**White Paper**

**The Arctic – Risks, Opportunities, and Control**

**Background:** The Arctic Region remains arguably our last international frontier. Over the last 20 years climate change, unexplored energy reserves, short transpolar navigation, eco-tourism, and commerce for indigenous populations are taking center stage among stakeholders. This focused international interest in the Arctic has pronounced security implications.

On April 15, 2015, the United States assumes the leadership role of the Arctic Council. The Arctic Council is the leading intergovernmental forum promoting cooperation, coordination, and interaction among the Arctic states, Arctic Indigenous communities, and other Arctic inhabitants on common Arctic issues, with particular focus upon sustainable development and environmental protection in the Arctic. This position rotates every 2 years among the member nations that border the Arctic. The Secretary of State is the designated Chair of the Arctic Council for the United States. Admiral Robert J. Papp (USCG, Retired) is assigned as the US Special Representative for the Arctic under US State Department Order. [[1]](#footnote-1)

In accordance with the Ottawa Declaration, Canada, The Kingdom of Denmark (Greenland), Finland, Iceland, Norway, The Russian Federation, Sweden, and the United States are permanent members. Non-voting observer status belongs to China, South Korea, Germany, the United Kingdom, France, the Netherlands, Poland, Spain, Italy, Japan, Singapore and India.

***An additional detailed report is attached to this White Paper documenting the events of the 2nd Arctic Circle Conference, held the last week of October 2014 in Reykjavik, Iceland.***

**Opportunity Discussion:** The US Geological Survey estimates that the Arctic holds 18-23% of the untapped oil reserves remaining on the planet. Alaska and West Siberia are estimated to hold 30% of the worlds remaining gas reserves. Russia has attained strategic deals with Exxon Mobil, Eni, and Statoil for securing up to $500B in investment over the next 30 years. Shell paid $2.1B for 275 blocks of off-shore drilling plots northwest of Alaska, but has encountered difficulties in the harsh climates found. The United States and Norway are building stronger partnerships on Arctic drilling.[[2]](#footnote-2)

The introduction of pronounced Arctic sheet ice melting over the past two summers has opened up the potential for at least seasonal trans-polar shipping and also selected air routes. The Northwest Passage can cut shipping times between Asia and Europe by up to 3500-4500 miles. A French cruise line is preparing for trans-polar cruises during optimal weather and navigation times. On a more sobering note, though, only 71 ships carrying 1.4 million tons of cargo have traversed the Arctic northern sea route.

Greenland has so far not achieved the great hope held for the discovery of precious metals and eastern littoral oil. The Bank of London is shedding its debt from an exploratory mining operation in Greenland, which was to have been expanded by Chinese labor. No rare earth metals have been discovered, only low grade iron ore. Additionally, 14 oil drill sites off Greenland’s eastern shore have shown no promise of oil discovery. Overall, Greenland’s supposed rare resources have been disappointing.[[3]](#footnote-3)

**Risk Discussion** Most of the Arctic states are modernizing their military forces in the Arctic. For example, the United States is operating its newest class of fast attack submarines in the Arctic and the Russians have begun building a new fleet of nuclear-powered submarines for both fast attack and ballistic missile launching missions. With countries rebuilding their Arctic military capabilities, in concert with vague territorial zones, rich natural resource options, and no real enforcement of maritime law in the Arctic, some concern should be given to any Russian attempt to have prime sectors of the Arctic become a “new Crimea”. This is a particularly acute topic should Russia model its behaviors and the international community levels slow/no response on China’s sovereignty claims in the South China Sea.

In August of 2007, two Russian mini-subs planted a Russian flag on a titanium mast directly below the North Pole. This was tied to their interpretation of the 1982 UN Convention on the Law of the Sea allowing nations to claim sub terrain beyond 200 nautical miles if they prove that such location is part of their continental shelf.

In the summer of 2014, Putin broke away from talking about the Ukraine, and indicated that Russia’s future really didn’t lie to its west, but instead in the north. “Our interests are concentrated in the Arctic.” “And of course we should pay more attention to issues of development of the Arctic and the strengthening of our position there.”[[4]](#footnote-4)

Last year Norway, Finland, and Sweden joined much of the international community to overtly criticize Russian representatives and shared their disappointment over Russian violation of international and maritime law by invading Crimea and the Ukraine. Finland and Sweden now seek NATO membership status. The number of Russian TU-97 Bear C4ISR over-flights of Finland’s and Sweden’s waters has gone up exponentially. The bombers are flying C4ISR missions, but could easily be armed to follow through with their primary mission.[[5]](#footnote-5)

The day after sanctions were placed on Russia for the invasion of Crimea and their activities in the Ukraine, President Putin moved an expeditionary naval fleet into the Arctic. The ships were dispatched to deliver personnel, equipment, and supplies to the New Siberian Islands, where a permanent base is being constructed. Central to this operation are revitalized military bases at Kotelny and Wrangel Islands, which were abandoned in 1993. Kotelny now has an airbase and is permanent home of the 99th Arctic Tactical Group. Next year another new air base will be commissioned at Cape Schmidt. Additionally, an expanded airstrip at Novaya Zemlya can now accommodate fighters supporting the Northern Fleet. These moves have prompted serious criticism from Canada.

