



True North in  
Canadian public policy

# GLOBAL SECURITY LOOK AHEAD

February 2017

## Looking North with Caution: Canada, the Arctic and Russia

Aurel Braun and Stephen Blank

A significant international actor such as Canada – a member of the G7, NATO (the North Atlantic Treaty Organization) and NORAD (North American Aerospace Defense Command), and the second largest territorial state in the world – naturally faces multiple and complex issues and even potential threats in an increasingly volatile world. A forward-looking Canada must be concerned about possible swings in American foreign, defence, and economic priorities, the continuing conflict in the Middle East, Russian aggression in Ukraine, global extremism, issues of trade and economic growth, and global environmental problems. The collective weight of all of these concerns might explain why the Arctic, a vital strategic region that only periodically garners attention in Ottawa and abroad, does not have the sustained policy focus that this vital strategic region deserves. Yet climate change, economic imperatives, the military strategies of regional states, and possible shifts in domestic political priorities in some of these countries all require that Canada have clear and involved policies for the Arctic. It is vital that Canadians understand the geopolitical context, and set the right policy priorities.

To be sure, Canada has not ignored the Arctic and its thousands of kilometres of shoreline. Historically, Ottawa has shown a keen interest in the area, and back in the 1920s even made a claim to extend its maritime boundaries to the North Pole (as the Soviet Union did shortly afterwards). Canadian concern for sovereignty protection strengthened during the Cold War when Ottawa not only claimed Arctic territories and the waters within the Canadian Arctic Archipelago as Canadian internal waters, but also took symbolic and substantive steps to enforce and signal its claims, from relocating Inuit families into the far North to hosting visits by Queen Elizabeth II and members of her family in 1970.

*The authors of this document have worked independently and are solely responsible for the views presented here. The opinions are not necessarily those of the Macdonald-Laurier Institute, its Directors or Supporters.*

In the post-Cold War era, the Soviet threat seemed to disappear, but even then there remained political, economic, and legal disputes with a number of Arctic littoral states including Denmark (via its possession of autonomous Greenland) and the United States. Several factors have now magnified the importance of the Arctic and transformed the geopolitical picture. Global warming means that the Northwest Passage and the Northern Sea Route (NSR) may have dramatically new navigational possibilities that could fundamentally change trade routes in an increasingly globalized world. The discovery of vast potential resources in the Arctic also creates opportunities and temptations for countries bordering this area. Additionally, there are new strategic considerations, particularly as Russia assertively pursues ambitious foreign policy goals.

Further, the potential opening of new Northern sea routes, and particularly the NSR, is bringing other powerful players to the Arctic region. China, especially, as the world's largest exporter and a new observer on the Arctic Council,<sup>1</sup> has shown great interest, which demonstrates that the region is now of concern to more than just the Arctic Council members (five littoral and three northern countries).

---

***Global warming means that the Northwest Passage and the Northern Sea Route (NSR) may have dramatically new navigational possibilities.***

---

Additionally, the existence of and the *new potential* for exploration of vast energy and mineral resources in the Arctic considerably increase international interest. The Arctic region may possess as much as 22 percent of the world's undiscovered conventional energy sources, including upwards of 13 percent of undiscovered global oil, 30 percent of natural gas, various gas hydrates, and enormous reserves of minerals. While energy prices have stagnated in the past few years, they are still substantial. As the ice starts melting in the Arctic and with technological advances in drilling, there may be new possibilities and incentives for exploration, especially if global demand rises as predicted.

It is not surprising, then, that various countries, including Canada, Denmark, and the United States have made vigorous claims to large parts of the Arctic. Specifically, a number of countries that have extensive continental shelves, such as Canada, Denmark (via Greenland), and Russia, have made claims to huge portions of the Arctic Ocean using various mechanisms, but particularly via the United Nations Convention on the Law of the Sea (UNCLOS III). These claims have, in some cases, included the North Pole.

As such, Canada is competing with a number of states in claiming potential resources in the Arctic, in assuring control or access to navigation routes, and, within these multiple quests of littoral states, protecting what it sees as sovereign territory and its Exclusive Economic Zones. It is worth noting though, that while Canada faces multiple claims from other littoral states, all except Russia are NATO members, and as such, allies pose only routine concerns.

## **Why Russia is Different**

Canadian negotiations with the United States, Denmark, or Norway over the Arctic may at times be difficult, but as all are NATO members, there is little doubt that peaceful resolution, including arbitration, is the expected route; there is no reason to believe that these negotiations would devolve into violent military escalation. The relationship and situation with Russia is very different, and Canada should be alert to possible Arctic risks.

