The Implications of U.S. Policy Stagnation toward the Arctic Region

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Introduction: Broader Background for U.S. Arctic Policy

The United States’ strategic position near Russia and neighboring Canada allows the U.S. access to the Beaufort Sea, the Chukchi Sea, and the Bering Sea and requires the United States to manage a lengthy maritime border with Russia that extends through the Bering Strait and Chukchi Sea into the Arctic Ocean as far as permitted under international law. The U.S. government has articulated its fundamental interest in the Arctic for more than 40 years in a series of government strategies: beginning with President Nixon’s 1971 National Security Decision Memorandum (NSDM-144), to Ronald Reagan’s 1983 National Security Decision Directive (NSDD-90), to President George W. Bush’s National Security Presidential Directive 66 and Homeland Security Presidential Directive 25, signed in 2009, and the 2016 Report to Congress from the Department of Defense on Strategy to Protect United States National Security Interests in the Arctic Region. Each document established broad guidelines for U.S. policy in the region that aligned with the geostrategic realities at the time.


Today, there are three major drivers that are shaping the Arctic:

1. **Geopolitical** drivers of great power competition with the largest Arctic coastal state Russia and a self-proclaimed “near Arctic state,” China;

2. **Environmental** drivers, which are simultaneously transforming the Arctic maritime and terrestrial space at rates that confound scientists while fueling the development of flexible governance structures; and,

3. **Economic** drivers that are highly correlated with global commodity prices.

U.S. policy toward the Arctic is driven by these factors as well as Alaska’s important domestic economic role providing vital energy, mineral, and fishery resources. The Alaskan North Slope contains some of the country’s largest oils fields and natural gas fields; the 2016 value of its mineral industry was $2.83 billion; and fisherman landed $5.4 billion of fish and shellfish in 2017. Alaska’s economic activity has been subdued for the past several years due to lower global energy prices. The state must respond to increased coastal erosion necessitating village relocation, permafrost thaw, and fresh water scarcity which is dramatically altering traditional livelihoods.

The challenge for an overarching U.S. Arctic policy is that it must address all of these cross-cutting issues simultaneously: protect the homeland, pursue environmental adaptation and resilience, and address global economic and security dynamics while engaging in anticipatory policymaking. U.S. government strategies and documents for the Arctic are largely descriptive in nature, and they have yet to alter resource allocations (with the exception of recent congressional funding for one heavy-icebreaker, which will be predominantly used in Antarctica) or establish new organizational structures that can more efficiently address these cross-cutting issues. They also do not offer a clear set of priorities.

**The Stagnation of U.S. Arctic Policy under the Obama and Trump Administrations**

Despite the relentless pace of the three major drivers, U.S. policy toward the Arctic has remained largely stagnant over the past decade with a continued emphasis on science and international collaboration. In other words, the United States “makes do” by “making it work.” This has been particularly true for the U.S. Coast Guard, the lead U.S. agency with responsibilities for protecting the American Arctic and securing maritime waterways. Despite over a decade of studies and assessments, the U.S. Coast Guard continues to rely on outdated capabilities and thinly resourced budgets, which equates to a seasonal U.S. Coast Guard presence (July-October) in the American Arctic. Should an incident occur in the American Arctic, it is hoped that it happens during this season and preferably near a pre-positioned U.S. maritime asset. Years of underinvestment now leaves the United States ill-prepared as other nations prioritize the region as one of future geostrategic value.

One of the most significant moments in the Arctic’s geopolitical development occurred in 2013 when China was invited to become a permanent observer to the Arctic Council. This decision, combined with the

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emergence of Chinese President Xi Jinping as China’s leader and the implementation of the Belt and Road Initiative, gave China greater impetus to be more economically, diplomatically, and scientifically visible in the Arctic. This occurred at the same moment when the Obama administration was preparing in earnest for its chairmanship of the Arctic Council (2015-2017).

Since 2009, the Obama administration largely viewed the Arctic region as an alarming and persuasive example of the need to elevate climate change as a national security imperative. The U.S. administration created new administration positions (e.g., a U.S. special representative to the Arctic Region and an executive director of the Arctic Executive Steering Committee) largely to manage its Arctic Council Chairmanship to give the Arctic issue greater public visibility and engage more closely with the state of Alaska. The Obama administration also increased the size of federally protected lands and waters in the American Arctic to minimize development that could adversely impact its environmental protection efforts. Much of this work built up to August 2015 when President Obama became the first president to visit the Alaskan Arctic in part to chair the Global Leadership in the Arctic Cooperation, Innovation, Engagement, and Resilience (GLACIER) conference, which brought together 20 foreign ministers, including those from Arctic nations and Arctic Council observer nations, to call for immediate international action to tackle climate change. China and Russia did not sign the GLACIER declaration.

