

GLOBAL AND REGIONAL ORDER

INFLUENCE THROUGH COOPERATION?

Nordic, German and EU Interests in the Arctic

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The Arctic offers scope for cooperation. But the growing claims and activities of Arctic and non-Arctic states (including the Nordic countries) are stoking potential for tension and conflict.



The Nordic nations and other European states should cooperate even more closely to preserve their influence and establish themselves as a stable counterweight to the major powers.



As well as their own economic interests, European countries also have an interest in protecting the environment, improving living conditions and preserving the Arctic as a sphere of constructive multi-lateral interaction.

Climate change is increasing the global significance of the Arctic and international interest in the region. New economic opportunities are emerging as the ice recedes, while the human and environmental challenges and dangers are growing. A burst of »Arctic hype« around 2010 rapidly deflated. Talk of a race to exploit Arctic resources and secure new trade routes turned out to be premature. Prospection and extraction are still too expensive to be profitable. But US President Donald Trump's August 2019 suggestion that Washington buy Greenland from Copenhagen to secure resources and influence reignited international interest in the Arctic. The ensuing outcry in Greenland, Denmark and many other countries, and the resulting cooling of US-Danish relations give a foretaste of the kind of development that could be expected in the years and decades to come.

NEW GEOPOLITICS IN THE ARCTIC

For the moment, however, ownership and responsibility for shipping routes and resources is largely clear. Most of the known and suspected Arctic oil and gas reserves are located in regions that clearly belong to specific states under international (maritime) law, lying within their respective exclusive economic zones (up to 200 nautical miles from the respective coast). Moreover, the region's harsh conditions and the advanced technology required mean that many existing and prospective resource extraction projects and the use of new shipping routes are beyond the scope of individual states.

To date conflicts – actual and potential – have been contained. There are still more factors mitigating for cooperation than conflict. Geopolitically, the region is largely characterised by functioning cooperation, especially under the auspices of the Arctic Council. Founded in 1996, the Council brings together the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden) with Canada, Russia and the United States. The indigenous peoples of the Arctic are represented by permanent participants. Thirteen non-Arctic states and twenty-five intergovernmental organisations and NGOs possess observer status. Their cooperation has achieved considerable progress on environmental protection, economic development, maritime safety and research. To date it has largely succeeded in limiting the impact of external conflicts on cooperation among the Arctic states (in particular the crisis over Ukraine that has burdened East-West relations since 2014). Even after 2014 the Arctic Council's largely constructive cooperation continued – including ministerial meetings.

At the latest since 2014, however, the region has also witnessed a growing trend of strategic militarisation, driven primarily by Russia, but in the meantime also involving the United States and China. As the US-Danish spat over Greenland demonstrated, growing potential exists for differences of opinion, tensions and conflicts of interests even between allies. The most recent ministerial meeting of the Arctic Council in Rovaniemi in May 2019 failed for the first time to agree a proper final declaration. The United States in par-

ticular objected to the use of the term »climate change«. Instead the foreign ministers issued a brief, superficial »joint statement«. At the same time the Arctic is increasingly emerging as an arena of global competition for (military) power, influence and resources between the United States, Russia and China. For the governments of these countries, protecting the Arctic environment, the climate and living conditions tends to be a secondary concern.

The United States has long held back with enforcing national interests and expanding military infrastructure in the Arctic (for example its air base at Thule in Greenland). Washington changed its strategy in 2019, however, after designating China and Russia as the »central challenge to U.S. prosperity and security«. Trump's Greenland initiative must also be understood in the context of Beijing's expressed interest: China is involved in actual and prospective mining and infrastructure projects there, as in other parts of the Arctic. The United States currently sees economic and military cooperation between China and Russia as a major challenge. The other North American Arctic state, Canada, sees this similarly. Canada also places its territorial sovereignty, freedom of navigation and national security at the heart of its Arctic interests, and is bolstering its military presence.

RUSSIA AND CHINA SEEKING INFLUENCE AND RESOURCES

Russia's Arctic policy has two overarching objectives: to establish Russia as a leading Arctic nation and to fully exploit the economic potential of the Russian Arctic. In order to secure its sphere of influence, Russia is investing heavily in military infrastructure in the Arctic. Moscow is pursuing a multi-track strategy that is often opaque to other actors in the region: demonstrating military power while at the same time pursuing bilateral and multilateral cooperation and the opportunities offered by international law.

