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“Strategic Competition in the Arctic”

Chairman Gimenez, Ranking Member Thanedar, and distinguished members of the Committee. I am honored to speak before this esteemed Committee about strategic competition in the Arctic.

My name is Luke Coffey. I am a Senior Fellow at Hudson Institute. The views I express in this testimony are my own and should not be construed as representing any official position of Hudson Institute.

The Arctic region, commonly referred to as the High North, is becoming more contested than ever before. The Arctic encompasses the lands and territorial waters of eight countries on three continents. Unlike the Antarctic, the Arctic has no land mass covering its pole (the North Pole), just ocean. The region is home to some of the roughest terrain and harshest weather on the planet.

The region is also one of the least populated areas in the world, with sparse nomadic communities and a few large cities and towns. Regions are often very remote and lack basic transport infrastructure. In Greenland, no two population centers are connected by a road. Norway’s Ny Ålesund, located on the Svalbard archipelago, is the world’s most northerly permanently inhabited place with a population of only 40. Although official population figures are non-existent, the Arctic Council estimates the figure is “almost four million”,¹ making the Arctic’s global population about the size of Los Angeles. Approximately half of the Arctic population lives in Russia.

The region is rich in minerals, wildlife, fish, and other natural resources. Although exact figures difficult to know, in 2008 the U.S. geological Survey estimated that up to 13 percent

¹ “Arctic Peoples”, Arctic Council, 2023, <https://arctic-council.org/explore/topics/arctic-peoples/>

of the world's undiscovered oil reserves and almost one-third of the world's undiscovered natural gas reserves are located in the Arctic.²

The melting of some Arctic ice during the summer months creates security challenges, but also new opportunities for economic development. Reduced ice will mean new shipping lanes opening, increased tourism, and further natural resource exploration. However, it will also mean a larger military presence with more actors than ever before. This is not because there is a heightened threat of conflict in the region. Instead, it is because many capabilities needed in the Arctic, such as search and rescue, are more immediately, and at least for now, more effectively, provided by the military and coast guard.

Operating in the Arctic is no easy task for the military or coast guard. Equipment must be hardened for extreme cold weather. High-frequency radio signals can be degraded due to magnetic and solar phenomena. GPS can be degraded due to poor satellite geometry. The U.S. has no deep-water port above the Arctic Circle. The first deep-water port planned for Nome, Alaska will not be completed until 2030—and that is if the project remains on schedule. Some of Alaska's shipping lanes have not been surveyed properly since Captain James Cook sailed through in 1778. All of this is complicated by underinvestment in the U.S. Coast Guard in recent years.

U.S. Arctic Security Interests

The U.S. became an Arctic power on October 18, 1867, at the ceremony transferring Alaska from Russia to the U.S. At the time this purchase was ridiculed and was known as “Seward’s Folly”—named after the then-Secretary of State William Seward. However, with a stroke of a pen, Seward ended Russian influence in North America, gave the United States direct access to the northern Pacific Ocean, and added territory nearly twice the size of Texas for about 2 cents an acre along with 33,000 miles of new coastline. In his retirement Seward was asked what his greatest achievement was. He said: “The purchase of Alaska. But it will take another generation to find it out.”³

In the context of strategic competition, the U.S. has four primary geo-political interests in the Arctic region:

² The USGS has not updated its estimate since 2008 and these figures remain the most widely quoted. See: U.S. Geological Survey, “Circum-Arctic Resource Appraisal: Estimates of Undiscovered Oil and Gas North of the Arctic Circle,” July 23, 2008, <http://pubs.usgs.gov/fs/2008/3049>

³ Frederick W. Seward, “Seward’s Folly: A Son’s View,” University of Rochester Library Bulletin, Spring 1967, <https://rbsep.lib.rochester.edu/487>

1) Ensuring the territorial defense of the United States. This is particularly true as it pertains to the growing ballistic missile threat. In this regard our relationship with Canada is key. This is also why it is important for the U.S. deepen its relations with Iceland and Greenland—both serving essentially the forward operating bases of the North American continent.

