

Geopolitics and Neglected Arctic Spaces

Three Northern Perspectives on Balancing External Interests

The 2017 U.S. National Security Strategy takes its point of departure in the growing political, economic, and military competition the United States is facing around the world, to include from Russia and China—and aims to prevent any region of the world from becoming dominated by a single power. While the Arctic has been characterized more by cooperation than competition, recent events indicate that the tides may be turning. As attention turns north and the Arctic reenters the strategic calculations of great powers, spaces that have been largely neglected are suddenly assuming a position of significance, forcing countries in the region to consider how to balance competing interests from outside powers.

The essays below illustrate how it looks when three such places—Svalbard, Norway; Greenland; and Iceland—find themselves caught between competing powers. While this attention has taken different forms, there are similarities between the cases. All three, for example, have received economic interest from China and are beginning to feel the pressure of Russia's military build-up in the Arctic. All three are also part of the North Atlantic Treaty Organization (NATO) and anchor their defense policies in that alliance.

At the same time, each of these places faces unique conditions that limit their ability to pursue truly independent security and defense policies. In the case of Svalbard, the 1957 Svalbard Treaty grants Norway sovereignty over the island but also affords third countries certain rights. In the case of Greenland, an autonomous region that is part of the Kingdom of Denmark, it has control over domestic issues, but the Danish government retains control of foreign affairs and defense. Finally, in the case of Iceland, the absence of its own standing military makes it reliant on the United States and NATO for its defense. Such conditions are an increasing challenge as these three places struggle to respond to the interest of external actors while also maintaining their sovereignty.

In this edition of Northern Connections, CSIS brings you three experienced and distinguished experts on the topic of “Geopolitics and Neglected Arctic Spaces.”

The first is **Andreas Østhagen**, a senior research fellow at the Fridtjof Nansen Institute and a senior fellow at the High North Center for Business and Governance at Nord University. In his essay on Svalbard, he lays out how Norway has sought to manage the interest of third parties in this archipelago. He highlights three main areas where tensions are possible. The first stems from Russian and Chinese complaints about local business regulations. The second has to do with the contested legal status of the maritime and fisheries zones that surround the archipelago. The third concerns Svalbard’s significant geostrategic location vis-à-vis the headquarters of Russia’s Northern Fleet on the Kola Peninsula, which raises concern that the archipelago itself may become a target. Mr. Østhagen argues that Norway is committed to striking a balance whereby it secures its own interests and asserts its sovereignty while simultaneously maintaining low levels of tension in the region.

The next contributor is **Jon Rahbek-Clemmensen**, a former visiting fellow with the CSIS Europe Program and an associate professor at the Royal Danish Defence College’s Center for Arctic Security Studies. In his essay, he illustrates the complex web of relationships between Greenland, Denmark, and the United States—and how these are complicated by Russia and China. Driven by extensive Chinese investment in Greenland and a recognition of Russia’s ability to use Greenlandic airspace as a corridor to the North Atlantic, the United States has sought to increase its diplomatic and economic presence in Greenland. It has also encouraged Denmark to increase its own military capacities and act to minimize Chinese influence. This leaves Denmark in the difficult position of balancing the security expectations of the United States against its limited ability to influence Greenland’s internal economic policy. Mr. Rahbek-Clemmensen recommends the United States work with the Kingdom of Denmark to provide alternative sources of investment in Greenland, make U.S. military presence economically beneficial to Greenland’s residents, and support confidence-building measures in the region.

Our final essay comes from **Margrét Cela** and **Pia Hansson** of the Institute of International Affairs at the University of Iceland, where Ms. Hansson is the institute’s director, and Ms. Cela is the project manager for the Centre for Arctic Studies. As with the other cases, Iceland has expanded its diplomatic and economic relationship with China in recent years on matters ranging from geothermal energy to free trade to scientific cooperation. Although Iceland joined in the U.S. and EU sanctions on Russia in 2014, it maintains a historically good relationship with Moscow. These dynamics, combined with the general friction in the region, has prompted the United States to take a renewed interest in Iceland, sending both Vice President Mike Pence and Secretary of State Mike Pompeo on official visits in 2019. However, as Ms. Cela and Ms. Hansson argue, while Iceland considers its relationship with the United States to be the core of its national defense strategy, it is nonetheless determined to chart its own course on foreign and security policy.



