

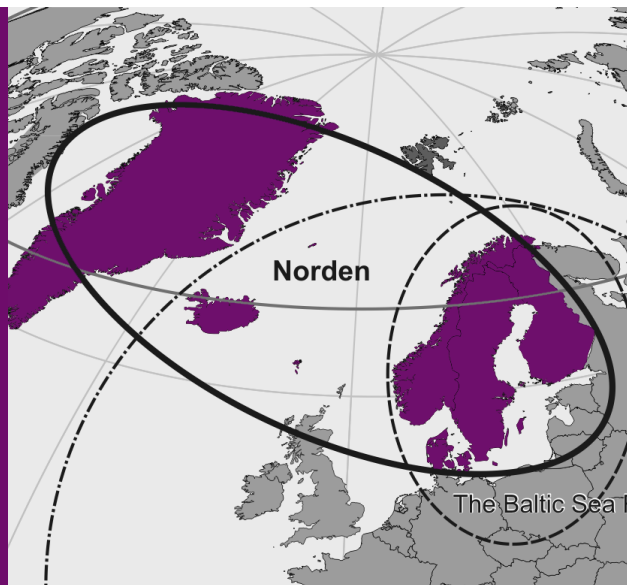
# NORDIC AND ARCTIC AFFAIRS: SMALL STATES IN THE ARCTIC: WHAT IMPACT FROM RUSSIA-WEST TENSIONS?

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October 6 2015

**SUBJECT:** IMPLICATIONS OF THE UKRAINE CRISIS FOR ARCTIC AFFAIRS AND NORDIC INTERESTS

**SIGNIFICANCE:** The five Nordic states participating in Arctic cooperation are far smaller than the other states involved – including their neighbour Russia. Their hopes of peaceful and inclusive Arctic management are challenged by new East-West tensions arising from Russian actions in Ukraine since 2014. Thus far, the formalities of Arctic cooperation have been preserved; but the Ukraine factor reinforces other current trends putting a brake on Arctic development.

**ANALYSIS:** The development of circumpolar Arctic cooperation since the Cold War suits the Nordics' typical small-state strategy of protecting their security through cooperation and conflict avoidance, as well as defence partnerships. The effects of Russia-West tension over Ukraine, combined with a downturn in the global oil and gas business, now bring both 'hard' security risks and dimmed hopes of Arctic economic profit. So far, the great powers have shared the wish to ring-fence formal Arctic cooperation with Russia. Should they change course, the Nordics would have serious problems in maintaining the balance that has served them so well.



## The Arctic's little guys: Nordic roles and policies

Iceland and Northern Finland, Norway and Sweden all fall within geo-political definitions of the Arctic, and Denmark is present through Greenland and the Faroe Islands. All were founder members of the region's main cooperative forum, the Arctic Council (AC), in 1996 and of the Arctic Environmental Protection Strategy (AEPS) that preceded it. The Nordics further address Arctic affairs through their own Nordic and West Nordic Cooperation, and by participating in the Barents Euro-Arctic Council (BEAC) and the Northern Dimension (ND) of the European Union.

As small states, however, the Nordics (even as a group) are far weaker than the other Arctic players – the US, Canada and Russia – and particularly exposed to potential Russian aggression. Any Russia-West conflict would hit them hard, given Russia's massive forces above the Arctic Circle and their plans to use the Nordic maritime outlet. Since the 1940s Denmark, Iceland and Norway have coped with this by seeking NATO protection, and Finland and Sweden by remaining alliance-free. This 'Nordic balance' has reduced tension on the Northern front and reinforced the notion of a Nordic and Arctic peace.

During the Cold War the Nordics helped build pan-Arctic cooperation structures and considerable trade and human contact across East-West lines. Post-Cold War, neighbourhood cooperation with Russia was boosted by the BEAC's creation in 1993 and that of the Arctic Council – an inclusive community to address the environment and other Arctic challenges – in 1996. This Arctic cooperation has grown in importance as climate change has driven rising global interest in the region, creating possible economic openings in which the Nordics are keen to take their share.