2) Enforcing U.S. sovereignty in the region. In the Arctic, sovereignty equals security and stability. Respecting the national sovereignty of others in the Arctic while maintaining the ability to enforce one's own sovereignty will ensure that the chances of armed conflict in the region remains low. This is why investment in the U.S. Coast Guard is vital to America's Arctic interest.

3) Meeting treaty obligations in the Arctic region through the North Atlantic Treaty Organization (NATO). Six of the world's eight Arctic countries belong to NATO. Later

this year, this will increase to seven after Sweden joins. However, NATO has no agreed common position or policy on its role in the Arctic region. This needs to change.

4) Ensuring the free flow of shipping and other economic activities in the region.

Economic freedom leads to prosperity and security. With melting ice creating new economic and shipping opportunities in the region it is in America's interests that shipping lanes remain open in line with international norms.

U.S. Strategic Challenges in the Arctic

While the military threat in the Arctic remains low, U.S. policymakers cannot ignore Russia's recent activities to militarize the Arctic region or China's increasing diplomatic and economic role in the region. Both directly impact America's ability to meet the four aforementioned geo-political interests.

Russia's Militarization

Russia is motivated to play an active role in the Arctic region for three reasons:

1) Low risk promotion of Russian nationalism. Going back to Peter the Great's two Kamchatka Expeditions, the Arctic region has held a special place in hearts and identities of the Russian people. With nationalism on the rise in Russia, President Putin's Arctic strategy is popular among the population. Focus on the Arctic can also serve as a useful distraction for Russia's other geo-political shortcomings, like in Ukraine. For President Putin, the

Arctic is an area that allows Russia to flex its muscles without incurring any significant geopolitical risk.

2) The economic potential of the region. Russia is also eager to promote its economic interests in the region. Half of the world's Arctic territory and half of the Arctic region's population is located in Russia. It is well-known that the Arctic is home to large stockpiles of proven, yet unexploited, oil and gas reserves. The majority of these reserves is thought to be located in Russia. In particular, Russia hopes the Northern Sea Route (NSR) will become one of the world's most important shipping lanes.

3) Russia's security in the region. Up until Russia's largescale invasion of Ukraine in February 2022, it invested heavily in militarizing its Arctic region. In the past 15 years more than 20 military installations above the Arctic Circle have been established or re-opened after being closed in the 1990s. NATO's most recent Strategic Concept dated 2022 stated: "In the High North, its [Russia's] capability to disrupt Allied reinforcements and freedom of navigation across the North Atlantic is a strategic challenge to the Alliance."⁴ According to the 2023 NATO Summit communique: "Russia...maintains significant military capabilities in the Arctic."⁵

China's Increasing Role

With the focus on what China is doing in the South China Sea, its massive and questionable infrastructure investments in Africa, its threatening actions against Taiwan, and its coverup of the origins of the COVID-19 virus, it is easy to overlook another aspect of Beijing's foreign policy: the Arctic.

In the simplest terms, China sees the Arctic region as another place in the world to advance its economic interests and expand its diplomatic influence. As a non-Arctic country, China is mindful that its Arctic ambitions in international Arctic institutions are naturally limited—but this has not stopped Beijing from increasing its economic presence in the region.

China's 2018 Arctic strategy offers a useful glimpse into how Beijing views its role in the region.⁶ Running 5,500 words long in the English language version, the strategy is littered with all the Arctic buzzwords like "common interests of all countries," "law-based governance," "climate change," and "sustainable development." The irony is not lost on

⁴ "NATO 2022 Strategic Concept," The North Atlantic Treaty Organization, June 2022, p. 4 <https://www.nato.int/strategic-concept/>

⁵ "Vilnius Summit Communiqué," The North Atlantic Treaty Organization, July 11, 2023, https://www.nato.int/cps/en/natohq/official_texts_217320.htm?utm_source=multichannel&utm_medium=smc&utm_campaign=230711%26vilnius%26summit%26declaration

⁶ The State Council Information Office of the People's Republic of China, "China's Arctic Policy," White Paper, January 26, 2018, http://english.www.gov.cn/archive/white_paper/2018/01/26/content_281476026660336.htm

observers of the South China Sea where China has shunned international norms to exert dubious claims of sovereignty, or the fact that China is the world's largest emitter of greenhouse gases.

