The Future of Arctic Cooperation in a Changing Strategic Environment

Insights from a Scenario-Based Exercise Organised by RAND and Hosted by NUPI

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In recent years, the Arctic has been increasingly described in the media as a region of intensifying geostrategic competition. As the region’s ice cover gets thinner and smaller in area (especially during the summer) due to rising temperatures, some resource-rich areas previously inaccessible may become increasingly attractive; maritime sea routes could be more heavily used by both commercial and military traffic; and coastal communities in the far north may experience new opportunities as well as elevated risks from a variety of hazards.

By most accounts cooperation in the Arctic region remains strong. Institutions such as the Arctic Council support agreements between nations and other stakeholders on areas of common concern, such as search and rescue and oil-spill response. Nations have generally agreed that coordinated action furthers the interests of all in this vast, remote and harsh region.

While the Arctic is more conflict-free than many other regions, except perhaps for Antarctica, how well established is this pattern of cooperation, and how resilient will it be to major changes that the region is already experiencing or will likely experience in the coming decade?

This Perspective summarises the results of a 2017 tabletop exercise that examined factors that could potentially upset cooperation in the 2020 decade. Using a scenario-based approach, it focused on three potentially contentious areas: overlapping claims of Arctic nations regarding the extension of their continental shelves; increased maritime activity; and maritime incidents that could quickly escalate. This exercise yielded useful insights that confirmed the solidity of the cooperation model prevalent in the Arctic, but also identified potential ‘wildcards’ that could create
tensions and make agreements and negotiated solutions more difficult to reach.

1. Introduction
In recent years, the Arctic has been described in the media as having the potential for starting a resource war or even a ‘new Cold War’ due to factors ranging from the gradual shift from persistent thick ice cover to more open water for longer periods and the presence of hydrocarbon and mineral resources in the Arctic seabed, to occasional inflammatory rhetoric from officials on sovereignty issues in the Arctic and the resurgence of security and military focus on the region. Yet by most accounts cooperation in the Arctic region remains strong – nations have generally agreed that coordinated action furthers the interests of all. While the Arctic appears more conflict-free than many other regions, how well established is this pattern of cooperation, and how resilient can we expect it to be? No Arctic stakeholder seems to find value in conflict at present, but interpretations of cost and benefit to aggression in the region could change as the Arctic evolves in response to changing climate, economic opportunities and other factors.

Key insights on potential tensions related to:

**Overlapping extended continental shelf claims**
- While disputed resources will not be extracted for decades, successful claims have immediate benefits.
- Political value of the claims may constrain negotiations.
- While there is potential for tensions to rise, Arctic countries are more likely to respect established international norms than attempt to circumvent them.

**Increased maritime activity**
- The Northern Sea Route is critical for Russia’s economy and infrastructure but its value as an international shipping route is secondary.
- Increased shipping prospects mean new opportunities for cooperation but also potential competition to become the new Arctic shipping hub.
- Increased ship traffic increases the probability of accidents and the risk of oil spills, which could be mitigated by new technology.
- Arctic nations generally welcome China’s investments but seek to balance its presence with their own activities.

**Maritime incidents that exhibit potential for escalation**
- Response to these incidents would most likely focus on safety and diplomacy, rather than escalating into conflict.
- Nations would worry about how these events play out domestically and in the media.
- Any suggestion of a security void could invite external involvement in Arctic affairs.
In recent years, the Arctic has been described in the media as having the potential for starting a resource war or even a ‘new Cold War’.

To address these questions, RAND Europe organised a tabletop exercise (TTX) on international cooperation in the Arctic region hosted by the Norsk Utenrikspolitisk Institutt (Norwegian Institute of International Affairs – NUPI) in Oslo, Norway on 6 and 7 June 2017. Participants from seven countries with territory in the Arctic (Canada, Denmark, Finland, Norway, Sweden, Russia and the United States) and the United Kingdom were invited to discuss a series of focal events that could alter the regional security environment in the 2020 decade. Participants included representatives from diplomatic and defence organisations, shipping and oil industries, indigenous communities and security research institutions.

The purpose of this exercise, which drew on two prior RAND projects,² was to gain a better understanding of how the fictional yet plausible developments detailed in scenario steps within the TTX could impact established norms of cooperation in the far north. These focal issues included the outcome of a United Nations recommendation on overlapping Arctic Ocean continental shelf claims, increasing Arctic Ocean access leading to desired use of transpolar routes, an incident involving maritime harassment, and a near-collision between two vessels. Focal issues were selected according to the following criteria: 1) issues are representative of Arctic security and stability concerns in 2017 – the year the exercise was conducted; 2) these could potentially occur and plausibly raise tensions among two or more Arctic nations in the 2020 decade; 3) no single Arctic nation is characterised as an ultimate aggressor pushing for conflict.