As Canada's then Foreign Minister Stéphane Dion had noted, Russia and Canada control about three-quarters of the Arctic shoreline, and the two countries have reasons to cooperate and avoid military confrontation. There are indeed many areas of mutual interest that can sustain good relations between the two nations, involving, for instance, shared cultures, cooperation on search and rescue, and relations with aboriginal peoples. One can therefore appreciate the temptations and possible advantages of dialogue with Russia. But negotiations should be based on a clear understanding of each nation's grand strategic political, economic, social and military interests. And poorly thought-out dialogue can have a profoundly deleterious effect on bilateral relations. There are at least four areas in dealing with Russia in the coming years that Canada needs to approach with conceptual clarity as part of a well-formulated grand strategy. These include geography, demographics, economics, and geo-strategy.

First, geography: Russia has the longest Arctic coastline in the world, with almost 50 percent of the adjoining land area, and long continental shelves that include the Lomonosov and Mendeleev Ridges. Although other countries bordering the Arctic also claim this continental shelf, the Kremlin assertively contends that these ridges belong to them, which means that it claims as a Russian possession vast tracts of the Arctic representing more than a million square kilometres. Moscow, moreover, posits its legal claims with Soviet-style legal tactics and single-mindedness.

Second, in terms of demography, no other country has as significant a population in the North as Russia. Roughly nine million Russians live in scores of cities and hundreds of large settlements in the Russian north. Thus, a large number of Russians have had the historical experience of living in the far north and have an attachment to the region — a number that is not matched by any other Arctic neighbour.

Third, economically, Russia has invested far more in the Arctic than any other bordering country. About 20 percent of Russia's GDP and about one fifth of its exports are generated in this region. And as noted, the Arctic's vast energy potential only magnifies its economic significance to Moscow. With a uni-dimensional and non-competitive economy, the bulk of Russian exports consist of energy. Consequently, even with low energy prices, Russia continues to search for new sources. Should energy prices rise and should the West lift the sanctions that have kept some of the most advanced exploration technology away from Russia, Moscow would very likely sharply increase its already considerable efforts at hydrocarbon extraction in the Arctic. Given that Russia has proven to be extremely careless in protecting the environment — witness the sad case of the massive pollution of Lake Baikal, the world's largest single body of fresh water — such exploration in the ecologically fragile Arctic could have catastrophic environmental results for the entire region and should be of great regional, national, and global concern.

Fourth, Russia has an unmatched and growing military presence in the Arctic. It is where it bases its powerful Northern Fleet and significant numbers of its nuclear submarines with ballistic missiles. Moscow also has the world's most powerful fleet of heavy icebreakers, including several nuclear powered vessels. It launched the world's largest and most powerful twin-reactor nuclear powered icebreaker, the *Arktika*, in June 2016 (which should be operational by the end of 2017). Russia's use of the nuclear Northern Fleet also demonstrates the seamlessness of the country's global military strategy. This was clearly displayed in October 2016 when a group of powerful ships from this fleet sailed through the English Channel to the Eastern Mediterranean to boost Russian operations in Syria.

---

***Russia has an unmatched and growing military presence in the Arctic. It is where it bases its powerful Northern Fleet.***

---

Apart from this enormous military capacity, Russia has placed great priority on the Arctic. Going back to President Dmitry Medvedev in 2008, Russia stressed the Arctic's strategic importance as part of the "Strategy for National Security of the Russian Federation to 2020." Later, in December 2014, the Kremlin established the Arctic strategic command with the same legal status as the four other long-standing military districts. And in 2015 President Vladimir Putin not only created a coordinated mission for the development of the Arctic vested with power in all areas and activities, but appointed as commission chair the notoriously anti-Western and aggressive Deputy Prime Minister Dmitry Rogozin, who infamously quipped that "tanks don't need visas." Further, Russia has deployed an Arctic brigade about 50 km from its border with Finland and has conducted vast Arctic military exercises as it refurbished old bases and opened new ones.

