




COMMENTARY


Why the EU needs to Consider the Arctic as a Region of Strategic Interest

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1. Background

While the Covid-19 pandemic overshadowed remarkable jubilees such as 75-years of the UN-Security Council in 2020, it comes as no surprise to assess Covid-19's domination over the political sphere to continue at least for the near future. One jubilee likely to find itself missing attention is the 25-year anniversary of the Arctic Council. Said institution considers itself responsible for the promotion of cooperation, coordination and interaction among the Arctic States, Arctic Indigenous peoples, and other Arctic inhabitants on common Arctic issues¹. It consists of the five countries bordering the Arctic (the A5), namely the US, Canada, Russia, Norway and Denmark (via its autonomous region Greenland) in addition to Finland, Iceland and Sweden.

The Arctic is considered to be a region of substantial natural resources such as oil and gas, in addition to vast fishing grounds. Lastly, future sea routes could massively shorten distances and hence reduce prices of transportation of goods. While all of this indicates shining economic prospects, the ecological fragility of the Arctic ecosystem and its vital role in the global environment render conflicts of interest inevitable. At the same time, the environmental changes and the de-freezing in the Arctic are the main propellants for the economic opportunities in the first place. To this end, rising geopolitical tensions are to be expected and the EU might find itself caught on the wrong foot to respond to a new *great game*.

In this respect, the commentary shall elaborate on the interwoven nature of economic, environmental and consequently also military interests. By highlighting current policies of involved actors and comparing it to the limited approach by the EU, the case is made why the EU urgently needs to become a key actor regarding Arctic policy. As other actors already began to proactively pursue their interests in the Arctic, the EU must put its chips on the table in order to be able to make use of its diplomatic clout.

2. Current State of Play

Environmental Developments

One of the central issues of interest in the Arctic is and has been the impact of climate change on this region. Due to various factors, such as the increased absorption of sunlight due to decreasing ice coverage or the release of CO₂ and methane from the permafrost soil, the effects of rising temperatures are amplified in the Arctic and the region thus warms twice as fast as the rest of the world². In times of the Cold War, extensive ice sheets have limited accessibility to the Arctic in general and exploitability of resources in particular. This has changed with 2020 marking the first year since records began that the Laptev Sea, considered to be the birthplace of Arctic Ice, did not freeze during the summer³.

The plethora of environmental concerns tied to the Arctic only begin with receding ice coverage and catastrophes deemed possible range from wildfires over coastal erosion to rising sea levels to only name a few⁴. Many scenarios are possible, but analyses of the ice remain the best tool to grasp the

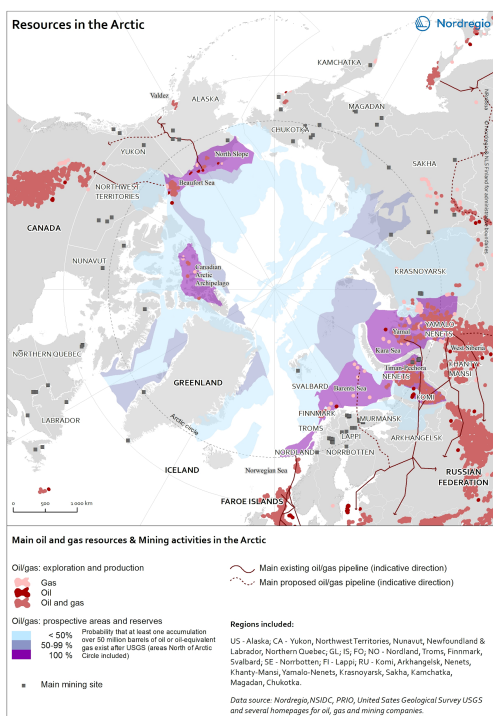
¹ <https://arctic-council.org/en/about/>

² [IPCC, Summary for Policymakers, 2018](#)

³ [National Centers of Environmental Information, 2020](#)

⁴ [European Parliament, 2020](#)

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pace of the dramatic changes in the Arctic. The amount of multi-year ice, ice that does not melt over the summer, has been reduced by half over the past forty years and scientists expect that this type of ice might disappear⁵.

Economical Possibilities

Unironically, it is the ice that kept developments in the Arctic frozen in the past. The harsh conditions that prevailed rendered the exploitation of the natural resources of the region difficult, while the global availability made it economically unattractive. This is now changing quickly. It is important to note that the Arctic region is not only considered to have one of the largest reserves of oil and gas in the world, but it also has vast quantities of fish, forests and freshwater.