For some years now China has been demonstrating growing interest in the region's shipping routes and economic potential, in the scope of its Belt and Road Initiative. In 2018 Beijing published its first white paper on the Arctic. Despite an official focus on protecting and developing the region, respect for international law, cooperation and sustainability, the national discourse is in fact clearly orientated on the exploitation of Arctic mineral resources. As such, China's strategy is also multi-track: Beijing is certainly interested in cooperation, but also willing to enforce its Arctic interests – using military means if necessary. China sees the region serving its economic development and global power status.

In this tangled situation, where major powers can be expected to dominate, other actors with rather different interests are liable to find themselves sidelined. These include in particular the five Nordic countries: Denmark (on account of Greenland and the Faroe Islands), Finland, Iceland, Norway and Sweden. In response they are articulating their interests increasingly clearly and strengthening – within their possibilities – their military presence in the region.

The European Union and its largest member, Germany, have also been working for some years to sharpen their profile in the Arctic. But they are still struggling to develop coherent strategies with clear objectives for the region.

THE ARCTIC INTERESTS OF THE NORDIC COUNTRIES

To a certain extent the Nordic countries pursue similar interests in the Arctic, but with clear geopolitical and geoeconomic differences associated with location, access and priorities. They all maintain regularly updated national Arctic strategies defining their interests. Unlike Denmark and Norway, Sweden and Finland only possess mainland territory north of the Arctic Circle. Iceland lies just south of the Arctic Circle. These geographical differences mean that the interests and priorities of the latter three states are rather different than those of Denmark and Norway, in particular concerning economic activity and resources.

For Norway the Arctic is the top foreign policy priority, and closely intertwined with domestic policy. Protecting the Arctic and tapping its resources are two sides of the same coin in Norway, and by no means mutually exclusive. Norwegian priorities include international cooperation, sustainable economic development (oil and gas, fish and shellfish, shipping and tourism), scientific research, infrastructure, and civil and environmental protection. While other NATO members like Canada oppose greater NATO engagement in the Arctic and the United States holds back, Norway – as a small country sharing a border with Russia – would like to see that occur. A succession of large-scale NATO exercises have already been held in the Norwegian Arctic. Norway maintains a pragmatic relationship with Russia, working to uphold practical cooperation (for example in sea rescue) while reinforcing its military activities in response to Russian demonstrations of military power along Norway's north coast. The Svalbard (Spitsbergen) archipelago is especially important for Norway. Under the treaty of 1920 Svalbard is an international demilitarised territory under Norwegian administration and sovereignty, where Norway is required to grant all treaty partners equal access. This arrangement functioned largely satisfactorily as long as the Arctic as a whole remained a backwater. But now Norway fears that Russia and China in particular will assert broader claims in Svalbard and challenge Norway's sovereignty.

Denmark's only direct access to the Arctic is via its former colony Greenland, which gained extensive self-determination and autonomy in 2009 but still belongs to Denmark. Access to the Arctic is behind Copenhagen's interest in holding on to Greenland, which is seeking independence in the longer term. That is not (yet) a realistic prospect because of heavy economic dependency on Denmark. The Faroe Islands also belong to Denmark, and also enjoy autonomous status. Although located south of the Arctic Circle they are directly affected by climate-related changes in the Arctic and strategically positioned in relation to Arctic shipping routes. Like Norway, Denmark also places weight on im-

proving living conditions while harnessing economic potential and exploiting resources. Environmental and climate concerns certainly play a role for both – but do not enjoy the outstanding importance they do for Arctic countries without Arctic coastline like Sweden or non-Arctic states like Germany. Denmark is also expanding its military presence and capacities in Greenland and its investments in the region, but also underlines the necessity to preserve the Arctic as a region of low tension.

Without territory bordering or access to the Arctic Ocean, Sweden's and Finland's Arctic engagement is shaped more by »soft power« concerns than hard security and resource interests. This means improving the perspectives for economic development and growth in their peripheral Arctic regions and enhancing their connectivity, as well as research, environmental protection, climate protection and protection of minority rights. Finland for example is planning a rail link from the Baltic port of Oulu to Kirkenes in Norway, in order to expedite exports to Asia (timber, iron ore, fish). Both Sweden and Finland support effective Nordic cooperation on Arctic issues and – unlike Norway and Denmark – a stronger role for the EU. Iceland's interests in the Arctic are above all economic and security-related. On account of its location and infrastructure (deep-water ports) Iceland is positioned to play a key role as a port of entry to the Northeast Passage.

