
A New Cold War in the Arctic?

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It is easy to think of the Arctic region as pristine and peaceful. However, recent scientific predictions and military build-up require further scrutiny. Accelerated ice melt has made Arctic resources more accessible to the countries encircling the North Pole. As a result, Russia has increased military and exploratory activity in the region. Russia's heavy dependence on hydrocarbons, Arctic military build-up, and newly aggressive foreign policy forecasts a potential threat to the United States, its interests, and its allies in the Arctic north. Russia's stated goal of resurrecting its great power status and desire to balance against the United States drives Moscow's foreign policy, including its Arctic intentions.¹ However, Western-imposed sanctions against Russia over its involvement in the ongoing Ukrainian Crisis are changing the outlook for the far north, requiring an assessment of Russian intentions and capabilities with regards to U.S. national security. This assessment analyzes Russia's capabilities and intentions under the remainder of President Vladimir Putin's term until 2018.

Understanding Russia's capabilities and intentions requires an assessment of Russian hydrocarbon dependence, national aspirations, legal claims, economic capacity, military strength, geography, and environmental limitations. It is highly likely

¹ Michael L. Roi, "Russia: The Greatest Arctic Power?" *Journal of Slavic Military Studies* 23, (2010): 559.

that Russia intends to continue its military build-up in the Arctic, specifically its nuclear deterrence capabilities. Its primary reasons for doing so include the desire to restore its status as a world power, to have access to vital resources, and to defend its borders and regional interests from perceived threats by other nations. However, Russian capabilities in the Arctic will likely not match its intentions for at least the next three years. Moscow's current activities in the region will not be a significant threat to the United States and its allies.

THE ARCTIC REGION

The Arctic is expected to hold nearly a quarter of the Earth's undiscovered but recoverable oil and natural gas; more than 80% of these reserves are expected to be offshore.² The Arctic seabed may also contain significant deposits of valuable metals and precious stones.³ Accessibility to the region, to a "Northwest Passage" across the Arctic Circle, is increasing because the region is warming at twice the rate of the rest of the planet. Some scientists forecast ice-free Arctic summers in the coming decades.⁴ The fast-paced warming highlights the region's potential, as ice-melt leads to easier access to underwater natural resources, new fishing grounds, and new shipping routes between the Pacific and Atlantic that may cut sea travel

² "The Emerging Arctic." *Council on Foreign Relations*, accessed on November 10, 2014.

<http://www.cfr.org/arctic/emerging-arctic/p32620#/>

³ Stephen J. Blank, ed. "Russia in the Arctic," *Strategic Studies Institute*, July 2011: 4, accessed on November 11, 2014.

<http://www.strategicstudiesinstitute.army.mil/pdffiles/PUB1073.pdf>

⁴ Kathrin Keil, "The Arctic: A New Region of Conflict? The Case of Oil and Gas," *Cooperation and Conflict*, June 6, 2013, 162.

time by up to 40%.⁵ Given how recent the emergence of the Arctic's resource wealth is, the region has historically not been a core U.S. interest due to its harsh climate and the high cost of technologies required to overcome these obstacles.⁶ It plays a minor role in U.S. national defense policy, though during the Cold War, NATO sites in Greenland, Canada, and Alaska were part of the U.S.'s early warning and first strike nuclear capabilities.⁷

Thus far, the Arctic has remained a surprisingly peaceful and collaborative region. The five littoral Arctic powers—Russia, Norway, Denmark (Greenland), Canada, and the United States—joined Sweden, Finland, and Iceland to create the Arctic Council in 1996. Its mission is to support environmental protection and sustainable development in the region, but does not address military security issues.⁸ The North Atlantic Treaty Organization (NATO) has an important role in the region since four of the “Arctic Five” and five of the eight countries in the Arctic Council are member states. Russia, the only non-NATO littoral state, has committed to following the United Nations Convention on the Laws of the Sea (UNCLOS) guidelines for its claims in the Arctic. UNCLOS allows states to petition for ownership of resources in a specific area if they can prove their continental shelf extends past the average 200 nautical miles granted to nations. The United States has not ratified UNCLOS, although it recognizes most components of it under international law. If the U.N. recognizes

⁵ “Arctic Transit: Northern Sea Route,” Royal Belgian Institute of Marine Engineers, Issue 4, 2012: 1, accessed November 23, 2014.

http://www.gallois.be/ggmagazine_2013/gg_02_03_2013_90.pdf

⁶ Zdeněk Kríž and Filip Chrást'anský, “Existing Conflicts in the Arctic and the Risk of Escalation: Rhetoric and Reality,” *Perspectives* 20, no.1 (2012): 113.