Looking at fishery first, in 2010 the EU received 39% of its fishery imports from Arctic waters⁶. Andreas

Østhagen comments that “[f]isheries are especially prone to small-scale conflicts erupting, as both resources and maritime boundaries are hard to control and monitor.”⁷ The potential for this economically relatively small sector to be the nail for which kingdoms are lost became visible in the negotiations between the EU and the United Kingdom, when the fisheries chapter nearly brought talks to an end. In 2018 however, the EU, Canada, China, Denmark (in respect of Greenland and the Faroe Islands), Iceland, Japan, Korea, Norway, Russia and the United States agreed on a moratorium to ban all commercial fishing in the high seas portion of the Central Arctic Ocean.⁸ The agreement is expected to last for 16 years, although it includes a provision that fishing could be allowed if scientists agree on the possibility of sustainability of Arctic fishing. Whereas the issue of fishery for the time being seems to maintain *Arctic Exceptionalism*, other economical issues might not be addressed that easily.

A more contentious topic that is unfolding is related to the Arctic's oil and gas reserves. The fossil fuels in the Arctic Circle are estimated to make up 22% of the undiscovered and at the same time technically exploitable resources reserves of the world^{9 10}. More than 80% thereof are expected to be off-shore. While the rising temperatures render excavation of the North's riches possible, the conditions remain difficult and significant investments would need to be made. Partly caused by the Covid-19 induced slump in crude oil prices, oil companies in the U.S. were reluctant to partake in the recent sell-off of federal lands in Alaska¹¹.

⁵ [The Economist, 2020a](#)

⁶ [Cavalieri, S. et al., 2010](#)

⁷ [Østhagen, A., 2019](#)

⁸ [European Commission, 2018](#)

⁹ [U.S. Geological Survey, 2008](#)

¹⁰ [Nordregio, 2019](#)

¹¹ [The Economist, 2021](#)

However, Russia, already the leading the field in the extraction of Arctic oil and gas, seeks to double its output by 2035 and completed the construction of a \$27 billion liquefied natural gas (LNG) project in 2017 on the Yamal peninsula¹². While the Chinese co-financed project is located on Russian soil, it symbolizes Russia's endeavours in the Arctic and the build-up of knowledge and capabilities that come along with it. However, oil and gas production is highly dependent on market prices. Given global efforts to reduce the share of fossil fuels in the energy mix, the cost intensive efforts in the Arctic might not be worthwhile as the American example shows.

Lastly, the receding ice opens up formerly closed shipping lanes. While the routes via the Arctic Circle will still be blocked in winter, the timeframe that allows shipping will only expand in the decades to come. Economically, the attractiveness of the northern shipping lanes compared to the current lanes cannot be overstated. Whereas the distance from Yokohama to Rotterdam via the Suez Canal is 20,700km, the Arctic route would shorten the distance to 12,700km. From New York to Shanghai the distance via the Panama Canal is 19,600km, while the route passing through the Northwest Passage via Canada shortens the trip to 14,500km¹³.

However, not only are dedicated icebreakers most of the time needed to cut open shipping lanes, cargo ships that wish to operate in the Arctic require reinforced hulls and special ship design to be deemed safe to use - at least under current climatic conditions. Initial investment is again an obstacle, yet it could pay itself off sooner than some expect. This year and for the first time in history, a convoy of three ice-capable LNG carriers travelled from the Russian facility on the Yamal peninsula to China and South Korea without icebreaker support vessels in the middle of winter¹⁴. This triumph for Russian endeavours in the Arctic is limited by damages sustained by the vessels, it nevertheless marks a successful first¹⁵.

Geopolitical Demeanor

As laid out before, economical activities in the Arctic are accelerating but are still at a relatively low profile. This cannot be said about the activities of states, be it the Arctic-5 or other countries. Since 2019, France¹⁶, the USA¹⁷, Germany¹⁸, Canada¹⁹, Russia²⁰, Sweden²¹ and Norway²² have released strategy papers for the Arctic. It is expected that Denmark, Finland and Switzerland will follow this year, in addition to the Commission/EEAS strategy that shall be published in fall. Not only the pace and the extent of the white papers and strategies is extraordinary, it is also notable that all publications include a distinct security dimension.

