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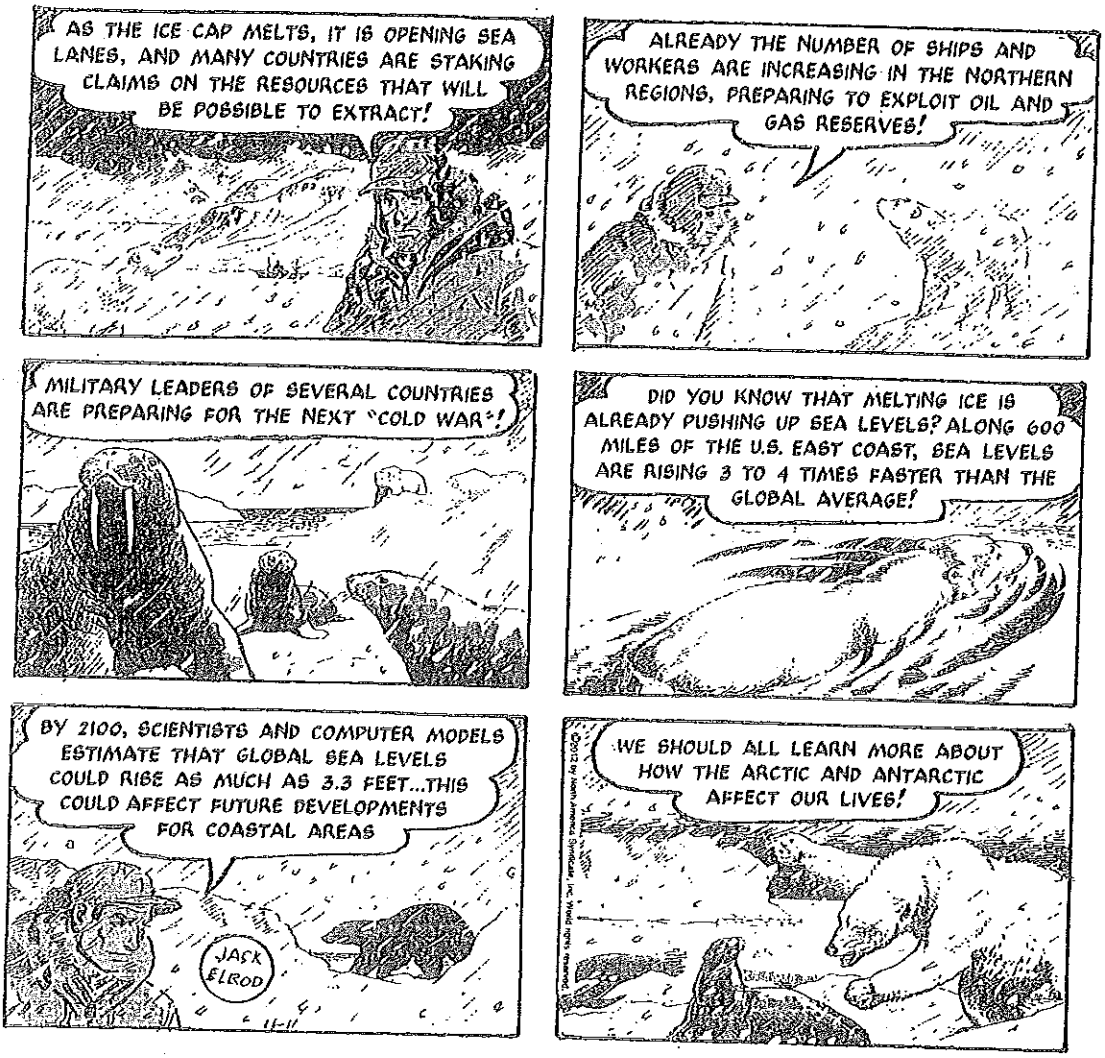