Participants were provided with starting conditions or core assumptions reflecting the status of different Arctic nations and other stakeholders at the beginning of the 2020s. These were based on relevant factors and decisions, and extrapolated to the mid-2020s in plausible ways that did not reflect dramatic departures from the 2017 present. Participants were then asked to consider the possible reactions, and available courses of action, of each of these stakeholders to four successive focal events or ‘moves’, which were designed to trigger responses varying from low-intensity and diplomatic to potential conflict, although specific military options were not discussed. Participants also considered whether other, similar events could have been more challenging for maintaining cooperation than the specific scenario under consideration. Through this facilitated event, the potential implications of decisions, actions and other regional developments were explored, with a view to identifying factors that, individually or in combination, could lead to increased tensions in the region. The intent was to generate insights about the overall strength of regional cooperation and potential triggers for increased Arctic tensions that will be of use to policymakers and others when examining the likely impacts, advantages and shortcomings of potential policy options.

This Perspective summarises key insights gathered from participants in the three areas covered by the exercise scenarios:

- **Overlapping claims on extended continental shelf (Section 2):** Upcoming recommendations from the Commission on the Limits of the Continental Shelf (CLCS) regarding extended
continental shelf claims may become a source of tensions between states receiving a positive notification and those told they need to submit more scientific evidence to substantiate their claims. Regardless of the outcome, these decisions will mark the beginning of what will likely be protracted negotiations between claimants to delineate the seabed.

- **Increased maritime activity (Section 3):** The development of economically viable and potentially strategically important maritime shipping routes along the northern coasts of Russia (Northern Sea Route) and Canada (Northwest Passage) – both for the purposes of trans-Arctic voyages which in some cases can reduce transit time by days or weeks, and to serve the needs of increased hydrocarbon and mineral extraction within the region – could trigger economic benefits for all Arctic nations and other stakeholders. However, it may also trigger competition between those countries that could serve as new economic hubs, increase risks to safety and the environment, and elevate concerns about security.

- **Escalating maritime incidents (Section 4):** More open water for longer periods in the Arctic may encourage elevated activity by a diverse range of national, commercial, environmental, private and other actors whose interests may, at times, collide (in some cases, literally). Without robust tools, mechanisms and procedures to handle potential incidents ranging from incursions into other states’ exclusive economic zones (EEZs), to harassment, to accidents at sea, Arctic stakeholders may find themselves at high risk of escalation of what might otherwise have been minor safety, security and environmental incidents appropriately handled by local authorities.

Section 5 offers concluding thoughts on prospects for continued cooperation in the Arctic; what areas represent potential flashpoints according to participants in the exercise; and their suggestions to preserve dialogue and collaboration were any of the TTX scenarios to become real.

This Perspective is based exclusively on the insights gathered from participants in the TTX and accordingly should not be viewed as an attempt to provide a comprehensive view of areas of cooperation and potential tensions in the Arctic. The insights below are constrained by the participants’ backgrounds; the format of the TTX, which limited discussion time; and the scenarios that were presented to the participants. These scenarios were based on previous RAND research and selected based on the likelihood, as perceived by the TTX organisers, that they would provide an interesting angle to examine various sources of tensions for various Arctic stakeholders and spur a lively discussion among participants. As a result, scenarios tended to emphasise contentious issues rather than cooperative behaviour. Different scenarios, different participants and a different TTX format would undoubtedly have generated a different set of insights.

### 2. Overlapping claims on extended continental shelf in the Arctic Ocean

The first scenario presented to participants examined the potential consequences for cooperation of upcoming CLCS notifications regarding claims to extended continental shelves in the Arctic region. To provide some brief background, the CLCS examines claims from nations that are signatories to the United Nations Convention on the Law of the Sea (UNCLOS) regarding alleged extensions of their continental shelves. While coastal nations have
the right to exploit the seabed of their EEZ, i.e. within 200 nautical miles of their coast, the seabed beyond that limit is considered part of the high seas, and the common heritage of mankind, unless the coastal state can prove that it represents a natural extension of its continental shelf. CLCS recommendations, based on the scientific evidence provided by the claimants, are generally recognised as authoritative by all UNCLOS signatories (and also by the United States, which abides by these guidelines despite not acceding to the agreement) and serve as a basis for subsequent bilateral or multilateral negotiations between states to delineate their continental shelves in the event of overlapping claims.

