

Background

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From Russian Competition to Natural Resources Access: Recasting U.S. Arctic Policy

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Abstract: *In recent years, Russia has aggressively expanded its presence in the Arctic, while the United States has largely neglected this strategic area. Given the rising demand for oil and gas and the likelihood that Arctic sea-lanes will become more navigable, the U.S. should move resolutely to establish U.S. sovereign rights in the Arctic. Establishing a robust U.S. presence will require, among other steps, significantly increasing the number of U.S. polar-capable icebreakers. The U.S. should continue coordinating efforts with Canada and its other NATO allies, working with Russia when feasible and prudent. However, the U.S. should oppose Russia's territorial claims in the Arctic without becoming party to the Law of the Sea Treaty.*

During the past decade, the Arctic re-emerged as an area of vital U.S. interest. In addition to the oil and gas bonanza, two strategic maritime routes cross the region: the Northern Sea route along the northern coast of Eurasia and the Northwest Passage along the northern coast of Canada.

The U.S. government predicts that Arctic sea-lanes will become more navigable, permitting increased navigation around the northern coasts of North America and Eurasia with the help of icebreakers. This would facilitate access to vast natural resources and encourage competition among Arctic and even non-Arctic powers. In recent years, Russia has been aggressively advancing its claims and is planning a comprehensive military and commercial presence in the area.

Talking Points

- In recent years, Russia has moved rapidly to establish a comprehensive sea, ground, and air presence in the Arctic, while the United States has largely neglected this strategic area.
- The Arctic sea-lanes are projected to become more navigable, permitting increased navigation around the northern coasts of North America (the Northwest Passage) and Eurasia (the Northern Sea Route) with the help of icebreakers.
- Even partial development of the Arctic's massive oil and gas resources would add considerable capacity to the energy market, driving prices down and facilitating U.S. and global economic growth.
- The United States should elevate the Arctic to a higher geopolitical priority and fully implement the Arctic Region Policy. This will require significantly boosting the U.S. presence in the Arctic and acquiring polar-capable icebreakers.
- Congress should authorize expanded oil exploration and production in promising Arctic areas to increase the national energy supply.

This paper, in its entirety, can be found at:
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Despite the Arctic's strategic location and vast natural resources, the U.S. has largely ignored this vital region. (See Map 1.) Days before leaving office, President George W. Bush issued National Security Presidential Directive 66/Homeland Security Presidential Directive 26, which established the U.S. Arctic Region Policy,¹ but the Obama Administration has been slow to move on this issue.

The United States needs to elevate the Arctic to a higher geopolitical priority and fully commit to implementing the Arctic Region Policy. The Arctic Interagency Policy Committee (AIPC) should have full responsibility for Arctic policy coordination, although it should not allow environmental and climate change issues to dominate the agenda. To advance U.S. sovereign territorial rights in the High North, the area inside the Arctic Circle, Congress should allocate funding to acquire additional ice-breakers and to increase the number of Coast Guard forward operating locations (FOLs) on the North Slope and in western Alaska.

In the international realm, the U.S. should expand dialogue with members of the Arctic Council, including Russia, on cooperating in the High North through the Arctic Policy Group (APG). However, the U.S. should oppose Russia's territory grab without joining the U.N. Convention on the Law of the Sea (UNCLOS), also called the Law of the Sea Treaty (LOST). The U.S. should raise the Arctic as a priority on NATO's agenda and explore an agreement with Canada on joint management of navigation, security, and commercial exploitation of hydrocarbons in the Northwest Passage. Finally, Congress should authorize expanded oil exploration and production in the Arctic National Wildlife Refuge (ANWR) and other promising Arctic areas to increase the national energy supply.

The U.S. Arctic Policy and U.S. Claims

The 2009 U.S. Arctic Regional Policy states that American national and homeland security interests

in the Arctic include "missile defense and early warning"; "deployment of sea and air systems for strategic sealift, strategic deterrence, maritime presence, and maritime security operations"; "ensuring freedom of navigation and overflight"; and "preventing terrorist attacks."² As an Arctic power, the U.S. needs to deal with national security and governance, maritime transportation, scientific research, and environmental conservation. These responsibilities fall under various agencies and departments, including the Departments of State, Defense, and Homeland Security.