⁷ Lauren Goodrich and Marc Lanthemann, “The Past, Present and Future of Russian Energy Strategy,” *STRATFOR Global Intelligence*, February 12, 2013.

⁸ “The Emerging Arctic”

Russia's claims in the Arctic, this will stand in opposition to U.S. interests in the region, namely freedom of the seas and navigation to prevent one power from gaining exclusive control over an area of the ocean.⁹

RUSSIAN INTENTIONS IN THE ARCTIC

Russia's increased exploration in the Arctic, resumption of Cold War era bomber patrols, regional military buildup, and political posturing are cause for concern as indicators of Russian intentions and capabilities in the region.¹⁰ However, these intentions are not offensive in nature; rather, they are grounded in hydrocarbon dependence, national status implications, and a desire to assert legal rights.

The primary motivation for Arctic involvement is the Russian economy's substantial dependence on hydrocarbons, a significant amount of which comes from north of the Arctic Circle in.¹¹ Oil and gas revenues account for more than 50% of Russia's federal budget revenue and 68% of exports.¹² The high dependence on hydrocarbon revenue has resulted in the ruble being pegged to the price of oil. As gas prices drop so too does the value of the ruble, weakening the Russian economy.¹³ The official Russian Arctic strategy, released in

⁹ *The National Security Strategy for the Arctic Region*, The White House, May 2013, accessed December 1, 2014. https://www.whitehouse.gov/sites/default/files/docs/nat_arctic_strategy.pdf

¹⁰ Paal Sigurd Hilde, “The ‘new’ Arctic—the Military Dimension,” *Journal of Military and Strategic Studies* 15, no. 2 (2013): 134.

¹¹ Blank, ed. “Russia in the Arctic,” 116.

¹² “Russia,” U.S. Energy Information Administration, March 12, 2014, accessed on November 29, 2014. <http://www.eia.gov/todayinenergy/index.cfm?tg=neutral%20gas>

¹³ Natalie Kitroeff and Joseph Weisenthal, “Here's Why the Russian Ruble is Collapsing,” *Bloomberg Business News*, 16 December 16, 2014, accessed on April 20, 2015. <http://www.bloomberg.com/bw/articles/2014-12-16/no-caviar-is-not-getting-cheaper-everything-you-need-to-know-about-the-russian-ruble-collapse>

2008, sees the region as a national strategic resource base that is essential to its socioeconomic ability to grow, and its standing in the international community.¹⁴ Moscow's goal is to make the Arctic its leading energy resource base by 2020.¹⁵ This is due, in part, to the main hub of Russian oil production, in West Siberian petroleum basin, getting closer to reaching peak output, barring investment or improved equipment.¹⁶ Even with such technologies, there is concern over how long reserves will last in a region that has been heavily exploited for several decades.¹⁷ Russia's access to energy resources is synonymous with its ability to influence foreign and domestic policy.¹⁸ But due to limited capabilities to affordably access these resources, interest in Arctic hydrocarbons will not result in aggressive Russian action.

Russia views nuclear deterrence and access to resources as the keys to reviving its great power status.¹⁹ Maintaining its vision of being the greatest Arctic power is one of the driving forces behind an Arctic military build-up. The Arctic is where Russia's defense capabilities and security must be ensured in the coming decades.²⁰ For Russia, the battle for resources is synonymous with the battle for sovereignty and its ability to influence foreign and domestic policy.²¹ Although

Russia has acted cooperatively in the region to date, the use of military force to resolve these issues has not been ruled out in the government's strategy.²² Drawing on its historical connection to the Arctic and strong frontier myths,²³ the issue is ideological as well as strategic.²⁴ Russian history has in recent years become an increasingly important rhetorical theme found in justifications for Russian foreign policy, from the Georgian conflict in 2008 to the ongoing crisis in Ukraine and annexation of the Crimea.

Russia argues it possesses a legitimate claim to a significant quantity of resources in the Arctic region. Some of the claims cross into international waters, and Russia's intention to charge a transportation fee for this route violates the concept of freedom of the seas.²⁵ According to Russian accounts, a new bid for these claims will be placed with the U.N. in the spring of 2015, though currently, the bid is far behind the original schedule.²⁶ If Russia does gain access to these areas, in addition to significant resource wealth, it would have the Northern Sea Route at its disposal, which would give it control of the shortest maritime route from North America to Europe to Asia.²⁷ However, given the U.N. committee's heavy backlog it is not likely to rule on the claims before 2018.²⁸

¹⁴ Keil, "The Arctic: A New Region of Conflict?" 166-7.

