



## UNITED STATES ARCTIC POLICY: **THE RELUCTANT ARCTIC POWER**

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### **SUMMARY**

Although the United States is an Arctic nation, the Arctic has seldom figured prominently in US policy. In January 2009 the US released its new Arctic policy. *Arctic Region Policy* signals that the US is beginning to understand that the Arctic is changing in a manner that concerns its vital national interests. The core Arctic issues facing the US are resource development and international circumpolar relations. The development of oil and gas reserves in Alaska is discussed in the context of sustainable development and US domestic energy security, which are often at odds with each other. In regards to circumpolar relation, the US has traditionally been a reluctant Arctic power. It has been unwilling to take the initiative in the area of international Arctic policy. Now, the United States also must act to improve its participation in the main Arctic institutions in order to strengthen cooperation among the Arctic nations. But at the same time, the US must now face a geo-political environment that is becoming more complicated and possibly dangerous than was the case in the last decade. Thus their new policy also emphasizes the priority the US places on security by maintaining a strong military presence in the Arctic. All of these actions are already having an impact on their Arctic neighbors including Canada. This will continue to be the case as American activity increase in the region. Now that the Arctic is transforming due to climate change, resource development, globalization, and geopolitical factors, the United States can no longer ignore the Arctic.

## INTRODUCTION

By virtue of both its standing as a superpower and its purchase of Alaska in 1867, the United States is an Arctic nation. But throughout its history, it has seldom recognized this fact. At the individual level, it has produced outstanding polar explorers such as Robert Peary and Richard Byrd, as well as modern-day Arctic scientists such as Robert Corell. Furthermore, the Arctic was central to the United States' nuclear deterrent posture during the Cold War. The Arctic has seldom figured prominently in US policy discussions. Thus the United States may be characterized as the “reluctant” Arctic power.

US Arctic policy may be summarized as reactive, piecemeal, and rigid. While the Arctic is important to the United States, that fact has seldom reached the attention of US policy-makers and the US public. This is about to change. The Arctic is changing fundamentally due to climate change, resource development (in particular, energy), globalization, and geopolitical factors. Given the developing situation in the Arctic, even if the United States wanted to continue avoiding Arctic issues, it cannot. Furthermore, the selection of Alaskan governor Sarah Palin as the Republican vice-presidential nominee reminded Americans of their most northern state — if only for the duration of the election.

This paper begins with a review of the existing US Arctic policy. To the surprise of many observers, the Bush administration released a new US Arctic policy on 9 January 2009, in its last days;<sup>1</sup> the US government had last set out an Arctic policy in 1994.<sup>2</sup> Senior US officials began the process to develop a new policy in 2007, and observers expected it would be released before the 2008 election. When this did not occur, many simply assumed that the crafting of the new policy would be left to the new Obama administration. Thus, its unveiling in 2009 caught most observers off guard.

*Arctic Region Policy* is a departure from previous US actions in that it is Arctic specific. Traditionally, US policy has dwelt with the Arctic and Antarctic simultaneously. This time, the decision was made to develop an Arctic-only policy. The policy is both frank and direct, and it has significant ramifications for all Arctic nations — Canada included. While it is not yet clear if and how the Obama administration will choose to implement the policy, the policy itself does not signal a significantly different direction for the United States. Instead, it offers a clear picture of what the United States considers to be its core Arctic policy objectives and provides a guide on how to achieve them.

The task of developing this policy has been challenged by the reality of a changing Arctic. The United States has to deal not only with the low priority traditionally given the Arctic, but also with the fact that the Arctic is changing in ways that are not yet understood.

Following the introduction of the existing policy framework, this paper examines and assesses the core Arctic issues facing the United States, focusing on the issues of energy development and international relations in the region.

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<sup>1</sup> United States, White House, Office of the Press Secretary, *National Security Presidential Directive/NSPD 66; Homeland Security Presidential Directive/HSPD 25* — Subject: Arctic Region (Washington, DC: 9 January 2009); available online at [http://media.adn.com/smedia/2009/01/12/15/2008arctic.dir.rel.source.prod\\_affiliate.7.pdf](http://media.adn.com/smedia/2009/01/12/15/2008arctic.dir.rel.source.prod_affiliate.7.pdf). Hereafter referred to as Arctic Region Policy.

<sup>2</sup> United States, Department of State, “Fact Sheet: US Arctic Policy,” *US Department of State Dispatch* (Washington, DC, 26 December 1994); available online at [http://findarticles.com/p/articles/mi\\_m1584/is\\_ai\\_16709524](http://findarticles.com/p/articles/mi_m1584/is_ai_16709524).

## US ARCTIC POLICY

Although the US government's *Arctic Region Policy* provides guidance for American action in the Arctic, the fact that the document was released only in January 2009 means that there are as yet no examples of its implementation. Rather, its major utility seems to be in the process of its creation. Officials close to the system have suggested that the process of policy formation "reminds" the various core departments that the United States has Arctic interests and that it needs to think seriously about the Arctic. Nevertheless, the document still provides important insights into what US policy-makers think is important — when they think about the Arctic at all.

The policy's preamble states:

The United States is an Arctic nation, with varied and compelling interests in the region. This directive takes into account several developments, including, among others:

1. Altered national policies on homeland security and defense;
2. The effects of climate change and increasing human activity in the Arctic region;
3. The establishment and ongoing work of the Arctic Council; and
4. A growing awareness that the Arctic region is both fragile and rich in resources.<sup>3</sup>

This focus changes the 1994 policy in two important ways. First, the earlier policy stated that "[t]he United States *has been* an Arctic nation,"<sup>4</sup> while the 2009 document states that "[t]he United States *is* an Arctic nation" (emphasis added). Second, the new document focuses on Alaska as at the core of US Arctic interests: as the rest of the document makes clear, Alaska is a central reason the United States has Arctic interests, but these interests are national in character, not simply related to the concerns of one state.

These seemingly innocuous changes signify that the United States now understands that the Arctic is changing in ways that concern its vital national interests. To that end, *Arctic Region Policy* lists six objectives, as follows:

It is the policy of the United States to:

1. Meet national security and homeland security needs relevant to the Arctic region;
2. Protect the Arctic environment and conserve its biological resources;
3. Ensure that natural resource management and economic development in the region are environmentally sustainable;
4. Strengthen institutions for cooperation among the eight Arctic nations (the United States, Canada, Denmark, Finland, Iceland, Norway, the Russian Federation, and Sweden);
5. Involve the Arctic's indigenous communities in decisions that affect them; and
6. Enhance scientific monitoring and research into local, regional, and global environmental issues.<sup>5</sup>

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<sup>3</sup> *Arctic Region Policy*, p. 2.

<sup>4</sup> United States, Department of State, "Fact Sheet," p. 1.

<sup>5</sup> *Arctic Region Policy*, p. 2.

These are the same basic objectives as in the 1994 document, but the order has been altered, with the need to meet national security moved from last to first.<sup>6</sup> Moreover, homeland security has now been added to national security — clearly a reflection of the changes after 9/11. Thus, in 1994, US officials were already becoming aware of the changes in the Arctic, and drafted a policy to respond to them. That policy identified three main themes: a focus on natural resources and the need to develop them in a sustainable manner; recognition of the fragile nature of the Arctic environment and the need to better understand it; and recognition of the international nature of the Arctic. However, although both the 1994 and 2009 policies contain broad general objectives, nowhere in these documents is there guidance on what the Americans are supposed to do or how they are to achieve these objectives. The questions thus arise: what has US policy been on resource development in the North and on the Arctic's international dimension, and what should we expect from the Obama administration in the coming years? And what will be the ramifications of these US policy objectives for Canada, the United States' most important Arctic neighbour?

## US RESOURCE ISSUES IN THE ARCTIC

The heart of US Arctic resource policy and actions is Alaska. The US view of its most northern state tends to focus on its abundant resources. From its extensive oil and gas reserves, both on land and offshore, to its fisheries and natural beauty, Alaska is seen as a wilderness to be used. But how this is to be done is a question Americans have grappled with for a long time.

Alaska's attraction to outsiders has always been in terms of its natural resources. Prior to the US purchase of Alaska, the Russians had come to its northern shores in search of fish and whales. The subsequent discovery of gold in Canada's neighbouring Klondike region created a gold rush that still resonates in both the Yukon and Alaska. Other resources also drew outsiders to the state. The main point is that certain themes developed then that still exist today. The discovery of substantial amounts of natural resources brought to Alaska a large number of outsiders who had to deal with the challenge of a formidable climate, a challenge exacerbated by the considerable distance between Alaska and the continental United States. The United States then had to pay attention to its relations with Russia, Canada, and the United Kingdom, which still controlled Canadian foreign and defence policy at the time. When considered in this light, it should be apparent that the "new" Arctic reflects the old Arctic despite the changes that are occurring.

