



By Prof Kristina Spohr (March 2018)

As the polar ice caps melt, Russia and China are leading the race to control the lucrative and strategically important shipping lanes and natural resources of the High North.

On 14 December 2017 Vladimir Putin gave his annual end-of-year media conference, which lasted nearly four hours and was televised across Russia. The British and American media focused on Putin's unsurprising announcement that he was going to run for re-election in 2018. A far more interesting story went largely unreported.

Only a few days earlier Putin had returned from the frozen wastes of Siberia, nearly 400 miles north of the Arctic Circle. He had just opened the £19bn Yamal liquefied natural gas plant. Yamal LNG was built by Novatek, Russia's biggest privately owned gas-producer, with loans from state banks (£2.8bn), the Russian National Wealth Fund (£1.6bn) and, most significantly, £8.5bn from Chinese banks.

Novatek owns 50.1 per cent of Yamal LNG. France's oil-giant Total and China's National Petroleum Corporation each hold 20 per cent, while China's state-controlled Silk Road Fund has a 9.9 per cent share. With Yamal's sister plant, Arctic LNG 2, due to come on stream in 2023, Russia aims to topple Qatar as the world's biggest exporter of liquefied natural gas within less than a decade.

In front of the world's media at the Kremlin, Putin quoted the 18th-century Russian scientist and polymath Mikhail Lomonosov, who had said that Russia would expand through Siberia. Putin brought this line up to date for our age: "Now Russia should expand through the Arctic," he said. Climate change is the crucial precondition. In August 2017, the Russian-owned Christophe de Margerie, the world's first ice-breaking LNG tanker, accomplished a world-record voyage from Norway to South Korea in only 19 days by taking the Northern Sea Route (along Russia's Arctic coast from Murmansk to the Bering Strait). Had it followed the usual route via the Suez Canal and the Indian Ocean, the journey would have taken almost a month. But the recent melting of the Arctic ice cap is transforming global shipping and international geopolitics.

The Russians are constructing 15 new LNG supertankers, each with built-in ice-breaker capacity – to add to their existing fleet of 40 ice-breakers. And they aren't the only ones. At the end of the 19th century the great powers engaged in a scramble for Africa. Now, in the 21st century, a scramble for the Arctic is unfolding. Across one of the bleakest landscapes of the

world, the race is on for gas, oil and fish and to control the emerging shipping lanes of the High North.

The Arctic is at issue, above all, because nobody owns it. Unlike Antarctica – governed since 1959 by the Antarctic Treaty, which established the continent as a scientific preserve and banned military activity – the polar region of the north is one of the least regulated places on earth. There are more rules even in outer space. All the Arctic states are now jockeying for position as the region literally opens up. And several non-Arctic states are seeking influence, with the big money and real strategic vision coming from Beijing. It's time for the West to pay attention.

How has this come about? A century ago, the High North was still the unknown unknown – an epic adventure playground for explorers such as Fridtjof Nansen and Roald Amundsen; home to indigenous Inuit hunter-fishermen in Greenland and North America, and nomadic reindeer herders in Lapland and Siberia. After 1945, however, these icy backwaters gained strategic importance. In fact, during the Cold War the Arctic ranked near the top of the security agenda. The initial arming of the region began as both superpowers developed strategic bombers and then ballistic missiles, capable of delivering nuclear weapons across the North Pole. In the process the empty lands started to be developed. Soon the US and Canadian military had established a major military presence, with a string of high-tech radar stations from Alaska to Newfoundland. Nato also built bases in Greenland, Iceland and Norway. A second wave followed from the late 1970s due to the deployment of air- and sea-launched cruise missiles and their testing in the West's polar territories. Meanwhile, between 1955 and 1990, the USSR conducted 130 underground nuclear tests at its so-called North Test Site on the Novaya Zemlya archipelago.

By the 1980s the often ice-covered Arctic seas became the main operational arena for a new generation of nuclear-powered attack submarines. Indeed, 60 per cent of Russia's submarine-based strategic nuclear forces were based or operating in the vicinity of the Kola Peninsula, very close to Norway. As a result, superpower tensions rose to new heights in the European polar waters.