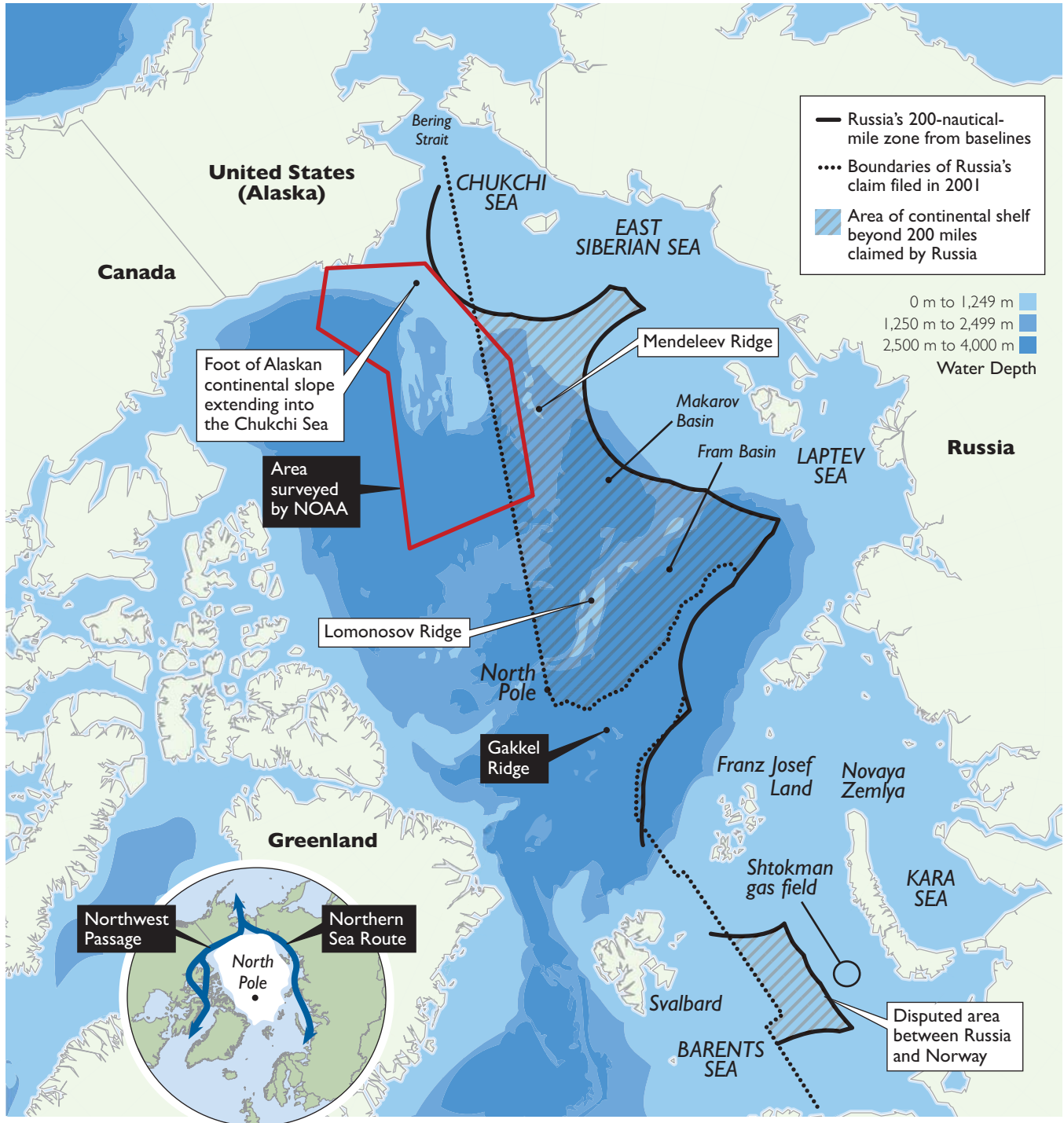
U.S. Arctic Region policy is coordinated by the newly created Arctic Interagency Policy Committee, co-chaired by the National Security Council and the White House Council on Environmental Quality (CEQ). Senior officials in charge include Rear Admiral Thomas Atkin (U.S. Coast Guard), Special Assistant to the President and Senior Director for Transborder Security at the National Security Council, and Michael Boots, CEQ Associate Director for Land and Water Ecosystems. The committee met in February 2010 for the first time. It is charged with assessing the status of implementation of the Arctic directive.

In July 2009, the Obama Administration stood up the Ocean Policy Task Force under the CEQ. The task force is charged with ensuring good stewardship of the oceans, U.S. coasts, and the Great Lakes. In August 2009, White House officials and other federal officials traveled throughout the Arctic to observe ongoing activities and met with industry representatives and locals.³

The Arctic Policy Group is an interagency coordinating body managed by the U.S. State Department. Domestically, the APG works with U.S. implementing agencies and formulates and presents unified U.S. Arctic policy positions at the Arctic Council, an international body that includes the five circumpolar states—the U.S., Canada, Denmark, Norway, and Russia—as well as Finland and Sweden. The council is heavily weighted toward environmental issues.

1. George W. Bush, "Arctic Region Policy," National Security Presidential Directive NSPD-66/Homeland Security Presidential Directive HSPD-25, January 9, 2009, at <http://www.fas.org/irp/offdocs/nspd/nspd-66.htm> (March 12, 2010).
2. *Ibid.*
3. DoDLive Bloggers Roundtable, "Coast Guard Commandant Admiral Thad Allen," U.S. Department of Defense, August 28, 2009, at <http://www.dodlive.mil/index.php/tag/ocean-policy-task-force> (April 5, 2010).

U.S. and Russian Interests in the Arctic



Source: Jeannette J. Lee, "New Seafloor Maps May Bolster U.S. Arctic Claims," *National Geographic News*, February 12, 2008, at <http://news.nationalgeographic.com/news/2008/02/080212-AP-arctic-grab.html> (June 16, 2008).

Military and security issues are not the focus of this forum and arise only tangentially.

LOST in the Arctic. The U.S. Arctic Region Policy urges the Senate to approve U.S. accession to LOST. However, the U.S. can execute its Arctic policy without ratifying LOST.

At present, America is not bound by the treaty's procedures and strictures, but the U.S. is pursuing its claims under international law as an independent, sovereign nation, relying on President Harry S. Truman's Presidential Proclamation No. 2667, which declares that any hydrocarbon or other resources discovered beneath the U.S. continental shelf are the property of the United States.⁴ The U.S. has shown that it can successfully defend its rights and claims through bilateral negotiations and in multilateral venues, such as through the Arctic Ocean Conference, which met in Greenland in May 2008.⁵

Mapping the Polar Domain. The U.S. has been mapping the bottom of the Arctic Ocean and the Extended Continental Shelf (ECS) since 2003.⁶ The ECS is the part of the ocean floor beyond the 200 nautical mile Exclusive Economic Zone (EEZ).⁷ Today, the U.S. is uncertain how far its Outer Continental Shelf (OCS) and the EEZ stretch, which is unacceptable for a principal Arctic power.⁸ Timely mapping is important, as the other Arctic nations will submit their claims to the UNCLOS Commission within the 10-year window specified by LOST,

and mapping will determine how far U.S. jurisdiction can extend beyond the EEZ.

To date, the U.S. has conducted four mapping and two seismic cruises jointly with Canada as part of the U.S. Extended Continental Shelf Project. A third joint cruise is planned for this summer.⁹ This effort is important, especially considering the unresolved boundary in the Beaufort Sea and the disagreement over the status of the Northwest Passage.