2.1 Relevance for regional stability
In the Arctic, several countries have overlapping claims pending before the CLCS (see Figure 1). In 2001 Russia was the first to submit a claim, which was subsequently revised upon the request of the CLCS and resubmitted in 2015. Denmark submitted five claims between 2009 and 2012, one of which overlaps with Russia’s. Canada announced it would soon submit its own claim, which is expected to overlap with Russia’s and Denmark’s. Exercise participants discussed the political, symbolic and economic value of the disputed continental shelf area, the time horizon for its potential exploitation, the benefits of remaining within the boundaries of UNCLOS even in the event of a negative notification for some countries but not others on the part of the CLCS, and potential wildcards that could create tensions between Arctic states in this context.

2.2 Insights from exercise
While resources will not be extracted from the seabed until far into the future, there are immediate benefits to a successful claim. The economic value of the continental shelf being claimed will not materialise until decades hence. Most of the Arctic’s natural resources are believed to be located within the coastal states’ EEZs, which are undisputed. Exploitation of the oil resources in the disputed seabed would only be economically viable if the price of...
Extraction of resources means increased traffic, and a single shipping accident in the Arctic could not only be very deadly but also have lasting, damaging consequences for the environment and populations, potentially affecting—among other things—the overall economic attractiveness of the region.

Oil were to be remarkably high, and presuming technologies made such deposits extractable in the relatively near term. Interest in gas exploitation is also limited in the short to medium term due to plentiful supply in other geographical areas. Furthermore, exploiting the Arctic seabed far from the coast poses infrastructure and logistical challenges, both to extract resources and to transport them to international markets. While such infrastructure can be developed, the distant time horizon also creates uncertainties as to whether exploitation will still be viable once infrastructure is in place—by then, oil prices may have plummeted again or renewable energy developed in unforeseen ways. Another element of uncertainty is the safety and social acceptability of such exploitation. Extraction of resources means increased traffic, and a single shipping accident in the Arctic could not only be very deadly but also have lasting, damaging consequences for the environment and populations, potentially affecting—among other things—the overall economic attractiveness of the region. Other possible economic benefits, including fishing (with the exception of crabs and other bottom-dwellers) and shipping, are not relevant because the CLCS only makes recommendations on the seabed, and rights to exploit the seabed do not extend to the column of water above.

Some participants, however, underlined the possibility of more immediate economic benefits and a first-mover advantage in the seabed areas with disputed claims. A state asserting its rights to a given seabed area—whether following, or objecting to, the CLCS decision on the scientific validity of its claim—could theoretically give away exploitation licences to external companies, bringing in equities from other states and reinforcing the claimant’s position. In other words, this would be a move that would be difficult to ‘undo’ by states that believe they have (and may have been recognised to have) a more legitimate claim than the first mover. Companies would potentially be interested in acquiring such licences despite the lack of immediate commercial incentive because they represent assets and are held as stores of value. This point suggests that the disputed seabed area can have some immediate value even if exploitation is to be delayed by decades.

Political value of the claims may constrain negotiations

Another potential source of tensions is the fact that extended continental shelf claims are highly political. Both Canada and Russia face domestic imperatives that may lead them to adopt ‘hard’ positions in negotiations. Former Prime Minister Stephen Harper put a ‘marker’ on the North Pole despite scientists charged with collecting geological evidence on the extent of the Canadian continental shelf disagreeing with it. A Russian submarine’s planting of a flag on the North Pole seabed in 2007 was viewed favourably domestically (despite the Kremlin claiming no official role in it) and with consternation internationally. Russia’s position is particularly difficult because of potential opposition from the Parliament to a negotiation outcome where
Russia ‘loses’ some of the seabed it claims. The resolution of the territorial dispute with Norway in the Barents Sea deal was unpopular domestically, but the leadership pushed it through nonetheless. As Russia is vesting a lot of prestige in the North Pole issue, a similar situation may arise, with a Russian leader simultaneously wary of the political impact of ‘losing’ the North Pole and reluctant to have this issue block negotiations and prevent potential development of the remainder of the claimed area. While solutions for compromise exist – for instance, agreeing to consider the North Pole a ‘no-man’s land’, such solutions might require careful messaging on the part of the Russian leadership to win domestically.