Even though China's closest point to the Arctic Circle is more than 800 miles away, Beijing refers to itself as a "near Arctic State"⁷—a term made up by Beijing and not found in the lexicon of Arctic discourse. In fact, extending Beijing's logic to other countries would mean that Belarus, Estonia, Germany, Ireland, Kazakhstan, Latvia, Lithuania, the Netherlands, Poland, and the United Kingdom are also "near Arctic states." These are hardly the countries that one imagines when thinking about the Arctic. As my Hudson Institute colleague and former U.S. Secretary of State Mike Pompeo has said: "There are Arctic states, and non-Arctic states. No third category exists. China claiming otherwise entitles them to exactly nothing."⁸

China is motivated to be an Arctic actor for five primary reasons:

1) New Shipping Routes. China is unique in modern times in being a continental power that is almost entirely dependent on the sea for food and energy.⁹ New sea-lanes in the Arctic have the potential to play an important role when it comes to diversifying China's import dependencies.

2) Economic Influence. China sees itself as a global power, and the Arctic is just another region in which to engage. China hopes to complement its Belt and Road Initiative (BRI)—a vast trading network being constructed by China on the Eurasian landmass and beyond—by investing in and constructing major infrastructure projects along the emerging sea-lanes in the Arctic.

3) Scientific Research. Whether it is for China's sea-based nuclear deterrent, natural resource extraction, or commercial shipping, research on polar high-altitude atmospheric physics, glacial oceans, bioecology, and meteorological geology, scientific research in the Arctic is important for China's strategic interests. As a signatory of the 1920 Svalbard Treaty, China is allowed to conduct scientific research on Norway's Svalbard archipelago and has done so since 2004 at its Arctic Yellow River Station located in Ny Ålesund.

⁷ Ibid.

⁸ Radio Canada International, "US Stuns Audience by Tongue-Lashing China, Russia on Eve of Arctic Council Ministerial," May 6, 2019, <https://thebarentsobserver.com/en/arctic/2019/05/us-stuns-audience-tongue-lashing-china-russia-eve-arctic-council-ministerial>

⁹ Dean Cheng, "The Importance of Maritime Domain Awareness for the Indo-Pacific Quad Countries," Heritage Foundation Backgrounder No. 3392, March 6, 2019, <https://www.heritage.org/global-politics/report/the-importance-maritime-domain-awareness-the-indo-pacific-quad-countries>

4) Laying the Groundwork for Future Military Activity in the Region. Currently, China’s military involvement in the Arctic is limited. According to open-source reporting, the U.S. Coast Guard has spotted the People’s Liberation Army Navy in international waters off the coast of Alaska in recent years. However, there is no publicly available evidence that the PLA Navy has never sailed into waters above the Arctic Circle. The Pentagon has warned “that China could use its civilian research presence in the Arctic to strengthen its military presence, including by deploying submarines to the region as a deterrent against nuclear attacks.”¹⁰

5) Access to Minerals, Fishing, and Other Natural Resources. China also sees the Arctic region as a way to satisfy its growing demands for energy and food. China is a significant investor in Russian natural gas projects. There are ongoing talks between Moscow and Beijing for the construction of the Power of Siberia 2 natural gas pipeline to complement the existing Power of Siberia line. The dietary needs of China’s population can be met partly by increased fishing in the Arctic region.

A Role for NATO?

The U.S. ability to meet national security objectives in the Arctic is made possible (and easier) by the close collaboration with partner nations in the region. Luckily for the U.S., six of the other seven Arctic countries are either treaty allies through NATO (Canada, Denmark, Finland Iceland, and Norway) or, in the case of Sweden, will soon be in NATO.