According to Dr. James V. Gardner, Research Professor in the Center for Coastal and Ocean Mapping at the University of New Hampshire and Emeritus Senior Geologist with the U.S. Geological Survey, severe weather and capacity constraints restrict the U.S. Arctic mapping window.¹⁰ In addition to bad weather, there are competing demands for icebreakers. Due to the lack of U.S. icebreaking capacity and the high demand for the USCGC *Healy*, the U.S. Coast Guard's medium-sized icebreaker, the U.S. has been forced to contract out some of its Arctic missions.¹¹

The Icebreaker Gap. To achieve the stated goals of its Arctic Region Policy, the United States needs an increased maritime surface presence in the High North. Specifically, to protect U.S. sovereignty and sovereign rights and to take "all the actions necessary to establish the outer limit of the continental shelf appertaining to the United States," the U.S. needs more polar icebreakers.¹²

4. Steven Groves, "LOST in the Arctic: The U.S. Need Not Ratify the Law of the Sea Treaty to Get a Seat at the Table," Heritage Foundation *WebMemo* No. 1957, June 16, 2008, at <http://www.heritage.org/Research/InternationalLaw/wm1957.cfm>, and Harry S. Truman, "Policy of the United States with Respect to the Natural Resources of the Subsoil and Sea Bed of the Continental Shelf," Presidential Proclamation 2667, September 28, 1945, at <http://www.presidency.ucsb.edu/ws/index.php?pid=12332> (October 15, 2008).
5. Arctic Ocean Conference, "The Ilulissat Declaration," Ilulissat, Greenland, May 27–29, 2008, at <http://arctic-council.org/filearchive/Ilulissat-declaration.pdf> (March 10, 2010).
6. Kevin Krajick, "Race to Plumb the Frigid Depths," *Science*, Vol. 315, No. 5818 (March 16, 2007), pp. 1525–1528, and U.S. Department of State, "Defining the Limits of the U.S. Continental Shelf," at <http://www.state.gov/g/oes/continentalshelf> (October 15, 2008).
7. U.S. Department of State, "Extended Continental Shelf," at <http://www.state.gov/g/oes/rls/fs/2009/120185.htm> (March 25, 2010).
8. Krajick, "Race to Plumb the Frigid Depths," and U.S. Department of State, "Defining the Limits of the U.S. Continental Shelf."
9. Extended Continental Shelf Project, "2009 U.S.–Canada Arctic Continental Shelf Survey," at <http://continentalshelf.gov/missions.html> (February 1, 2010).
10. James V. Gardner, telephone interview by author, March 24, 2010.
11. Scott G. Borgerson, statement before the Committee on Foreign Affairs, U.S. House of Representatives, March 25, 2009, at <http://foreignaffairs.house.gov/111/bor032509.pdf> (March 12, 2010).

Of America's two operational polar icebreakers, only the 16,000-ton, medium-ice-capable *Healy* (commissioned in 2000) meets modern standards. The USCGC *Polar Sea* underwent a major refit to extend its operational life to 2014, and Congress recently allocated \$62 million to return the USCGC *Polar Star*, the *Polar Sea's* sister ship, to service by 2013.¹³

The U.S. icebreaker fleet contrasts starkly with Russia's 24 polar-capable icebreakers and Canada's seven polar-capable icebreakers. While both Russia and Canada—and even China—are budgeting for more icebreakers, the Obama Administration's fiscal year (FY) 2011 budget request includes no funding for new icebreakers.

Coast Guard Presence. Since 2008, the *Healy* and the CCGS *Louis St. Laurent*, its Canadian counterpart, have worked together to map the Extended Continental Shelf 200 miles off the coasts of Alaska and northern Canada. The Coast Guard also operates seasonal FOLs in the Arctic, where the Coast Guard deploys Maritime Safety and Security Teams (MSSTs) to show the flag, provide search and rescue capabilities, and conduct surveillance on the Arctic expanses.

The Coast Guard also oversees the national maritime transportation system in the High North, which is becoming more important as the volume of tourist and industrial traffic increases, and supports C-130 polar surveillance/awareness flights.¹⁴ Coast Guard operations, including FOLs and MSSTs, provide opportunities for better stewardship in the region and thereby help to advance U.S. sovereignty interests in the region.¹⁵

Russia Has the Most Icebreakers

	Nuclear	Non-Nuclear			Total
		Heavy	Medium	Light	
Russia	7		22		29
Canada	–	2	4	12	18
Finland	–		9		9
Sweden	–	5	–	2	7
Denmark	–		3		3
United States	–	2	–	–	2
China	–	–	–	1	1
Norway	–		1		1

Sources: Russian Maritime Register of Shipping, at http://www.rs-head.spb.ru/en/regbook/file_shipalllist_all_nam1.php (March 31, 2010); Canadian Coast Guard, "Vessel Search," at http://www.ccg-gcc.gc.ca/eng/Fleet/Vessel_Search?todo=search&search_text= (March 31, 2010); Finnish Transport Agency, "Icebreaking Guarantees Year-Round Shipping," at http://portal.fma.fi/sivu/www/fma_fi_en/services/winter_navigation/about_icebreaking (March 31, 2010); Swedish Maritime Administration, "Our Icebreakers," updated March 9, 2010, at <http://www.sjofartsverket.se/en/About-us/Activities/Icebreaking/Our-Icebreakers> (March 31, 2010); Admiral Danish Fleet, "The Danish Ice Service in General," at <http://www.forsvaret.dk/SOK/eng/National/Ice/Pages/default.aspx> (March 31, 2010); United States Coast Guard, at <http://www.uscg.mil/> (March 31, 2010); Linda Jakobson, "China Prepares for an Ice-Free Arctic," *SIPRI Insights on Peace and Security*, No. 2010/2 (March 2010), p. 3, at <http://books.sipri.org/files/insight/SIPRIInsightI002.pdf> (March 31, 2010); and "Arctic Offshore Patrol Ship—Norway's Svalbard," *Canadian American Strategic Review*, updated August 2009, at <http://www.casr.ca/bg-icebreaker-svalbard.htm> (March 31, 2010).

