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THE GEOPOLITICS OF THE ARCTIC

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Introduction

The climate change at the global level has brought the new dynamics to the international relations in general and some regions in particular. This is so especially in the Arctic, where ice melting changes the geostrategic posture of the region, transforming it from a marginal zone with hostile climate into an area of growing strategic competition.

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Actually, the pace of ice melting, that was almost unthinkable a decade ago, is reflective of the increasing geostrategic significance of the Arctic. Namely, around 1 million square

meters melt every year during the last decade, leaving the ice cap at less than half of its size from the mid-20th century. It is also estimated that almost a half of the Arctic permafrost (permanent ice) has already disappeared, which means that it is likely that the ocean will be seasonally ice-free in 20-30 years.

Namely, growing global temperatures are actually doing nothing less than opening of a new ocean, a development unprecedented on Earth since the end of the Ice Age. This opens new perspectives in maritime transport and traveling, as well as access to estimated 20% of undiscovered global reserves of oil and gas. In the era of increased trade dynamics between Asia and Europe, as well as due to the fact that it is highly unlikely that alternative energy resources will prevail over hydrocarbons in the period to come, the Arctic is attracting the attention not only of littoral states but beyond.

Rapid melting and possible intensification of Arctic transport and drilling undoubtedly carry negative environmental consequences, which raises the issue of well proscribed and appropriately implemented system of regional governance in a changing global context. Apart from that, there are serious challenges to a scenario of energy-rich Arctic that is open for low-cost transport in the short and mid-term period, which have to be taken into account.

Obviously, there are at least three essential elements that are determinant for the future of increasingly important Arctic in the context of wider international relations: transport, resources and governance. Taking a closer look at them, will surely help grasping the entire phenomena of the Arctic meltdown.

Potentials for Transport

The rapid ice meltdown and prospects for the ocean to be ice-free in a quarter of century or so is making the Arctic progressively operative for commercially feasible maritime transport. Decreasing amount of ice and longer navigation seasons are making the High North more appealing to shipping companies which could shorten their transport routes and downsize the costs dramatically. The forecasts and analysis of Arctic sea transport are predominantly related to two main shipping routes – the Northeast Passage (NEP) along the Russian and Norwegian shores and Northwest Passage (NWP) on the Canadian/US side. Both of them were opened already in the summer 2008 due to declining amount of ice.

The NEP in particular has the potential for commercial shipping due to lower amount of permanent ice and better harbours, as well as

search and rescue infrastructure. This route offers not only transit shipping opportunities, but also destination shipping connected to economic activities in the Arctic. Also, avoiding the transport through potentially dangerous waters like in the Middle East and South China Sea is likely to substantially reduce the costs of security of shipping. This is so especially for the shipments between northern harbours in Asia and Europe due to the fact that the route could be more than 20% shorter than the one previously used, which could potentially save substantial amount of transport costs. Of course, the farther south the harbours are the difference in cost-effectiveness lowers significantly.

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However, the shorter routes through the Arctic do not necessarily mean faster shipping due to the fact that numerous icebergs can significantly slow-down the ships and make the journey longer than expected. Also, thawing in the Arctic differs from year to year, which makes route planning in the North rather difficult. This is problematic especially for container shipping which operates under precise timing system in order to maximise efficiency and minimise the costs. On top of that, unpredictable storms and atmospheric icing additionally complicate the shipping, while shallow and tight sections of the route, occasionally opened by icebreakers, prevent large cargo ships from using it and

achieving the profit of the economy of scale. Arguably, the most serious problem is lack of harbours and other infrastructure that would facilitate swift response in occasion of mechanical failure or damage caused by ice, which is directly related to a need for increased investment into security and logistics of any Arctic transport, having an immediate impact on the overall cost of shipping.