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<sup>6</sup> The six objectives of the 1994 policy were:

\*Protecting the Arctic environment and conserving its biological resources. \*Assuring that natural resource management and economic development in the region are environmentally sustainable. \*Strengthening institutions for cooperation among the eight Arctic nations. \*Involving the Arctic's indigenous people in decisions that affect them. \*Enhancing scientific monitoring and research on local, regional, and global environmental issues. \*Meeting post-Cold War national security and defense needs. (US Department of State, "Fact Sheet," p. 1.)

The largest economic issues facing Alaska pertain to the development of oil and gas reserves and the means to transport these resources to southern markets.<sup>7</sup> While both the 1994 and 2009 US Arctic policy documents state that any such development should take place in a sustainable fashion, neither says anything about the tempo of development. This is perhaps because of the ongoing political debate in Alaska, and in the United States in general, about how those resources should be exploited. Debate rages over development of the Arctic National Wildlife Refuge (ANWR) and the offshore regions of the Chukchi Sea and the Beaufort Sea, and typically focuses not on how to proceed in a sustainable fashion but on whether or not drilling should occur at all.<sup>8</sup>

The ANWR was made a Federal Protected Area in 1960 and given further protection under the 1980 *Alaska National Interests Land Conservation Act*, which stipulated that drilling could occur on these lands only with the approval of the US Congress. While incentives to drill in the region diminished with the fall in oil prices in the 1980s, the issue took on an international dimension in 1987 when the United States and Canada signed an agreement regarding the conservation of the Porcupine caribou herd — whose calving grounds are located in the ANWR — that requires each party to notify the other if it plans to engage in economic activity that could affect the herd. In fact, much of the opposition to drilling in the area — especially on the part of Canada — is based on fears of the negative impact it could have on the herd.

In the offshore areas, Aboriginal, local, and environmental groups have challenged a planned drilling program by Shell Oil despite the company's assurances to mitigate environmental damage.<sup>9</sup> Even though Shell had received approval from the necessary federal agencies to begin drilling, a November 2008 court decision temporarily halted the company's plans, ruling that the US government should have undertaken a more thorough environmental study of the ramifications of the proposed drilling. Exploratory drilling now will not proceed until the court decision is appealed or a more comprehensive environmental study is completed.<sup>10</sup> From a political perspective, this might give the Obama administration some breathing space on the issue of Arctic drilling.

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<sup>7</sup> There are also important fisheries issues, particularly surrounding the crab fisheries, but space limitations preclude a detailed examination of these issues here.

<sup>8</sup> See, for example, CBC News, "Shell to Halt Offshore Drilling in Alaska," 21 July 2007; available online at [http://www.cbcnews.com/stories/2007/07/21/business/main3084842.shtml?source=RSSattr=Business\\_3084842](http://www.cbcnews.com/stories/2007/07/21/business/main3084842.shtml?source=RSSattr=Business_3084842). See also M. Lynne Corn, Bernard A. Gelb, and Pamela Baldwin, *Arctic National Wildlife Refuge (ANWR): New Directions in the 110th Congress — CRS Report for Congress* (Washington, DC: Congressional Research Service, 8 February 2007).

<sup>9</sup> Yereth Rosen, "Shell delays Alaska drilling plan due to legal dispute," Reuters, 21 June 2008; available online at <http://uk.reuters.com/article/businessIndustry/idUKN2020246220080621>.

<sup>10</sup> Kim Murphy, "Appeals court rules against Arctic drilling plan," *Los Angeles Times*, 21 November 2008, p. A-26; available online at <http://articles.latimes.com/2008/nov/21/nation/na-arctic-drilling21>.

This debate is driven by concerns about the sustainable development of oil and gas in the Arctic. The issue has developed into an argument between two fundamentally opposed groups. One side takes the position that opening Arctic lands and waters for oil and gas exploitation is a means to ensure domestic US energy security — that the development of the resources in the ANWR will reduce US American dependence on Middle Eastern supplies.<sup>11</sup> The other side is dominated by those who argue that the contribution of oil and gas in these regions to satisfying US demand is insufficient to justify the risk to the local environment.<sup>12</sup>

Going beyond the concerns of strong vested interests, however, the cornerstone of the debate is the amount of oil and gas that actually exists in Alaska and its offshore regions. Extensive exploration of these areas in the 1960s and 1970s led to the discovery of the North Slope fields that now currently fuel the entire Alaskan production, but no other finds of that magnitude were made. Then, in the 1980s, the price of oil fell and almost all Arctic exploration ceased. Interest in exploration renewed at the beginning of 2000, driven by three factors.

First, the continuing conflict in the Middle East, combined with the hostility of states such as Iran, meant that US dependency on Middle Eastern oil remained part of the core of US foreign policy debates; the prospect of northern sources of oil offered at least a partial solution to this dependency. Second, the rising price of oil meant that Alaskan oil and gas was becoming more economically viable; some analysts suggest, off the record, that Alaskan oil deposits are viable above about \$80 per barrel for offshore deposits and about \$55 per barrel for land-based sources.<sup>13</sup> (These prices were reached and exceeded, but have recently collapsed.) Third, there is growing evidence that the Arctic region might contain very large unexploited supplies of both oil and gas. The US Geological Survey, the best-known source of current speculation, suggests that more than 30% of the world's undiscovered gas and 13% of undiscovered oil reserves may be in the Arctic, with by far the largest estimated deposit (some 30 billion barrels) to be found in the waters immediately off the north coast of Alaska.<sup>14</sup> Of course, only drilling will determine the accuracy of these estimates. Moreover, it is easy to be confused about what such figures mean. Recently, Governor Sarah Palin was severely criticized for allegedly not understanding Alaska's energy production when she was quoted as saying that the state accounts for 20% of US domestic energy production — in fact, Alaska's share is only about 3.5%, but even if she had actually meant to say oil, rather than energy, Alaska's total production in 2007 was only 14% of the US total.

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<sup>11</sup> See, for example, the website of Arctic Power — the Arctic National Wildlife Refuge, at <http://www.anwr.org/>.

<sup>12</sup> See the website of Defenders of Wildlife, at [http://www.defenders.org/programs\\_and\\_policy/habitat\\_conservation/federal\\_lands/national\\_wildlife\\_refuges/threats/arctic/index.php](http://www.defenders.org/programs_and_policy/habitat_conservation/federal_lands/national_wildlife_refuges/threats/arctic/index.php).

<sup>13</sup> The land-based estimate is from United States Geological Survey, *Economics of 1998 US Geological Survey's of 1002 Area Regional Assessment: An Economic Update*, Report 2005-1359 (Washington, DC: USGS, 2005); it is hard to find a published source for the offshore prediction.

<sup>14</sup> See Kenneth J. Bird et al., "Circum-Arctic Resource Appraisal; Estimates of Undiscovered Oil and Gas North of the Arctic Circle," US Geological Survey Fact Sheet 2008-3049 (Washington, DC: USGS, 2008); available online at <http://pubs.usgs.gov/fs/2008/3049/>.

In addition to the ANWR, the other areas of great interest for resources are the offshore regions in the Chukchi Sea and Beaufort Sea. At one time, the Department of the Interior's periodic lease sales on blocks of ocean space for exploration and development in these regions attracted little interest from industry, but this began to change in the early 2000s.<sup>15</sup> The lease sale of 8 February 2008 saw a record-breaking \$2.6 billion in winning bids on leases for development in the Chukchi Sea.<sup>16</sup> Shell Gulf of Mexico Inc. has had the greatest interest in these areas, but ConocoPhillips has also been active.

Another issue directly related to the development of oil and gas is how they should be delivered to southern markets. When oil was first discovered on the North Slope in the late 1960s, the United States considered two options regarding delivery. One was to build a pipeline across Alaska from the north to the southern port of Valdez and then to use supertankers to carry the oil to the west coast. The other option was to use ice-strengthened supertankers to carry the oil directly from the North Slope to the east and west coasts of the United States. Going east, however, would have required a transit of the Northwest Passage. When the United States tested the viability of this route in 1969 and 1970, it sparked a political row with Canada, which claims the Northwest Passage as its internal waters and requires all foreign vessels to request Canadian permission to enter. The United States regards these waters as an international strait, however, and takes the position that as long as vessels comply with international standards and rules, no permission is required from Canada. The voyage of the test vessel, SS *Manhattan*, created considerable tension between the two countries, and in any case the ship experienced considerable difficulty transiting the passage during the most favourable time of the year. Canada dispatched an icebreaker to demonstrate its control of the passage and to assist the *Manhattan* — indeed, without such help, the US vessel might not have completed its voyage at all.