¹⁵ Blank, ed. "Russia in the Arctic," 18.

¹⁶ Melissa Renee Pegna. "U.S. Arctic Policy: The Need to Ratify a Modified UNCLOS and Secure a Military Presence in the Arctic," *Journal of Maritime Law & Commerce* 44, no. 2, April 2013, 179-180.

¹⁷ Blank, ed. "Russia in the Arctic," 106.

¹⁸ "Arctic Resources: The Fight for the Coldest Place on Earth Heats Up." *RT*, April 15, 2014, accessed on November 15, 2014. <http://rt.com/news/arctic-reclamation-resources-race-524/>

¹⁹ Goodrich and Lanthemann, "The Past, Present and Future of Russian Energy Strategy,"

²⁰ Todd L. Sharp. "The Implications of Ice Melt on Arctic Security," *Defence Studies* 11, no. 2 (2011): 304.

²¹ "Arctic Resources: The Fight for the Coldest Place on Earth Heats Up."

²² Blank, ed. "Russia in the Arctic," 20.

²³ Politics: Too Much to Fight Over," *The Economist*, June 16, 2012, accessed on December 1, 2014. <http://www.economist.com/node/21556797>

²⁴ Kříž and Chrást'anský. "Existing Conflicts in the Arctic and the Risk of Escalation," 133.

²⁵ Blank, ed. "Russia in the Arctic," 26.

²⁶ Tom Parfitt, "Russia Lays Claims to Billions of Tons of Arctic Oil and Gas," *The Telegraph*, October 31, 2014, accessed April 20, 2015.

<http://www.telegraph.co.uk/news/worldnews/europe/russia/11199323/Russia-lays-claim-to-billions-of-tons-of-Arctic-oil-and-gas.html>

²⁷ Blank, ed., "Russia in the Arctic," 48.

²⁸ Sharp, "The Implications of Ice Melt on Arctic Security," 314.

RUSSIAN CAPABILITIES IN THE ARCTIC

Russia's intentions to increase its presence in the Arctic are frustrated by its limited capabilities to project its power there, militarily or otherwise.²⁹ Russian Arctic capabilities are unlikely to develop due to Russia's poor economy, outdated Arctic military, and other environmental barriers. However, from these examples, Russia's faltering economy is the primary reason it will not be able to achieve its Arctic plans by 2018. As a result of recent sanctions on Russia over the Ukrainian Crisis, high-tech projects have been put on hold, including joint ventures with Western companies in the region.³⁰ Falling world gas prices and a shrinking market will also have a negative impact on Russian energy projects.³¹ Due to the uncertainty of the direction of the gas market, Russia has put several large gas exploitation projects on hold—citing high costs and low prices.³² The Russian oil company Rosneft has reportedly asked the government for more than US\$40 billion dollars to offset losses due to sanctions.³³

This loss of foreign assistance will be especially felt in the Arctic. Oil and gas production there involve high capital and

operating costs for building infrastructure and getting the product to market.³⁴ Russia is predicted to lose significant amounts of foreign direct investment by the end of 2015, including much technology and managerial know-how that it desperately needs for its oil and gas industries.³⁵ Attempts to develop and replace Western technology to circumvent the sanctions will take at least several years.³⁶ High operating costs in the Arctic and the profit motive³⁷ to develop their own undisputed resources rather than fight over resources they do not have access to, are indicators that Russia is likely to continue with peaceful exploration of the region for the next few years.³⁸

Additionally, Russia's military capabilities in the Arctic are not robust enough to be a threat to U.S. national security for several years to come. Even though the Russian strategy defines the Arctic as Russia's most important arena for international and military security and claims that its ability to defend its national security is contingent on the country's economic potential, the infrastructure is not present.³⁹ Russia has identified problems in the form of easy access to the region by other nations, a shortage of

²⁹ Pegna. "U.S Arctic Policy," 180.

³⁰ Olga Ivshina, "Russian Oil Industry Facing a Deep Freeze," *BBC News*, November 26, 2014, accessed on April 20, 2015. <http://www.bbc.co.uk/news/world-europe-30217070>

³¹ Paul Roderick Gregory, "Western Sanctions and Rising Debts Are Already Strangling the Russian Economy," *Forbes*, August 28, 2014, accessed on April 20, 2015. <http://www.forbes.com/sites/paulroderickgregory/2014/08/28/western-sanctions-and-rising-debts-are-already-strangling-the-russian-economy/>.

