the region to a place of prominence it hasn't held in decades, if ever. Having no clear center of power in itself, the Arctic is neither destined to be a source of strategic competition nor a center of global cooperation. Indeed, even as everything changes around it, the Arctic itself will remain an area where the primary geopolitical drivers come from distant capitals, and increasingly from countries like China that hold little territorial claim to the region.

Referenced Content:

- [1] [what-russia-stands-gain-and-lose-thawing-arctic-china-us-great-power](#)
- [2] [why-china-wants-expand-its-arctic-footprint](#)