Mikhail Gorbachev's years in power between 1985 and 1991 saw historic change but left ambiguous legacies. On one hand, despite all the deals on arms reduction and heady hopes about a new world order after the USSR collapsed, the Arctic itself was never disarmed. Russian and US nuclear submarines and bombers equipped with cruise missiles continued to lurk there, playing their cat-and-mouse games. And neither country realigned its Arctic missile launchers away from their Cold War targets. What's more, many Soviet bombers formerly stationed in eastern Europe, as well as ships from the Soviet Black Sea fleet evicted from the Crimea, were merely shifted to Russia's north. The frozen lands and icy seas above the Arctic Circle became the last potential battlefield.

Yet there was another side to Gorbachev's legacy – his Murmansk initiative of 1987. He wanted to transform the Arctic into an international "zone of peace", calling for nuclear-free areas and restrictions on naval activities. He urged joint development of resources, environmental co-operation and the opening of the Northern Sea Route to foreign ships. Gorbachev's initiative fitted neatly with the concerns of the green movement in the West and with mounting awareness of the effects of climate change, not least the visible melting of the polar ice cap. And so in the 1990s, although the Arctic remained full of the military relics of the Cold War, it also became the testing ground for a more co-operative approach to international relations. In 1991 the eight Arctic countries (those with terrain above the Arctic Circle) – Norway, Sweden,

Finland, Russia, the US, Canada, Denmark and Iceland – got together with representatives of the indigenous peoples and signed the Arctic Environmental Protection Strategy. Five years later this grew into the Arctic Council – a forum to promote co-operative governance in the region while emphatically not engaging with military issues.

Over the past decade, the Arctic Council has risen in political importance because the Arctic Ocean has been thawing at a record rate. The expanse of ice in September 2017 was 25 per cent smaller than in the end-of-summer averages between 1981 and 2010. Yet this geophysical calamity is also an economic opportunity for developed countries, opening up new prospects for fishing and shipping. As a result, more countries have sought entry to the Arctic Council. The eight founding states, which form the council's permanent members, have conceded observer status to several European and east Asian states. For instance, Britain – a permanent observer to the council since 1998 – has designated itself "the Arctic's nearest neighbour", though it is not clear if there is substance behind the rhetoric. Not to be outdone, China, a permanent observer since 2013, calls itself a "near-Arctic" nation, even though its northernmost point is about 900 miles south of the Arctic Circle.

For now, the co-operative mood in the Arctic Council still holds. On 30 November 2017, the five nations with Arctic coastlines – Canada, Greenland (Denmark), Norway, Russia and the US – as well as China, Japan, South Korea, Iceland and the EU, completed negotiations in Washington, DC. They agreed to ban for 16 years unregulated fishing in newly ice-free international waters of the high Arctic – equivalent to the size of the Mediterranean – or at least until scientists are able to analyse the ecology of the quickly thawing ocean and put into place a plan for sustainable fishing.

This deal still has to be signed and ratified – no easy task given Trump's denial of climate change – but the successful negotiations are seen as a major step in conservation efforts and an example of what diplomats call "Arctic exceptionalism", meaning a willingness in Moscow and Washington to set aside some of their geopolitical differences for the sake of common interests.

Agreeing about water is one thing but terrain is something different. There is an enormous amount at stake. In 2008, the US Geological Survey estimated that the Arctic holds 13 per cent of the world's undiscovered oil, and 30 per cent of its natural gas. That is worth about £12trn in today's prices, roughly equivalent to the entire US economy. In other words, the prospect of an unfrozen Arctic Ocean opens up the remarkable riches of the North Pole.

Competition is already fierce. Russia, Canada, Norway and Greenland have all set their sights on the Lomonosov Ridge – an underwater mountain chain that stretches for 1,240 miles almost directly across the centre of the Arctic Ocean and through the North Pole. It is under and around this formation that nearly a quarter of the Earth's remaining fossil fuel resources lies.

