

## STRATEGIC MARITIME OPPORTUNITY: ARCTIC REGION

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**Abstract:** *In the region defined as Arctica, apart from the Arctic Ocean, there are territories of Russia, the United States of America (USA), Canada, Greenland (Denmark), Norway, Iceland, Sweden and Finland. The potential energy reserves and alternative trade routes in the region are the main reasons why the states of the region for the North to be interested in the North.*

*North the thawing of the Arctic ice will increase its geopolitical importance and potential economic vitality, while Russia and China have emerged as important players in the future of the region. China, which has no coast to the Arctic, has established itself as an Arctic sees it as an important stakeholder of its relations.*

*The co-operation between China and Russia in recent years adds an intriguing complexity to Arctic geopolitics. The convergence in economic interests to develop Arctic trade is certainly a factor in their warming relationship. Their partnership on Arctic issues, both formally and informally, represents an important component in understanding the long-term strategic balance in the Arctic. They seek to capitalise on these issues, including the opening of new maritime trade routes, access to rich mineral resources, and tourism, which is already booming.*

**Key words:** *Arctic, Transport, China, Russia*

### 1. INTRODUCTION

Arctica is geographically recognised as the region covered by the polar circle formed by 66°33' north latitude (Schönfeldt, 2017: xxxvii). In the projections for the end of the 21st century, it is estimated that the average temperature of the Arctic may increase by approximately 2°C to 9°C according to different scenarios and the region may become completely ice-free in summer (Senfleben et al., 2020: 1487).

As the Arctic has warmed more than twice as much as the global average since the 1970s, climate change has become a major concern for countries actively involved in its development. With the continuous warming of the climate, thawing of glaciers and sea level rise, commercial transport routes through the Arctic Ocean have become a possible economic solution for major exporting countries.

The Arctic Ocean, more commonly referred to as the Arctic Ocean in Turkish sources, is the smallest and relatively shallowest ocean with a width of 14.056 million km<sup>2</sup>. The region, which is estimated to contain abundant minerals such as gold, iron, uranium, platinum and rare elements, contains 13% of the world's undiscovered oil, 30% of natural gas and 20% of liquefied petroleum gas according to 2008 estimates of the US Geological Survey (Wishnick, 2017: 3). These rates are equivalent to 22% of all undiscovered oil and gas resources in the world (Jørgensen-Dahl, 2010).

Eight countries exercise sovereignty over 8 million km<sup>2</sup> of land and island territory: Canada, Denmark (Greenland), Finland, Iceland, Norway, Norway, Sweden, Russia and the USA. Canada, Denmark, Norway, Russia and the USA, which are called the Arctic Five, are littoral states (Sezen 2021:401).

Russia mainly uses hard and mixed power and political influence to establish a strategic foothold from West Africa to the Middle East and from the Mediterranean to the Arctic. China uses mainly

economic and mixed power and political influence to establish a strategic foothold in all regions of the world. It has published the White Paper 'Arctic Policy', which China has declared as its official Arctic strategy. China's interest in the poles started with Antarctica in the 1980s. In 1984, 35 national research expeditions were launched in the region, and the first research station was established the following year. China established two more stations in Antarctica in 1989 and 2009 (Wang, 2019). China, which exported oil until the early 1990s, has been a net oil importer since 1993 (Zhu, 2016: 3) and the largest oil importer since 2017. External dependence on energy has reached 70 per cent in crude oil and 43 per cent in natural gas (Ögütçü, 2019: 2). China supplies its crude oil from four main sources, the Middle East, Russia, Latin America and Africa. In 2019, the Middle East ranked first with a share of approximately 45%, while Russia alone accounted for 15% (Workman, 2020).

## 2. ARCTICA

It is known that the Arctic takes its name from the word 'Arktos', which means bear in ancient Greek. The Arctic is referred to by many names such as the Arctic, the Arctic Region, the North Sea, the Arctic Ocean, the High North, the North Pole, and is more commonly referred to as the Arctic Circle in the literature.

With global climate change, temperatures in the Arctic have increased approximately 2 times more than the average of other regions and the rate of disappearance of sea ice cover has increased. The Arctic has become more accessible with global warming and has become the focal Arctic point of new geostrategic and geopolitical competition in the international arena. In the Arctic, sea ice extent in 2020 was measured as 15.05 million km<sup>2</sup> in March, when it was the largest, and 3.74 million km<sup>2</sup> in September, when it was the smallest.