Dominique Faget/AFP/Getty Images

100 Years of Arctic Geopolitics: The Svalbard Headache

Andreas Østhagen

The Svalbard archipelago, located in the Arctic Ocean halfway between the Norwegian mainland and the North Pole, is a special place for many reasons. Long considered a “no-man’s land” due to its harsh climate and inaccessibility, the Svalbard archipelago is now experiencing increased activity and interest—not unlike the Arctic region as a whole. One hundred years since the signing of the Svalbard Treaty that

granted Norway sovereignty over Svalbard, the strategic and geopolitical importance of this Arctic archipelago has never been higher.

A Special Arrangement

It was only in the early twentieth century, when promising discoveries of coal led to mines being opened, that steps were taken to establish an administration for the Svalbard archipelago. Post-war negotiations resulted in the 1920 Svalbard Treaty, granting sovereignty over Svalbard to Norway and settling the question of territorial ownership. However, another objective of the treaty was to secure the **economic interests of nationals** from other countries that had already been active on the archipelago. According to the treaty, Norway cannot treat nationals of signatory countries less favorably than it does its own citizens when it comes to the economic activities specified in the treaty (maritime, industrial, mining, and commercial operations), and these nationals must be allowed equal access to the islands. The treaty also specifies that Norway cannot use the islands for “**warlike purposes**.”

International economic interest in Svalbard plummeted before World War II, and soon only Norwegian and Soviet mining companies had activities there. However, in the aftermath of World War II, the Soviets repeatedly **attempted to gain special status** on Svalbard—only to be thoroughly rejected by Norway. This renewed interest was also linked to Norway’s entry into NATO as one of its founding members in 1949; the Barents Sea maritime domain became part of the USSR’s “**bastion concept**” of military defense, and the USSR was particularly concerned about Svalbard’s possible military use during the Cold War.

Svalbard has often been forgotten in international geopolitics—at times even neglected by Norwegians themselves. Nevertheless, given the strategic importance of Svalbard, consecutive Norwegian governments **have sought to maintain** the Norwegian population on the islands and to counter the influence of third parties. This has predominantly happened through subsidizing coal mining and supporting the largest community, Longyearbyen. Today, with the increased attention given to the Arctic region at large, the Svalbard archipelago has taken a prominent place in regional relations. Although there is no dispute over the sovereignty of Svalbard, there are still three dominant concerns.

Challenges to Local Regulations

Norway regulates all activity on the archipelago, but multiple countries have their own nationals and companies operating there. Friction can emerge when the latter complain that Norway is excessively restricting their activities, and over time—as Norway has implemented stricter environmental regulations, increased coordination of other countries’ research activities, and limited certain types of activities that do not fall under the scope of the 1920 treaty—the outcry from several treaty signatories has grown. This is notably the case with Russia (as exemplified by complaints about Russian companies not being allowed to use **helicopters for tourism purposes**) and China (as exemplified by Chinese objections to **new research regulations**).

Dispute over the Maritime Zones

Since 1977, there has been an unresolved disagreement between Norway and other treaty signatories—most notably Iceland, Russia, Spain, and the United Kingdom—as to whether Norway, as the owner of Svalbard, can establish a regular Exclusive Economic Zone (EEZ) around the archipelago. While the 1920 treaty only refers to “**territorial waters**,” some

countries have argued that the extended maritime zone should also be covered by its provisions, which would grant all treaty countries special access.

To avoid conflict, Norway established the Fisheries Protection Zone (FPZ) in 1977, by which access to fisheries is based on historic activity. This arrangement satisfied several states that had opposed Norway's insistence on exclusive resource rights, but the disagreement with Russia has continued to be a source of tension—and small-scale incidents with Russian fishers **have at times escalated**. Since the deterioration in Norway-Russia relations following Russia's annexation of Crimea in 2014, Norway has become **more concerned** about the potential for conflict in the FPZ. Moreover, while there has been no oil and gas exploration in the area, the prospect of that activity, as well as the related dispute between Norway and the EU over rights to **snow crab fisheries on the shelf**, has brought the status of "zones" to the forefront of the Svalbard debates.

Strategic Security Concerns

Finally, Svalbard is increasingly being placed in the context of larger geostrategic security concerns in the Arctic. More specifically, developments in the North Atlantic and Barents Sea have created tension between NATO and Russia, and a **2017 report** by the Russian Defense Ministry highlights Svalbard and its maritime zone as potential areas for confrontation between Russia and NATO. Similarly, the Norwegian Intelligence Service increasingly **warns of enhanced military** activity in the Barents Sea. It is no surprise, then, that this part of the Arctic saw both NATO and Russian **military exercises** in 2020, which have in turn prompted provocative statements from **U.S.** and **Russian** officials.