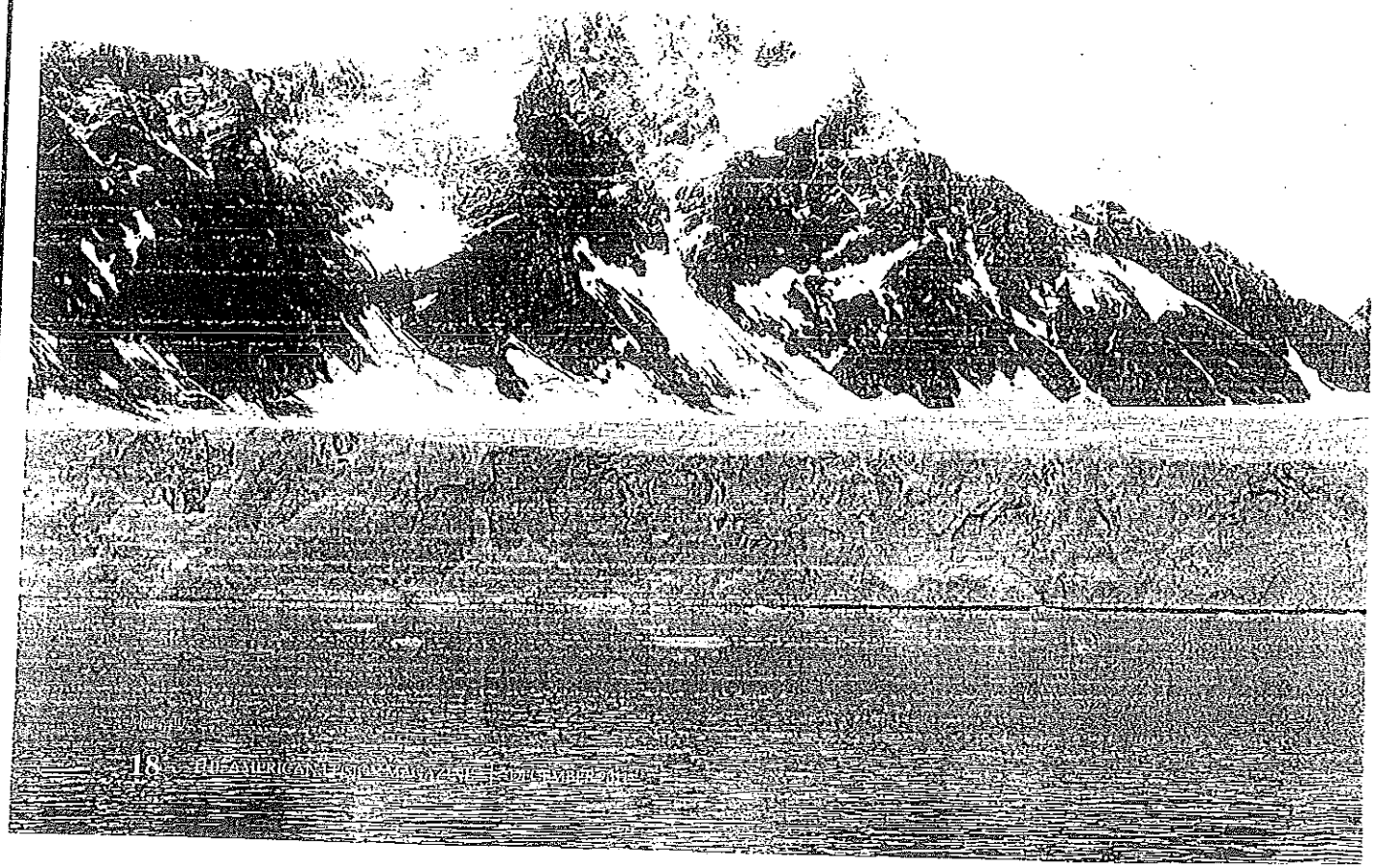
THE BIG CHILL

The United States and its Arctic allies aren't about to let Russia gobble up the region's rich energy reserves.

BY ALAN W. DOWD

The United States today devotes much of its diplomatic and military resources to the Middle East, for a very simple reason: the Middle East is the source of much of the world's energy and, not coincidentally, much of the world's tensions.

But tomorrow's source of energy reserves and geopolitical strain may not be in the deserts and densely populated urban areas of the Middle East, but the icy waters and desolate tundra of the Arctic.



Supply and Demand. Tensions are simmering in the Arctic. The United States, Canada, Russia, Europe and others have all staked claims in its vast potential.

The U.S. Geological Survey estimates that the Arctic may hold 1,670 trillion cubic feet of natural gas and 90 billion barrels of oil – 30 percent of the world's undiscovered gas and 13 percent of its undiscovered oil. About a third of the oil is in Alaskan territory.

These oil and gas deposits were always there, of course. But today, the cost of extracting them is increasingly justifiable due to market realities. Growing demand, along with decreasing and undependable supplies in the Middle East, are conspiring to push energy prices upward, which is encouraging new exploration in the Arctic. The Energy Information Administration forecasts a 20-percent increase in global daily oil consumption by 2030, owing largely to demand in China and India.