The governments of the Nordic countries collaborate on Arctic questions in a series of frameworks: the Arctic Council, the Nordic Council of Ministers, the European Union and the Barents Euro-Arctic Council. From the Nordic perspective the various formats complement one another. They coordinate as closely as possible in the Arctic Council, using their successive two-year chairmanships to create continuity and advance shared long-term Nordic interests. In 1996 the Nordic Council of Ministers initiated programmes for Nordic cooperation in the Arctic to bring together the sometimes diverging interests of the Nordic countries and establish joint positions. These have since grown in (financial) scope and significance. Rather than hard economic, political or security interests, they focus on improving living conditions so they revolve around healthcare, social and education matters, the Arctic habitat and environment, climate change, and sustainable/green economic development.

The Nordic Council of Ministers supplies expertise, experience and funding for specific projects and partnerships in these areas, lending it a degree of leverage over developments in the Arctic. The topics of interest fit with the general objective of Nordic cooperation, to make the Nordic region »green, competitive and socially sustainable«. Outside the structures of the Nordic Council of Ministers, the Nordic Defence Cooperation (Nordefco) is steadily expanding to facilitate pragmatic intra-Nordic cooperation in certain military areas. It also has an Arctic component with the joint Arctic Challenge Exercises that have been staged regularly since 2013.

In relation to other international and European contexts, too, there is a growing awareness in the small Nordic coun-

tries that they have to improve and expand their own cooperation and coordination if they want to be perceived as a relevant and powerful voice. This applies all the more to the Arctic, in view of the hardening steadily political climate there.

THE ROLE OF GERMANY AND THE EUROPEAN UNION

Close contacts and cooperation with the EU as a whole and with influential member states like Germany can only be helpful in that connection. And conversely, the Nordic countries are important door openers in the Arctic for the EU and its member states.

The EU has been working to formulate its own interests and lay out a joint approach in the Arctic since the publication in 2008 of the first of three Communications of the European Commission on the Arctic (a kind of strategy document). According to the third of these strategy documents, in April 2016, the EU pursues three main objectives: intensification of climate and environmental protection; sustainable economic development including investment in transport links in the European Arctic; and strengthening international cooperation in the region.

The EU principally wants to promote research and scientific exchange in order to create a basis for tackling the challenges resulting from climate change. Its Arctic strategy is currently under revision: In summer 2020 the Commission opened a public consultation designed to »enable a broad reflection on the EU's Arctic policy in the face of new challenges and opportunities«. Larger EU member states like France, Spain and Poland have also developed their own national Arctic strategies. But as far as other Arctic actors are concerned, the interests, ambitions and objectives of the EU and its member states remain vague.

Two obvious contributing factors are that the EU's direct access to Arctic regions is limited and it fails to operate as a united bloc. Lacking observer status of its own in the Arctic Council further weakens its position in the Arctic governance structures. So for the time being the EU remains an Arctic actor with limited influence.

Germany is an observer in the Arctic Council and participates actively in many working groups. The revised German Arctic Policy Guidelines adopted in August 2019 underscore its engagement. Even more emphatically than the original document from 2013, the 2019 version acknowledges the dangers and risks associated with the region's existing economic potential – in which Germany is certainly interested. This puts environmental protection and climate change at the heart of the German approach. In terms of polar research Germany is in fact a leader, as impressively demonstrated by the international MOSAiC Expedition (Multidisciplinary drifting Observatory for the Study of Arctic Climate) led by the Alfred Wegener Institute. The expedition is also an outstanding example of international scientific coopera-

tion investigating climate change in the Arctic. Such a venture would be virtually impossible for a single country. In the areas of environmental protection and shipping Germany advocates strict regulations and sanctuaries, opposes the use of nuclear reactors or heavy oil to power vessels, and promotes rules that are binding for all and actually observed. One example of the latter is the Polar Code, which lists binding rules and standards for polar waters, issued in 2017 by the International Maritime Organisation.

The changing global situation is ramping up the significance of strategic and security aspects for the German government. The new Policy Guidelines explicitly note that overlapping interests, territorial claims and possible resource conflicts heighten the potential for stability-endangering uncooperative behaviour and thus the risk of crisis. Germany wishes to counteract militarisation trends in the region by promoting cooperation and contributing diplomatic experience.

Yet even if the Policy Guidelines address important points and imply that Berlin intends to play a more ambitious role in the Arctic, their status still remains unclear: do they represent a coherent and free-standing policy or political strategy – or are they merely a declaration of intent? To what extent will the Arctic become a German foreign policy priority? And what will Germany actually be able to achieve in the region?