Considering that most of the world’s Arctic countries are in NATO, one would expect that the Alliance would place a strong focus on the region. This has not been the case. While there are training exercises that take partially take place in Norway’s Arctic region, NATO has no agreed common position or policy on its role in the Arctic region. Until recently, no official document from NATO even contained the word “Arctic”. This began to change in 2022 when NATO’s Strategic Concept published that summer mentioned the “High North”—a first for the Alliance. The recent communique from the 2023 Vilnius Summit makes one brief mention of the Arctic—the first time the Arctic was mentioned in a summit communiqué in recent memory.

NATO has been internally divided on the role that the Alliance should play in the Arctic. Norway has traditionally been the leading voice inside the Alliance for promoting NATO’s role in the Arctic. It is the only country in the world that has its permanent military headquarters above the Arctic Circle, and it has invested extensively in Arctic defense capabilities.

¹⁰ Phil Stewart and Idrees Ali, “Pentagon Warns of Risk of Chinese Submarines in Arctic,” Reuters, May 2, 2019, <https://www.reuters.com/article/us-usa-china-military-arctic/pentagon-warns-on-risk-of-chinese-submarines-in-arctic-idUSKCN1S829H>

Canada has likewise invested heavily in Arctic defense capabilities. However, unlike Norway, Canada has stymied past efforts by NATO to take on a larger role in the region. Generally speaking, Canada is concerned that an Alliance role in the Arctic would afford non-Arctic NATO countries influence in an area where they otherwise would have none. As a sovereign nation state, Canada has a prerogative to determine what role, if any, NATO should play in Canada's Arctic region. However, as a collective security alliance, NATO cannot ignore the Arctic altogether, and the Alliance should not remain divided on the issue. With Sweden's pending membership, this will mean that seven out of the eight Arctic powers will be part of the same security alliance. From a practical point of view, NATO now has no choice but to develop and implement a policy in the region. This probably explains why recent official NATO documents are starting to mention the region explicitly.

Russia's Invasion of Ukraine Impacting the Arctic

There have been many unintended consequences resulting from Russia's large-scale invasion of Ukraine last year. For example, the war has threatened Ukraine's global grain exports leaving some countries in Africa and the Middle East with the threat of food insecurity. Russia is now reliant on Iran for weapons imports—something unimaginable before the war. Global energy markets have been impacted because of the war too. However, one area that has been affected by the war but doesn't get much attention is the Arctic region. There are four areas that have been impacted:

1) The functioning of the Arctic Council. The Arctic Council was founded in 1994 by the eight Arctic states (Canada, Denmark, Finland, Iceland, Norway, Russia, Sweden, and the US) to cooperate in the region on non-military related issues. Over the years, cooperation has taken place on search and rescue operations, oil spill cleanup, and other environmental issues.

Even after Russia's annexation of Crimea in 2014, cooperation continued inside the council. But since Russia's invasion of Ukraine last year the Arctic Council has stopped functioning. No meetings take place and day-to-day operations have stopped. In May, Russia's two year-long chairmanship of the Arctic Council transferred to Norway. Normally, there's a big summit and a lot of diplomatic fanfare when a transfer takes place. Not this time. Instead, Russia handed over the chair of the Arctic Council to Norway during a lowkey virtual meeting.

2) New opportunities for China in the Arctic. The impact of the war in Ukraine on China's Arctic ambitions are twofold. On one hand, Western economic sanctions have

created new opportunities for Chinese firms. No doubt China will try stepping in to help Russia. This will mean more cooperation between Moscow and Beijing in the Arctic region. For example, in April, Russia and China signed an agreement to increase coastguard cooperation in the Arctic.¹¹ There is also a lot of ambition regarding energy cooperation between the two.

On the other hand, with the Arctic Council no longer functioning, Beijing has lost one of its most important tools for influence in the Arctic. Since 2013, China has been an observer member of the Arctic Council and it uses this position to fund research projects and exert influence in the Arctic region. Until the Arctic Council resumes normal operations, China will have to find other ways to play an active diplomatic role in the region.

3) Russia's ambitious plans for its Northern Sea Route are being curtailed. The Northern Sea Route runs from the Barents Sea to the Bering Strait along the northern coast of Russia connecting European with Asian markets. There are some who suggest that the route could become a viable alternative—even a rival—to the Suez Canal because it cuts transit time and distance from Europe to East Asia considerably.