The UN Convention on the Law of the Sea (Unclos) came into force in 1994 – regulating the 200-nautical-mile national economic zones offshore within which a nation has exclusive rights to fish the waters and tap the minerals under the sea bed. Beyond this limit, the states with Arctic coastlines are not permitted to fish or drill. Yet a nation can lobby for a zone of up to 350 nautical miles from the shore, or even more – if it can prove the existence of an underwater formation that is an extension of its dry land mass. Such claims are decided by the UN Commission on the Limits of the Continental Shelf, established under Unclos.

Nearly 170 countries have acceded to or ratified the treaty. The US signed Unclos under President Bill Clinton but the treaty has never been ratified by the US Senate. Republican senators in particular contend that the agreement subjugates US military and business interest

to UN control, which they detest. Among all the Arctic countries, America is the odd one out. Others, however, have used the convention to their advantage, as they seek to prove the extent of their continental shelf and thereby stake their claim under Unclos to a slice of the Arctic. In 2001, Russia asserted that it owned not only the North Pole but also an area amounting to half of the Arctic – 1,325,000 square kilometres of international seabed. Six years later, to dramatise their claim, the Russians cut a hole in the ice, launched a mini submarine and at the North Pole ceremonially planted a rust-proof titanium Russian tricolour on the ocean floor 4,300 metres down. Artur Chilingarov – a noted explorer and also deputy speaker of the Duma – was on board and he was hailed as a national hero. "If a hundred or a thousand years from now someone goes down to where we were, they will see the Russian flag," he said.

These flag theatrics raised an international outcry. "This isn't the 15th century," Peter MacKay, the Canadian foreign minister, declared. "You can't go around the world and just plant flags and say, 'We're claiming this territory.'" Russia's foreign minister, Sergey Lavrov, responded: "Whenever explorers reach some sort of point that no one else has explored, they plant a flag... That's how it was on the moon, by the way."

So far Russia and Denmark have submitted full claims to the North Pole and the Lomonosov Ridge, while Canada is expected to make its complete claim in 2018. Of the other two littoral states, the US has ruled itself out of the game because of its failure to ratify the Unclos treaty, while Norway has no geographical grounds to make a bid. Russia has recently tried to press Denmark into talks about a bilateral northern carve-up.

But the Danes want to stay within the UN process, even if this proves lengthy and cumbersome, not least because they took 12 years to gather the scientific data, at a cost of £35m. They see the process as an incentive for the Arctic countries to resolve their territorial issues peacefully and also to exclude potential predator states, notably China.

Russia has played it both ways – engaging in co-operative diplomacy in the Arctic Council and over territorial questions via the UN Law of the Seas, while constantly seeking to assert itself on the world stage. Putin's long-term strategy has been to rebuild Russia's international position since its humiliating crash at the end of the Cold War. Over the past decade, having restored political and economic stability at home, Putin has been testing the West – exploiting opportunities in Crimea, Ukraine and Syria. In 2009, the government's national security strategy until 2020 was proclaimed simply as "transforming Russia into a world power".

The Arctic is a keystone of that policy, because only here – as Putin said last December – is there real scope for territorial expansion and resource acquisition. This builds on and deepens the main asset of Russia's unbalanced economy – its continued heavy reliance on the extraction and export of raw materials, especially oil and gas – which no modern leader of the country has been able to change.

The natural resources in Russia's Arctic region already account for a fifth of the country's GDP. The oil and gas under the North Pole opens up the prospect of huge additional wealth but it will take time, money and technology to exploit, not to mention much international haggling. Somewhat easier pickings are opening up on the thawing northern rim of Siberia – 14,000 miles of coastline from Murmansk to the Bering Strait – both on land and in Russia's territorial waters. De-icing opens up new opportunities for mining some of the world's most valuable minerals, including gold, silver, graphite, nickel, titanium and uranium, as well as oil and gas. The thawing Northern Sea Route along Russia's shores also creates a lucrative shipping lane, which the Kremlin will be in a strong position to control. In November, Putin made a point of stating that only vessels under the Russian flag could use this trade route.