THE NEED FOR CLOSE EUROPEAN COOPERATION IN THE ARCTIC

If Europe wants to exert influence in the Arctic and encourage the observance of international rules and agreements it will have to present a united front. European and national strategies need to be coordinated, coherent, outcome-driven and implementable. And they must take into account differences in specific national interests (Arctic vs. non-Arctic) as well as the specific needs of diverse Arctic regions.

Although the 2019 German Arctic Policy Guidelines – unlike the 2013 version – do not explicitly mention the importance of bilateral and multilateral relations with Arctic states for a non-Arctic state seeking to influence developments in the region, such ties will continue to have great significance for Germany. The German government should continue to put effort into this, especially vis-à-vis the Nordic countries. Norway for example has become an important partner and gateway to the region, especially for German energy firms.

The Nordic countries in turn perceive Germany as an important, dependable and like-minded partner capable of assisting them in asserting their own interests. A meeting between German Chancellor Angela Merkel and the five Nordic heads of government in Reykjavik in August 2019 adopted a platform for even closer exchange and cooperation between the six countries, especially on issues such as sustainability. Although the Arctic was not explicitly mentioned it is clear that it was also included. The platform still needs to be fleshed out with substance and objectives.

German Foreign Minister Heiko Maas's initiative for an »Alliance for Multilateralism« is also supported by the Nordic countries, and should be followed through – especially in relation to the Arctic. This could involve strengthening the Arctic Council, even closer involvement of non-Arctic states in its activities, and potentially the creation of an inclusive Arctic platform for discussing security-related issues.

In terms of the role of the EU, the Finnish Presidency of the Council of the European Union in 2019 sought to direct greater attention to the Arctic in the EU's external relations. This position is supported by the new German Arctic Policy Guidelines, which also call on the EU and NATO to examine the security implications in greater depth. However the EU can only credibly shift the focus of its Arctic policy to geopolitics and security – as demanded by observers for the new Arctic strategy – if it has created a strong and effective foreign policy and security pillar in the first place. Without the latter, such ambitions in the Arctic are unlikely to be taken seriously. The EU can currently exert greater influence by concentrating on its core competences in areas like commerce, trade, infrastructure and research, and offering added value in the form of concrete and outcome-driven projects.

The necessity for European states to close ranks in the Arctic does not imply that they should close themselves off from the other Arctic states. Quite the contrary, they should further intensify the cooperation with them. But they should also prepare for a different scenario that cannot entirely be excluded – in which the United States, Russia and China abandon the international structures and increasingly pursue their interests in narrowly national terms, eventually using military means.

ABOUT THE AUTHOR

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The Nordic Office covers Denmark, Finland, Iceland, Norway and Sweden. Based in Stockholm, the Nordic Office was established in 2006 in order to promote Nordic–German cooperation, mainly by means of seminars and reports on political trends. The office strives to contribute to a continuous dialogue between decision-makers and civil society in the Nordic Countries and in Germany. FES in the Nordic Countries focuses, in particular, on the exchange of ideas on common challenges in social, economic and foreign affairs, such as:

- experiences from welfare state and social reform, especially with regard to equal opportunities, participatory democracy and public sector performance;
- experiences in the fields of foreign and security policy, European integration and Baltic Sea cooperation;
- experiences in the areas of integration and migration policy

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The Arctic is still largely a region of functioning cooperation. But the potential for tension and conflicts of interest is growing, even between allies, as seen in summer 2019 between the United States and Denmark/Greenland. The Arctic is increasingly emerging as a locus of global rivalry over (military) power, influence and resources between the United States, Russia und China, all three of which have significantly stepped up their Arctic engagement.



The Nordic countries – Denmark, Finland, Iceland, Norway and Sweden – share many economic and political interests in the Arctic, but also diverge significantly over geopolitical and geoeconomic questions relating to location, priorities and access to the Arctic Ocean. In general there is growing awareness that they need to deepen their cooperation – especially in the scope of the Arctic Council and the Nordic Council of Ministers – if their voices are to be taken seriously.



In view of the complex international situation the Nordic countries should work more closely together in Arctic affairs – and with(in) the European Union and its member states, especially Germany. Sustainable influence will require a determined and collective approach and coordinated, outcome-driven European and national strategies.

Further information on the topic can be found here:
<https://www.fes.de/referat-westeuropa-nordamerika-und-japan>