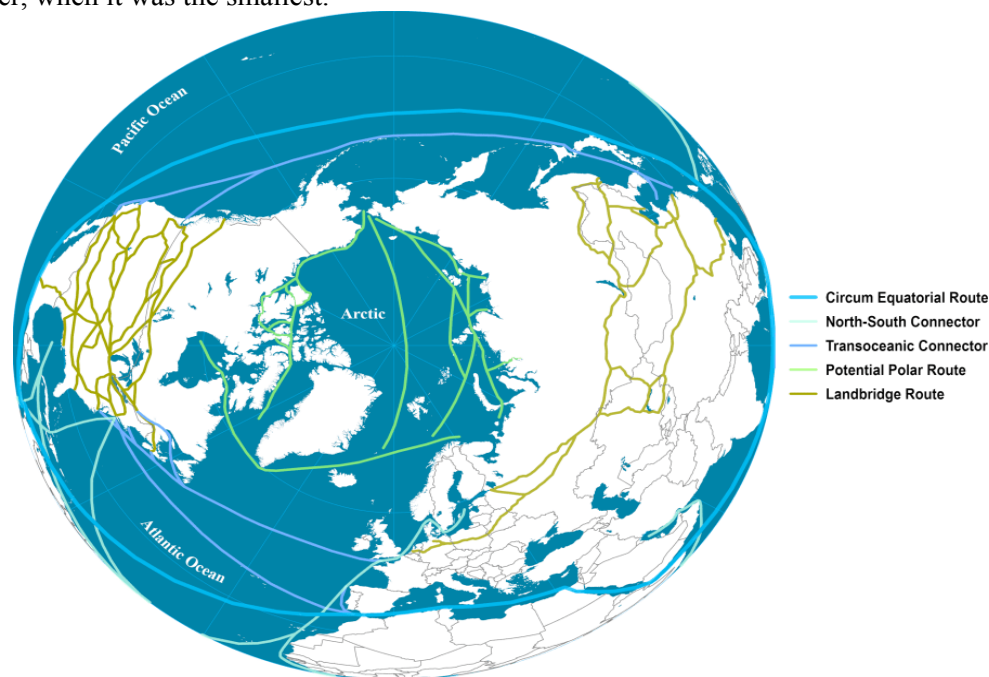


Fig. 1

The US Geological Survey, which conducts the most comprehensive research on the region in terms of hydrocarbon resources, determined in 2008 that there are approximately 90 billion barrels of oil, 47 trillion cubic metres of natural gas and 44 billion barrels of liquid natural gas reserves in the Arctic, 84% of which are located in offshore areas (USGS Fact Sheet, 2008). According to these data, Arctica contains 5.19% (British Petroleum, Natural Gas) of the world's oil reserves (1,734 billion barrels) and 22.19% (British Petroleum, Oil) of the world's natural gas reserves (198.8 trillion cubic metres). In addition, valuable minerals such as gold, copper, zinc, diamonds, tin, tin, chromium, coal, manganese, nickel, palladium, platinum, titanium and uranium have been discovered in the last 300 years (Boyd et al., 2016: 9-10; Schönfeldt, 2017: 200). In addition, it is estimated that 70% of the world's undiscovered oil reserves and 30% of natural gas reserves are in the Arctic (UNEP, 2013: 26).

In the next 10 years, the Arctic Ocean is expected to warm up not only physically but also commercially

### **3. TRANSPORT ROUTES**

Throughout world history, many commercial routes have changed due to geographical and political reasons. Global trade routes are of great importance in maritime logistics where high tonnage cargoes are transported.

The Arctic Silk Road is becoming increasingly prominent as a very important maritime route that can redefine global maritime transport and trade. This global gateway connecting Asia to Europe via the Arctic Ocean is attracting great interest due to its potential to shorten transit times, reduce transport costs and create new economic opportunities.

The route forms Russia's national sea waterway from the Barents Sea near Northern Norway in the west to the Bering Sea near the US coastline in Alaska in the east (Farré, 2014:298). At the western entrance of the Northern Sea Route, most of Russia's nuclear-powered and nuclear-armed submarines are deployed. At the eastern entrance of the Northern Sea Route, Russia's Pacific Fleet headquarters is located. Melting sea ice is making the route increasingly viable for trade. However, increasing the commercial utility of Russia's Arctic coastline also increases Russia's strategic vulnerability.

Russia's 2020-35 Arctic strategy sets priorities for developing oil and gas resources, improving living conditions to attract skilled labour, establishing the Northern Sea Route for commercial shipping, re-establishing a military presence to protect the country's Arctic territory and maritime space, and preserving the region's ecological balance (<http://publication.pravo.gov.ru/Document/View/0001202010260033>). Russia's Arctic goals are interconnected. Their realisation requires significant investments in economic and technological infrastructure. Russia lacks the resources for such investments (Trenin, 2020).

Chinese interests converge in developing Arctic oil and gas resources and developing the shipping potential of the Northern Sea Route. China is investing in developing the port of Vladivostok in the Russian Far East into a transshipment point for connecting Northeast China to the rest of the country. China is also driving a hard energy bargain, utilising cheap Russian oil and gas resources to achieve China's goals of economic growth and military-strategic expansion in the Indo-Pacific (Rozman, 2024).

One of the most intriguing aspects of the Arctic Silk Road is its potential to significantly shorten maritime transport routes to major global markets. Traditional maritime transport routes, such as the Suez Canal or the Panama Canal, require ships to traverse long and congested routes, often resulting in delays and higher costs. In contrast, the Arctic Silk Road offers a much shorter route and can significantly reduce the distance between Asia and Europe.