³² "The Emerging Arctic."

³³ Vauhini Vara. "Hurt Putin, Hurt Yourself?" *The New Yorker*, August 19, 2014, accessed on December 2, 2015.

<http://www.newyorker.com/business/currency/hurt-putin-hurt>

³⁴ "U.S. Navy Arctic Roadmap 2014-2018," Navy Task Force Climate Change, February 2014: 7, accessed November 1, 2014.

http://www.navy.mil/docs/USN_arctic_roadmap.pdf

³⁵ "U.S. Sanctions Cloud Oil Discovery in the Russian Arctic with Uncertainty," *Forbes*, October 6, 2014, accessed on November 10, 2014.

<http://www.forbes.com/sites/greatspeculations/2014/10/06/u-s-sanctions-cloud-oil-discovery-in-the-russian-arctic-with-uncertainty/>.

³⁶ Ivshina. "Russian Oil Industry Facing a Deep Freeze."

³⁷ Mansur Mirov, "Russia's Failing Designs for Arctic oil Exploration," *Al Jazeera*, March 19, 2015, accessed on April 22, 2015.

<http://www.aljazeera.com/indepth/features/2015/03/russia-failing-designs-arctic-oil-exploration-150316075032235.html>

³⁸ Politics: Too Much to Fight Over,"

³⁹ Blank, ed. "Russia in the Arctic," 19.

military personnel and equipment capable of operating in polar conditions, and the lack of any immediate response capabilities in the event of hostilities.⁴⁰ More than 10,000 miles of Russia's Arctic coastlines are not covered by radio, among other weaknesses, leading Russia to purchase information from the United States or Canada.⁴¹ While Russia has the largest military presence in the Arctic, including the world's largest fleet of icebreakers, this force is antiquated, making it technologically insufficient for current Arctic missions, and too geographically concentrated in the Kola Peninsula to be an offensive force.⁴² U.S. ICBM submarines in the region are a far more potent force than Russia's own subsurface fleet.⁴³ These weaknesses, in conjunction with weak conventional forces, are driving efforts to prioritize nuclear deterrence capabilities.⁴⁴ Russia will continue to build its nuclear deterrence capabilities as well for defensive purposes, but this will take several years due to the ongoing economic slowdown and backlog of work that needs to be done.

Offensive Russian military action in the region is therefore unlikely. This would be detrimental to resource access and elicit an aggressive response from NATO.⁴⁵ Likewise, in the next three years the primary issue is not legal or military access to enough resources, it is financial ability and technological know-

how to make use of already undisputed resources with Russia's recognized territorial claims. Rather, Russian capabilities appear better aligned with their stated goals to expand border patrols,⁴⁶ increase the size of the coast guard, and capacity-building measures in the form of providing security for Russian commercial and scientific expeditions.⁴⁷

Since major Russian naval construction projects were halted in response to the 2008 financial crisis, current sanctions and the resulting economic decline are also limiting military production.⁴⁸ Russia's finance minister recently explained that Russia cannot afford to meet the Kremlin's desired goal of a 30% upgrade of military equipment by 2015 and 70% by 2020.⁴⁹ This plan was created in 2011, before the current sanctions were implemented that limit access to needed technology and specifically target the arms industry. Unless the government drastically diverts resources from the domestic economy, these upgrades will be impossible to achieve. Even if the money is available, it will take a long time to replace imported military technologies with domestic output.⁵⁰ Russia is far from meeting its stated goals for an Arctic military buildup for 2010-2015 and is a long way from developing the Arctic as its strategic resource base by 2020.⁵¹

⁴⁰ Yekaterina Kravtsova. "Russia Builds Up Arctic Forces as Resource Fight Intensifies," *Moscow Times*, December 25, 2013, accessed on November 17, 2014. <http://www.themoscowtimes.com/news/article/russia-builds-up-arctic-forces-as-resource-fight-intensifies/492100.html>

⁴¹ Blank, ed. "Russia in the Arctic," 84.

⁴² *Ibid.*, p 51 and 56

⁴³ Rebecca Bluit. "Cold, Cold War: Putin Talks Tough Over US Rivalry," *ABC News*, December 5, 2013, accessed on November 15, 2014.

<http://abcnews.go.com/Blotter/cold-cold-war-putin-talks-tough-us-artic/story?id=21110178>

⁴⁴ Blank, ed., "Russia in the Arctic," 113.