Table 1 • B 2421  heritage.org

President Obama's FY 2011 budget request for the Coast Guard is inadequate and specifically ignores the need for more icebreakers and additional FOLs in the Arctic. In fact, the budget request would eliminate funding for 12 MSSTs, including one in Anchorage, Alaska, and an FOL on the North Slope in Prudhoe Bay.¹⁶

Additional U.S. efforts in the Arctic include a Navy program to establish a greater Arctic presence. Driven by the U.S. Arctic policy directive to "project a sovereign United States maritime presence" in the Arctic, the U.S. Navy released the Roadmap for Future Arctic Operations in October of 2009.¹⁷

12. Bush, "Arctic Region Policy."

13. Dana Goward, Director, Office of Assessment, Integration, and Risk Management, U.S. Coast Guard, interview by author, March 22, 2010.

14. Admiral Thad W. Allen, testimony before the Subcommittee on Homeland Security, Committee on Appropriations, U.S. Senate, August 20, 2009.

15. Goward, interview by author.

Congressional Legislation for the Arctic

Members of Congress have introduced several bills to strengthen the U.S. presence in the Arctic, including:

- The Arctic Deep Water Sea Port Act of 2010 (H.R. 4576);
- The Arctic Marine Shipping Assessment Implementation Act of 2009 (S. 1561);
- The United States Ambassador at Large for Arctic Affairs Act of 2009 (S. 1563);
- The No Surface Occupancy Western Arctic Coastal Plain Domestic Energy Security Act (S. 503); and
- S. 1515, a bill to authorize funds to acquire hydrographic data and provide hydrographic services to delineate the U.S. Extended Continental Shelf.

The road map's objective is to ensure naval readiness and capability and to promote maritime security in the Arctic region.¹⁸

In Search of a Deep Sea Arctic Port. Members of Congress recognize the need to bolster the U.S. maritime presence in the Arctic. Senator Lisa Murkowski (R-AK) introduced the Arctic Deep Water Sea Port Act (S. 2849) on December 8, 2009.¹⁹ Representative Donald Young (R-AK) introduced a related bill (H.R. 4576) on February 2, 2010.

S. 2849 would mandate a feasibility study on establishing a deepwater seaport in the Arctic "to protect and advance strategic United States interests within the evolving and ever more important region."²⁰ Such a port would significantly increase the capabilities of icebreakers and other vessels. Currently, U.S. icebreakers can spend only four to

six days on station before they must return to Point Barrow or Dutch Harbor for refueling.

Russia's Arctic Expansion

Russia has been a leading Arctic power since the time of the czars. Arctic exploration is considered a heroic profession and is promoted by the state.

Under Vladimir Putin, Russia has submitted formal claims supporting Russia's expansion into the High North.²¹ In 2001, Russia claimed an area of 1.2 million square kilometers (460,000 square miles) that runs from the undersea Lomonosov Ridge and Mendeleev Ridge to the North Pole. This is roughly equal to the combined area of Germany, France, and Italy.²² The UNCLOS Commission effectively rebuffed the Russian claim, requesting "additional data and information"²³ because Moscow had submitted only interpretations of data, not the original data.²⁴

16. Allen, testimony before the Subcommittee on Homeland Security, and Mackenzie Eaglen and Jim Dolbow, "Reject Coast Guard's Maritime Security and Counterterrorism Mission Budget Cuts," Heritage Foundation *WebMemo* No. 2829, March 10, 2010, at <http://www.heritage.org/Research/Reports/2010/03/Reject-Coast-Guards-Maritime-Security-and-Counterterrorism-Mission-Budget-Cuts>.

17. Admiral J. W. Greenert, "Navy Arctic Roadmap," U.S. Department of the Navy, November 10, 2009, p. 5, at http://www.wired.com/images_blogs/dangerroom/2009/11/us-navy-arctic-roadmap-nov-2009.pdf (February 1, 2010).

18. *Ibid.*

19. Mia Bennett, "Senator Murkowski Introduces Bill on Alaskan Deep Water Port," Foreign Policy Association, Foreign Policy Blogs Network: The Arctic, December 9, 2009, at <http://arctic.foreignpolicyblogs.com/2009/12/09/senator-murkowski-introduces-bill-on-alaskan-deep-water-port> (February 1, 2010).

20. Arctic Deep Water Sea Port Act of 2009, S. 2849, 111th Cong., 1st Sess.

21. Robert Amsterdam, "The Arctic Claim," August 3, 2007, at http://www.robertamsterdam.com/2007/08/the_arctic_claim.htm (October 15, 2008), and Max Delany, "Gas and Glory Fuel Race for the North Pole," *The St. Petersburg Times*, July 31, 2007, at http://www.sptimesrussia.com/index.php?action_id=2&story_id=22491 (October 21, 2008).

Russia is continuing its efforts. It followed up by sending a scientific mission with a nuclear-powered icebreaker and two mini-submarines to the area. During this meticulously organized media event, the mission planted a titanium Russian flag on the ocean's floor at the Lomonosov Ridge after collecting soil samples that supposedly prove that the ridge is a continuation of the Eurasian landmass. The U.S. has objected to these claims and stated that they have "major flaws."²⁵

To advance its position, Russia has undertaken a three-year mission to map the Arctic.²⁶ The Kremlin is also moving rapidly to establish a comprehensive sea, ground, and air presence.

Under Putin, Russia focused on the Arctic as a major natural resources base. The Russian national leadership insists that the state, not the private sector, must take the lead in developing the vast region. The Kremlin published its Arctic doctrine in March 2009.²⁷ The main goal is to transform the Arctic into Russia's strategic resource base and make Russia a leading Arctic power by 2020.

Russian Militarization of the Arctic. The military is an important dimension of Moscow's Arctic push. The policy calls for creating "general purpose

military formations drawn from the Armed Forces of the Russian Federation" as well as "other troops and military formations [most importantly, border units] in the Arctic zone of the Russian Federation, capable of ensuring security under various military and political circumstances."²⁸ These formations will be drawn from the armed forces and from the "power ministries" (e.g., the Federal Security Service, Border Guard Service, and Internal Ministry). Above all, the policy calls for a coast guard to patrol Russia's Arctic waters and estuaries.