### The Ukraine challenge

Russia's seizure of the Crimea and its complicity in Ukrainian civil conflicts since Spring 2014 have raised military tensions in Northern Europe as elsewhere, given Moscow's force plans and provocative signals towards Nordic/Baltic neighbours. NATO has reassured its Baltic/Northern allies *inter alia* by stepped-up exercise programmes, but continues to avoid stationing foreign troops on Nordic territory (US forces left Iceland in 2006). Norway and Sweden are striving to reverse recent cuts in their own forces, while Sweden and Finland have strengthened relations with NATO.

The Nordic preference remains to work around these military realities and balance them by cooperation elsewhere. However, EU economic sanctions adopted in 2014, supported by Norway and Iceland, have forbidden Western financing for future collaborative Arctic gas projects with Russia. Russia retaliated by blocking food (including fish) imports from the countries concerned, a measure initially excluding Iceland but extended to Icelandic products in August 2015. The EU now withholds funds for most new projects with Russia under the ND and other local programmes, while trying to protect purely humanitarian (eg health) schemes.

This political complication coincides with broader trends of slow-down in Arctic economic development, including an ongoing slump in world oil prices and reduced US gas imports. Commercial ship transits through Russia's Northern Sea Route fell from 71 in 2013 to 23 in 2014. These developments do offer a longer 'window' to find safe and sustainable ways of using Arctic resources. Advanced Nordic nations should more easily absorb their effects, and find alternative ways forward, than the oil-dependent Russian economy. But small neighbours will also suffer if economic stresses aggravate the risk of extreme and erratic Russian behaviour.

### An Arctic oasis of calm?

The US and Canada agreed with the Nordics in 2014 to keep the Arctic Council going as normal, while Moscow clearly prefers to 'compartmentalize' such cases of low-key regional cooperation for mutual benefit. Despite lower-level glitches such as the suspension of an AC-linked military forum to discuss Search and Rescue (because of NATO's ban on military contacts), AC Ministers met as planned at Iqaluit, Canada, in April 2015 and adopted a programme of continued cooperation. True, Canada invited Russia's Environment rather than Foreign Minister; but the incoming US Chairmanship soon brought the latter to an *ad hoc* meeting in Washington.

The Nordics have applied the same strategy in the BEAC, where a Ministerial meeting is planned for October 2015 in Finland. EU-led processes have been more affected; the normal 2015 Ministerial meeting of the ND (in Iceland) is currently postponed, though Germany has proposed an ND Health Ministers' meeting.

### Nordic perspectives

The Nordics can be glad the Arctic's larger powers have (so far) opted in favour of regional stability, thus maintaining a niche for their characteristic small-state diplomacy. This may also help the whole West by keeping low-key lines of contact (and argument) open with Russia. Russia is not being 'rewarded' here so long as it remains the main sufferer from sanctions decisions and broader economic trends.

However, the crisis in Eastern Ukraine continues to be highly unstable, with daily risks of a sharper West-Russia confrontation. Under worse scenarios, the Nordics could not prevent Russia resorting to force in the North and would have only limited control (less in Sweden's and Finland's case) over NATO's reactions. Politically, if either Washington or Moscow changes its mind about compartmentalizing pan-Arctic cooperation, the Nordics could hardly sustain the process alone: the logic of their own survival would imply following a US lead.

Meanwhile in Ukraine itself, none of the Nordics has taken national initiatives or played a prominent role in seeking peace, although a Norwegian politician (Jens Stoltenberg) is active as NATO Secretary-General. Nordic peace traditions and cooperative skills are, it seems, a poor match for the realities of the former Soviet zone.

## Conclusions

- The Nordics have developed a cooperative approach to Arctic relationships that suits both their survival and material interests as small states.
- Historically this strategy has been shared by larger Arctic players, as shown not least in the Arctic Council's development.
- Current East-West tensions/sanctions are compounding a slow-down in Arctic economic development that negatively affects all Nordics.
- The great powers' readiness, so far, to compartmentalize Arctic cooperation and keep the formal structures going is strongly in Nordic interests.
- But the Nordics have little power to stop a reversal of this policy, or to avert other regional dangers following a flare-up in the Ukraine crisis.

**Keywords:** Arctic cooperation, Nordic policies, Russia and Ukraine, small states, Arctic economy

## Further reading

Arctic Council (n.d.). *Main Documents from the April 2015 Iqaluit Ministerial meeting*, at <http://www.arctic-council.org/index.php/en/document-archive/category/594-main-documents-from-iqaluit-ministerial-meeting>.

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