⁴⁵ Sharp, "The Implications of Ice Melt on Arctic Security," 304.

⁴⁶ Gareth Jennings, "Russia to Deploy Orlan-10 UAVs to the Arctic in May," *IHS Jane's 360*, April 23, 2015, accessed on April 25, 2015.

<http://www.janes.com/article/50928/russia-to-deploy-orlan-10-tuavs-to-the-arctic-in-may>

⁴⁷ Blank, ed., "Russia in the Arctic," 110.

⁴⁸ *Ibid.* p. 84.

⁴⁹ Lidia Kelly. "Finance Minister Warns Russia Can't Afford Military Spending Plan," *Reuters*, October 7, 2014, accessed November 5, 2014.

<http://www.reuters.com/article/2014/10/07/us-russia-economy-spending-defence-idUSKCN0HW1H420141007>

⁵⁰ *Ibid.*

⁵¹ *Foundations of The Russian Federation's State Policy in the Arctic Until 2020 and Beyond*, September 18, 2008, accessed December 1, 2014.

It is worth noting that Russia's bellicose rhetoric regarding Arctic dominance plays successfully to domestic audiences.⁵² Taking these claims at face value would embolden the most extreme supporters of the buildup, when indicators point towards Russia enhancing its self-defense and Arctic exploration interests instead. However, some indicators of Russian aggression would include Russia's withdrawal from the Arctic Council, its rejection of UNCLOS rules, and staking a unilateral claim to the desired areas coupled with a rapid buildup of offensive capabilities in the region.

Russia's capabilities are also limited by regional environmental constraints. New opportunities due to ice melt will not be realistically viable for several decades. The region remains expensive to operate in, requiring special technology and equipment and high insurance rates, as well as high transportation costs after resource extraction.⁵³ The region is dangerous to operate in due to shallow waters, ice drift, and months without sun.⁵⁴ Finally, it is laborious since few countries have the right vessels to travel safely through the region.⁵⁵ An environmental disaster (or a military attack) due to Russian activity in the region would result in international involvement and more scrutiny and possibly increased regulations. All of this provides incentive for Russia to act cautiously in the region and not give other states a reason to intervene.⁵⁶

http://icr.arcticportal.org/index.php?option=com_content&view=article&id=1791%3

⁵² Hilde, "The 'new' Arctic—the Military Dimension," 146.

⁵³ Keil, "The Arctic: A New Region of Conflict?" 179.

⁵⁴ Sharp, "The Implications of Ice Melt on Arctic Security," 300.

⁵⁵ *Ibid.*

⁵⁶ Blank, ed., "Russia in the Arctic," 24.

CONCLUSION

The assessment of Russian capabilities is limited by information gaps involving intentions and capabilities. President Putin's increasingly erratic behavior makes it difficult to assess his true intentions and the decision-making processes of his administration. It is also difficult to assess the full effect on the Russian economy that sanctions will have, given that these are all conditional measures taken with respect to Ukraine and could be withdrawn in the event of a settlement. Additionally, it is unknown whether Russian intentions will be deterred or accelerated by worsening economic conditions, and how much the government is willing to invest in the military at the risk of increased domestic hardships.

The norm of cooperation in the Arctic is expected to continue through the next three years. However, several alternatives might derail this. Russia's last official Arctic strategy was released in 2008, so it is possible that Russia could release a new, more aggressive strategy for the region. Since Russia has not ruled out the use of force in territorial disputes over the Arctic and has used force elsewhere to achieve its goals, this too is an option.⁵⁷ Russian annexation of the areas it has petitioned for under UNCLOS is not impossible given Russia's seizure of the Crimea in 2014. The continuing decline in oil and gas prices could also lessen immediate Russian interests in the region. Alternatively, the overall economic deterioration and international isolation of Russia could create domestic unrest that requires more of Putin's resources and time from any ventures in the far north.

Russia's intentions in the Arctic are increasing, driven by its hydrocarbon dependence and desire to return to great power status. However, its capabilities in the

⁵⁷ Sharp, "The Implications of Ice Melt on Arctic Security," 304.

Arctic will remain weak as its economic decline inhibits modernization of the armed forces. Given the combination of economic incentive, national security, identity issues, and domestic politics, the Arctic is likely to become a region of conflict in the future. Geographic, climatologic, and technological barriers will continue to impede Russian efforts, and those of other nations. The high political and financial cost that any conflict would impose on resource access makes acts of aggression in the next three years unlikely.⁵⁸



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⁵⁸ Blank, ed., "Russia in the Arctic," 108-9.