Russia views the High North as a major staging area for a potential nuclear confrontation with the United States and has steadily expanded its military presence in the Arctic since 2007. This has included resuming air patrols over the Arctic, including strategic bomber flights.²⁹ During 2007 alone, Russian bombers penetrated Alaska's 12-mile air defense zone 18 times.³⁰

The Russian Navy is expanding its presence in the Arctic for the first time since the end of the Cold War, increasing the operational radius of the Northern Fleet's submarines. Russia is also reorienting its military strategy to meet threats to the country's interests in the Arctic, particularly with regard to its continental shelf.³¹

22. Dave Sloggett, "Climate Change Offers Planners New Horizons," *Jane's Defence Weekly*, August 22, 2007, p. 23, and Richard A. Lovett, "Russia's Arctic Claim Backed by Rocks, Officials Say," *National Geographic News*, September 21, 2007, at <http://news.nationalgeographic.com/news/2007/09/070921-arctic-russia.html> (February 1, 2010).
23. Commission on the Limits of the Continental Shelf, "Outer Limits of the Continental Shelf Beyond 200 Nautical Miles from the Baselines," U.N. Office of Legal Affairs, Division for Ocean Affairs and the Law of the Sea, updated November 15, 2004, at http://www.un.org/depts/los/clcs_new/submissions_files/submission_rus.htm (August 5, 2008).
24. Gardner, telephone interview by author.
25. Nicholas Kralev, "U.S. Pursues Arctic Claim," *The Washington Times*, May 13, 2008, at <http://www.washingtontimes.com/news/2008/may/13/us-pursues-arctic-claim> (February 1, 2010).
26. John Vinocur, "A Heads-Up on Russia's Role in Arctic," *The New York Times*, December 7, 2009, at <http://www.nytimes.com/2009/12/08/world/europe/08iht-politicus.html> (February 1, 2010).
27. Security Council of the Russian Federation, "Osnovy gosudarstvennoi politiki Rossijskoi Federatsii v Arktike na period do 2020 goda i dalneishuyu perspektivu" (The basis of state policy of the Russian Federation in the Arctic in the period to 2020 and beyond), September 18, 2008, at <http://www.scrf.gov.ru/documents/98.html> (February 1, 2010).
28. *Ibid.*
29. Interfax, "Russian Strategic Bombers Patrolling Arctic," June 9, 2008.
30. Rowan Scarborough, "Russian Flights Smack of Cold War," *The Washington Times*, June 26, 2008, at <http://www.washingtontimes.com/news/2008/jun/26/russian-flights-smack-of-cold-war> (February 1, 2010).
31. RIA Novosti, "Russian Navy to Expand Presence in Arctic, Atlantic, Pacific," June 10, 2008, at <http://en.rian.ru/russia/20080610/109836278.html> (June 10, 2008).

Russia is also modernizing its Northern Fleet. During 2008 and 2009, Russian icebreakers regularly patrolled in the Arctic. Russia has the world's largest polar-capable icebreaker flotilla, with 24 icebreakers. Seven are nuclear, including the *50 Years of Victory*, the largest icebreaker in the world.³² Russia plans to build new nuclear-powered icebreakers starting in 2015.³³ Moscow clearly views a strong icebreaker fleet as a key to the region's economic development.

Russia's Commercial Presence. Russia's energy rush to the Arctic continues apace. On May 12, 2009, President Dmitry Medvedev approved Russia's security strategy.³⁴ This document views Russia's natural resources in the Arctic as a base for both economic development and geopolitical influence.

Paragraph 11 identifies potential battlegrounds where conflicts over energy may occur: "The attention of international politics in the long-term will be concentrated on controlling the sources of energy resources in the Middle East, on the shelf of the Barents Sea and other parts of the Arctic, in the Caspian Basin and in Central Asia." The document seriously considers the use of military force to resolve competition for energy near Russia's borders or those of its allies: "In case of a competitive struggle for resources it is not impossible to discount that it might be resolved by a decision to use military might. The existing balance of forces on the borders of the Russian Federation and its allies can be changed."³⁵

In August 2008, Medvedev signed a law that allows "the government to allocate strategic oil and gas deposits on the continental shelf without auctions." The law restricts participation to companies with five years' experience in a region's continental shelf and in which the government controls at least a 50 percent stake. This effectively allows only state-controlled Gazprom and Rosneft to participate.³⁶ However, when the global financial crisis ensued, Russia backtracked and began to seek foreign investors for Arctic gas development.

Climate and geography pose a serious challenge to Russia's plans, and it is trying to overcome this challenge with investment and technology. In the summer of 2010, Russia plans to complete construction of the first oil rig capable of operating in temperatures as low as -50 degrees Celsius (-58 degrees Fahrenheit).³⁷ In May 2008, Russia announced plans to build eight floating nuclear power stations to power Arctic oil and gas operations. The first prototype station is scheduled to deploy in the Kamchatka region on the Pacific coast by the end of 2012.³⁸ Clearly, deploying this untested technology in one of the world's harshest climates and active seismic zones could pose a severe environmental threat to the High North.

Arctic Sea and Shipping Lanes

The Arctic Ocean has two main sea routes that are open to shipping for about five months per year with the help of icebreakers: the Northern Sea Route and the Northwest Passage. (See Map 1.)

32. BarentsObserver.com, "Russia to Build New Icebreakers," October 17, 2008, at <http://barentsobserver.com/russia-to-build-new-icebreakers.4519572.html> (October 21, 2008); RIA Novosti, "Russia Tests Nuclear Icebreaker on Open Sea," *Space War*, February 7, 2007, at http://www.spacewar.com/reports/Russia_Tests_Nuclear_Icebreaker_On_Open_Sea_999.html (July 16, 2008); and Nils Böhmer, Aleksandr Nikitin, Igor Kudrik, Thomas Nilsen, Michael H. McGovern, and Andrey Zolotkov, *The Arctic Nuclear Challenge*, Bellona Foundation, 2001, p. 39, at http://bellona.org/filearchive/fil_The_Arctic_Nuclear_Challenge.pdf (October 15, 2008).