Complementing this economic scenario, Russia has developed a security policy for the Arctic, involving bases and ice-breakers. In December 2014, Russia announced that Moscow intended to station military units all along its Arctic coast, and began pouring money into airfields, ports, radar stations and barracks. The new infrastructure includes two huge complexes: the Northern Shamrock on Kotelný Island and the Arctic Trefoil on Franz Josef Land – a mere 620 miles from the North Pole.

Taken together, Russia's six biggest Arctic bases in the High North will be home to about a thousand soldiers serving there for up to 18 months at a time in constant snow, permanently sub-zero temperatures from October until June, and no daylight for nearly half the year. Moscow is now concentrating on making airfields accessible year-round. Under Gorbachev and Yeltsin, "our Arctic border areas were stripped bare", Professor Pavel Makarevich, a member of the Russian Geographical Society, said last year. "Now they are being restored."

No other country has militarised its Arctic North to anything like this extent. And none can match Russia's 40-strong ice-breaker fleet, which is used to clear channels for military and civilian use. Three nuclear-powered ice-breakers, including the world's largest, are now under construction to complement the six already in operation. Russia is also giving its naval warships an ice-breaking capacity. By 2020 the Northern Fleet, based near Murmansk, is due to get two ice-capable corvettes, armed with cruise missiles.

To be clear about the scale of Russia's endeavour: next on the ice-breaker list are Finland (eight vessels), Canada (seven), Sweden (four), China (three) and then America (two). The US response is spearheaded by the US Coast Guard, whose two vessels are several decades old, primarily intended for scientific research and have to operate in both the Arctic and Antarctic. "A new robust Western response to the Russian military buildup in the Arctic is necessary," declared Admiral Paul Zukunft, commandant of the US Coast Guard, last December. Asking whether the Russian goal was "to create chaos in the Arctic" and to "make this an area that the United States would be denied access", he said they had to assume the answer was "yes". We are not talking about Cold War-era militarisation. The Soviet military packed much more firepower in the Arctic and was geared to wage nuclear war with the United States. Arctic bases were staging posts for long-range bombers to fly to the US. Now, in an era when a slow-motion battle for the Arctic's energy reserves is unfolding, Russia is creating a permanent and nimble conventional military presence in small packets that is highly mobile and capable of rapid reaction.

However, the scale of Russia's Arctic ambitions is not in doubt. In March 2015, Moscow conducted the largest full-scale readiness exercise in the Arctic since the collapse of the USSR. It deployed 45,000 soldiers, 3,360 vehicles, 110 aircraft, 41 naval vessels and 15 submarines, according to the Russian ministry of defence. And on Navy Day on 30 July 2017, Russia made a point of showing off its naval might across the world, from Tartus in Syria to Sebastopol and Vladivostok, and, above all, in the Baltic waters of St Petersburg under the approving eye of Putin. Up to a point Putin's naval show that day represented a Potemkin village. Russia's 2018 defence budget of £32bn billion is small compared to America's spending of £500bn, and even China's £140bn. Yet it would be an error to write off the resurgent Russian fleet as mere bluff and bluster.

Perceptions matter as much as crude power projection. In this vein, the Kremlin regularly releases pictures of President Putin in snow gear, of ice-breakers in the Arctic Ocean, and of troops training in white fatigues – brandishing assault rifles as they zip along on sleighs pulled by reindeer. And now that Russia's military forces can move with agility to deliver precise and

deadly strikes, they are far more useful.

Such forces need not be enormous. If cleverly deployed, even a small military hand can deliver a big blow with success – as Russia did in the Ukraine and Syria, calling America's bluff and outmanoeuvring the West. Through its new presence and military build-up, Russia can also deny others access to polar terrain – just as China has managed to do in the East and South China seas.