¹² [Tsafos, N., 2019](#)

¹³ [Baccaro, S., Descamps, P., 2020](#)

¹⁴ [Novatek, 2021](#)

¹⁵ [The Maritime Executive, 2021](#)

¹⁶ [Ministère des Armées, 2019](#)

¹⁷ In fact, the USA released six Arctic Strategies, one for each branch of the military, one for the Department of Defense as a whole and one for the Department of Homeland Security

¹⁸ [Auswärtiges Amt, 2019](#)

¹⁹ [Government of Canada, 2019](#)

²⁰ [Portal of Legal Information of the Russian Federation, 2020](#)

²¹ [Regeringskansliet, 2020](#)

²² [Norwegian Ministry of Foreign Affairs, 2020](#)

Most importantly, an extensive militarization is taking place between Russia and NATO. In 2018 and for the first time in three decades, an US aircraft carrier was deployed to the Arctic to join the NATO maneuver *Trident Juncture*, together with Swedish and Finnish forces. Various surface navy groups have frequented the Arctic since then. Russia is equally increasing its military capabilities with air-defence systems and higher navy activity.²³ Recently, the Eurasian country launched the first Arctic surveillance satellite, officially for climate observation²⁴.

Russia is also greatly ahead when it comes to its icebreaker fleet, which is supposed to clear the shipping lanes for cargo vessels but is also relevant for strategic capabilities. With five new nuclear icebreakers being under construction and the reactors of four that are in service being renewed, Russia dwarfs the icebreaker fleets of all other nations even if they were combined²⁵. Over the course of the past years, China and Russia have steadily increased navy cooperation and have taken a more assertive stance²⁶. In the National Security Law of 2015, China expressed its right to “preserv[e] the security of our nation's activities and assets [...] polar regions”²⁷.

While all this is taking place and tensions over contested borders and exclusive economic zones and their respective continental shelves are rising²⁸, the Commission’s public consultation for the EU strategy does not include any geostrategic provisions. A speech delivered by HR/VP Josep Borrell at the Arctic Frontiers Conference in February this year gives the usual suspects of EU foreign policy parlour jargon, such as the need for multilateralism and environmental protection, which are indeed utterly important in the Arctic, but it also made references to geopolitics²⁹. In the same tone, Michael Mann, EU Special Envoy for Arctic Matters, highlighted at a conference on March 16, that the great power competition that becomes more visible in the Arctic is linked to global political rivalries and not the Arctic itself and that *Arctic Exceptionalism* continues to apply³⁰. In this light, the last and subsequent section shall lay out possible approaches to make this perception remain a reality.

3. Policy Recommendations

With the European Commission having announced to publish a new Arctic Strategy by the end of 2021, its foremost priority should be to harmonize and co-ordinate the national Arctic Strategies of its member states and, if possible, by extension as well the Arctic Strategies of the EEA members. By positioning the EU strategy as the umbrella, the member states initiatives can effectively be supported by the diplomatic clout of the union. Hand in hand with the ambition to gain observer status at the Arctic Council, the EEAS should form a new division and elevate its Arctic policy from a single-person issue, handled by a special envoy, to a team of diplomats familiar with the Arctic and the A5.

²³ [The Economist, 2020b](#)

²⁴ [Reuters, 2021](#)

²⁵ [Germany Trade and Invest, 2020](#)

²⁶ [Stiftung Wissenschaft und Politik, 2019](#)

²⁷ Chinese National Security Law 2015, Art. 32

²⁸ [Stiftung Wissenschaft und Politik, 2020](#)

²⁹ [Borrell, J., 2021](#)

³⁰ Mann, M., 2021 at CPMR BSC

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For the new Arctic Strategy, the EU should prioritize to ensure a demilitarised Arctic in addition to environmental objectives. The lack of a military code of conduct poses an unsustainable risk in a region of contested interests and the development thereof could be a first goal for the EU. Given the confrontational stance of Russia in foreign policy issues, as seen in Ukraine, or in domestic affairs with the treatment of the oppositionary Nawalny, the geostrategic dimension of the Arctic must be acknowledged and included in the Arctic strategy. On its northernmost border, the EU cannot risk to be delayed in its action and must behave proactively.

It is unrealistic to assume that the EU will become a player comparable to the A5 in the immediate future. For this, the EU is lacking maritime and military capabilities, as well as on-the-ground personnel. An EU that is a strong conventional actor in the Arctic might not even be desirable as the perception as a competitor could limit the conciliatory power.

However, the EU needs to set the gears in motion and realize that the Arctic will become one of the most important neighbourhoods. In order to set out an effective strategy, the EU needs to show political will and a sense of self-perception as Arctic power. It is well needed; the EU's environmental diplomacy and capabilities in mediation and multilateralism can be the de-escalating component that is needed to maintain *Arctic Exceptionalism*. To put things differently, the Arctic concert has not yet started, but most of the audience already took their seats. The EU still has the choice, does it wish to sit in the stalls or in the box?

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