The difficult passage of the *Manhattan* convinced the oil companies involved that it would be better to build a pipeline to Valdez and ship oil from there instead. By 1977, the Trans Alaska Pipeline System (TAPS) — more than 800 miles of 48-inch-diameter pipe — was completed, at a total cost of \$8 billion.<sup>17</sup> The pipeline is owned by a consortium of oil companies — principally BP, with 47% of the shares, ConocoPhillips, and ExxonMobil — under the name Alyeska. Four companies — Alaska Tanker Company, Polar Tankers Inc., SeaRiver Maritime Inc., and SeaBulk Tankers Inc. — deploy 15 supertankers to move the oil from Valdez to southern US markets.<sup>18</sup>

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<sup>15</sup> See United States, Department of the Interior, Minerals Management Service, Alaska Region, "Leasing Information — September 16, 2008 (Washington, DC.); available online at <http://www.mms.gov/alaska/lease/hlease/HLEASE.HTM>.

<sup>16</sup> United States, Department of the Interior, Minerals Management Service, Alaska Region, "Regional Director Update," August 11, 2008 (Washington, DC); available online at <http://www.mms.gov/alaska/aboutak/rdmsg/Akrdmsg.htm>.

<sup>17</sup> Alyeska Pipeline Service Company, "Trans Alaska Pipeline System" (Anchorage, AK: APSC, 2008); available online at <http://www.alyeska-pipe.com/Default.asp>.

<sup>18</sup> Washington State, Department of Ecology, "Pacific States/British Columbia Oil Spill Task Force Prevention Project, "TAPS Trade Tankers Present and Future" (Olympia, WA, 3 April 2008); available online at <http://www.ecy.wa.gov/programs/spills/prevention/bap/TAPS%20Trade%20Tanker%20Report.pdf>.

This route, however, is not without its hazards. On 24 March 1989, the single-hulled *Exxon Valdez* ran aground and spilled more than 11 million gallons of oil into Prince William Sound.<sup>19</sup> As a result of that environmental disaster, in 1990 the US Congress passed the *Oil Pollution Act* (OPA) and mandated the use of double-hulled tankers by all companies engaged in the TAPS trade. Under OPA, all new tankers built in the United States must now be double hulled, and all existing single-hull tankers must be phased out by 2015. The International Maritime Organization is now attempting to upgrade international standards to match those under US law.

The United States was able to act unilaterally with respect to shipbuilding standards as a result of its protectionist *Jones Act*,<sup>20</sup> which requires that all goods transported between US states must be carried by a US-built vessel manned by a US crew, so that only US- owned and -built tankers can carry oil from Alaska to ports in the continental United States. US protectionism was further fostered by legislation banning the sale of Alaskan oil to foreign producers from 1974 to 1995, and 2000 legislation banning direct foreign sales of Alaskan oil.<sup>21</sup> Thus, the effect of such legislation is US control of the shipping of all Alaskan oil through international waters.

The United States will soon face a key issue regarding how new oil and gas finds will be moved to US markets, and a particularly challenging one if and when offshore deposits are found in the Chukchi Sea or Beaufort Sea. Will these be carried by underwater pipeline or by tanker, or perhaps some combination of the two? The Russians are currently addressing this issue in their development of the Stokman Gas field in the Barents Sea. Whatever the United States decides, important economic, environmental, and international issues will have to be considered.

What should be obvious to most observers is the tremendous activity that is now occurring in Alaska surrounding the development of oil and gas. Key decisions, however, are not being made on the basis of a coordinated policy, but in terms of critical political battles. The key battleground for oil and gas prospects on land is the US Congress, and whether it will decide to allow drilling to take place in the ANWR. This long-term battle has hinged on possible environmental damage versus the partial relief these resources provide for US dependency on foreign sources of energy. The challenge is that there is no definitive understanding of how much damage could occur (particularly to the Porcupine caribou herd) or of how much oil and gas exists in these reserves. In many ways, the debate is based on elements of faith and has more to do with the various political ideologies and beliefs among US business and environmental groups. In such an atmosphere, it is not surprising that a policy framework agreeable to all has been impossible to fashion.

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<sup>19</sup> See United States, National Oceanic and Atmospheric Administration, Office of Response and Restoration, "Response to the Exxon Valdez Spill" (Washington, DC, 14 July 2008); available online at [http://response.restoration.noaa.gov/topic\\_subtopic\\_entry.php?RECORD\\_KEY%28entry\\_subtopic\\_topic%29=entry\\_id,\\_subtopic\\_id,topic\\_id&entry\\_id\(entry\\_subtopic\\_topic\)=262&subtopic\\_id\(entry\\_subtopic\\_topic\)=2&topic\\_id\(entry\\_subtopic\\_topic\)=1](http://response.restoration.noaa.gov/topic_subtopic_entry.php?RECORD_KEY%28entry_subtopic_topic%29=entry_id,_subtopic_id,topic_id&entry_id(entry_subtopic_topic)=262&subtopic_id(entry_subtopic_topic)=2&topic_id(entry_subtopic_topic)=1).

<sup>20</sup> The legislation is commonly known as the *Jones Act* after its sponsor, Senator Wesley Jones; its correct name is the *Merchant Marine Act, 1920*.

<sup>21</sup> See Larry Kumins, *West Coast and Alaska Oil Exports*, CRS Report for Congress RS22142 (Washington, DC: United States, Congressional Research Service, 6 May 2005); available online at [http://www.ipmall.info/hosted\\_resources/crs/RS22142\\_050506.pdf](http://www.ipmall.info/hosted_resources/crs/RS22142_050506.pdf).

## The Impact on Canada

The US focus on resource development in the Arctic has several ramifications for Canada. From a positive perspective, the potential supply of Canadian Arctic energy supplies to the North American market is bound to be viewed by the Americans as a positive development. US Geological Survey studies and the exploration efforts of Exxon and BP make it clear that substantial amounts of oil and gas can be expected to be found in the Canadian north. Since the North American Free Trade Agreement (NAFTA) basically treats all oil and gas as a part of a common market in energy, any new Canadian supplies would help to address US demand and reduce US dependency on “foreign” supplies.

On the other hand, US efforts to develop its Arctic supplies risk placing strains on Canada. There are two main areas of concern: the development of oil and gas on lands in the ANWR, and the development of oil and gas resources in the disputed zone of the Beaufort Sea.

As mentioned earlier, Canada is on record as stating that it opposes the development of oil and gas in the ANWR because of the risk that such action poses to the Porcupine caribou herd. Should the US government ultimately decide to go ahead with the drilling, Canada will find itself obligated to publicly oppose the US action. While it is doubtful that Canadian opposition would have a significant impact on the US decision, it will be seen as an irritant in the relationship.

Far more important are the Beaufort Sea boundary issue and the status of the Northwest Passage. The United States' 2009 *Arctic Region Policy* has sharply narrowed the focus on both issues. As for the Beaufort Sea, the new US policy, after explaining the US position on this ongoing dispute, goes on to state the need to “[p]rotect United States interests with respect to hydrocarbons reservoirs that may overlap boundaries to mitigate adverse environmental and economic consequences related to their development.”<sup>22</sup> This is something that was not mentioned in previous policy statements. What this should tell Canadian officials is that the United States has paid renewed attention to this issue.

A solution could be found, however, if the two states' political leaders were willing to help create a joint venture in the disputed zone. Since any oil and gas developed in the region would be transported to the North American market under the terms of NAFTA, it is not an issue of either side wanting the resources for itself. It is also important to note that the multinational corporations developing these resources are already working on both sides of the border. If Canada and the United States agreed to disagree about the formal border of the region, but also agreed to the establishment of a joint venture to develop oil and gas in the disputed zone, a potential political crisis could be averted. Both states have already stated that any development must be conducted with the strongest environmental protection, so this should not be an issue. What would remain would be a plan that equitably shares the economic returns of any development. A joint management plan would give the companies the political stability they need, and would allay any concerns Canada might have about “losing” either its sovereignty in the Arctic or its energy security. All sides would emerge winners.

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<sup>22</sup> *Arctic Region Policy*, pp. 5, 8.

## US CIRCUMPOLAR RELATIONS

The most significant international issues facing the United States in the Arctic, as identified in both the 1994 and 2009 Arctic policies, are strengthening institutions for cooperation among the eight Arctic nations, and meeting post-Cold War national security and defence needs. What is most striking is that, while US policy states a desire to improve relations with its circumpolar neighbours, the United States is more likely to take steps that hinder, rather than foster, Arctic cooperation. Since the end of the Cold War, the Americans have participated in Arctic multilateral action only with great reluctance. Had they not been continually pressured by Canada, it is unlikely that they would have joined any of the new multilateral initiatives that developed at the end of the Cold War. As it stands, the US position is that of a reluctant participant even when it is clearly in its interest to join.

There are three main sources of multilateral activity in the Arctic: the Arctic Environmental Protection Strategy (AEPS), the Arctic Council, and the United Nations Convention on the Law of the Sea (UNCLOS). All three involve a hesitant and reluctant United States.