Still, to realise its ambitions, Russia has to crack the Potemkin problem. It still lacks the necessary technology and finance to open up the new Arctic, onshore and offshore. Deep-sea ports and supply stations need to be built along the Northern Sea Route, as well long-distance railway lines, motorways and undersea fibre-optic data cable networks. Because of US and EU sanctions since 2014, Russia cannot rely primarily on investment from the West. That is why it has begun to turn to China for money and markets.

To President Xi Jinping, Russia's Arctic ambitions present an opportunity for China to use its economic might to increase its global influence. Xi, like Putin, sees the Arctic as a crucial element of the country's geopolitical vision. Now that the People's Republic is no longer an introspective "developing state", Xi declared in his December 2017 New Year's Eve speech, it intends to become the "keeper of international order".

So, the Sino-Russian Arctic alliance is not simply the consequence of climate change, but also a product of realpolitik. And the bond has grown tighter thanks to Donald Trump's arrival in the White House. Moscow and Beijing have long yearned to push the US from its post-Cold War pedestal as the world's self-styled "hegemon" and "sole superpower". America's abstention from Arctic power politics is offering them an unexpected gift.

The scale of Xi's vision is remarkable. In 2013 China embarked on the "One Belt, One Road" initiative, the most expensive foreign infrastructure plan in history. It is a two-pronged development strategy, encompassing the "Silk Road Economic Belt" and the "21st Century Maritime Silk Road", which together map out a highly integrated set of land-based and maritime economic corridors linking thousands of miles of markets from Asia to western Europe. Late last year Xi called for close Sino-Russian co-operation on the Northern Sea Route in order to realise what he called a "Silk Road on Ice". While cast in terms of mutual benefit, the Belt and Road Initiative is a means to strengthen China's influence and security along its strategically important periphery.

By making the infrastructure plan an integral part of its constitution and announcing that by 2050 China would be a "leading global power", Xi has shown long-term thinking on a grand scale. He has done so by arousing genuine excitement about the future – so different in tone from the small-minded negativism about lost greatness that emanates from Trump.

Indeed, this is the kind of visionary leadership that Washington has not shown since the early Cold War era, when it set out to rebuild western Europe in the American way. And once the Belt and Road initiative reaches its predicted spending of \$1trn, it will be almost eight times the value in real terms of America's Marshall Plan.

Xi's grand global vision is combined with shrewd diplomatic tactics. His string of state visits in May 2017 to Finland, Alaska and Iceland was no coincidence. Finland was just about to take over the rotating chairmanship of the Arctic Council from the US, to be followed by Iceland two years later. But Xi also saw his visit to Finland as a chance to shore up support in Europe, China's biggest trading partner. In Iceland – situated at the crossroads of the transatlantic shipping lanes and the gateway to the Arctic Ocean – China had used the opportunity of the global financial recession to push a free trade agreement, concluded in 2013. The new Chinese

embassy in Reykjavik is the biggest in the country.

In this systematic Arctic strategy, officially unveiled through a grand Chinese white paper entitled "Polar Silk Road" on 26 January 2018, Beijing has generally avoided locking horns directly with the US. But America, under Trump as under Obama, has not shown much interest in the region – even at the level of building ice-breakers, let alone as part of a 30-year strategy. And, in any case, China has been happy to hide behind the Russian apron. Certainly, the Beijing-Moscow axis works for the moment as a marriage of mutual convenience.

The Arctic has been described as the world's "last frontier," the "last white dot on the map". Now it is beginning to be coloured in. As the climate changes, its ice-scape will become a seascape. And a region that did not belong to anybody will be divvied up – through co-operation or conflict, or perhaps a mixture of both. What may prove to be the new world order – a new multipolar system of international politics – is taking shape there, as Russia and China seek to challenge an American hegemony that, in their view, has lasted for too long.

Both think big. But Xi's China has far deeper pockets and operates with much greater diplomatic shrewdness than Putin's Russia. This combination of vision, money and finesse is nowhere to be seen in the Western world – certainly not in Trump's Washington. As for Brexit Britain, supposedly entering a new global era, it seems barely able to raise its eyes beyond the power politics of Westminster. |

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