Motivated by perspective profits of Arctic shipping, the commercial shipbuilders show willingness to invest in 'winterization' programmes which should make their vessels manoeuvrable in harsh climate conditions of the North. This, however, is still rather costly and threatens to melt the entire potential profit of shorter and faster Arctic routes. The aforementioned market risk keeps the amount of commercial investment at very low rates which prevents faster development of required technology and infrastructure for northern shipping. That said, it becomes clear that destination shipping in the short and mid-term will have more developmental potential for Arctic maritime transport than the transit shipping. This, of course, will depend heavily on the real resources capacity of the region, as well as adequate technology and investment for their extraction.

Seeking for Resources

The increased pace of ice meltdown opens the prospects for substantial offshore extraction of energy resources in the seabed of Arctic littoral states. The estimations that the region holds more than 20% of undiscovered and technically extractable oil and gas in the world significantly adds to its geostrategic importance and attracts the attention of

growing and energy-dependant economies in particular. With extended ice-free period and new technological developments in deep-water drilling and maritime logistics, the exploration of hydrocarbons and expected profits from its export are gaining unquestionable relevance in the new Arctic strategic context. This is clearly visible from the dynamics of development of overlapping territorial claims in the High North and displayed in main determinants of Arctic policies of littoral states and increasing number of other interested parties.

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Namely, in an era of increased demand for energy resources and very slow pace of development of viable alternative solutions, growing competition for access to Arctic reserves is likely in the forthcoming period. Growing economies in search for alternatives to dependence on import, like China, have already shown the interest for the region.

However, while the region might have respectable capacity in the field of energy resources in the long-term period, the short-term estimations should not be overestimated, taking into account climatological and technological limitations in particular. With regards to the first, like in the transport sector, the interested companies will have to face harsh climate conditions. In fact, the ice meltdown in the High North significantly increases the possibility of extremely strong and unpredictable polar storms, which complicates

the commercial endeavours. Due to aforementioned conditions, technological requirements for drilling in the Arctic are much more demanding and costly, comparing to those in other regions, which has an effect on overall prices. For example, nominally, current production of oil in the Middle East costs five times less than in the Arctic. Also, exploitation and trade of energy resources require adequate transport infrastructure which is extremely complicated and costly in current climatological and technological circumstances. This has a destimulating effect for companies who are reluctant to invest significant amounts into technological development and infrastructure in an environment where profits are depending on many unpredictable elements and are hence difficult to calculate.

In the period of economic crisis, it is highly unlikely that any littoral state will have enough resources to subsidize the technological development that is necessary for sustainable intensification of resource extraction in the Arctic. On the other hand, as it was previously underlined, profit-oriented companies are reluctant to take significant investment risks in such a harsh environment. It is quite clear that co-operative approach that assumes at least a basic compromise on general set of issues, as well as a sense of sharing of capacities and information, would be critical for balanced development of the Arctic region.

Overlapping claims and challenges of governance

The Arctic region is largely uncharted and geologically complex, with overlapping territorial claims of littoral states, motivated predominantly by expected benefits from the thawing process. It facilitated their attempts to delineate their particular continental shelves in order to legitimise claims to

potentially profitable rights. Obviously, estimations about easier access to energy resources and increased opportunities for Arctic shipping has fuelled so-called 'race to the North' by different international actors. Apart from the littoral states of 'the Arctic five' (Russia, Canada, United States, Norway and Denmark) and other Arctic states (Sweden, Finland and Iceland), growing economies like China, India, Japan and South Korea are increasingly interested in Arctic developments.

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Contrary to usual scenarios of extensions of human activities to new areas that were characterised with instability and lack of adequate regulation, the new strategic outcome in the Arctic is being accompanied by developing legal and institutional framework. The principal components of governance in the region are United Nations Convention of the Law of the Sea (UNCLOS), the Arctic Council (AC), International Maritime Organisation (IMO), as well as numerous NGOs that have an important role in articulating the interests of non-state actors in the regional strategic context.

The UNCLOS (1982) provided the first international legal framework that standardizes the human use of the sea, mainly by exalting freedom of navigation, codifying territorial claims, economic rights and basic responsibilities in the field of environment.