In some cases, this is true. Using Northern Sea Route certainly makes a trip between northern European ports to northern Asian ports considerably shorter than using the Suez Canal route. It must be pointed out that this is not the case for southern European ports like Genoa, Trieste or Barcelona.

The Northern Sea Route is far from competing with the Suez Canal. In 2021, the year before Russia's large-scale invasion of Ukraine and the implementation of western economic sanctions, only 35 million tons of goods transited along that route. Of this, only 2.75 million tons made the full journey between Europe to Asia.¹² This is .02% of the volume of goods that transited through the Suez Canal during the same year. During this period 86 ships transited the full Northern Sea Route between Europe and Asia—equal to the number of ships that pass through the Suez Canal every 36 hours.

International sanctions against Russia have discouraged the use of the route even more. Last year, not a single foreign ship used the route to transport cargo—not even from China.¹³ Only 34 million tons of goods were shipped using the route and there were no full transits

¹¹ Thomas Nilsen, "Russia's Coast Guard cooperation with China is a big step, Arctic security expert says," *The Barents Observer*, April 28, 2023, <https://thebarentsobserver.com/en/security/2023/04/russias-arctic-coast-guard-cooperation-china-big-step-expert>

¹² Malte Humpert, "Cargo Volume on Northern Sea Route Reaches 35m Tons, Record Number of Transits," *High North News*, January 26, 2022, <https://www.highnorthnews.com/en/cargo-volume-northern-sea-route-reaches-35m-tons-record-number-transits>

¹³ Atle Staalesen, "No foreign vessels in sight, but shipping on Northern Sea Route still vibrant, Russian authorities say," December 21, 2022, *The Barents Observer*, <https://thebarentsobserver.com/en/industry-and-energy/2022/12/no-foreign-vessels-sight-shipping-northern-sea-route-still-vibrant>

linking Europe with Asia.¹⁴ Even with the Russian government continuing to invest in the Northern Sea Route, the possibility of it replacing Suez, or even drastically increasing the volume of trade transported along the route, seems remote.

4) An impact on Russia’s overall military readiness in the Arctic. While Russia has not let the war against Ukraine stop it from investing and its nuclear weapons modernization program and infrastructure projects above the Arctic Circle, the invasion has taken a toll on Russia's conventional armed forces based in the Arctic region.

A good example of this is the 200th Separate Motor Rifle Brigade stationed in Pechenga only miles for the border with Norway in the Russian Arctic. This unit, specially trained and equipped to fight in Arctic conditions, participated in the initial large-scale invasion of Ukraine last year. According to media reports, of the initial 1400 troops it entered Ukraine with only 900 survived.¹⁵ The loss of Russian armored vehicles, main battle tanks, and other associated military hardware is well documented through open-source intelligence gathering. Undoubtedly, this loss of equipment and personnel in Ukraine will impact Russia’s conventional military readiness in the Arctic in ways not yet completely understood. With the main focus of Russia's conventional armed forces being on the war in Ukraine there is less focus and fewer resources available for Russia's military in the Arctic region.

Recommendations

Russia is reverting to its imperial ways, and China is expanding its economic influence across much of the world. As new economic opportunities and security challenges continue to manifest in the Arctic, the U.S. must be prepared. The U.S. should:

- **Continue to invest in the U.S. Coast Guard and U.S. Navy Arctic situational awareness capabilities.** The remote and harsh conditions of the Arctic region make unmanned systems particularly appealing for providing additional situational awareness, intelligence, surveillance, and reconnaissance.
- **Conduct Freedom of Navigation operations in the Arctic.** Russia’s dubious claim that the Northern Sea Route is an internal waterway goes against international law and norms. The U.S. should follow the lead of the French navy and conduct

¹⁴ Malte Humpert, “Northern Sea Route Sees Lots of Russian Traffic, But No International Transits in 2022,” June 14, 2023, High North News, <https://www.highnorthnews.com/en/northern-sea-route-sees-lots-russian-traffic-no-international-transits-2022>

¹⁵ Greg Miller, et al., “‘Wiped out’: War in Ukraine has decimated a once feared Russian brigade,” *The Washington Post*, December 16, 2022, <https://www.washingtonpost.com/world/2022/12/16/russia-200th-brigade-decimated-ukraine/>

Freedom of Navigation operations in the region in a way that is in line with U.S. national interest and in accordance with international law and norms.