In a conflict scenario, Svalbard's location is central in controlling access to and from Russia's Northern Fleet on the Kola Peninsula, where Russia's strategic nuclear submarines are based. Thus, fears of an **"invasion"** of Svalbard have been prevalent. More recently, such fears have expanded to include **"hybrid operations,"** which would draw attention away from other conflict domains and engage Norwegian and other NATO forces in an unclear and escalating situation. However, it should also be noted that Russia is benefiting from a stable and calm milieu on and around Svalbard, given its **economic and political** interests there.

What Next, Norway?

For a century, Norway has had to manage its national interests in Svalbard as well as those of third parties, all while enforcing its sovereignty across the archipelago. Now, as the Arctic attracts increased attention—ranging from Chinese businesses to Russian military planners and, increasingly, decision-makers in Washington—Svalbard will continue to grow in importance.

Norway has its concerns: keeping regional relations peaceful, dispelling notions of Svalbard as a "shared international space," and advocating its stance on Svalbard's maritime zones. Consequently, Norway must continue to educate its neighbors, NATO, and other interested actors about the specificities of this unique place and its related challenges. At the same time, it must also speak up about issues of sovereignty and shine a spotlight on growing Arctic security concerns. The idiom **"High North, low tension"** still very much describes how Norway would *prefer* Arctic relations to be—especially vis-à-vis its Russian neighbor. Whether it will succeed is up for debate.

Andreas Østhagen is a senior research fellow at the Fridtjof Nansen Institute and a senior fellow at the High North Center for Business and Governance at Nord University. He works on issues relating to Arctic geopolitics, European security policy, and international relations.



Magnus Kristensen/Ritzau Scanpix/AFP/Getty Images

Denmark Walks a Tightrope in Greenland

Jon Rahbek-Clemmensen

As competition in the Arctic between China, Russia, and the United States heats up, Greenland, a semi-autonomous region within the Kingdom of Denmark, has increasingly become entangled in it. This has created both opportunities and challenges for Greenland and for Denmark. Denmark controls most of Greenland's foreign, security, and defense policy, and Copenhagen walks a tightrope between

demands from the United States and the local government in Nuuk—all while trying to avoid antagonizing China and Russia.

Over the past decade, Chinese companies have tried to **invest** in Greenlandic mining, airport construction, and real estate, and the Chinese government has made overtures to the local government in Nuuk, including a **pending bid** to build a satellite receiving station. While seemingly innocent, many observers worry that these Chinese initiatives may also serve long-term geostrategic purposes. The Danish Defence Intelligence Service has **warned** that Chinese investments in Greenland may give Beijing strategic leverage, which can be used to undermine the U.S. presence on the island. Similarly, Chinese **involvement** in critical infrastructure—such as airports, ports, or communication infrastructure—can enable the Chinese military to operate in the Arctic, and, in a worst-case scenario, can inhibit access by NATO allies.

While Russia is an Arctic country, it has few interests in Greenland per se, which it sees as well within the U.S. sphere of influence. However, Russia's **upgraded air base** in Franz Josef Land in the Russian Arctic threatens the U.S. radar installations at Thule Air Base in Northwestern Greenland, which make up an important early warning node of the U.S. missile defense system. Furthermore, Denmark and the United States have relatively little aerial domain awareness in the region, which means that Russian military aircraft can potentially use Greenlandic airspace as a corridor to the North Atlantic.

Because of these developments, the United States is strengthening its presence on Greenland—both to protect Thule Air Base and to use it as a potential support point for tracking Russian air and naval operations. However, this requires developing a stronger relationship with Denmark and the local Greenlandic government. While President Trump's offer to buy Greenland last year made it more difficult to forge such bonds, the

United States has pushed ahead with specific initiatives that demonstrate the value of a strong relationship, including reopening its consulate in Greenland and providing economic support.

From a Danish point of view, the increased great power interest in Greenland creates an opportunity to further strengthen its alliance with the United States, but it also comes with at least three major challenges. These will necessitate more presence, awareness, and legislation, as well as new domestic compromises.