As a consequence of developments in the region

that fostered stronger interaction, five Arctic littoral states (Russia, Canada, United States, Norway and Denmark) and three other Arctic Circle states (Sweden, Norway and Iceland) formed the Arctic Council (1996) as an intergovernmental forum for consensus-building and decision-making. The forum has no regulatory authority, but rather serves as a framework for addressing emerging challenges in regional fashion, including different tailored policies. Growing political relevance of the Arctic Council is mirrored by increased interest of non-Arctic states to obtain at least the position of permanent observer. As a result, following entities have the aforementioned status: France, Germany, the Netherlands, Poland, Spain, the United Kingdom, China, Italy, Japan, South Korea, while the EU's application is still pending.

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The IMO has prescribed basic regulations related to efficiency, security and environmental protection in the field of commercial shipping, signed also by major Arctic players. While its scope goes far beyond the Arctic, as well as in the case of UNCLOS, the IMO has only a single instrument for that region – Guidelines for Ships Operating in Arctic Ice-Covered Waters - that is voluntary and legally not binding.

The NGOs that represent non-state stakeholders and alternative policy solutions represent a very important corrective mechanism to existing Arctic forums and national policies. Namely, their membership or participation in regional

bodies gives them an opportunity to voice their opinion on different issues and influence the decision-making process at the regional level.

Furthermore, there are also a number of other forums and organisations of different relevance and scale with overlapping competences for the Arctic governance. However, given current state of affairs in the field of regional decision-making, the strongest role still remains in the hands of national states, especially littoral, who are doing their best to maximise potential profits and extend their zones of interest as much as possible.

Obviously, regardless of existence of various regional forums and organisations, the Arctic still lacks a comprehensive regime that could foster codification of state behaviour. Those who argue in favour of a single comprehensive regime, actually question the effectiveness of current regional governance setting with numerous diverging bodies of different scope and relevance. On the other hand, there are those who see an added value in divergence that is arguably maximising the potentials for positive achievements by offering a possibility to concentrate on limited number of specific issues at various levels.

Conclusions

The Arctic is obviously gaining an expanding amount of strategic significance and consequentially of growing interest from a wide spectrum of international actors. Hence it cannot be longer regarded as a distant region with harsh climate conditions, attractive only to scientific expeditions. On contrary, it is gradually emerging into a region of global significance where interests of the most influential international actors increasingly overlap.

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Arctic states with territorial claims have invested extensive amount of efforts and financial resources into justifying and maximising them, whereas all other interested parties are doing their best to acquire and cement a position of a relevant actor with legitimate interests in usage of future shipping lines and energy resources. The geopolitical picture of the Arctic is being additionally complicated by an increase of diverse private sector interests which is likely to complicate governance and management issues in the period to come.

Nevertheless, the possibility of open rivalry or a conflict is still rather unlikely and this is so due to few important facts. First of all, the greater part of deposits of energy resources is located in the ocean floor of predominantly one or very few littoral states, where sovereignty and possession is unquestioned. Also, while there are disputes about overlapping territorial claims, i.e. exclusive economic zones, there is a

general agreement to respect the UNCLOS procedures, which is telling about a common affirmative attitude towards using only legal and diplomatic means in solving these matters. The financial and technological aspect of Arctic shipping and drilling should not be forgotten as well. Namely, all challenges of contemporary strategic reality in the Arctic that were explained before are requiring high rates of investment and technological development in order to make expected human activities in the region feasible and long-term sustainable. These circumstances are obviously calling for a co-operative approach of all interested parties, based on burden-sharing and exchange of know-how, and not confrontation.

However, unpredictability of contemporary international relations and interconnectedness of their economic and security aspects makes long-term predictions not entirely recommendable. Namely, regardless of importance of regional dynamics of multilateralism, the Arctic is about to remain increasingly relevant in wider regional and global context, characterised with growing insecurity and scarcity of resources.

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