- **Work with allies to develop a NATO Arctic strategy.** The Alliance should agree to develop a comprehensive Arctic policy to address security challenges in the region. This is particularly important considering the entry of Finland and Sweden into the Alliance.
- **Call for a NATO summit to be held above the Arctic Circle.** This would bring immediate awareness of Arctic issues to the Alliance. Perhaps the Norwegian city of Tromsø would be most appropriate, since few cities above the Arctic Circle have the required infrastructure to hold a major international gathering like a NATO Summit.
- **Continue to raise awareness of China’s questionable ambitions.** China has declared itself a “near Arctic state”—a made-up term that previously did not exist in Arctic discourse. The U.S. should work with like-minded partners in the Arctic to raise legitimate concerns about China’s ambitions in the region. So far, China’s motivation in the Arctic seems to be more about economics and less about security but considering China’s predatory economic behavior in places like Africa, it is only reasonable to question China’s motivations in the Arctic.
- **Deepen relations with Iceland.** Not only is Iceland an important NATO member, but it is also home to a very important air base in the Arctic region. The Trump Administration ended the diplomatic sanctions that applied to Reykjavik by the Obama Administration over Icelandic whaling. The Biden Administration should continue to improve U.S.-Icelandic relations.
- **Deepen relations with Greenland.** Greenland is an autonomous constituent country of the Kingdom of Denmark. Greenland has competency over most policy areas, with the big exceptions being foreign affairs, defense, and monetary policy—all of which are still controlled by Copenhagen. The U.S. has operated an important military base in Greenland since 1943. In 2020, the U.S. re-established a diplomatic presence in the capital Nuuk—the first such presence on the island since 1953. The U.S. should ensure that it invests adequately in the military infrastructure in Greenland and deepen relations with Nuuk.
- **Consider establishing a U.S. diplomatic presence in the Faroe Islands.** The Faroe Islands is an autonomous constituent country of the Kingdom of Denmark located in the north Atlantic about halfway between the UK and Iceland. Like Greenland, the

Faroe Islands has competency over most policy areas, with the big exceptions being foreign affairs, defense, and monetary policy—all of which are still controlled by Copenhagen. While the U.S. does not maintain a military base in the Faroe Islands, the country's geopolitical significance is increasing. For example, in June, a nuclear-powered U.S. submarine (the USS Delaware) visited the islands for a port call—the first such visit by the U.S. Navy in the Faroe Islands. With a population comparable to Greenland's, and with growing geo-political importance, the U.S. should consider establishing a diplomatic presence in the Faroe Islands too.

- **Consider the use of Svalbard for any required scientific needs under the terms of the 1920 Svalbard Treaty.** Due to its location in the Arctic region and its particular environmental conditions, Svalbard is very attractive for scientific research. In the past, the Department of Defense has conducted research there and it should consider doing so in the future if the need arises. This is an excellent way for the U.S. to “fly the flag” in a region with significant geo-political importance.
- **Preparing for the future of the Arctic Council and multilateral cooperation in the Arctic.** It is inconceivable that the Arctic Council in its current form will function in any meaningful way as long as Russia continues its aggression against Ukraine. The seven other Arctic states need to start thinking about alternative structures and new ways of cooperating in the Arctic region. The goal would not be to replace the Arctic Council but instead to ensure that a framework is created allowing important work to continue without Russia. The United States should lead this effort.

Conclusion

America's interests in the Arctic region will only increase in the years to come. As other nations devote resources and assets in the region to secure their national interests, America cannot afford to fall behind. The U.S. needs to champion an agenda that advances the U.S. national interest and devotes the required national resources to the region. With the Arctic becoming increasingly important in an era of strategic competition, now is not the time for the U.S. to turn away from its own backyard.