Another important factor in the Arctic energy rush relates to shipping. The fabled Northwest Passage, once frozen throughout most of the year, is thawing.

"Opening up the Northwest Passage cuts 4,000 nautical miles off the trip from Europe to Asia," NATO Secretary General Anders Fogh Rasmussen observes. "You can bet a lot of companies have done that math."

Zone of Peace? Given the Arctic's vast supply of energy resources and the world's growing energy demands, it's neither surprising nor alarming that Arctic nations are beginning to stake their respective claims. What is alarming is how one Arctic nation is going about it.

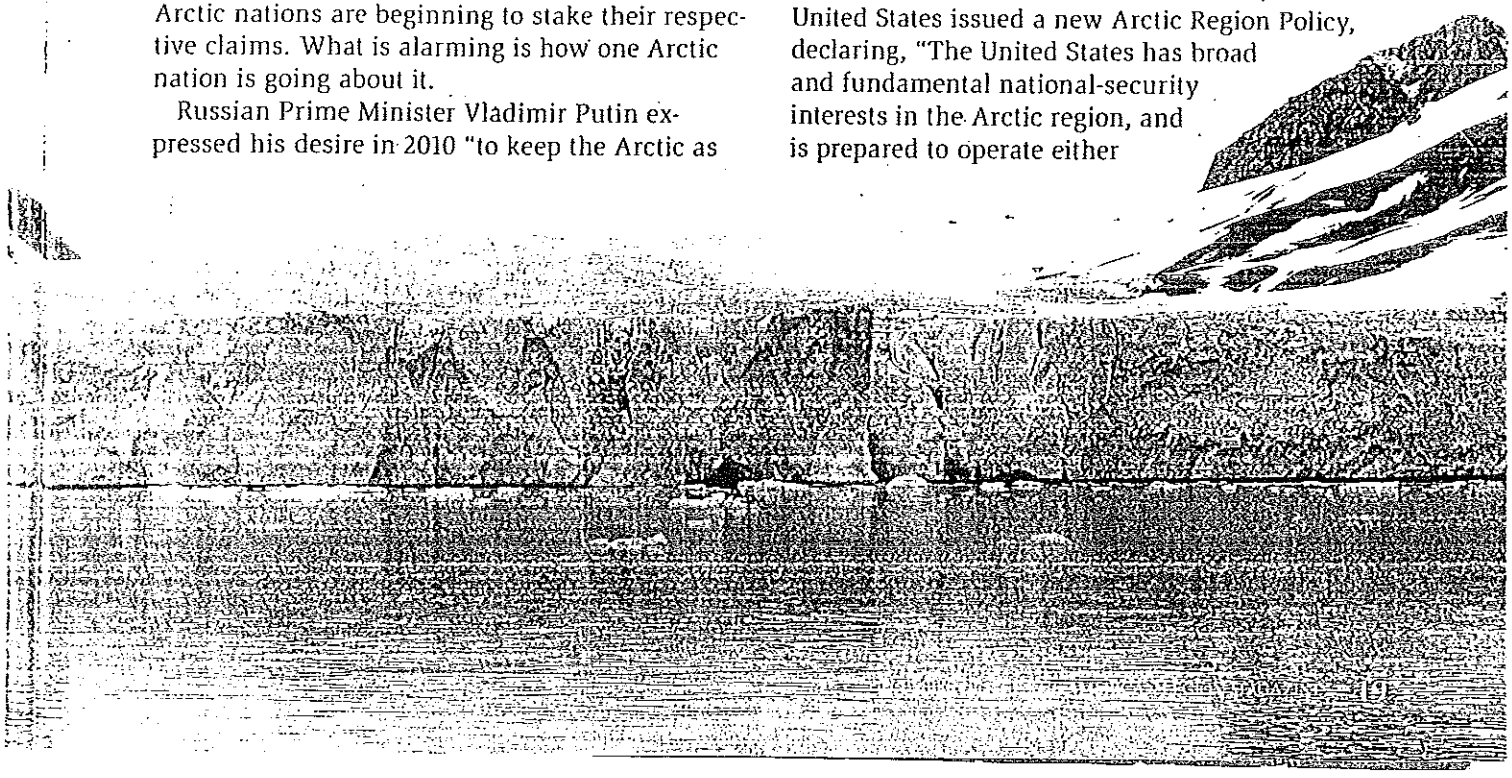
Russian Prime Minister Vladimir Putin expressed his desire in 2010 "to keep the Arctic as a zone of peace and cooperation." But actions speak louder than words:

- Earlier this year, Russia announced plans to deploy two army brigades – 10,000 troops – to defend its Arctic claims.
- U.S. and Canadian fighters intercepted Russian bombers 45 times between 2007 and 2010, up from just eight between 1999 and 2006.
- In 2009, Moscow announced plans to build a string of military bases along Russia's northern tier.
- In 2008, a Russian general revealed plans to train "troops that could be engaged in Arctic combat missions," ominously adding, "Wars these days are won and lost well before they are launched."
- During a 2007 expedition, after Russia provocatively planted its flag on the North Pole seabed, the lead explorer declared, "The Arctic is ours." In fact, Russia brazenly claimed almost half the Arctic Circle, and all of the North Pole, in 2001.

It seems that Putin today is far closer to this view than to his 2010 "zone of peace" promises. "Russia intends without a doubt to expand its presence in the Arctic," he recently boasted. "We are open to dialogue ... but naturally, the defense of our geopolitical interests will be hard and consistent." In short, Moscow is signaling its seriousness about claiming most of the Arctic as its own.

Fundamental Interests. All of this is getting the attention of the United States and its Arctic allies.

At the end of the Bush administration, the United States issued a new Arctic Region Policy, declaring, "The United States has broad and fundamental national-security interests in the Arctic region, and is prepared to operate either



independently or in conjunction with other states to safeguard these interests."

Similarly, the Obama administration has emphasized that "the United States has an inherent national interest in knowing, and declaring to others with specificity, the extent of our sovereign rights with regard to the U.S. extended continental shelf."

Together, the United States and Canada are conducting missions to map the continental shelf. Demarcating the shelf is vital to determining how the Arctic pie is divided. As my Fraser Institute colleague Alex Moens and I have written elsewhere, "Russia's outsized Arctic claims rest on a dubious interpretation of an underwater ridge linking to the Russian landmass. Russia argues that this ridge is an extension of its own continental shelf."

> "We can't wish away the security implications. An entire side of North America will be much more exposed."
>
> **Anders Fogh Rasmussen,** *NATO secretary general*

Some observers contend that joining the U.N. Convention on the Law of the Sea (UNCLOS) will help the United States secure its Arctic claims – and limit Russia's. Unlike its Arctic neighbors, the United States has not ratified UNCLOS, even though the treaty has support in the military and among leaders from both parties.

"The Arctic is changing," observes Adm. Gary Roughead, chief of naval operations from 2007 to 2011. "The most important thing is to become party to the Convention of the Law of the Sea. If we are not party to that treaty, we will not have a seat at the table as this unfolds."

Vice President Joe Biden has argued that UNCLOS "allows us to secure and extend our sovereign rights." The Bush administration's Arctic policy called on the Senate to pass the treaty "promptly." Critics, however, worry that the treaty could limit U.S. sovereignty and freedom of action.

Zone of Conflict? With or without the treaty, it's only prudent for the United States and its Arctic allies to develop some sort of security component to the Arctic puzzle. "We can't wish away the security implications," Rasmussen observes. "An entire side of North America will be much more exposed."

The United States already maintains some 20,000 active-duty forces in Alaska, and conducts routine exercises in the region. "Northern Edge" exercises, for example, have featured airborne drops, close-air support, port security, harbor defense, supply-route protection, and critical-infrastructure protection – just the sorts of operations that might be necessary to keep the Arctic and its waterways open. But we are not alone.

- Spurred by Russian adventurism, Canadian Defense Minister Peter MacKay has talked about "enlarging the footprint and the permanent ... presence we have in the north." Toward that end, Canada is building new bases and conducting annual maneuvers to defend its Arctic territories. "Our government is committed to protecting and asserting Canada's presence throughout our Arctic," Canadian Prime Minister Stephen Harper declared in 2010. Assets from the U.S. Second Fleet, the Coast Guard and the Danish navy have joined the Canadian military for Arctic maneuvers.
- In 2009, Norway led Arctic maneuvers that included 13 nations. The scenario: repel an attack on oil rigs by the fictional country of "Northland," a thinly disguised euphemism for Russia.
- Sweden followed with its own Arctic war games, featuring 12,000 troops.
- Norway, Sweden and Finland are developing what *The Economist* calls a "Nordic security partnership" as a hedge against Russian activity in the Arctic.
- Denmark is standing up an Arctic military command, and increasing its military presence in Greenland.
- In response to Russia's Arctic claims, made in a blatant military context, NATO officials envision a "military presence" in the Arctic, and have pointedly declared it a region "of strategic interest to the alliance."