### **The Arctic Environmental Protection Strategy and the Arctic Council**

In 1987, toward the end of the Cold War, then-Soviet leader Mikhail Gorbachev made several proposals during a speech in Murmansk in 1987 calling for the end of hostilities in the Arctic.<sup>23</sup> Western leaders, including those in the United States, initially ignored this initiative. When it became apparent that Gorbachev's reforms were going to revolutionize the USSR, leaders from the other Arctic nations began to develop plans to create new multilateral Arctic institutions. The two most important were the Arctic Environmental Protection Strategy, led by Finland and supported by Canada, and the Arctic Council, which was a Canadian initiative. The US response to both was very limited. The Reagan administration was opposed to the creation of any new multilateral organization and was specifically worried that an Arctic organization could negatively affect its security interests in the north. It preferred to approach the north on either a unilateral or a bilateral basis.

Canadian prime minister Brian Mulroney had proposed the creation of an "Arctic Council" as early as 1989. Canadian officials pushed for a multilateral body to be created by a new Arctic treaty that would bind its members to action on a wide range of issues. However, the Americans' negative reaction convinced Canadian officials that the time was not right. At this point, Finnish officials began to push for the creation of a more limited body — a multilateral body that would tie the Soviets to more cooperative behaviour in the Arctic. They did not particularly care what the body was to do, only that it needed to exist and then expand. After consultations with the other Arctic nations, they decided that the body should focus on international environmental issues.

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<sup>23</sup> See Kristian Åtland, "Mikhail Gorbachev, the Murmansk Initiative, and the Desecuritization of Interstate Relations in the Arctic," *Cooperation and Conflict* 43 (3, 2008): 289-311.

The Finnish officials argued that addressing a shared problem such as environmental degradation could act as the means of establishing a dialogue. The Finns sought the assistance of Canadian officials in developing this dialogue because of Canada's known ability to operate in a multilateral forum. Drawing almost directly on a Canadian domestic policy titled the Arctic Environmental Strategy, the Finns and Canadians developed a draft strategy called the Arctic Environmental Protection Strategy (AEPS).

Then, in October 1988, the Finns and Canadians launched a series of negotiations with the six other Arctic states — the Soviet Union, Iceland, Sweden, Norway, Denmark (for Greenland), and a very reluctant United States. In June 1991, in Rovaniemi, Finland, the eight Arctic states signed a declaration on the protection of the Arctic environment and accepted the accompanying AEPS. The strategy identified six main tides of pollutants — persistent inorganic pollutants (POPs), oil pollution, heavy metals, noise, radioactivity, and acidification — and called for existing mechanisms and agreements to be dedicated to protecting the Arctic environment and for new initiatives to be considered. Finally, the strategy called for action to be taken to counter the pollutants. Four working groups addressing different Arctic environmental issues were created to support these actions.

A ministerial meeting of the AEPS was to take place every two years. The second occurred in September 1993, in Nuuk, Greenland, at which it was decided to create a fifth working group — the Task Force on Sustainable Development (TFSD) — and that northern indigenous peoples needed greater institutional support to allow them to participate in a more meaningful manner. To that end, the main northern indigenous peoples' organizations should be invited to become permanent participants in the AEPS. The United States resisted this suggestion at first, viewing it as a Canadian strategy to gain additional support for its national position, which it assumed the indigenous peoples' groups would closely support on a wide range of issues. The Americans further argued that since state representatives on the new body already represented the various aboriginal organizations, giving these groups official standing was to give these people two votes. They later reluctantly agreed that the northern peoples be granted status as permanent participants, but insisted that there could never be more permanent participants than state parties in the organization. This meant that as long as there were eight state parties to the AEPS, there could never be more than seven permanent participant organizations. The Americans also insisted that only the state parties be allowed to vote on any budgetary issues.

The first three organizations to accept the ultimately proffered invitation to join the AEPS were the Inuit Circumpolar Conference (ICC) — whose board would also have representation from US Inuit<sup>24</sup> — the Nordic Saami Council, and the Russian Association of Indigenous Peoples of the North (RAIPON).

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<sup>24</sup> The Inuit are often still referred to as “Eskimos” in the United States, a term not of Inuit origin but that of other Aboriginal groups to explain the people who lived beyond the tree line to European explorers. The self-identified term Inuit means “our people.”

The AEPS proved a successful forum in which the eight arctic nations could bring together their best experts on issues of international pollutants in the Arctic. The process was an important learning process for the eight nations and resulted in several reports highlighting common environmental challenges. It soon became apparent to many of those involved in the process, however, that an expanded system was necessary, which, in the early 1990s, led Canadian officials in the Mulroney government to resume efforts to create an Arctic Council that would have a mandate beyond environmental issues.

Even into the Clinton administration, however, the United States remained aloof to the Canadian initiative. The Americans attended two international meetings, in May 1992 and May 1993, but only as observers. The May 1993 meeting led to the decision to create an Arctic Council that would follow many of the practices of the AEPS. Its core membership would be the eight Arctic states, and permanent participant membership would be given to major northern indigenous peoples' organizations. In Canada, in 1994, the new government of Jean Chrétien continued to support the Mulroney government's initiative and to prod a reluctant United States to join. In early 1995, following a series of bilateral discussions with Canada, the US government dropped its resistance to participate and agreed to support the initiative.

US participation, however, now meant the need to accommodate US concerns.<sup>25</sup> The Canadian government originally had hoped that, as an international organization with treaty-mandated powers, the Arctic Council could address a wide range of issues, including boundary disputes and trade. A briefing note prepared by the Department of Foreign Affairs and International Trade stated: "Canada is of the strong view that a forum is needed to promote cooperation and concerted action and to bring political focus to addressing the urgent issues affecting the circumpolar North. *These issues go beyond those related to the protection of the environment*" (italics added).<sup>26</sup> The Americans quickly let it be known, however, that they would support an Arctic Council only if it focused solely on environmental concerns and could not deal with any security-related issues. The final agreement, which included a footnote that stated "[t]he Arctic Council should not deal with matters related to military security,"<sup>27</sup> clearly showed that the Americans had been successful. The Council was directed to incorporate the work of the AEPS by assuming control over the working groups, and to build on the work of the Working Group on Sustainable Development by creating a sustainable development program.

The Americans were opposed to the Council's developing an independent bureaucracy and raising revenue sources of its own. As a result, Canada abandoned its efforts to give the Council a permanent secretariat with its own operating budget. Instead, the Council chair would rotate on a two-year basis among the eight Arctic states, and the state acting as the chair would also provide the secretariat costs. Additionally, the working groups would draw only on the resources that each state would volunteer.

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<sup>25</sup> For the best overview of the US position, see Evan Bloom, "Establishment of the Arctic Council," *American Journal of International Law* 93 (3, 1999): 712-722.

<sup>26</sup> Canada, Department of Foreign Affairs and International Trade, "Canada's Proposal to Establish an Arctic Council of the Eight Arctic Nations," (Ottawa, 20 April 1995), p. 1.

<sup>27</sup> *Declaration on the Establishment of the Arctic Council* (Ottawa, 19 September 1996). The inclusion of a "footnote" in an international agreement is unique.

Canada and the United States also disagreed on the meaning of sustainable development within the Council. The Americans believed that Canadian efforts to establish a second tier within the Council, to focus on sustainable development, were meant to separate conservation from sustainability. The Americans took the position that these were the same, and that creating an artificial division would interfere with the Council's work. Canada maintained, however, that it was necessary to be sensitive to the needs of the northern peoples, and that meant not only conserving the resources but using them in a sustainable manner. The difference between the two can be traced to the role of traditional hunting and fishing. The Canadian government strongly supports the right of northern peoples to engage in traditional hunting, and to sell the results in the southern economy. The US opposition to this view is expressed in its *Marine Mammal Protection Act*, which bans the trade in marine mammals. Then-president Bill Clinton specifically stated that

I have further instructed the Department of State to oppose Canadian efforts to address trade in marine mammal products within the Arctic Council....[I have instructed Congress] to withhold consideration of any Canadian requests for waivers to the existing moratorium on the importation of seals and/or seal products into the United States.<sup>28</sup>

The United States also opposes Canada's giving Inuit hunters permission to kill a small number of bowhead whales. Following the granting of permission in 1996, the US State Department threatened to impose sanctions on Canada in accordance with the Pelly Amendment to the *Fishermen's Protective Act*. Though the sanctions were not implemented, their mere threat demonstrates continuing Canada-US differences on this issue. There is a certain irony in the US government's having granted permission to the Inupait of Alaska to hunt 204 bowhead whales during a four-year period commencing in 1997.<sup>29</sup> The United States rationalizes its contradictory position by stating that, unlike Canada, the United States is a member of the International Whaling Commission and, as such, its decision is in harmony with existing international regimes, while Canada's decision to allow its northern peoples to hunt whales is not. The net effect of the US position is that the Council cannot discuss the issue of selling products gathered by traditional means — in other words, it cannot discuss the US ban on the sale of these goods.