Domestic considerations are also important for Denmark, whose position is influenced by its relationship with Greenland. Since 2009, Greenland has been assuming self-rule, and could in theory organise a referendum over independence at any time. Denmark made a considerable investment in terms of the resources it devoted to substantiating scientifically its claim, and a positive recommendation from the CLCS would both justify this investment and support the position of those who claim that Greenland stands to gain from remaining within the Kingdom of Denmark.

The North Pole has a strong symbolic role. This may even be its only role, considering that exploitation of resources in the North Pole area would be exceptionally difficult and make little sense economically. If more than one country claiming the North Pole receives a positive notification from the CLCS, the issue will be resolved through bilateral (or even possibly trilateral) negotiations. As the ‘ultimate symbolic prize’, as one participant described it, the question of which country can claim the North Pole will be a particularly thorny point of discussion, especially perhaps for countries like Russia and Canada with strong Arctic identities.

Yet while there is potential for tensions, Arctic countries are more likely to respect CLCS decisions and negotiate than attempt to circumvent international norms. The first-mover advantage identified earlier also represents a potential source of tensions, if the first country with its claim adjudicated starts selling licences (if not starting exploration) before overlapping claims are adjudicated too. Moving first also establishes a marker that could frame future negotiations. Furthermore, it would be difficult to dislodge a state that is starting to explore the seabed, short of military confrontation – and in any case, most of the waters in discussion are not conducive to any continuous presence, whether military or commercial. The potential for tensions is therefore higher if CLCS decisions are staggered in time – as they likely will be, since submissions are examined in the order received – than if all decisions come at once.

Once states start to negotiate, there is also a risk that some will use various means of pressure for their position to prevail. In one such scenario, Russia could put economic and political pressure on Danish business and economy, or could also put pressure on Greenland or entice Greenland to leave Denmark. For Denmark, it might be easier to have a trilateral conversation with Russia involving also

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Canada, for instance, as it might have difficulty withstanding such pressure on its own.

However, these situations in which countries abandon established international norms – by proceeding with selling licences before formal negotiations, establishing more physical presence (e.g. through use of a heavy icebreaker for scientific research) before claims are settled, or entering premature and/or aggressive negotiations – appear quite unlikely considering that all nations involved have much to gain by adhering to them. Even if states are not completely successful in their North Pole seabed claims, UNCLOS and the CLCS recommendations process provide legitimacy to claims elsewhere (including the large areas of uncontested claims in the Arctic).

In that context, participants focused on the likelihood that Russia might contest or ignore a UNCLOS notification in its disfavour. Russia has gained much from the successful negotiation of the Norwegian-Russian delimitation in the Barents Sea, a precedent that might provide incentives for the Kremlin to cooperate with Arctic neighbours on other territorial issues. Russia has also received a ruling in its favour in the Sakhalin area and the Sea of Okhotsk, which has likely boosted its confidence in UNCLOS and the ability of international rules and norms to benefit the country. Conversely, a decision by Russia to contest or ignore a CLCS recommendation in this case may prompt other countries to follow suit – including in cases where Russia has made successful claims. Finally, there is also a general understanding that established international borders bring more clarity to investors, benefiting all countries. As a result, the peaceful diplomatic handling of potential conflicts in the long term is the most likely scenario.

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2.3 Potential wildcards

The resolution of overlapping claims could raise tensions if:

- Countries that see their claim contested decide to create a set of tactical alliances of open and closed seas outside of the UNCLOS framework. These defections would undermine the international rules and institutions that most countries rely on, and create uncertainty for all maritime-related businesses throughout the globe.

- To accelerate its path toward independence, Greenland seeks to attract large investments from Russia – which could at that point be involved in negotiations over the seabed with Denmark – or from China, whose position in principle is to oppose the division of the Arctic between Arctic states and to promote instead the idea of the region as a global common. This would create tensions with Copenhagen. Yet a more plausible development would have Greenland following the example of Iceland, which started to welcome Chinese investments in 2008 in a challenging financial environment, but has subsequently made efforts to balance these with investments from different sources. Overall, Greenland remains more likely to choose Western partners.
• Faster than expected, sea-ice melting is enhancing access and making the extraction of resources more plausible – possibly adding more urgency to the seabed delineation issue. Yet under that assumption, the greatest source of tensions might be around fishing, which would be immediately available, rather than in relation to the seabed and its resources.
• Resources other – and easier to extract – than hydrocarbons, such as bioengineering, might develop rapidly, possibly in the 2030s–2040s. More generally, unforeseen technology and economic developments represent wildcards in terms of the attractiveness of the contentious seabed areas.
• Some countries receiving a positive recommendation from the CLCS might decide that their rights over the seabed extend to the water column above – potentially questioning the future fishing and shipping rights of others, and undermining UNCLOS as a legal framework.