33. RIA Novosti, "Russia Tests Nuclear Icebreaker on Open Sea."

34. Security Council of the Russian Federation, "Natsionalnoj bezopasnosti Rossiiskoi Federatsii do 2020 goda" (National security of the Russian Federation through 2020), May 12, 2009, at <http://www.scrf.gov.ru/documents/99.html> (February 1, 2010).

35. *Ibid.*

36. RIA Novosti, "Medvedev Signs Law to Allot Off-Shore Deposits Without Auctions," July 18, 2008, at <http://en.rian.ru/russia/20080718/114359207.html> (August 5, 2008).

37. Zee News, "First Sea Drilling Platform for Arctic Begins Testing," October 28, 2009, at <http://www.zeenews.com/news574070.html> (January 1, 2010).

38. World Nuclear News, "Reactors Ready for Floating Plant," August 7, 2009, at http://www.world-nuclear-news.org/NN-Reactors_ready_for_first_floating_plant-0708094.html (February 1, 2010).

The Northern Sea Route links the Barents Sea and the Bering Straits. When navigable, this route connecting Asia and Europe is three times faster than the alternative path through the Suez Canal. It could significantly reduce transportation time and costs between the Pacific Rim and Northern Europe and Eurasia.

The Russian Federation Arctic policy proclaims “the use of the Northern Sea Route as a *national* unified transportation link of the Russian Federation in the Arctic” to be a national interest of Russia.³⁹ However, the U.S. considers the Northern Sea Route to be an international shipping route as stated in its Arctic policy.⁴⁰

In November 2009, Russia announced that it would charge ships a “fair” price to transit the route. On March 18, 2010, the Russian Ministry of Transport announced that it is drafting legislation to create a federal agency to regulate and collect fees from foreign shipping concerns and to define “Moscow rules” for the exact dimensions of the Northern Sea Route.⁴¹ Russian Arctic ports are not yet capable of servicing more ships, but the port of Murmansk has issued tenders for the construction of new terminals.⁴²

The Northwest Passage. The Northwest Passage runs through Canada’s Arctic archipelago. The

U.S. argues that “it is a strait for international navigation” because it regards the Northwest Passage as international waters. However, Canada, similar to Russia, claims that the straits are inland seas falling under Canadian sovereignty.⁴³

On December 3, 2009, the Canadian House of Commons renamed the Northwest Passage the Canadian Northwest Passage.⁴⁴ In August 2009, Canada conducted Operation Nanook 09, one of three major sovereignty operations conducted every year.⁴⁵ To further assert its sovereignty over the passage, Canada is investing in undersea surveillance devices that would allow Canada to monitor submarines and other maritime traffic.⁴⁶ According to the U.S. Coast Guard and the U.S. Department of State, Canadian authorities have not interfered with U.S. freedom of movement through the passage.

Nevertheless, the Canadian Coast Guard and its icebreaking fleet lack the capacity to patrol Canada’s Arctic territory properly and maintain sovereignty.⁴⁷ A report from the Canadian Senate Committee on Fisheries and Oceans states that as the ice recedes, capacity to control the Arctic will grow worse. The report concludes that “Russia’s icebreaking capability is what empowers it to make a claim for a large part of the Arctic Ocean.”⁴⁸ The report recommends that Canada step up its pres-

39. Security Council of the Russian Federation, “Osnovy gosudarstvennoi politiki Rossijskoi Federatsii v Arktike” (emphasis in original).

40. Bush, “Arctic Region Policy.”

41. Paul Goble, “Moscow Planning Agency to Regulate Northern Sea Route Traffic,” *Eurasia Review*, March 19, 2010, at <http://www.eurasiareview.com/2010/03/32616-moscow-planning-agency-to.html> (March 23, 2010).

42. RT (Moscow), “Polar Route Opens Up Possibilities for Murmansk,” October 16, 2009, at <http://rt.com/Business/2009-10-16/polar-route-opens-possibilities.html> (June 7, 2010).

43. Associated Press, “Canada to Claim Arctic Passage,” *The Washington Times*, August 20, 2007, at <http://www.washingtontimes.com/news/2007/aug/20/canada-to-claim-arctic-passage> (July 10, 2008), and Eric Posner, “The New Race for the Arctic,” *The Wall Street Journal*, August 3, 2007.

44. Mia Bennett, “The (Canadian) Northwest Passage,” Foreign Policy Association, Foreign Policy Blogs Network: The Arctic, November 1, 2009, at <http://arctic.foreignpolicyblogs.com/2009/12/03/the-canadian-northwest-passage> (May 27, 2010), and Randy Boswell, “Arctic Sea Route to Be Renamed ‘Canadian Northwest Passage,’” *The Vancouver Sun*, December 3, 2009, at <http://www.vancouversun.com/news/Arctic+route+renamed+Canadian+Northwest+Passage/2300092/story.html> (February 2, 2010).

45. International Security Research and Intelligence Agency, “Canada Starts Operation Nanook 09, a Military Exercise to Confirm Sovereignty over Its Arctic Territory,” August 8, 2009, at http://www.isria.com/4/20090808_Arctic.php (February 19, 2010).