In summer 1996, the United States and Canada reached agreement despite these serious differences, and the Arctic Council was formally created on 19 September 1996 in Ottawa. Following the practices of the AEPS, the Council was composed of the eight Arctic states and the three permanent participants; three more have since joined the body — the Aleuts International Association, the Athabaskan Council, and the Gwich'in Council International. The Arctic Council has responsibility for the AEPS working groups and meets at the ministerial level every two years to ensure the progress of its various initiatives. There is no permanent secretariat; rather, member state volunteer to act as chair for two years, and to assume responsibility for the coordination of activities and provide the necessary resources to fulfill these activities.

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<sup>28</sup> President Bill Clinton, "Letter to the Congress of the United States," 10 February 1997.

<sup>29</sup> See Canada, House of Commons, Standing Committee on Foreign Affairs and International Trade, *Canada and the Circumpolar World: Meeting the Challenges of Cooperation into the Twenty-First Century* (Ottawa, 1997), p. 212.

Canada took the first turn as chair, with the United States following from 1998 to 2000. The Americans focused on local issues pertaining to the state of Alaska, and brought forward projects such as tele-medicine and other actions geared towards local communities in the north.

The Council has developed several new initiatives dealing with environmental challenges since it was established, particularly after the release of a 1997 study on the Arctic environment by the Arctic Monitoring and Assessment Programme, a group within the Council.<sup>30</sup> At its first ministerial meeting, in Iqaluit in September 1998, the Council initiated an Action Plan to Eliminate Pollution in the Arctic; another major project, the Arctic Climate Impact Assessment (ACIA) has also been completed.<sup>31</sup> One of the great ironies is that while US political leaders attempted to minimize ACIA's policy ramifications, Americans actually provided much of the leadership that led to this report's success. The multi-year, multi-disciplinary project provided a clear understanding of the impact of climate change on the Arctic. The exhaustive scientific report was one of the study's most important contributions. More important, the public attention the report received was instrumental in making the Arctic the "canary in the coalmine" when it came to monitoring climate change.

The report, and the effort that went into it, reflected an interesting dichotomy about US policy. On the one hand, an American, Robert Correll, led the entire study, organizing the research and producing the published papers. American researchers also conducted and led much of the actual research on which the report was based. There is little doubt that, without the American input, the report would not have been as thorough and detailed as it was. On the other hand, US political leaders fought against the report's policy ramifications.

Originally, the study was to have been disseminated in three reports: a scientific report based on peer-reviewed studies of the impact of climate change on the Arctic, a relatively short executive report summarizing the scientific findings and supported by graphics, and a set of policy recommendations to rectify the problems discovered by the science. The first two reports were released to extensive world-wide media attention. US officials ultimately were successful, however, in watering down the policy recommendations, as they were concerned that these might run contrary to the Bush administration's position on climate change — in particular, its position on carbon emission reductions. While the Americans played a critical role in the report's development, they then prevented an international response to the problems their own scientists played a critical role in uncovering.

In its 2009 Arctic Policy, the United States reaffirms its position that, while the Arctic Council plays an important role in the governance of the Arctic region, the United States still opposes any efforts to strengthen the Council's powers: "It is the position of the United States that the Arctic Council should remain a high-level forum devoted to issues within its current mandate and not be transformed into a formal international organization particularly one with assessed contributions."<sup>32</sup> At the same time, however, US policy does acknowledge that it might be possible to "update" the structure of the Council. What exactly this means needs to be further developed at future Arctic Council meetings.

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<sup>30</sup> Arctic Monitoring and Assessment Programme, *Report on the Status of the Arctic Environment* (Oslo, Norway: AMAP, 1997).

<sup>31</sup> See Arctic Council, "Arctic Council Action Plan to Eliminate Pollution of the Arctic" (Barrow, AK, 13 October 2000); available online at <http://acap.arctic-council.org/admin/media.php?mid=11>; idem, Arctic Climate Impact Assessment, "Mission Statement" (presented at the Fourth Arctic Council Ministerial Meeting, Reykjavik, 24 November 2004); available online at <http://www.acia.uaf.edu/pages/mission.html>.

<sup>32</sup> *Arctic Region Policy*, p. 4.

## THE UNITED NATIONS CONVENTION ON THE LAW OF THE SEA

The United Nations Convention on the Law of the Sea (UNCLOS) is the final major multilateral action that is reshaping the Arctic. This international treaty, negotiated between 1973 and 1982, codifies existing international maritime law and creates new international law. The Convention is one of the most sweeping international agreements created to date. The US history with the Convention, which came into force in 1996, has been interesting.

Successive US administrations, including those of presidents Nixon, Ford, and Carter, supported the treaty's development because its US negotiators were successful in protecting core US interests. Just as the Convention was completed in 1981, however, the newly elected Reagan administration reviewed the treaty and decided that, unlike the previous Carter administration, it could not accept it because of its opposition to Part XI, which would have given the developing world a share of the ocean resources of the high seas beyond national control. The Reagan administration argued that this section would place an unfair burden on US industries if deep-sea mining were to occur — that US companies would be made to share a portion of their profit and technology with the developing world. Given the need for the United States to accept the treaty, the international community went back to the drawing board and gutted the offending section of the treaty, which calmed the Reagan administration's objections on that issue.

Yet, the United States still has not accepted UNCLOS — there is still a sufficient number of Republican senators in Congress who view the treaty as an affront to US interests to continue to assure its passage remains blocked. Recent gains by Democrats might make US accession to the treaty more likely — certainly, the 2009 Arctic Policy explicitly makes the point that it is in the United States' interest to join UNCLOS, specifically calling for the US government to “(c)ontinue to seek advice and consent of the United States Senate to accede to the 1982 Law of the Sea Convention.”<sup>33</sup>

The Convention affects the Arctic in several ways. The most important is through article 76, which allows a state to extend control of its seabed and subsoil adjacent to its coasts beyond its existing 200-nautical-mile exclusive economic zone (EEZ) if it can show that it has a continental shelf. It is possible that Canada, Greenland (Denmark), Russia, and the United States all have the right to do so in the Arctic. Currently, Canada, Russia, and Denmark are engaged in scientific research to determine if they have a northern extension of their continental shelf. The United States began to address this question with research of its own in 2001 and in cooperation with Canada in the fall of 2008.<sup>34</sup> The problem the United States has to contend with is that, by not being party to the Convention, it is unable to submit a claim to the appropriate UN body (the Commission on the Limits of the Continental Shelf) for verification. The other Arctic states appear willing to engage the Americans on this issue, as evidenced by their inclusion in a meeting in Ilulissat, Greenland in May 2008 with the other Arctic continental shelf claimants. How long the Americans will be included in these

<sup>33</sup> Ibid.

<sup>34</sup> United States, Department of State, Bureau of Oceans and Environmental and Scientific Affairs, “US Extended Continental Shelf Project” (Washington, DC); available online at <http://www.state.gov/g/oes/continentalshelf/>.

discussions is unknown, but the United States cannot submit its claim to the UN until it accedes to the Convention.<sup>35</sup> The effect of the Americans as a non-party on any overlap with Canadian and Russian Arctic continental shelf claims is also unknown. This is one of those cases where most senior US leaders know they must act but have not figured out how to get beyond the Senate. It remains to be seen whether this will change under the Obama administration.

Boundary disputes regarding the continental shelf are not the only such issues the Americans face in the Arctic. They also have an ongoing maritime boundary issue with Canada over the Beaufort Sea, and they disagree with both Canada and Russia over the status of the Northwest Passage and Northern Sea Route. Another issue, which had been thought resolved, may be arising over the maritime boundary between the Bering Strait and the Beaufort Sea.

The Bering Sea maritime border case between the United States and the USSR/Russia was supposed to have been resolved in 1990, when the two countries agreed on a boundary. However, while the US Senate has given its approval, the Russian Duma refuses to do so because of the impact of the boundary agreement on control of the region's resources.<sup>36</sup> Some US senators and Alaska state officials have expressed concern over the status of several islands on the Russian side of the boundary, although the State Department has publicly stated the issue is closed.<sup>37</sup>

The issue of the so-called donut hole is more problematic for the United States and Russia. As a result of the geography of the US and Russian coastlines, within their 200-mile EEZs, a section of the Bering Sea is outside their control — that is, considered to be the high seas. Japan, Taiwan, South Korea, and Poland all send large trawlers into this area, seriously depleting the fishing industry in the entire region.<sup>38</sup> Efforts to reach agreement among all these states have been limited, and there is ongoing fear that the entire eco-system could soon collapse. It is unclear how to resolve the situation.

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<sup>35</sup> See Denmark, Ministry of Foreign Affairs, "Conference in Ilulissat, Greenland: Landmark Political Declaration on the Future of the Arctic," 28 May 2008; available online at <http://www.um.dk/en/servicemenu/News/ConferenceInIlulissatGreenlandLandmarkPoliticalDeclarationOnTheFutureOfTheArctic.htm>.

<sup>36</sup> See Alex Oude Elferink, "Arctic Maritime Delimitation: The Preponderance of Similarities with other Regions," in *The Law of the Sea in the Polar Oceans: Issues of Maritime Delimitation and Jurisdiction*, edited by Don Rothwell and Alex Oude Elferink (Dordrecht: Kluwer, 2001), pp. 182-183.