First, the United States **expects** Denmark to increase its military presence to support U.S. objectives on the island. The Danish government announced last year that it will invest 1.5 billion Danish kroner (US \$240 million) in new Arctic capacities. A decision is expected later this fall, but possible investments include radars to increase aerial domain awareness, ship- and helicopter-based anti-submarine warfare capabilities, and communication systems to increase interoperability with allies. To support increased military traffic, Denmark and Greenland have **agreed** to keep the important airport in Kangerlussuaq open to military access. The question in Copenhagen is if these initiatives will satisfy U.S. expectations.

Second, the United States also expects Denmark to minimize China's influence and presence on Greenland. Thus far, Denmark has handled the question of China's role on the island on an ad hoc basis, in part because any major legislation requires a complicated and costly compromise with Greenland's local government. Greenland needs foreign investment to invigorate its struggling economy; the local government has leverage over such decisions, as many of the Chinese initiatives fall within its purview according to the constitutional arrangement within the Kingdom of Denmark. For instance, when a state-owned Chinese construction company made a bid to construct some of Greenland's new airports in 2018—which elicited a **stern warning** from then-secretary of defense James Mattis—Denmark had to offer Greenland generous loans and an investment package in order to gain influence over the process. The Chinese company rescinded its bid shortly thereafter.

Third, Danish policymakers worry that an enhanced U.S. presence in Greenland might inadvertently undermine Denmark's interests on the island. Several scenarios are at play here. One possibility is that an increased U.S. presence in the region leads to a military confrontation between the United States and Russia, where Denmark is caught in the middle. Another possibility is that Greenland's local government forges a bilateral relationship with the United States, where Denmark is left out of the loop. Recognizing the need for greater strategic awareness and dialogue with the United States and Greenland, Denmark will be **stationing** additional political advisors on the island. Furthermore, Denmark will likely try to push for new bilateral and multilateral confidence-building measures to diminish the possibility that a misunderstanding spirals out of control and turns into an Arctic conflict.

Where does all this leave U.S. interests in Greenland? It is obvious that the United States must take into account the complicated domestic situation within the Kingdom of Denmark without becoming a party to any disagreements between Denmark and Greenland. First, the United States can make it easier to diminish China's position in Greenland by working with Denmark to offer alternative sources of foreign investment—

such as an Arctic investment fund—and to draw a clear red line between legitimate and problematic Chinese investments. Second, the United States should also demonstrate that Greenland can benefit economically from a close partnership with Washington. This can be done at a relatively low cost by ensuring that new military infrastructure in Greenland is made available to the Greenlandic civilian population and that the so-called service contract at Thule Air Base is once again awarded to a Danish-Greenlandic company. Third, the United States should also alleviate Danish fears that Greenland will become part of an arms race with Russia by emphasizing that it will predominantly station defensive systems on the island. Finally, the United States should support the Danish confidence-building agenda in the region and avoid taking geopolitical confrontations into the Arctic Council, as happened at the **last Arctic Council ministerial**. With these modest and prudent steps, the Kingdom of Denmark and the United States can work together to preserve Greenland's unique geostrategic advantage while also securing the interests of the Greenlandic people.

Jon Rahbek-Clemmensen is a former visiting fellow with the CSIS Europe Program and an associate professor at the Royal Danish Defence College's Center for Arctic Security Studies.



Jeremie Richard/AFP/Getty Images

Finding a Niche for Iceland in the Post-Cold War Era

Margrét Cela and Pia Hansson

On September 30, 2006, the last U.S. military troops left the Keflavik base in Iceland, ending a 55-year presence in the small North Atlantic state that has no military. The departure has been **described** as the result of the disintegration of the bilateral relationship between Iceland and the United States in the post-Cold War period; it also was viewed at the time as a demonstration of Iceland's **lack** of military value in the North

Atlantic. However, in the years to follow, Iceland became responsible for the formulation and implementation of its own security policy for the first time—and, as a result, created a new security identity closely linked to developments in the Arctic.

In 2016, the national parliament approved a National Security Policy for Iceland and established a National Security Council. The **policy** places less focus on the geopolitical aspects of security, instead **emphasizing** the new security environment and the importance of active international cooperation. Iceland had relied on the shelter provided by the United States and NATO on matters of security and defense since the country's independence in 1944. Therefore, formulating a national security policy signaled a coming of age for Iceland, which has been followed by increased confidence to speak up for the security issues it values most, such as human rights and gender issues.