In addition to Kotelny, the Russian Northern Fleet has expanded operations from the Russian town of Alakurtti, Murmansk, which is 50km from the Finnish border. Large portions of the rest of the Northern Fleet are expected there soon, but not the full complement of 39 ships and 45

submarines. Instead, it is the new garrison for the new ***Russian Arctic Command*,** formally known as the ***Northern Fleet-Unified Strategic Command*,** with 3000 Arctic-trained ground troops and another 3000 that are expected to arrive this summer. Russia maintains a fleet of 4 nuclear powered icebreakers that cost about $120K per day to operate. Russia feels that they have to move to the Arctic Ocean to secure their energy future and to protect the economic interests of their country. The Russians intend to “homestead,” realizing that global energy supplies will again favor their geographical posture someday.[[6]](#footnote-6)

Per discussions at Reykjavík University with 3 Icelandic Coast Guard personnel and a NATO analyst, Iceland feels insecure with the US Navy departing Keflavik NAS and also its inheritance of sustainment for the Eastern Air Defense (EADS) sensor sites supporting AFNORTH. Two delegates to the Arctic Circle Conference advised me that the system is maintained by sheer ingenuity with no parts or support.[[7]](#footnote-7)

The largest embassy in Iceland is now the new Chinese Embassy, with an estimated staff of between 300 and 425 personnel. China established a Free Trade Agreement with Iceland that went into effect the summer of 2014, resulting in virtually no tariffs on goods or services between the two nations. China is anxious for sea routes that will reduce its enormous energy import costs. They also have a large scientific research contingent at Svalbard, Norway.

In light of the SECDEF's Climate Change Adaptation Roadmap and of extensive discussions on military security systems, space, UAV and remote sensing systems, geospatial systems, and imperatives to find alternative energy sources and improve weather and climate change understanding, the race for the Arctic is quietly underway and Russia is winning. The fallout from the Ukraine also points to the fact that Russia will defend and fight for what they feel is theirs, and Moscow will risk political isolation to maintain domestic influence and esteem tied to a rebirth of old Soviet norms.

**Core Recommendations:**

1. The United States must take on a strong leadership role for all Arctic matters upon acceptance of the Arctic Council Chair. Failure to do so will send political signals to Russia regarding the limits of US foreign policy and authority on Arctic matters and encourage even more unjustified military movements.
2. The United States must take on stewardship of the Arctic issues and not fall prey to the issues and State-level agendas of Alaska and Maine.
3. The United States must seek “dual use” C4ISR to analyze climate change and also monitor security issues in the Arctic. Such resources should include, but not be limited to, space imagery, UAV imagery, unmanned undersea systems, and remote sensing measurement equipment, from both the government and commercial sectors.
4. In light of strategic and tactic militarization of the Arctic by Russia, the United States should revisit stationing long range C4ISR resources in Keflavik Iceland and in Fairbanks, Alaska, to maintain control of trans-polar Arctic sea transit commercial and military shipping routes.
5. Leveraging foreign and/or US decommissioned systems, the United States should develop a CRAF-like business strategy for the establishment of a commercial on-call Arctic-based icebreaker fleet under the Jones Act. (US-Flag Privately Owned Domestic Vessel Fleet)

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1. The Arctic Journal, March 2, 2015, http://arcticjournal.com/politics/1120/admiral-who-went-cold [↑](#footnote-ref-1)
2. CNN Money, July 19, 2012, http://money.cnn.com/2012/07/17/news/economy/Arctic-oil/index.htm [↑](#footnote-ref-2)
3. Minutes of Arctic Circle Conference, Reykjavik Iceland, Oct 2014. (attached) [↑](#footnote-ref-3)
4. The Washington Post, Aug 29, 2014, http://www.washingtonpost.com/blogs/worldviews/wp/2014/08/29/putin-thinks-of-the-past-when-talking-ukraine-but-the-arctic-is-where-he-sees-russias-future/ [↑](#footnote-ref-4)
5. Minutes of Arctic Circle Conference, Reykjavik Iceland, Oct 2014. (attached) [↑](#footnote-ref-5)
6. The Guardian, 21 October 2014, http://theguardian.com/world/2014/oct/21/russia-arctic-military-oil-gas-putin [↑](#footnote-ref-6)
7. Minutes of Arctic Circle Conference, Reykjavik Iceland, Oct 2014. (attached) [↑](#footnote-ref-7)