



# Arctic matters: in from the cold?

by Juha Jokela

A variety of new political and security challenges seem to be emerging in the Arctic, including military developments which are particularly worrying at a time of heightened tension between Russia and the West. Yet these signs of a resurgent geopolitical rivalry are matched by equally strong incentives for continuing cooperation across the polar region.

## Between transformation and cooperation

Temperatures in the Arctic are rising up to two or three times faster than the global average. The subsequent melting of ice and snow caps poses serious and imminent threats to biodiversity, marine and terrestrial ecosystems, and nature-based livelihoods within the region.

The impact of these environmental changes is not limited to the Arctic itself: methane released from the permafrost is an important 'climate forcer', accelerating the warming and raising the level of the sea, and thereby changing global weather patterns.

The changes underway have also generated interest in the economic potential of the Arctic, notably in the opening up of faster shipping routes, the region's estimated vast deposits of hydrocarbons and rare minerals, and its growing fish stocks. Joint action is now needed to manage the associated risks. This includes the development of relevant know-how and the procurement of specialised

equipment, as well as the building up of capabilities for Search and Rescue (SAR) operations and environmental disaster responses. Adequate national and international regulation has also been called for to ensure sustainable development and protect the far north's unique cultures and indigenous peoples.

Arctic states have actively sought to settle or limit territorial disagreements. Norway and Russia, for example, resolved their longstanding quarrel over the Barents Sea in 2010, and other existing territorial disputes have so far remained limited in intensity. Most importantly, the five Arctic littoral states – Canada, Denmark (through Greenland), Norway, Russia and the US – have declared their willingness to address any potential disagreements over the extension of Exclusive Economic Zones and continental shelves in a peaceful diplomatic manner, and in accordance with the principles of the UN Convention on the Law of the Sea (UNCLOS).

The role of the Arctic Council in dealing with a wide array of policy issues has also been strengthened in recent years. As an intergovernmental forum without legal status, it cannot independently issue binding regulations. Yet it has emerged as an important decision-shaping institution which sets the agenda, and issues detailed guidelines, for national and international legislation concerning the Arctic. The body also grants a voice to local indigenous populations. As a further sign of growing global interest in the Arctic, the Council has expanded

the number of its observer states to include several countries from outside the region.

At a sub-regional level, the Barents Euro-Arctic Council has become another valuable forum with a decent track record of promoting cross-border collaboration to solve environmental and socio-economic challenges.

## Challenges new and old

Certain recent developments, however, suggest that larger-scale disputes or even open conflict in the Arctic cannot be ruled out. Non-Arctic actors have been keen to establish a presence by investing in scientific research, strengthening their relations with Arctic states, and participating in relevant multinational frameworks. Local responses to this have varied, ranging from interest in the prospect of broader and deeper international cooperation to concern over the possibility of greater geopolitical competition in the region.

While the recent Danish claim under UNCLOS to extend Copenhagen's continental shelf (to include the North Pole) did not come as a surprise, the extent of its overlap with a previous Russian claim caused concern among Arctic states and observers alike.

Moreover, the ongoing crisis in Ukraine and the resulting animosity between Russia and the West are affecting Arctic cooperation efforts both directly and indirectly. The restrictive measures imposed on Moscow by the West prohibit the provision of drilling, well testing, and certain services for deep water oil exploration in Russia – although they do allow the continuation of joint ventures already launched and do not affect gas projects.

If the sanctions are gradually lifted in the near future, their disruptive effect on cooperation in the Arctic is likely to remain limited – something which might have been part of their design in the first place. Should the sanctions remain in force for a longer period, however, and Russian projects be pursued without the required Western know-how, the risk of environmental disasters occurring in the Arctic might increase.

Meanwhile, the drop in global oil prices has hit the Russian economy hard and called into question the economic viability of Arctic oil projects, at least for now. Russia now has additional reasons to diversify its partners and explore new channels for much-needed external investments in – and support for – potentially risky business ventures. This,

in turn, could lead certain non-Western powers, notably China, to take a greater interest in Arctic matters.

## Northern exposure

Russia's military aspirations in the region form a cornerstone of its more assertive foreign policy, though its current military build-up there seems to be part of its general 'balancing' strategy with the US and NATO rather than specifically Arctic-related. Russia's Northern Fleet, for example, is stationed there, mostly in Severomorsk in the Murmansk region and Severodvinsk in the Archangel region. Given that this force accounts for two-thirds of the entire Russian navy, the strategic significance of the far north for the country is evident.

This increased military presence has also been seen as an indication of the importance Russia attaches to the region as a future gas and oil reservoir and a global maritime transport route. It is set to continue expanding its forces throughout 2015, despite the country's economic woes. Much needed confidence-building measures in the region, however, are unlikely to materialise given the current tensions over Ukraine.

NATO has decided to halt its members' military cooperation with Moscow: customary joint military staff meetings and joint exercises in the Arctic have been put on hold. An informal gathering between the coastguards of Germany, the Netherlands, the UK and the Nordic countries took place without Russia, and a meeting planned to deal with some of the wider security issues – such as SAR tasks and oil-spill responses – has also been postponed.

At the same time, cooperation has continued in many other areas, including within the Arctic Council. Indeed, decoupling Arctic cooperation from current events in eastern Europe is a plausible and even desirable scenario at this stage. Russia's own willingness to prevent its strained relations with the West from interfering with Arctic cooperation efforts will be tested at the ministerial meeting of the Arctic Council next month. In this meeting, the US will take over the chairmanship of the Council for the next two years and the ministers are also expected to deal with the EU's pending application to become a recognised observer (it has only been invited on an *ad hoc* basis so far). As the EU and Canada have now settled their bilateral dispute regarding the Union's ban on seal products, only (hitherto unvoiced) Russian opposition could now block the EU's bid.

**Juha Jokela is a Senior Associate Analyst at the EUISS.**