3. Increased maritime activity
The second scenario step presented a series of developments resulting in increased maritime activity in the Arctic. The TTX move posited that Russia develops the Northern Sea Route both to service its booming hydrocarbon extraction activities and for international shipping, using flexible tariffs similar to those used by the Suez Canal authority; Canada partners with China to exploit, and bring to Asian markets, minerals and oils extracted from various sites in its northern regions; and China invests increasingly in mining and infrastructure projects in Iceland, Greenland and Svalbard.

3.1 Relevance for regional stability
The purpose of this scenario was to explore potential tensions around increased traffic along the northern coasts of Russia and Canada; the legal status of the Northern Sea Route and the Northwest Passage (pictured in Figure 2), considered respectively by Russia and Canada as internal waters while other nations, including the United States and China, argue that the principle of freedom of

Figure 2: Map of the Northwest Passage and the Northern Sea Route

Source: Central Intelligence Agency, “Physical Arctic Region,” World Factbook, January 2017 RAND MS-5227
navigation should prevail instead; the impact of resource extraction and exploitation on indigenous communities; the potential competition to attract, and benefit economically from, international shipping; and the involvement of non-Arctic nations such as China in the exploitation of Arctic resources.

3.2 Insights from exercise

The Northern Sea Route is critical for Russia’s economy and infrastructure, making its value as an international shipping route secondary. The Northern Sea Route is essential for Russia’s transportation needs in the north, as it is cheaper to use than railroad and river systems. Russia sees it as critical, in particular, to develop its extractive industry in northern Siberia – to include ambitious LNG projects – and bring the resources it exploits to world markets. This route also offers economic perspectives to indigenous populations – for instance, Russian Saami could potentially use it to bring reindeer meat to international markets. Overall, the Northern Sea Route makes economies in northern areas of Russia more sustainable.

Russia’s control over shipping through the Northern Sea Route and its collection of transit fees provides some of the investment that is required to maintain a route it needs in any case for its own industry. Yet the route’s main purpose is destination shipping rather than transit. Current traffic volumes in the Northern Sea Route are so low in comparison to the Suez Canal that any substantial swap, by Asian ships going to Europe, of the latter for the former would likely take decades.

**Increased shipping prospects mean new opportunities for cooperation but also potential competition to become the new Arctic shipping hub.**

Increased activity in the Northwest Passage would require infrastructure development. Assuming that the Passage can become an effective international shipping route, Canada would likely facilitate bureaucratic procedures and reduce transit fees in order to make it more attractive to ships than the Northern Sea Route. The United States and Russia would see a large increase in shipping traffic across the Bering Strait, and the United States could develop a shipping hub in Alaska as a refuelling point.

If volumes of traffic were to increase substantially in the Northwest Passage and the Northern Sea Route (the former being less likely due to a particularly challenging geography and lack of infrastructure), existing hubs such as Singapore would be affected, as well as countries that depend on revenues from shipping and building vessels including icebreaking ships and icebreakers. Increased activity in the Northern Sea Route could prompt the creation of new hubs, possibly in Iceland, Norway, Greenland or Canada. One option that might be explored is the creation of a common northern port facility with several companies and nations working together to create an economy of scale. Finland, too, could try to benefit from this increased northern traffic, and already has a railway project that would connect Rovaniemi in Finland to Kirkenes in Norway.

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Heavier maritime traffic in conditions as unforgiving as those found in the Arctic would require improvements in knowledge and data to mitigate risks to the people and to the environment.

Increased ship traffic increases the probability of accidents and the risk of oil spills, which could be mitigated by new technology. As ice-covered waters are opening, an important source of concern remains the risk of an oil spill. The Bering Strait, for instance, is a complex area to navigate, and an increased presence of large oil tankers would create new hazards for populations and the environment. The impact of an oil-tanker accident on the environment and human activities remains unknown. Global fish stocks would likely be affected, although some species are more resilient than others. Indigenous peoples’ activities and food security would be impacted as well. Coastal Saami, for instance, are largely dependent on fishing for their subsistence, and an oil spill in the Northwest passage would affect sea mammals that are critical to the subsistence of indigenous peoples in Canada.