President Obama’s three-day Arctic visit formed the basis of the U.S. priorities during its chairmanship of the Arctic Council (2015-2017): improving economic and living conditions in Arctic communities; Arctic Ocean safety, security, and stewardship; and addressing the impacts of climate change. But as a reminder of the growing geopolitical dynamics in the region, President Obama’s Alaskan visit occurred simultaneously with a large Sino-Russian naval exercise off the coast of Vladivostok, Russia in which Alaskans were greeted by 5 Chinese naval vessels off the Aleutian Islands.

The Trump administration concluded the U.S. Arctic Council chairmanship without significant change, but the administration began to disassemble the Obama administration’s Arctic-specific administrative structures, emphasized economic development, and dismissed climate impacts in the region. The U.S. budget dedicated to Arctic science and research has remained largely intact due to bipartisan congressional support, and U.S. secretaries of state continue to attend Arctic Council ministerial meetings. The Trump administration has re-opened onshore and offshore areas in the American Arctic for development such as the Arctic National Wildlife Refuge (ANWR) to oil and gas drilling with expedited environmental review although judicial review has slowed this process. New offshore leases in the Chukchi Sea have been made available, and the administration is working to promote oil exploration beneath ANWR’s coastal plain along the Beaufort Sea in what is thought to be the largest untapped onshore oil deposit in North America. In 2017, the governor of Alaska signed a Joint Development Agreement with China worth an estimated $43 billion to develop Alaskan liquified natural gas (LNG) for export to China.

Despite this greater desire for and receptivity to Arctic economic development, U.S. Arctic infrastructure remains very limited and will inhibit economic development. The closest U.S. deep-water port is Dutch Harbor in the southern Bering Sea, which is over 800 miles from the Bering Strait. The lack of icebreaking capabilities is one of the most glaring of U.S. capability gaps, but the U.S. Coast Guard recently selected a firm to construct a polar security cutter which should be in service by 2024. As transits through the Bering

Strait have more than doubled over the past decade, there is also an urgent need for greater communications assets and maritime domain awareness capabilities, particularly through the narrow Bering Strait.

One consistent success for U.S. policy in the Arctic is the question of governance. The United States has quietly and effectively engaged with the Russian government to introduce to the International Maritime Organization (IMO) a Vessel Traffic Management System for the Bering Strait, which took effect on December 1, 2018. It is the first internationally recognized ship routing measure approved by the IMO for polar waters. The United States also worked diligently at the IMO to secure a mandatory Polar Code, which came into force in January 2017. Finally, the United States, working closely with the other four coastal states, negotiated a preemptive fisheries moratorium for the high seas of the Central Arctic Ocean and brought together four other fishing nations (China, Korea, Japan, and Iceland) and the European Union to join that agreement (the CAOFA 5+5 Agreement).

**Geopolitical Competition in the Arctic – the U.S. View**

The greatest failing of U.S. policy has been its reluctance to understand the strategic implications of great power competition in the Arctic. While the United States believes the Arctic will remain of limited strategic value and that its current minimalist posture is sufficient, its two near-peer competitors, Russia and China, have taken dramatically different and long-term views of the region and have expanded their military and economic footprints. The United States has now begun to question whether its current posture is sufficient, but there is no government-wide consensus on what future steps should be taken.

**RUSSIA**

The last several years have seen a significant uptick in Russian and NATO military activities and large exercises in the Arctic. Both entities have repositioned military forces in the region, approaching levels not seen since the Cold War. In September 2017, Russia conducted its Zapad 2017 military exercise, which involved an estimated 60,000-70,000 troops, approximately 70 aircraft, and 680 pieces of military equipment including 250 tanks and 200 rocket and artillery systems. Much of the exercise included Russia’s Northern Fleet, which is based on the Kola Peninsula in the Arctic Ocean, and included simulated missile strikes from sea. In October 2018, NATO responded with its own military exercise centered around Northern Norway—Trident Juncture 2018, its largest since the end of the Cold War. It included around 50,000 participants from NATO and partner countries, 250 aircraft, 65 ships, and up to 10,000 vehicles. Nearly 20,000 U.S. troops were involved, and it was the first time in nearly 30 years that a U.S. aircraft carrier and strike group ships crossed the Arctic Circle.

