Economic Prospects for the Arctic: What Does It Mean for the United States?

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The Arctic will continue to melt due to a positive feedback loop and this action will encourage Russia and China to begin even more aggressive challenges of American global military and economic supremacy. To explain the continued melting, one must understand that the albedo effect measures the reflection of solar radiation compared to the total solar radiation the planet receives. With less reflective surfaces such as ice and snow, less radiation is reflected, heating up the atmosphere, precipitating melting, and creating a loop where reversal of the trend will be incredibly challenging. This trend is predicted to continue until a massive environmental event brings about drastic change.

Figure 1. Arctic training. US Air Force Special Tactics operators assigned to the 352nd Special Operations Wing step out for movement during a simulated contact patrol, 5 March 2020, near Banak Air Base, Norway. The special tactics training event included the movement to contact, and hasty ambush-based training scenarios. The 352nd SOW deployed to Norway at the invitation of Norwegian forces in order to enhance war-fighter capabilities in challenging arctic and mountainous terrain within special operations forces and conventional forces and operations.
In the game for Arctic dominance, the main players are the United States, Russia, and China. Each is looking to decrease the costs in shipping and fuel expenses as well as claim the newfound natural resources as the ice melts and waters become available. It is estimated that under Arctic ice there is roughly one-eighth of the world’s undiscovered oil and one-third of its natural gas. In addition to these energy resources, the melting opens up huge swaths of ocean to fishing and new territories for mining minerals.

The United States needs the Arctic to be free of conflicts and defense overspending, enabling the country to scale back its global strategy and focus on the Indo-Pacific region. This is unlikely, given Chinese and Russia interests and tendencies. Consequently, the United States is preparing for a more adversarial environment in the Arctic, with Marine Corps commandant Gen. Robert Neller recently telling US Senators, “after years of focusing on the Middle East and Pacific, the Marines ‘had gotten back into the cold-weather business.’” Arctic energy reserves are key to American economic and military expansion; this means such resources are also of vital interest to Russia and China.

Russia, an economy heavily reliant on energy production and natural resources, has already begun planning energy expansion into the Arctic with a multibillion-dollar deal with British Petroleum to explore and develop three license blocks on the Russian Arctic continental shelf. Russian president Vladimir Putin is bent on reasserting Russia’s former power on the world stage, and to accomplish his goal, he needs a major economic revival. By bringing control of the energy sector under the state, he has secured profitable short-term investments. However, as the EU continues to ramp up its environmental initiatives and reduce dependence on Russian energy in favor of North African or Middle Eastern imports, the profitability of the energy sector might diminish. Therefore, Putin has pressed the Russian state energy company, Rosneft, to expand its efforts to curry favor in emerging markets in India and Africa.

However, Russia is not looking to militarily challenge the United States, at least not on its own. “Russia, in particular its economy, needs the U.S. in the Arctic more than the U.S. needs Russia, as the latter wants mineral deposits, technology, [and] financing.” Therefore, Moscow requires peace and stability in the Arctic as a prerequisite for gaining markets, capital, technologies, and strategic development, which are vital for Russia’s economic revival. Without foreign assistance, Russia stands to be swept aside; Moscow does not have the economic strength to take full advantage of the resources on its doorstep.

China has been, therefore, presented a unique chance to help itself and in turn, Russia. Using the Arctic waterways, travel routes from China and the Far East to Europe can be halved and weeks can be removed from the journey. Such a shift
in transit would potentially eliminate the control on transportation linkages between Europe and Asia by challenging the status of the Suez Canal as the foremost route between the Atlantic and Pacific Oceans. Beijing has long been attempting this transformation through China’s “Belt and Road” initiatives, but an Arctic passage would be a welcome boost in facilitating trade. The melting ice also makes huge energy resources available, possibly stimulating what has recently been slower economic growth for China. Moreover, new untouched fishing waters and supplies of fresh water, an increasingly scarce resource on Earth given the growing population, would greatly benefit China. China already has begun to assert itself within its geopolitical sphere, referring to the United States as a “paper tiger.”

In the future, we could see a closer alliance between Russia and China as they move to secure the Arctic for their own purposes. While the two nations have had a long history of conflict and disagreement, that situation could shift given the current administrations. For two decades, Moscow has faced EU and NATO expansion into Russia’s backyard. While it did not have the means anymore to keep them, Moscow also gave up Eastern Europe under the idea that those Western organizations would not continue expansion. Since at least the Clinton administration, the opposite has proven to be true. China has long been the target of contempt from liberal Western democracies, and given its economic dominance, Beijing is seeking to expand its sphere of influence and challenge American military supremacy. Chinese president Xi Jinping is ambitious, as is Vladimir Putin, and it is likely these two leaders will cooperate in efforts to bring about the downfall of American domination before turning against each other to vie for global control. This possible alliance will put the United States in a position it has not faced since England and France controlled the globe—a world with two powers potentially stronger than itself.

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Notes


9. Interfax, “Rosneft, BP Form Global Alliance.”