<sup>37</sup> United States, Department of State, Bureau of European and Eurasian Affairs, "Status of Wrangel and Other Arctic Islands," *Fact Sheet* (Washington, DC, 20 May 2003; available online at <http://www.state.gov/p/eur/rls/fs/20922.htm>).

<sup>38</sup> James Broadus and Raphael Vartanov, *Environmental Security: Shared US and Russian Perspectives* (Woods Hole, MA: Woods Hole Oceanographic Institute, 2002), pp. 60-61.

## The Impact on Canada

The Beaufort Sea dispute centres on how the United States and Canada divide their territorial seas and the EEZ. Based on differing interpretations of an 1825 treaty between the UK and Russia, the United States draws the boundary at a 90° angle to the coastline, while Canada extends the land boundary as its maritime boundary. This difference has created a disputed zone of 6,250 square miles, resembling a triangle, segments of which both countries have offered for lease to private companies — Canada did so in the 1970s, and the United States continues to do so now. Off the record, some officials suggest that the two sides have unofficially agreed not to accept any bids, but it is not possible to confirm this. The US States Geological Survey suggests there is a high probability that gas fields exist in the disputed zone, and a lower probability that oil fields exist.

This particular dispute could easily escalate. Any suggestion that Canada “surrender” part of its maritime claim undoubtedly would cause an outcry among Canadians, regardless of the merits of the case, and any issue that involves the apparent loss of Canadian Arctic sovereignty to the United States — even technically a boundary dispute — would be difficult for any Canadian government to handle. A US government that was perceived to compromise US energy security also would face domestic difficulties.

The US disagreement with Canada (and Russia) about the Northwest Passage and the Northern Sea Route is based on its view that both waterways are international straits, meaning that foreign vessels — including warships — need not ask the coastal state, whether that be Russia or Canada, for permission to transit. Moreover, the United States takes the position, first developed in the late 1960s, that all vessels have the right to travel in the mode they normally use — so that, for example, submarines should be able to remain submerged during transit.<sup>39</sup> To this end the United States has attempted to send vessels through both waterways — in 1967, for example, it sent two Coast Guard icebreakers, *Edisto* and *East Wind*, on a circum-arctic navigational voyage, but the Soviets refused passage to the US vessels, and threatened to use force if necessary. The Americans backed down and cancelled the trip, but only after posting a diplomatic protest. Then there was the voyage of the SS *Manhattan* in 1969 and 1970, which was noted above.

The United States bases its position on the principle of freedom of navigation.<sup>40</sup> Its primary concern is that any sign of its accepting the Canadian (or Russian) position would encourage other states, such as Iran in the Strait of Hormuz, to assert greater national control over waters that are now considered international under law. At the same time, the United States does seem to place the Northwest Passage in a different category, having agreed — in the 1988 *Arctic Water Cooperation Agreement* — to ask Canada’s consent before sending Coast Guard icebreakers through the Northwest Passage. American willingness to negotiate the agreement shows their willingness to grant Canada special attention. The impetus for the agreement came from the close relationship between then-prime minister Brian Mulroney and then-president Ronald Reagan, who directly ordered the US state department to negotiate the deal. The agreement continues to work well.

<sup>39</sup> See United States, Department of State, Bureau of Oceans and Environmental and Scientific Affairs, *Limits in the Seas no 112: United States Responses to Excessive Maritime Claims* (Washington, DC: Office of Ocean Affairs, Bureau of Oceans and Environmental and Scientific Affairs, 9 March 1992), pp. 72-74; available online at <http://www.state.gov/documents/organization/58381.pdf>.

<sup>40</sup> United States, Department of State, “Washington, D.C. 20520, March 12, 1970, INFORMATION MEMORANDUM FOR MR. KISSINGER — THE WHITE HOUSE, Subject: Imminent Canadian Legislation on the Arctic,” *Foreign Relations, 1969-1976, Volume E-1, Documents on Global Issues, 1969-1972* (Washington, DC: Department of State, Office of the Historian); available online at <http://www.state.gov/r/pa/ho/frus/nixon/e1/53180.htm>.

Concerns over climate change, however, are prompting speculation about the future viability of international shipping through the Northwest Passage, which could reignite disputes between Canada and the United States. It is unclear what would happen if a vessel attempted to go through the passage without asking Canada's permission. Would the United States keep quiet and let Canada deal with the crisis, or would it feel compelled to restate its position, and if so, how forcefully should this be done? Some Canadian commentators suggest that US security requirements in the post-9/11 world probably would lead them to remain silent. Canadian Arctic expert Franklyn Griffiths argues that the United States recognizes it is in its security interests for Canada to retain control over the Northwest Passage.<sup>41</sup> Even some US commentators — such as former US ambassador to Canada, Paul Cellucci, and US Council on Foreign Relations Fellow, Scott Borgerson — have suggested that, if Canada increased its defence capability in the north, the United States might look the other way in the event of a challenge to Canada's claim on the Northwest Passage.<sup>42</sup> The official US position, as stated by President Bush as recently as 2007, is that the two sides “agree to disagree” and that the United States continues to view the passage as an international strait.<sup>43</sup> Thus, it is hard to know what will occur. A very strong Canadian response should be expected if the United States were to restate its opposition, which undoubtedly would hurt Canada-US Arctic cooperation just when it increasingly would be needed.

The 2009 *Arctic Region Policy* has made this issue somewhat more difficult to resolve. At one time it seemed likely that Canada and the United States could have quietly settled on a joint management program similar to that overseeing the St. Lawrence Seaway.<sup>44</sup> However, the 2009 policy makes it clear that the protection of “freedom of navigation” remains an American vital interest:

Freedom of the seas is a top national priority. The Northwest Passage is a strait used for international navigation, and Northern Sea Route includes strait used for international navigation; the regime of transit passage applies to passage through those straits. Preserving the rights and duties relating to navigation and overflight in the Arctic region supports these rights throughout the world, including through strategic straits.<sup>45</sup>

The fact that these waters could be used for the shipment of Alaskan oil and gas in the new types of ice-strengthened tankers currently under construction by Asian shipbuilders adds economic pressure on this position. The explicitness of the US position means that it is now unlikely that Canadian and US officials will be able to find the “wobble room” necessary to create the gentlemen's agreement that many had felt was possible, even given the developing relationship between Prime Minister Harper and President Obama. The 2009 *Arctic Region Policy* does accept the creation of “specific Arctic Waterway regimes,” but makes clear that these must be developed with “international standards,” not through unilateral action.<sup>46</sup> Thus, in the US view, Canada can not act unilaterally to develop laws governing maritime passage through the Northwest Passage.

<sup>41</sup> Franklyn Griffiths, “Beyond Sovereignty: Governing the Northwest Passage as though It Was an International Strait,” *CIC — Foreign Policy for Canada's Tomorrow* (Toronto: Canadian International Council, July 2008); available online at <http://www.igloo.org/canadianinternational/research/publicatio>.

<sup>42</sup> Randy Boswell, “Simulated talks show possible solution for Arctic dispute,” *National Post*, 19 February 2008.

<sup>43</sup> Associated Press, “Bush seeks to bolster security and economic partnerships with Canada, Mexico,” *International Tribune*, 19 August 2007; available online at <http://www.iht.com/articles/ap/2007/08/20/america/NA-GEN-Canada-US-Mexico-Summit.php>.

<sup>44</sup> See Brian Flemming, *Canada-US Relations in the Arctic: A Neighbourly Proposal* (Calgary: Canadian Defence and Foreign Affairs Institute, December 2008).

<sup>45</sup> *Arctic Region Policy*, p. 3.

<sup>46</sup> *Ibid.*, p. 7.

## US ARCTIC SECURITY ISSUES

The 2009 *Arctic Region Policy* reaffirms the high priority the United States places on security issues, particularly the importance of maintaining a military presence in the region. Throughout the 1990s, the United States retained a large number of troops in Alaska, and have enhanced the Arctic's strategic importance by locating one of two missile defence interceptor bases at Fort Greely, Alaska. The US Army maintains three bases (Forts Greely, Wainwright, and Richardson), and so does the Air Force (Eielson, Elmendorf, and Eareckson). The Coast Guard has Air Stations at Kodiak and Sitka and maintains safety offices in Anchorage, Juneau, and Valdez. Official figures are now hard to obtain, but estimated forces total slightly over 25,000.