Heavier maritime traffic in conditions as unforgiving as those found in the Arctic would require improvements in knowledge and data to mitigate risks to the people and to the environment. Potential upcoming challenges include protecting the global positioning systems (GPS) of ships from cyberthreats; generalising the practice of equipping vessels with automatic identification systems (AIS); improving data to reduce uncertainty with regard to hydrological conditions; keeping track of moving or partly melted ice, which represents a bigger challenge than permanent ice, using unmanned aerial vehicles (UAV) and sensors; and developing vessel traffic systems in ‘high-risk’ areas like the Bering Strait, where large ships routinely pass small boats operated by indigenous seal hunters in icy and foggy conditions. The vision of the Arctic as an area of geopolitical competition can be harmful to the development of such systems, which require bilateral or international agreements to be most effective.

China’s investments are welcomed by Arctic nations although its intentions are still viewed with suspicion.

China would likely be a key player in an Arctic shipping boom. China’s investments in mineral extraction in northern Canada as well as the publication by its maritime safety administration of a dedicated navigation guide in April 2016 suggest that it has a keen interest in using the Passage. While Canada’s view of the Northwest Passage as internal waters differs sharply from China’s (and, for that matter, the United States’) view of it as international waters, the mutual economic benefits for China and Canada suggest that they may simply continue to agree to disagree on that point.

Increased maritime shipping in the Arctic might increase competition among Arctic nations to attract foreign investment, including from China, while remaining wary of a reinforcement of China’s position as a key economic actor in the region, lest it is balanced by involvement from other actors. Recent Chinese-funded infrastructure developments, such as the Joint China–Iceland Aurora Observatory (CIAO) in Iceland and the radar project – stalled as of August 2017 – in Svalbard, also raise questions as to China’s long-term strategy in the region. Participants were prompt to point out, however, that overall large-scale and multinational
projects tend to promote cooperation due to the fact that the companies and countries involved stand to lose too much from conflict.

3.3 Potential wildcards

- A military build-up in the Arctic could negate the positive effects on Arctic cooperation of an economic boom. One scenario leading to this point could have European nations respond positively to US demands to raise their defence budget to 2 per cent of their GDP – a move that may prompt Russia to increase its own spending, part of which would go to the Arctic. This, in turn, could trigger increased military activity from other Arctic nations to match Russia’s build-up, in a classic security dilemma pattern.

- If indigenous people were to express strong opposition to the development of mineral extraction projects, decision makers in Arctic nations would have to make a choice between maintaining unity at home or taking part in the economic boom of the region. Participants, however, noted that many of these communities own rights to their land, and as a result stand to benefit directly from resource exploitation.

- The opening of a Transpolar route would reduce the utility of the Northwest Passage and the Northern Sea Route for transit shipping, although they would likely still be used for destinalional voyages and Arctic natural resources development. While it cannot be predicted when such a Transpolar route will be open for long enough during the year to be viable, participants underlined that this option will be explored, since it cumulates benefits: not only would it be the shortest route but, unlike the Northwest Passage and the Northern Sea Route, it would not – at least at this point – be under the control of any nation.

4. Potential for relatively minor maritime incidents to escalate

Participants then examined a third and a fourth scenario in quick succession. First, participants were asked to consider a situation in which a radical environmental group based in Canada attempts to board and block the way of a Danish-leased Russian icebreaker investigating possible oil-drilling sites in the newly Danish North Pole seabed area. There is no resulting violence, but the icebreaker is turned back to Murmansk and Canada, Denmark and Russia must decide how to address this incident, which might occur again in the future. In addition, Norway must reaffirm how it would treat the environmental group’s vessel if it entered Norwegian waters. The primary issues arising from this situation include handling an incident of attempted maritime piracy, ensuring safe passage for icebreakers in the future, and navigating law enforcement with multiple countries involved.

Following this, participants examined a near-collision close to Alaskan waters in the Bering Strait involving a Russian ice-class
The primary issues arising from this situation include resolving safety concerns and convincing each party that there was no nefarious intent.

tanker travelling south but carrying no cargo and a Finnish ice-breaker travelling north and carrying members of the US, Finnish and Swedish coastguards travelling to a NATO maritime exercise. The primary issues arising from this situation include resolving safety concerns and convincing each party that there was no nefarious intent. In this particular case, participants were asked to consider US suspicions of Russian spying activity, Finnish and Swedish concerns about Russia’s reaction to NATO activity, and Russian umbrage at perceived accusations of having malicious intent.

4.1 Relevance for regional stability

The third and fourth focal issues presented to exercise participants both examined the potential for escalation of relatively minor maritime incidents that might otherwise have been adequately handled by local authorities. Importantly, these scenarios assumed that the limited tools, mechanisms and procedures for conducting a response would create a decision-making gap in which stakeholders, thrown into situations for which they are not adequately prepared, could miscalculate the effects of their initial response and raise tensions rather than alleviate and diffuse the situation.