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Much of Russia’s military modernization focuses on its sea-based nuclear deterrent and the introduction of a new hypersonic cruise missile, most of which are also based on the Kola Peninsula. In 2019, Russia announced it would formally withdraw from the Intermediate Nuclear Forces (INF) agreement after the United States announced it was suspending its participation due to repeated Russian treaty violations. But despite these growing tensions, the United States and Russia also work constructively in the Arctic Council, through the Arctic Coast Guard Forum, and bilaterally. The U.S. Coast Guard District 17 and its Russian FSB counterpart work to promote maritime safety and fisheries law enforcement in the Bering Strait along the U.S.-Russian Maritime Boundary Line (MBL) in the Bering Sea, respond to distress calls at sea, and protect the maritime environment.  

In addition to its military footprint, Russia also has ambitious economic plans for the Russian Arctic, which center on LNG production on the Yamal Peninsula and creating a viable international transit route through the Northern Sea Route.

CHINA

With its January 2018 Arctic White Paper and the incorporation of the Arctic into its Belt and Road Initiative, a Chinese “Polar Silk Road” includes the potential construction of airports, railroads, ports, underwater cables as well as the exploitation of the Arctic’s energy and mineral resources. China also opened its first scientific research station in 2004 on the island of Svalbard and has since launched the China-Iceland Arctic Science Observatory (CIAO) in Northern Iceland. Chinese economic and scientific investments as well as Chinese diplomatic presence in a variety of multilateral forum that deals with the Arctic translate into more significant physical presence in the circumpolar Arctic.

Economically, China has invested approximately $1.2 billion in Iceland (between 2012 and 2017), representing 5.7 percent of the country’s GDP, after Iceland became the first European nation to sign a free trade agreement with China in 2008. Chinese investments center on energy resources including oil and gas shelf sites Dreki and Gammur. In Greenland, officials regularly travel to China to encourage investment in key sectors. In September 2016, Shenghe Resources bought a stake in Greenland Minerals and Energy with an eye on developing rare earth elements as well as uranium and zinc. Additionally, four mining sites in Greenland have attracted serious interest from Chinese companies; two of which are likely to come online in the short term. Once in operation, they would make Chinese state-owned enterprises (SOEs) the top foreign investors in Greenland’s natural resources. Keenly interested in trans-Arctic shipping, China has completed construction of its second icebreaker and has announced plans to develop a nuclear icebreaker. For the moment, the focal point of Chinese economic investment is the Yamal LNG project on the eastern coast of the Yamal Peninsula in Russia. Chinese companies own 29.9 percent of the $27 billion project, an

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17. Ibid.

“anchor” investment that can translate into future “cluster” infrastructure investments such as port, rail, and telecommunications projects.

Despite these developments and U.S. government strategies describing a return to great power competition, future relations between the United States and China in the Arctic will likely follow a similar trajectory to the U.S. position on Russia's activities in the Arctic: one of growing concern and suspicion about their ultimate ambitions and projects but a lack of new or adjusted policy direction. In the absence of direction, the same U.S. policies apply: focus on maritime security cooperation, scientific collaboration, and low-level cooperation in the Arctic Council.19

The Future of U.S. Arctic Policy: Watching yet Still Waiting

To date, the United States does not have a meaningful policy response to either Russia's or China's increased economic and military ambitions in the region. For now, Washington is acknowledging Russia and China's growing footprint in the Arctic, but it is allowing both nations to largely shape the region's future. With the exception of the construction of a polar security cutter, there are no other significant infrastructure initiatives on the horizon. Secretary Pompeo will attend the Arctic Council ministerial in May 2019 in Finland, but the United States may either dilute or delete meaningful mention of climate change from the ministerial's conclusions. In response to Russian military actions, the U.S. military is placing a greater focus on the region and is increasing its presence in Iceland, Norway, and Alaska. The White House is also examining more closely Chinese presence in the Arctic but again, studying the actions of others is not constructing its own policy.

One hopes that the eventual U.S. policy response to great power competition in the Arctic does not fall into the “too little, too late” category.

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