The United States has closed some Alaska bases, including a naval base on Adak that had more than 6,000 personnel at the end of the Cold War.<sup>47</sup> Fort Greely was to have been closed by 2001, but the order was rescinded when it was decided to site a missile defence system at the base. The United States also maintains three fighter wings of F-15s (approximately 22 aircraft per wing) for air sovereignty flights. During the 1990s, these aircraft simply practiced flying to maintain their proficiency, but the patrols gained renewed importance following 9/11. Then in August 2007, the Russians announced the resumption of their long-range Arctic patrols. The US F-15s are now called upon to intercept any Russian aircraft that are deemed to come "too close" to US airspace. So far, no Russian aircraft has actually entered US (or Canadian) northern airspace, but F-15s have made several interceptions of Russian TU-95 Bear long-range bombers in the past year.<sup>48</sup>

The number of subsurface voyages the Americans made throughout the 1990s is unknown. A core task of the US submarine force during the Cold War was to track and prepare to engage Soviet submarines under the Arctic ice. With the end of the Cold War and the near collapse of the Soviet/Russian submarine force, the United States assumed that the importance of this task had greatly diminished. Indeed, the composition of its current submarine force reflects the US perception that the Arctic is not of high strategic importance, although the US Navy is known still to deploy a submarine in Arctic waters at least once a year.<sup>49</sup>

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<sup>47</sup> Elmendorf Air Force Base, "Military History in Alaska 1867-2000," factsheet; available online at <http://www.elmendorf.af.mil/library/factsheets/factsheet.asp?id=5304>.

<sup>48</sup> See Russian News and Information Service, "Russian strategic bombers fly routine patrols over the Arctic," 6 September 2007; available online at <http://en.rian.ru/russia/20080609/109606915.html>.

<sup>49</sup> The Seawolf class submarine, which was supposed to replace the Los Angeles class, is reported to have excellent under-ice capabilities — one, the USS Connecticut, has been seen at the North Pole. The class was deemed too expensive for the new security environment when the Cold War ended, however, and only three were built. The Los Angeles class is now being replaced by the Virginia class, which some sources have suggested does not have good under-ice capabilities. It is certainly the case that all US submarines reported in the Arctic are either Los Angeles or Seawolf class boats.

The United States has also reduced its icebreaking capabilities, having added just one new vessel to its existing small fleet since the early 1980s. As of 2008, there were only three icebreakers, one of which, *Polar Star*, may be withdrawn from service due to mechanical problems. The need for new icebreaker construction is a controversial issue among US policy makers.<sup>50</sup> In an era of intense debates concerning the building of new navy vessels, US Coast Guard requirements tend to be completely overlooked. The diverse roles icebreakers play only make it more difficult to determine whose budget should pay for new ships. The Coast Guard currently finances its icebreakers by arrangement with the National Science Foundation, but this relationship is being re-examined. Some senior US military leaders, becoming aware of the increasing accessibility of the Arctic, are calling for a recapitalization of the icebreaking fleet.<sup>51</sup> The current Commandant of the Coast Guard, Admiral Thad Allen, has repeatedly called for the construction of new icebreakers: “All I know is, there is water where it didn’t used to be, and I’m responsible for dealing with that.... Given the 8 or 10 years it would take to build even one icebreaker, ...I think we’re at a crisis point on making a decision.”<sup>52</sup> The decision, if and when it comes, will be one of the most expensive the Americans will make pertaining to the Arctic. If the United States intends to maintain icebreaking capability when the demand for it increases, however, it will need to make a decision soon. At the same time, pressure is mounting to add icebreakers to the increasing US military presence in the Arctic as more international actors begin to arrive in the region.

### **The Impact on Canada**

As the United States build its military capabilities in the Arctic, Canada faces a number of interesting challenges. First, it needs to reassess several of its cooperative military arrangements with the United States. The 2009 US *Arctic Region Policy* stresses national security as that country’s first priority in the region, but it is interesting to note that, although the document specifically names several international bodies, it fails to mention the one bilateral agreement that is instrumental to US Arctic aerospace security: NORAD. While its mandate has been expanded to include all aerospace regions, NORAD has always focused on the north. In the face of renewed Russian northern bomber patrols, it is clear that there will continue to be a need to bilateral cooperation. From a Canadian perspective, it is interesting to observe that, although the *Arctic Region Policy* does not hesitate to list the disputes that exist between Canada and the United Nations, it makes no mention of this clear indication of successful cooperation.

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<sup>50</sup> See Ronald O’Rourke, *Coast Guard Icebreaker Modernization: Background, Issues, and Options for Congress*, CRS Report for Congress RL 34391(Washington, DC: Congressional Research Service, 11 September 2008); available online at <http://fas.org/sgp/crs/weapons/RL34391.pdf>.

<sup>51</sup> See National Research Council, Committee on the Assessment of U.S. Coast Guard Polar Icebreaker Roles and Future Needs, *Polar Icebreakers in a Changing World: An Assessment in a Changing World* (Washington, DC: National Academies Press, 2007).

<sup>52</sup> Quoted in Andrew Revkin, “A push to increase icebreakers in the Arctic,” *New York Times* (18 August 2008); available online at <http://www.nytimes.com/2008/08/17/world/europe/17arctic.html>.

Another challenge Canada faces is the Arctic Region Policy's explicit regard of the Northwest Passage as an international strait in its assertion that "(p)reserving the rights and duties relating to navigation and overflight in the Arctic region supports our ability to exercise these rights throughout the world, including through strategic straits."<sup>53</sup> If this US view ultimately prevailed, anyone, including the Russians, would have the right to fly their military aircraft over the waters of the Northwest Passage — clearly, such a right would not be in the security interests of either Canada or the United States.

If the Americans are serious about increasing their surface fleet presence and increasing the number of icebreakers, they will have to continue to cooperate with Canadian security forces. Given the region's lack of infrastructure, any extended deployment would have to be a cooperative venture in any case. The Canadian Navy and Coast Guard have excellent operational relations with their US counterparts, which should aid future efforts at cooperation in the region. Facilitating this interaction would be an increase in Canadian capability, which is slowly under way with the construction of Arctic Offshore Patrol Vessels and at least one new icebreaker. The US Coast Guard is already assisting Canada to map its northern continental shelf.

One area that remains a question mark for Canada-US security relations is that of missile defence. The United States has already placed one of two operational land-based anti-missile sites very near the Alaska-Yukon border. Canada, through a decision of the Paul Martin government, chose not to participate in the US program, which raises the question of what this decision will mean as the Americans continue to develop their system.

Finally, the transit of US submarines through the Northwest Passage remains an issue for Canada. If the passage were deemed an international strait, all countries would have the right to sail their nuclear-powered submarines submerged through these waters without notifying Canada. Canada argues that it "allows" US submarines to do this in the name of common security, under the terms of either NORAD or NATO, but whenever a US submarine is forced to show itself in these waters, the Canadian government risks facing substantial criticism from the media and the general public and an irritation of Canada-US relations.

Thus, in general, increased US and Canadian military presence in the north probably will lead to a further strengthening of operational relations between the two countries. But the US insistence that the Northwest Passage is an international strait could have significant security costs for both states in the region.

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<sup>53</sup> *Arctic Region Policy*, p. 3.

## THE COMING CHALLENGES FOR US ARCTIC POLICY

Where does this leave the United States? US action in the Arctic has significant core themes, within which numerous issues need to be addressed.

The first theme is that US Arctic policy has two main thrusts: energy and security. The oil and gas in and around Alaska are seen as the primary means of increasing the domestic percentage of US oil and gas supplies. Significant obstacles remain, however, before these resources can be developed. Although the indicators are promising, the location and quantity of these resources will remain unknown until exploratory drilling occurs. Several companies are now willing to begin the search, but have hit up against the second core obstacle: political and public opposition. There is no clear consensus within the United States on the desirability of bringing these resources on line. There are strong opinions on both sides of the issue. While many Americans see the expected new supply as a means of providing both energy security and economic benefits, many others are afraid that any such development could cause major damage to the northern environment. As a result political, legal, and public debates continue on this issue, and it is by no means clear how the United States will proceed.

The second theme is the unilateral focus that the United States places on its interactions with its Arctic neighbours. With the end of the Cold War, the Arctic region diminished in importance as the core strategic theatre in the event of war. While several Arctic nations viewed this as an opportunity to improve international cooperation in the region, the US response has been that of a very reluctant participant. The Americans have shown no interest in playing a leadership role in developing new cooperative instruments in the region. Instead, they have preferred to deal with issues on a bilateral basis or to simply ignore the issues facing the Arctic.

The United States will need to reconnect with the Arctic, however, given the developing situation. The triple forces of climate change, resource development, and geopolitical changes are now combining to make the Arctic a much more active region in the world. To a large degree, the Americans have been able to focus on local issues in Alaska and ignore the larger international issues because few international players could make it to the Arctic. There was little international activity even throughout the 1990s. So, for what does the United States now need to prepare?

Despite the US government's refusal to agree to a set of solutions or responses, US scientists have been instrumental in showing that climate change is fundamentally changing the Arctic. The ice is melting and entire eco-systems are being transformed. This will have a direct impact on several economic interests, including oil and gas development, fishing, tourism, and shipping, to name only a few. Developing these resources will further facilitate change in the Arctic by drawing more international players to the region. In turn, Arctic nations will then increasingly have to improve their own ability to act in the Arctic, which will then serve to increase interaction between the Arctic states and the international actors. All of these factors feed into each other to accelerate the processes at play.