The third scenario focusing on harassment at sea by a radical environmental group was inspired by real events leading to the arrest of several members of Greenpeace by Russia after an Arctic protest event. Speeches and protests about Arctic environmental issues are not uncommon, and there is reason to believe that these activities will continue – or ramp up – as the Arctic maritime environment opens further, perhaps inviting additional economic activity, which is the subject of environmental concerns. This could theoretically test the strength of cooperation if such events take on symbolic strategic importance and cause amplified reactions beyond the scale of what is strictly necessary. In this example, Russia, Denmark, Canada and Norway could all potentially choose to view their responses to the event through the lens of asserting sovereignty and maintaining rights under international agreements to perform (or not) certain activities in the region.

The fourth scenario builds upon a number of concerns for the international Arctic community, including maritime safety, domain awareness and information gathering, and NATO involvement in the region. The event exploits countries’ fears about their limited awareness of what happens in and around their Arctic territory. As with the previous scenario, reactions to this event could become amplified if it takes on symbolic strategic importance and is compounded by lack of information. Although we have argued that it is unlikely the Arctic will experience conflict in the 2020 decade, the risk of misinterpretation and miscalculation is substantial, and is exacerbated by the challenges in acquiring accurate information.

4.2 Insights from exercise

Response to these incidents would most likely focus on safety and diplomacy

Safety of all mariners would be the primary, immediate concern of all countries involved. Any response operations would follow
Maintaining economic possibilities in the region would be difficult with rising geopolitical tensions, and all Arctic nations appear to generally agree on this as a strong motivator to use diplomatic discussions to address concerns.

international guidelines and norms for search and rescue, as well as law enforcement.

Some tensions might arise between the different countries involved. In the first scenario, Russia might fault Denmark for not taking a stronger stance or look to Canada to reign in the activities of its citizens. Both Denmark and Norway could fear a loss of credibility if their respective responses to the situation were not strong or immediate enough. In the second scenario, the United States might choose to take exception to a Russian vessel operating so close to its coastline, and Finland and Sweden could decide to interpret Russian presence as a threat to their sovereign choices to participate in a NATO exercise.

However, most exercise participants agreed that these issues would be raised – and likely diffused – diplomatically without spilling over into an operational setting. Maintaining economic possibilities in the region would be difficult with rising geopolitical tensions, and all Arctic nations appear to generally agree on this as a strong motivator to use diplomatic discussions to address concerns. At worst, these events could elevate the level of mistrust between nations, which could lead to a temporary decline in information sharing and ultimately escalate tensions due to misperceptions. However, some participants did point out that in some cases relationships at the strategic level are somewhat divorced from activities at the operational or tactical levels. For example, Norway and Russia might be engaged in a high-level diplomatic dispute while at the same time effectively coordinating day-to-day or week-to-week activities relevant to the Barents Sea region or other areas of mutual interest.

Nations would worry about how these events play out domestically and in the media

Interestingly, many participants thought that the domestic implications of these events might be equally as concerning as responses at the international level, or even more so. In the first scenario, both Denmark and Norway might have to answer domestically for their respective responses to Russia. Canada might have to address whether it is adequately supporting its citizens abroad. The Russian population would closely watch how the Kremlin decided to frame its message about the environmental group. There might also be implications for Russian-based environmental groups, especially if they came out in favour of the Canadian group’s activities.

In the second scenario, this event could impact the discussion on whether Finland and Sweden should join NATO. Domestic Russian audiences would probably favour a strong Kremlin response to any accusations from the United States, Finland and Sweden of nefarious activity in order to appear to ‘save face’ on the international stage. Finally, the US public might choose to view this incident as another example of ‘Russian meddling’ in US affairs and expect a strong condemnation of Russian involvement in the incident.
In both of these scenarios, the media would likely play a strong role in how events are interpreted and played out. The ability of the media to elevate voices of environmental groups (both those in favour of and those against the activities in the first scenario) and local Arctic communities might determine whether these actors experience reputational and political damage.

Any suggestion of a security void could invite external involvement in Arctic affairs

In either scenario, the appearance of weakness or indecisiveness on the part of the Arctic actors could leave an opening for non-Arctic states with interests in the region to establish a greater and/or more security-focused presence. Participants argued that when Arctic states appear distracted or, worse, to be experiencing elevated tensions with each other, non-Arctic actors might establish more presence in order to fill the real or perceived security void. For example, it was suggested in the exercise that China could choose to send armed state escorts for commercial vessels. This could be perceived as beneficial by Chinese commercial ships in avoiding potential piracy incidents, for instance, that would typically be addressed by more local law enforcement entities that are, in these scenarios, presumably focused elsewhere. Any additional – especially armed – presence of non-Arctic actors could potentially raise tensions further.