## Canada's Approach and What It Must Do Next

In sharp contrast, Canada has degraded its military capabilities in the Arctic by closing military bases, failing to adequately invest in Arctic mobility vehicles, and being slow to build heavy icebreakers. Russia's policy of prodding and probing Western and NATO military defences in North America and Europe with its consequent risk of escalation, therefore, has been particularly stark in light of the weakness of Canadian military capacity in the North. Moscow's large military build-up is ostensibly justified by a bizarre threat assessment that the West covets Russia's natural resources and will use force to get them. Yet no Western state has shown any real interest in emulating Moscow's military expansion in the Arctic. In other words, Russia has created a self-reinforcing threat assessment and build-up that now forces other Arctic states, including Canada, to follow suit.

Russian military assertiveness is also motivated by certain disturbing domestic factors. Whereas the Putin government may seem popular (particularly in the absence of a viable opposition), it suffers from a legitimacy crisis. It had built its legitimacy on the basis of a tacit understanding: it would deliver continued improvements to the standard of living of its citizens in exchange for their political complacency: the population would not challenge the government politically. As the Russian economy has stagnated and remains unreformed and uncompetitive, the Putin government has had to look for other sources of legitimization. Foreign military adventures and "glory" created by confrontations with real or imagined external threats has filled the gap. Playing this card is risky, however, and requires ever new adventures and new successes to feed the ultra-nationalistic fervor that the regime has purposely generated. Evidence suggests that the Arctic is an issue that Moscow has prioritized to help it invoke Russian glory and great power status. These trends undoubtedly make the nation a more reckless and unpredictable player.

Consequently, Russian attempts to create an impression of normalcy in the Arctic while it is assertive or aggressive elsewhere, and to somehow persuade other Arctic states to delink policy in the Arctic from global concerns, is neither viable nor prudent. Indeed, falling prey to that policy is actively dangerous. It may create a false sense of regional security and may well further embolden Russia. Ultimately, then, focusing exclusively on functional issues such as search and navigation safety, and dialogue in the Arctic, is likely to prove illusory and dangerous. Neither is it sensible to insist that hitherto all has been well on the Arctic Council itself - which admittedly may be true - even while Moscow simultaneously tries to intimidate states far and wide with its military buildup and assertive positions. It would be wise for Canada to follow a balanced policy: to build capacity in the Arctic that would allow it to employ the right combination of soft and hard power, and to recognize that weakness only creates temptations for a Russia that is far more unstable and opportunistic than Moscow's proclamations in favor of a zone of peace and cooperation suggest.

## Endnotes

1 The Arctic Council was founded in 1996 and has eight members: Canada, Denmark, Finland, Iceland, Norway, Russia, the U.S. and Sweden. Several states have observer status, including China. The council is intended to deal with issues facing the Arctic governments and indigenous people in the region, though formally it is not mandated to cover peace and security. The council issues non-binding declarations and engages in multiple functional activities such as search-and-rescue or navigation safety. Chairmanship rotates every two years, with the United States holding the office from 2015 to 2017.

---

### ABOUT THE AUTHORS

Aurel Braun is a Professor of International Relations and Political Science at the University of Toronto and an Associate of the Davis Center at Harvard University.

Stephen Blank is a Senior Fellow for Russia at the American Foreign Policy Council in Washington, D.C.



True North in  
Canadian public policy

# MACDONALD-LAURIER INSTITUTE

## Critically Acclaimed, Award-Winning Institute

**The Macdonald-Laurier Institute fills a gap in Canada's democratic infrastructure by focusing our work on the full range of issues that fall under Ottawa's jurisdiction.**

- The Macdonald-Laurier Institute fills a gap in Canada's democratic infrastructure by focusing our work on the full range of issues that fall under Ottawa's jurisdiction.
- One of the top three new think tanks in the world according to the University of Pennsylvania.
- Cited by five present and former Canadian Prime Ministers, as well as by David Cameron, the British Prime Minister.
- First book, *The Canadian Century: Moving out of America's Shadow*, won the Sir Antony Fisher International Memorial Award in 2011.
- *Hill Times* says Brian Lee Crowley is one of the 100 most influential people in Ottawa.
- The *Wall Street Journal*, the *Economist*, the *Globe and Mail*, the *National Post* and many other leading national and international publications have quoted the Institute's work.



"The study by Brian Lee Crowley and Ken Coates is a 'home run'. The analysis by Douglas Bland will make many uncomfortable but it is a wake up call that must be read."

FORMER CANADIAN PRIME MINISTER PAUL MARTIN ON MLI'S PROJECT ON ABORIGINAL PEOPLE AND THE NATURAL RESOURCE ECONOMY.