Climate change will transform how oil and gas resources are developed and transferred to market. Climate change is decreasing the amount of ice, but not eliminating it. Any offshore developments will need to deal with the impact of more open water (for example, in the form of more severe storms or higher waves). They will also need to address increasing variability in ice conditions. As the ice melts, producing larger areas of open water, it will be increasingly difficult to determine the position of the remaining ice. Offshore platforms will need to be built to handle more intensive wave action *and* increasingly mobile ice flows. Moreover, any effort to develop onshore sources of oil and gas will have to deal with an increasingly fragile land surface as the permafrost begins to melt. This is already causing problems with existing infrastructure. Any new systems — especially pipelines — will have to deal with the challenges that climate change brings.

This will also complicate the task of getting the product to market. New solutions are being developed outside North America: the Russians, Finns, and South Koreans are all now engaged in the design and construction of systems that can operate in an increasingly volatile Arctic Ocean. Samsung Heavy Industry in South Korea is building specially designed oil tankers that can operate in both ice-covered and ice-free waters. The Russians are in the process of designing and building new ice and open water platforms that can be anchored in Arctic waters. They reportedly have spent upwards of \$44 billion on a system to exploit one of the world's largest gas fields (Stokman) in the Barents Sea, which is expected to come into production by the end of the decade. Obviously, US industry has the ability to replicate all of this technology, but the Russians and Asian countries already have a substantial lead in many areas.

Although this paper has not examined issues surrounding the Alaskan fisheries, climate change is already beginning to shift traditional habitats. No one really has a good understanding of what this ultimately will do to the existing bio-systems. Some species may flourish, but in all probability others will suffer. This means that the existing fishing industry will need to adjust. In some instances, this adjustment may require ceasing operations or at least downsizing. In fact, the Americans will probably do so north of the Bering Strait. A report by the US North Pacific Fishery Management Council recommends a moratorium on fishing as new stock move into the region, arguing that, given the lack of understanding about new stocks moving into the warming water, establishing a new fishery should be postponed until further research is undertaken.<sup>54</sup>

As the ice melts, tourism is paying increasing attention to the north. Southern Alaskan waters are already experiencing an increase in cruise ship traffic. This will soon create a host of new challenges and opportunities. While increasing tourism will provide new jobs and economic opportunities in the regions visited by these ships, concern is growing that their owners are beginning to push the boundaries of operating in a safe manner. While the ice is retreating, it can still sink ships. The cruise vessel *Explorer*, which was sunk due to damage caused by an ice pack in Antarctica, was a seasoned Arctic vessel; less experienced vessels are clearly at greater risk.<sup>55</sup> The Americans will be increasingly hard pressed to monitor their activity and to respond to accidents.

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<sup>54</sup> Randy Boswell, "Arctic fishing ban places pressures on Canada," *Canada.com* (15 February 2009); available online at <http://www.canada.com/Arctic+fishing+report+places+pressure+Canada/1292718/story.html>.

<sup>55</sup> Colin Woodard, "Questions swirl around the sinking of the MV *Explorer*," *Christian Science Monitor* (3 December 2007); available online at <http://www.csmonitor.com/2007/1203/p04s01-wogi.html>.

The final economic issue the United States must address concerns the prospect of international shipping as the ice recedes. The current debate is whether such traffic will go through the Northwest Passage, the Northern Sea Route, or over the North Pole itself. The answer to this debate depends on the manner in which the ice melts, the time frame during which this occurs, and the new types of ship that are being designed and built. But any shipping that attempts to use the Arctic as a shorter route will have to pass through the Bering Strait. Thus, the United States will be at the front door of the new shipping route no matter what Arctic route is used.

This position poses numerous challenges for the Americans. Given their treatment of the TAPS tankers, they fully understand the need for ship construction and safety standards that exceed existing international standards. At the same time, they will have to coordinate this understanding with their position regarding international straits in the Arctic. Currently, only US ships transport Alaskan oil through a set of convoluted policies that are throwbacks to the protectionist era of the 1920s. Consequently, the Americans can ensure that those US ships adhere to their strict regulations concerning environmental and safety standards. These policies cannot ensure, however, that the international ships that will come through the Bering Strait have been built and are operated to the best environmental standards.

The Americans will also need to deal with the geopolitical reality that they share the strait with Russia. As Sarah Palin has repeatedly stated, the strait is so narrow that, from Alaska, you can see Russia on a clear day. It should also be noted that an active environmentalist movement in the United States will act to ensure that the environment in and around the Bering Sea and Strait is protected, even if the US government wants to ignore the issue.

Ultimately, US policy makers need to address the changing geopolitical environment in the Arctic. The race by the Arctic states to determine their respective Arctic continental shelves is leading to some observers to be concerned that this is the start of an Arctic resources rush.<sup>56</sup> The United States' Arctic neighbours are all beginning to rebuild their military and coast guard abilities in order to operate in the north, and to take more assertive — even aggressive — tones in the Arctic.<sup>57</sup> As a result, the United States will need to pay much closer attention to the region.

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<sup>56</sup> Scott Borgerson, "Arctic Meltdown," *Foreign Affairs* 87 (March/April 2008).

<sup>57</sup> For Canada's actions, see Rob Huebert, "Canada and the Changing Arctic: At the Crossworld of Cooperation and Conflict" (Montreal: Institute for Research on Public Policy, 2008); available online at <http://www.irpp.org/indexe.htm>. See also Russian News and Information Service, "Russia must protect its Arctic interests — Security Council" (1 October 2008); available online at <http://en.rian.ru/russia/20081001/117375528.html>; BarentsObserver.com, "Russia is not a threat to Norway" (19 September 2008); available online at <http://www.barentsobserver.com/russia-is-not-a-threat-to-norway.4511417-16149.html>; and BarentsObserver.com, "Is Norway putting relations with Russia in jeopardy?" (18 August 2008); available online at <http://www.barentsobserver.com/is-norway-putting-relations-with-russia-in-jeopardy.4501964-28235.html>.

## THE DIRECTION AHEAD

The Americans can no longer ignore Arctic issues. They have to deal with the main issues of resource development and relations with their Arctic neighbours in a much more comprehensive fashion than ever before. The costs of business as usual are too high. The Arctic is changing, and if the United States is to meet this challenge and gain the benefits, it must think ahead and it must think creatively. So what does it need to do?

- 1) The United States needs to develop its Arctic policy in a multi-dimensional, multi-disciplinary fashion. Everything is connected in the Arctic. The United States cannot think of security as separate from the environment, and that these are separate from the economy. This can be difficult for any government to keep in mind, but it is absolutely necessary that the Americans understand the interconnectedness of issues in the Arctic.
- 2) US leaders need to recognize that the age of the Arctic is dawning. There is no doubt that other issues, such as Iraq, Afghanistan, or the economy will continue to dominate the United States' attention, but it cannot continue to ignore the north.
- 3) The key issues the United States will face are resource development and international relations. The coming political battles over the issue of energy development will dominate US Arctic discourse for the next decade. The Americans must decide how this will be done, and this will require the participation of all interested parties in a dialogue about what this means. Oil and gas companies will have to engage in a frank and open discussion with the environment and northern aboriginal organizations. If the decision is made not to develop the northern energy sources, then let the US government close further discussion on the matter so that these companies can avoid wasting their resources in the north. On the other hand, if development is to occur, it must be done so in accordance with the highest environmental standards. This will entail considerable expense, and all parties involved in the process will have to be completely open about what is required and how it will be paid for.
- 4) Northerners should be consulted in any policies the US government adopts for the north. They must not be harmed by, but must benefit by the decisions that are reached. The Arctic is home to many Americans, some whose ancestors have lived there since time immemorial. Any US policy must always have a human face.
- 5) The United States must abandon its unilateral (perhaps even isolationist) tendency when dealing with its neighbours. It must accede to the United Nations Convention on the Law of the Sea. It was never in the American interest to sit on the sidelines; it definitely makes no sense in terms of the Arctic. The United States must also treat the Arctic Council more seriously. The United States benefits from this body's work and needs to think in multilateral policy terms. Until the end of the Cold War, US leaders recognized that US national interests were protected and promoted by adherence to multilateralism. After efforts to "go it alone," US leaders again realize the value of multilateralism. The developing challenges in the Arctic are multi-dimensional and do not stop at the borders of each Arctic state. They require solutions that are not unilateral.

- 6) The United States also needs to recognize the special relationship it shares with Canada in the north. The United States' core interests are very similar to Canada's — the protection of the north from all manner of threat, environmental to traditional, and the development of the north's resources through the best environmental practices in a manner that directly benefits all North American northerners.

These issues must be addressed now, as the Arctic is undergoing massive transformation. The US government knows what it needs to do in the Arctic. Is it prepared to act?

### **About the Author**

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