46. Bob Weber, “The Canadian Government Will Keep an Ear on Its Frigid Arctic Waters,” Google News, January 31, 2010.

47. Canadian Senate, Committee on Fisheries and Oceans, *Controlling Canada’s Arctic Waters: Role of the Canadian Coast Guard*, December 2009, p. 30, at <http://www.parl.gc.ca/40/2/parlbus/commbus/senate/com-efish-e/rep-e/rep07dec09-e.pdf> (March 19, 2010).

ence in the Arctic and develop a long-term plan to acquire new multipurpose heavy icebreakers.⁴⁹ Close cooperation with the U.S. is one way to address these challenges.⁵⁰

International Arctic Cooperation

The United States has a strong interest in cooperating with its Arctic neighbors, especially Canada, to provide security, police the region, and develop the region's natural resources in an environmentally sound fashion. Canada is a close NATO ally and a reliable supplier of oil and natural gas to the United States. On March 29, 2010, Canada hosted an Arctic Foreign Ministers meeting to encourage "new thinking on economic development and environment protection" while exploiting Arctic energy resources.⁵¹

All Arctic countries except Russia are NATO members. NATO leaders hope to avoid conflict with Russia in the High North. Admiral James Stavridis, Supreme Allied Commander for Europe, said: "I look at the High North and I think it could either be a zone of conflict...[or] a zone of competition...and as an alliance we should make this as co-operative as we possibly can."⁵²

The U.S. is already cooperating with Canada and other NATO partners in defense and national security. The most important example of U.S.–Canadian defense cooperation is the North American Aerospace Defense Command (NORAD). The Alaskan NORAD

Region has become more relevant since Russian bombers resumed their incursions.⁵³ NATO Arctic cooperation is already occurring at the U.S. Air Force base in Thule, Greenland. Under bilateral agreements between the U.S. and Denmark, the U.S. and Canadian Coast Guards resupply Thule Air Base.⁵⁴

U.S.–Canadian maritime cooperation is necessary to combat poaching, potential terrorist operations, and unlawful navigation, and it is also crucial for securing energy development in the High North. One example of U.S. and Canadian cooperation is the U.S.–Canadian Shiprider program, which provides for joint management and protection of the northern marine border between the U.S. and Canada. It entails joint patrolling for securing waters from terrorists and criminals and protecting trade between the countries. The program was created in 2005 and made permanent on May 27, 2009. This program is a good example of how cooperative efforts are working.⁵⁵

Arctic Oil and Gas

The oil and gas resources of the Arctic are staggering. (See Table 2.) Even partial development of these resources would add considerable capacity to the oil market, driving prices down and facilitating U.S. and global economic growth. The U.S. Geological Survey estimates that the Arctic could hold up to 90 billion barrels (13 percent) of the world's undiscovered oil reserves and 47.3 trillion cubic meters (30 percent) of the world's undiscovered natural gas.⁵⁶

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48. Canadian Senate, Committee on Fisheries and Oceans, *Rising to the Arctic Challenge: Report on the Canadian Coast Guard*, April 2009, p. 50, at <http://www.parl.gc.ca/40/2/parlbus/commbus/senate/Com-e/fish-e/rep-e/rep02may09-e.pdf> (February 12, 2010).
49. *Ibid.*, pp. 67–68.
50. *Ibid.*, pp. 28–29.
51. Randy Boswell, "Canada Pushes to Be Arctic Leader," *Ottawa Citizen*, February 3, 2010, at <http://www.ottawacitizen.com/business/Canada+pushes+Arctic+leader/2515316/story.html> (February 19, 2010).
52. Tom Coghlan, "NATO Commander Warns of Conflict with Russia in Arctic Circle," *The Times* (London), October 3, 2009, at <http://www.timesonline.co.uk/tol/news/world/article6859007.ece> (February 1, 2010).
53. See U.S. Department of Defense, North American Aerospace Defense Command, "About NORAD," at <http://www.norad.mil/about/ANR.html> (July 17, 2008).
54. National Research Council of the National Academies, *Polar Icebreakers in a Changing World: An Assessment of U.S. Needs* (Washington, D.C.: National Academies Press, 2007), p. 23, at http://books.nap.edu/openbook.php?record_id=11753&page=R1 (May 27, 2010).
55. Dean Lenuik and Jena Baker McNeill, "Shiprider Program Demonstrates U.S.–Canadian Cooperation," Heritage Foundation *WebMemo* No. 2576, August 4, 2009, at <http://www.heritage.org/Research/Reports/2009/08/Shiprider-Program-Demonstrates-US-Canadian-Cooperation>.

The Arctic seabed may also contain significant deposits of valuable metals and precious stones, such as gold, silver, copper, iron, lead, manganese, nickel, platinum, tin, zinc, and diamonds. Large methane hydrate formations (solid methane trapped in ice in deep-sea sediments) are located on the deep seabed of the Arctic Ocean.⁵⁷

In 2008, for the first time in 17 years, the U.S. Minerals Management Service began selling oil and gas leases for drilling rights in the Outer Continental Shelf to meet escalating energy demand.⁵⁸ U.S. and international corporations are flocking to the High North.

Arctic development is generating considerable revenue for the U.S. government. British Petroleum is pursuing the Liberty Development Project, a drilling project in the OCS. In February 2008, Royal Dutch Shell paid \$2.1 billion for 275 lease blocks in the Chukchi Sea Lease Sale 193. A total of seven companies participated in the Chukchi Sea lease sale, which spans an area covering 5,354 blocks.⁵⁹ In October 2009, the Interior Department approved two leases to Shell

Estimated and Proven Oil and Natural Gas Reserves in the Arctic and Russia

bbo – billion barrels of oil tcm – trillion cubic meters

Area	Source	Total Oil	Total Natural Gas
Arctic region	U.S. Geological Survey	90 bbo (estimated)	47 tcm
Beaufort Sea	Canada's Northwest Territories government	–	99 tcm (estimated)
Russian Federation (all territories)	U.S. Energy Information Agency	60 bbo (proven)	47.5 tcm (proven)
Russian Arctic Ocean territories	Russian government	3 bbo (proven) 67.7 bbo (estimated)	7.7 tcm (proven) 88.3 tcm (estimated)

Sources: U.S. Geological Survey, U.S. Energy Information Agency, Government of the Northwest Territories of Canada, and the Russian Federation.