### 4.3 Potential wildcards

The responses to maritime incidents could raise tensions if:

- Countries use the opportunity to make their stances on longer-term security issues clear. With respect to the environmental protest scenario, this could happen if Denmark chose to view the event as a test of its ability to administer Arctic territory (this would be especially important with regard to relations with Greenland). Moscow might also decide to respond strongly against the environmental group in order to dissuade future incidents of what it would likely call ‘piracy’. This pattern could also arise in the Bering Strait near-collision scenario, in which the United States, Finland and Sweden could want to assert sovereignty, and Russia might make clear its right to conduct economic activities without experiencing what it might deem ‘harassment’. Wanting to make stances on these longer-term issues clear could lead countries to react with more force and a tougher bargaining stance than if addressing a single maritime safety incident.

- Should a pattern become established in which maritime safety incidents occur time and time again, this might test Arctic nation patience and lead to ‘finger-pointing’ in which nations or other actors begin to blame one another for the problems occurring.
5. Conclusion: How solid is the current state of cooperation between Arctic nations, and how can this be maintained?

Through this exercise, participants examined a large variety of potential stressors for Arctic cooperation, which prompted even more ideas on what could go wrong – ‘wildcards’ – between Arctic nations.

Yet overall, participants’ reactions to the scenarios presented generally emphasised the factors that would promote cooperation, such as the shared economic benefits that result from a peaceful and predictable environment attractive for investors and respectful of indigenous and other local communities. Participants also recalled historical precedents where potential tensions were resolved, such as the initial resistance of indigenous populations to increased extraction activities in Alaska in the 1970s, or the long but ultimately successful negotiation by Norway and Russia of the delimitation of their respective territories in the Barents Sea.

Another recurring theme throughout the exercise was participants underlining the importance of the legal frameworks (such as UNCLOS) and institutions (such as the Arctic Council) that provide some degree of governance to the region. These frameworks and institutions provide some means for Arctic nations to continue establishing procedures and capabilities for handling emerging security and safety incidents so that these can be handled in relatively predictable ways that avoid miscommunication and miscalculation. The Arctic Council and other organisations have planned years to decades ahead for potential issues that might arise in the region – such as accidents requiring search and rescue, and oil spills – by establishing agreements, policies and operating procedures that work in favour of safety and security for all Arctic nations.

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This Perspective has suggested that cooperation among Arctic stakeholders is of benefit to all. Not only is conflict incredibly difficult to wage in this environment, the potential impact on local communities, economy, environment and other factors would be extremely negative, for very little (if any) real gain in the 2020s (or even beyond). The findings of this research suggest the diplomatic, military and other communities that operate within the Arctic, or which otherwise shape affairs in the region, should continue to support or even, when possible, elevate participation in frameworks and institutions that benefit resolution of possible sources of tension in the Arctic. It also suggests that there is value in conducting TTXs or other meetings with Arctic stakeholders to continue working through issues that might ultimately develop into sources of regional tensions; this will not only further enhance dialogue which is inherently beneficial for cooperation, it will help Arctic nations and others develop common agenda items to work through within the Arctic Council (and perhaps elsewhere) to further develop areas of cooperation in the region.
Endnotes

1 See for instance Wezeman (2016); Sonne (2016); Al Jazeera (2015).

2 Persi Paoli et al. (2016); Pezard et al. (2017).

3 Pezard et al. (2017).

4 See United Nations (n.d.). For limits on how much of the continental shelf a state can claim, see para. 5 of Article 76 of the Convention.


6 Moe et al. (2011).

7 This ‘first mover’ could be the first country that receives a favourable decision, although not necessarily.

8 See for instance Rozman (2016).

9 See for instance Henderson (2017).

10 The Ministry of Foreign Affairs of Iceland, for instance, published in 2006 a cost assessment for a transshipment port that could handle 2 million Twenty-Foot Equivalent Units (TEU) (Government of Iceland 2006).

11 As of August 2017, this railway project was still at its very initial stage. See for instance Staalesen (2017).

12 On cyber threats to the GPS of ships, see for instance Saul (2017) and Graham (2017).


14 Rannis (2016).

15 Lanteigne (2017).

References


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