One reason a military presence will be necessary is the possibility of accidents caused by drilling and shipping. In addition, competition for Arctic resources could lead to confrontation. Adm. James Stavridis, who serves as NATO's military commander, concedes that the Arctic could become "a zone of conflict."

To brace for that possibility and thwart Russia's Arctic *fait accompli*, the United States, Canada, Denmark and Norway – all of which are NATO members and Arctic nations – should follow the Cold War playbook: build up the assets needed to defend their interests, use those assets to deter

aggression, and deal with Moscow from a posture of strength and unity.

The challenge is to remain open to cooperation while bracing for worst-case scenarios. After all, Russia is not the Soviet Union. Even as Putin and his puppets make mischief, Moscow is open to making deals. Russia and Norway, for instance, recently resolved a long-running boundary dispute, paving the way for development in 67,000 square miles of the Arctic. Moreover, the United States, Russia, Canada, Denmark and Norway have agreed on search-and-rescue responsibilities.

In a world of increasingly integrated markets, we know that there is much to gain from Arctic cooperation, and much to lose from a protracted military standoff. But we also know that dealing naively with Moscow carries a heavy cost – and that integration is a two-way street.

"Russian leaders today yearn not for integration," the Brookings Institution's Robert Kagan concludes, "but for a return to a special Russian greatness." In short, Russia is more interested in recreating the autarky of some bygone era than in the shared benefits of globalization.

Framework for Partnership. Dealing with Russia is about power. As Churchill once said of his Russian counterparts, "There is nothing they admire so much as strength, and there is nothing for which they have less respect than for weakness." When the message is clear – or "hard and consistent," to use Putin's language – Russia will take a cooperative posture. When the message is unclear, Russia will take what it can get.

Just consider Russia's contrasting treatment of its neighbors: Moscow blusters about Poland and the Baltic states, but keeps its hands off, largely because they are protected by the U.S.-NATO umbrella. Conversely, Russia bullies Ukraine, garrisons its troops – uninvited – in Moldova, and occupies Georgian territory. The common denominator of these unfortunate countries: they have no U.S. security guarantee.

Russia should be given an opportunity to participate as a responsible partner in Arctic development. But if Russia continues to take Putin's hard line, the United States and its allies are left with few other options than either standing together or allowing Russia to divide and conquer.

To avoid that, the allies may need to agree among themselves on lines of demarcation, transit routes and exploration rights – and then pool their resources to protect their shared interests. This will require investment in Arctic capabilities. For instance, the United States has only three polar icebreakers, two of which have exceeded their projected 30-year life span. Russia can deploy 20 icebreakers. "We have extremely limited Arctic response capabilities," explains Adm. Robert Papp, USCG commandant. Noting that the Coast Guard has "the lead role in ensuring Arctic maritime safety, security and stewardship," Papp urges Congress "to start building infrastructure up there."

Washington's defense cuts will only exacerbate these gaps, especially as Russia's oil-aided boom enables it to retool its armed forces. Investing just 1.1 percent of its GDP on defense, Canada faces even greater challenges in defending its Arctic interests. But if the allies can combine their Arctic capabilities – each filling a niche role – and agree on a common approach to Arctic security, the framework to put these capabilities into practice is arguably already in place.

Jointly operated by the United States and Canada, the North American Aerospace Defense Command (NORAD) could serve as the model for an Arctic security partnership. Just as NORAD defends North American airspace, an allied maritime arrangement under the NORAD rubric could provide for security in Arctic waters.

It's worth noting that maritime surveillance was added to NORAD's responsibilities in 2006. And in 2011, the Pentagon shifted responsibility for most Arctic operations to Northern Command (NORTHCOM), headed up by the same person who commands NORAD.

Bracing for military eventualities in the Arctic is not armchair alarmism. In fact, Gen. Gene Renuart, former NORTHCOM commander, reported in 2008 that U.S. officials were beginning to explore ways to "posture NORAD ... to provide the right kind of search-and-rescue, military response, if need be, and certainly security for whatever activities occur in the Arctic."

The current NORTHCOM commander, Adm. James Winnefield, said, "In order to ensure a peaceful opening of the Arctic, DoD must anticipate today the Arctic operations that will be expected of it tomorrow."

In other words, the goal in preparing for worst-case scenarios and shoring up allied resolve in the Arctic is not to trigger a military confrontation, but to prevent one.

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