Table 2 • B 2421  heritage.org

for exploration in the Beaufort Sea,⁶⁰ conditioned on meeting strict environmental standards.⁶¹

Strengthening the U.S. Arctic Presence

The U.S. needs to elevate its Arctic policy to a national priority. The Obama Administration and Congress should provide overall strategic leadership, as well as resources to ensure security, mapping,

56. Jad Mouawad, "Oil Survey Says Arctic Has Riches," *The New York Times*, July 24, 2008, at <http://www.nytimes.com/2008/07/24/business/24arctic.html> (July 24, 2008), and Joe Carroll, "Arctic May Hold 90 Billion Barrels of Oil, U.S. Says," *Bloomberg.com*, July 23, 2008.

57. Krajick, "Race to Plumb the Frigid Depths," and Scott G. Borgerson, "Arctic Meltdown," *Foreign Affairs*, March/April 2008, at <http://www.foreignaffairs.com/articles/63222/scott-g-borgerson/arctic-meltdown> (May 27, 2010).

58. Alexander's Gas & Oil Connections, "MMS Calls for Information and Nominations of Next Arctic Lease Sale," *News Trends: North America*, September 25, 2007, at <http://www.gasandoil.com/goc/news/ntn73932.htm> (June 16, 2008), and "Alaskan Oil and Gas Blocks for Sale," *News Trends: North America*, February 4, 2008, at <http://www.gasandoil.com/goc/news/ntn80617.htm> (June 16, 2008).

59. Alexander's Gas & Oil Connections, "Shell Bids for 275 Blocks Offshore Alaska," *News Trends: North America*, March 4, 2008, at <http://www.gasandoil.com/goc/company/cnn81088.htm> (June 27, 2008); "StatoilHydro High Bidder on 16 Leases in Alaska Lease Sale," *Company News: North America*, March 4, 2008, at <http://www.gasandoil.com/goc/company/cnn81086.htm> (October 14, 2008); and "ENI Wins 18 Exploration Blocks in Alaskan Lease Sale," *Company News: North America*, March 4, 2008, at <http://www.gasandoil.com/goc/company/cnn81084.htm> (June 27, 2008).

60. Erika Bolstad, "Interior OKs Exploratory Drilling by Shell in Chukchi Sea," *Anchorage Daily News*, December 7, 2009, at <http://www.adn.com/1536/story/1044468.html> (February 1, 2010).

61. Press release, "Salazar Conditionally Approves Shell's Exploration Plan for Certain Chukchi Sea Leases," U.S. Department of the Interior, Minerals Management Service, December 7, 2009, at http://www.mms.gov/alaska/latenews/newsrel/2009nr/2009_1207.pdf (February 1, 2010).

licensing, and other necessary services to protect American interests and facilitate economic development of the High North. It should also expand Arctic cooperation with Canada and other U.S. allies.

Specifically, the United States should:

- **Fully implement the U.S. Arctic Region Policy, except for ratifying the Law of the Sea Treaty.** The President should instruct the Arctic Inter-agency Policy Committee to intensify its work in coordinating all of the U.S. government implementing bodies. AIPC should develop a program and a timetable for policy implementation.

The State Department's Arctic Policy Group should promote security, commercial, and border delimitation agendas at the Arctic Council. In addition, the AIPC and the APG should create frameworks for the private sector to advise the U.S. government on Arctic economic development. They should also prevent climate change and environmental issues from dominating the U.S. Arctic agenda.

- **Increase funding for the U.S. Coast Guard to support a robust U.S. presence in the Arctic.** The U.S. Congress should allocate funding to increase the number of FOLs on the North Slope and Western Alaska, build a deepwater seaport in Alaska, and acquire additional icebreakers for the U.S. Coast Guard to support the timely mapping of the Arctic Extended Continental Shelf and to preserve America's sovereign territorial rights in the High North. With the increased maritime traffic from expanding oil exploration, commerce, and tourism, the Coast Guard will also need additional radar tracking and hydrographic ships to ensure safe navigation.
- **Increase monitoring of Russia's Arctic activities.** Monitoring of Russia's assertive Arctic policy should be conducted on a national basis and in close cooperation with Canada and NATO. The U.S. should expand dialogue with Russia on the Arctic through the U.S.–Russia Bilateral Presidential Commission. The U.S. should cooperate with Norway, Canada, and other allies in oppos-

ing Russia's territorial claims in the Arctic, but it should do so without joining LOST.⁶²

- **Increase NATO cooperation in the Arctic and raise the Arctic as a priority on NATO's agenda.** This cooperation should include joint military exercises and intelligence-gathering efforts in the Arctic. The U.S. should specifically enhance cooperation with Canada, Norway, and Denmark and, wherever possible, with Russia through the NATO–Russia Council. The U.S. should also explore an agreement with Canada on joint management of navigation, security, and commercial exploitation of Arctic hydrocarbons in the Northwest Passage.
- **Authorize expanded oil exploration and production in ANWR and other promising Arctic areas.** This should include authorization of additional exploratory and information-gathering oil wells in the Chukchi Sea and beyond. Congress should also streamline regulations for areas that are overregulated by the executive branch.

Conclusion

The United States has significant geopolitical and geo-economic interests in the High North, but the lack of policy attention and insufficient funding have placed the U.S. on track to abdicate its national interests in this critical region.

Three priorities should guide U.S. policy in the Arctic.

First, the U.S. Coast Guard and Navy need to increase the U.S. maritime presence in the High North, which will require expanding the U.S. ice-breaker fleet.

Second, the United States needs to increase cooperation with NATO allies, especially Canada, to enhance NATO's presence and security in the High North. The U.S. also needs to engage Russia diplomatically, lest it cede a leadership role in the Arctic to Russia.

Third, given that the demand for oil and gas is expected to increase, the U.S. should expand Arctic exploration now.

62. Groves, "LOST in the Arctic."

The U.S. must not abdicate its role in the Arctic frontier. The stakes for American national interests and leadership in the High North are too high to ignore.

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eign Policy Studies, a division of the Kathryn and Shelby Cullom Davis Institute for International Studies, at The Heritage Foundation. The author thanks Owen Graham, Research Assistant in the Allison Center, and Khrystyna Kushnir, a Fulbright scholar and Research Assistant in the Allison Center, for their help in preparing this paper.