## Ideas Change the World

Independent and non-partisan, the Macdonald-Laurier Institute is increasingly recognized as the thought leader on national issues in Canada, prodding governments, opinion leaders and the general public to accept nothing but the very best public policy solutions for the challenges Canada faces.



ENTERTAINMENT



# About the Macdonald-Laurier Institute

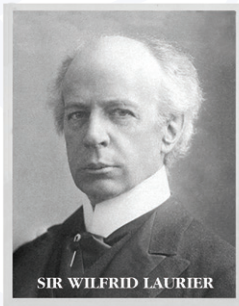
## What Do We Do?

**When you change how people think, you change what they want and how they act.** That is why thought leadership is essential in every field. At MLI, we strip away the complexity that makes policy issues unintelligible and present them in a way that leads to action, to better quality policy decisions, to more effective government, and to a more focused pursuit of the national interest of all Canadians. MLI is the only non-partisan, independent national public policy think tank based in Ottawa that focuses on the full range of issues that fall under the jurisdiction of the federal government.

## What Is in a Name?

**The Macdonald-Laurier Institute exists not merely to burnish the splendid legacy of two towering figures in Canadian history – Sir John A. Macdonald and Sir Wilfrid Laurier – but to renew that legacy.** A Tory and a Grit, an English speaker and a French speaker – these two men represent the very best of Canada’s fine political tradition. As prime minister, each championed the values that led to Canada assuming her place as one of the world’s leading democracies.

We will continue to vigorously uphold these values, the cornerstones of our nation.



## Working for a Better Canada

**Good policy doesn’t just happen; it requires good ideas, hard work, and being in the right place at the right time.** In other words, it requires MLI. We pride ourselves on independence, and accept no funding from the government for our research. If you value our work and if you believe in the possibility of a better Canada, consider making a tax-deductible donation. The Macdonald-Laurier Institute is a registered charity.

## Our Issues

**The Institute undertakes an impressive programme of thought leadership on public policy. Some of the issues we have tackled recently include:**

- Getting the most out of our petroleum resources;
- Ensuring students have the skills employers need;
- Aboriginal people and the management of our natural resources;
- Controlling government debt at all levels;
- The vulnerability of Canada’s critical infrastructure;
- Ottawa’s regulation of foreign investment; and
- How to fix Canadian health care.



True North in  
Canadian public policy

**CONTACT US:** Macdonald-Laurier Institute  
8 York Street, Suite 200  
Ottawa, Ontario, Canada K1N 5S6

**TELEPHONE:** (613) 482-8327

**WEBSITE:** [www.MacdonaldLaurier.ca](http://www.MacdonaldLaurier.ca)

**CONNECT  
WITH US:**



Scan this QR code to  
get your copy of our  
iphone app or to visit  
our mobile website



@MLInstitute



[www.facebook.com/  
MacdonaldLaurierInstitute](http://www.facebook.com/MacdonaldLaurierInstitute)



[www.youtube.com/  
MLInstitute](http://www.youtube.com/MLInstitute)

## What people are saying about the Macdonald- Laurier Institute

---

*In five short years, the institute has established itself as a steady source of high-quality research and thoughtful policy analysis here in our nation's capital. Inspired by Canada's deep-rooted intellectual tradition of ordered liberty - as exemplified by Macdonald and Laurier - the institute is making unique contributions to federal public policy and discourse. Please accept my best wishes for a memorable anniversary celebration and continued success.*

THE RIGHT HONOURABLE STEPHEN HARPER

---

*The Macdonald-Laurier Institute is an important source of fact and opinion for so many, including me. Everything they tackle is accomplished in great depth and furthers the public policy debate in Canada. Happy Anniversary, this is but the beginning.*

THE RIGHT HONOURABLE PAUL MARTIN

---

*In its mere five years of existence, the Macdonald-Laurier Institute, under the erudite Brian Lee Crowley's vibrant leadership, has, through its various publications and public events, forged a reputation for brilliance and originality in areas of vital concern to Canadians: from all aspects of the economy to health care reform, aboriginal affairs, justice, and national security.*

BARBARA KAY, NATIONAL POST COLUMNIST

---

*Intelligent and informed debate contributes to a stronger, healthier and more competitive Canadian society. In five short years the Macdonald-Laurier Institute has emerged as a significant and respected voice in the shaping of public policy. On a wide range of issues important to our country's future, Brian Lee Crowley and his team are making a difference.*

JOHN MANLEY, CEO COUNCIL