At the same time, increased interest in the Arctic region by big players such as the United States, Russia, and China has again pushed security in the North Atlantic to the forefront. In 2019, the Pentagon announced its **plans** to expand and upgrade runways and facilities at the Keflavík airfield in Iceland in order to boost U.S. presence in the Arctic, where Russian and Chinese activities had caught the attention of NATO. A return to Cold War rhetoric—including references to the GIUK gap—that had remained dormant for a long time can now be seen surfacing again in discussions on Arctic security. Concerns about Russian military buildup in the region is growing as Russian military exercises stretch **further** into the GIUK gap and Russian fighter jets **frequent** NATO airspace around Iceland.

Although Iceland is a founding member of NATO, its relationship with Russia has generally been good. In the Cold War period, Iceland turned to Russia when its Western allies were reluctant to provide economic help. Interestingly, in 2008, Russia **offered** to bail out Iceland in the wake of the economic crash—something its Western allies were reluctant to do. Russia and Iceland also have a long history of trade that has been especially important to the fishing sector. Nonetheless, Iceland did not hesitate to participate in the U.S. and EU sanctions on Russia following the annexation of Crimea in 2014. The following year, Iceland was included in countersanctions, resulting in a call-to-arms from the powerful Icelandic fisheries lobby. However, Iceland's dependence on the United States and NATO prevailed over its more limited trade with Russia. The decision to **stand firm** with the Western side shows that Iceland did not want to be responsible for breaking the stance against Russian aggression.

Increased tension in the region has led to a renewed and growing U.S. interest in Iceland, made apparent by the official visits of Vice President Mike Pence and Secretary of State **Mike Pompeo** in 2019. At the end of his visit, the vice president openly thanked Iceland for declining participation in China's Belt and Road Initiative (BRI). This came as a huge surprise to the Icelandic government, who **had not decided** whether or not to participate in the initiative. Pence's statement reflects Washington's growing **concerns** about China's increased presence in Iceland. Indeed, Iceland-China diplomatic relations, initiated in 1971, have grown and expanded in recent years with the signatures of (amongst others) a **memorandum of understanding** on geothermal energy in 2012, a **free trade agreement** in 2013, a **currency swap agreement** in 2013 (**renewed** in 2016), and the **establishment** of the China-Iceland Arctic Observatory at Kárhóll, which opened in 2018. However, there is a **general skepticism** towards Chinese interest and investment in Iceland, as China has not been a traditional ally in policy or trade-related issues.

As a small state, Iceland is not able to focus on all policy areas in its international relations. Instead, it must choose its battles, prioritizing according to its interests, strengths, and credibility. Human rights, gender, and LGBTQ+ issues are high on the agenda and shape Iceland's participation in international cooperation. One example has been Iceland's willingness to take over the vacant seat of the United States on the UN Human Rights Council in 2018, where Iceland **led** not only the drafting and negotiation process of an important resolution on the Philippines, but also spearheaded a joint statement on serious human rights abuses in Saudi Arabia. At the same time, Icelanders have used the increased attention from big powers to protest human rights violations when foreign leaders have visited the country. For instance, when Vice President Pence

came in 2019, several businesses in Reykjavík protested the discriminatory views on LGBTQ+ rights credited to him by raising the rainbow flag all over the city. The point was further illuminated by the personal statement of the President of Iceland, Guðni Th. Jóhannesson, who **wore** a rainbow bracelet when he met with Pence to show his support for LGBTQ+ rights.

Although Iceland's membership in NATO and its bilateral defense agreement with the United States remain the cornerstone of its national defense strategy, the fact that Iceland has taken the initiative to form its own security policy—based on its core values and drawn from a broad definition of security, including environmental threats and human rights—makes Iceland more independent and has led to the country being more confident about finding its niche in the international arena.

***Margrét Cela** is the project manager for the Centre for Arctic Studies at the Institute of International Affairs at the University of Iceland. **Pia Hansson** is the director of the Institute of International Affairs at the University of Iceland.*

This report is made possible by the generous support of the Lillan and Robert D. Stuart Jr. Center.

This report is produced by the Center for Strategic and International Studies (CSIS), a private, tax- exempt institution focusing on international public policy issues. Its research is nonpartisan and nonproprietary. CSIS does not take specific policy positions. Accordingly, all views, positions, and conclusions expressed in this publication should be understood to be solely those of the author(s).

© 2020 by the Center for Strategic and International Studies. All rights reserved.