This reduction in travelling time not only speeds up the delivery of cargo, but also reduces fuel consumption and greenhouse gas emissions, making maritime logistics a more environmentally friendly option. As global trade continues to grow, the demand for faster and more efficient shipping routes is becoming increasingly critical, and the Arctic Silk Road stands out as a maritime route that is poised to meet this demand.

#### **3.1. Transport Activities of China and Russia in the Region**

The Arkhangelsk Port, which Russia is building near Finland with the support of China, poses a great threat to the ports of Northern Europe. If containers are transported to Arkhangelsk Port by mother vessels (Mother Vessel) departing from Shanghai Port and then to Rotterdam or Hamburg Ports via feeders or delivered directly by land via railway connection, these two ports may lose their feature of being distribution points.

Another pillar of the Arctic Silk Road investment is the utilisation of Russia's natural gas and oil reserves to meet China's energy needs. Two gigantic production facilities are being built for this purpose. Yamal LNG for natural gas and Payakha oilfield for oil production. With the production to be made from here, China plans to meet its energy deficit.

In order to improve trade between Russia and China, Zarubino Port is being built near Vladivostok, close to the border region. New railway lines are being built to connect to this region from within China. The Polar Silk Road not only includes new routes for maritime transport, but also new railway lines are being built parallel to these ports.

China and its ally Russia want to establish a new trade route across the Arctic Ocean. Dozens of rich cities and civilisations have sprung up along the historic Silk Road that inspired this line. Even if a similar dream is established for the Arctic Silk Road, only the people working in the newly built facilities will want to live here due to the climatic conditions. Especially for the products coming from China, the transfer process starting with sea transport will be transferred to railway and then to road transport. With these transport methods, which are called Intermodal or Multimodal according to the type of agreement, the already complex cost calculation and route planning works will become even more difficult.

Russia and China have set up a committee tasked with planning how to increase container traffic along the route. In 2024, a joint venture was announced between Russia's Atomic Energy Company ROSATOM and Chinese shipping company Hainan Yangpu NewNew Shipping to co-operate in operating a year-round container route. The agreement includes building five ice-class containerships and investing in infrastructure along the Northern Sea Route to overcome the logistical challenges of operating a year-round container route (<https://www.soefart.dk/article/view/1103430/rusland-og-kinavil-drive-helars-containerrute-via-nordostpassagen>).

The Polar Express undersea cable being built in Russia with Chinese optical fibre is expected to provide internet to the entire Arctic region of Russia by 2026. The 12,650-kilometre, exclusively state-funded cable will run along the Northern Sea Route from Teriberka in the Barents Sea to Vladivostok in the Russian Far East. It is operated by the Russian state company Morsviazputnik (Solyarov., 2021). China is aggressively building its Antarctic policy by investing in Arctic states despite being almost two thousand miles from the Arctic Circle.

Earlier this year, Canada, the US and Finland came together to form an 'Ice Pact' to challenge the icebreaker dominance of Russia and China, signalling a new power play in Arctic waters. The agreement is expected to finance up to 90 new icebreakers. The Arctic's Northern Sea Route (NSR) cuts 4,970 miles from the traditional Suez Canal passage, offering a 30-40 per cent shorter route between Europe and Asia. The NSR is expected to provide a significant reduction in time and fuel consumption for world maritime transport.

Russia envisages the future of global maritime transport through an icy 'silk road' that will redraw the trade maps between Eurasia and Asia-Pacific, bypassing the traditional southern routes through the Suez Canal and the Cape of Good Hope. It aims to increase cargo traffic from 36 million tonnes in 2023 to 240 million metric tonnes (MMT) by 2035.

Russia has a dominant icebreaker fleet with six nuclear-powered ships that rank high in the global rankings. Among them, the world's largest and most powerful icebreaker is in the Arctic. With 33,530 metric tonnes of displacement, this behemoth storms through open waters at 22 knots and methodically penetrates ice nine feet thick (<https://lnkd.in/eKpsTrQS>).

In contrast to the Cold War era, China has now emerged as an Arctic actor. Despite the inaccuracy of US Secretary of State Pompeo's warning in 2019 that Beijing's Arctic activities risked creating a 'new South China Sea', such statements emphasise that the US sees the Arctic as another arena in which the systemic rivalry between the two countries is increasing.

## CONCLUSION

As climate change leads to melting ice in the Arctic, this once impassable route is becoming increasingly available and promises profound implications for international trade.

In the face of rising geopolitical tensions between Russia and its Arctic neighbours and growing interest in the Arctic from outside the region, there is a risk that tensions could eventually spill over.

There are limited grounds for Arctic states to engage in open conflict over resources or territory - although local rivalries such as Norway-Russia may persist. However, the Arctic will not become less important on a strategic level, as the US and Russia are already present in the region and China is increasingly asserting its (strategic) Northern interests.

The Arctic region is also rich in natural resources such as oil, gas and minerals, which will become more accessible as the ice melts. The development of the Northern Silk Road could strengthen the economies of countries in this region by facilitating the extraction and transport of these resources. In addition, countries, including China, have shown great interest in the Arctic Silk Road and see it as an important component of the Belt and Road Initiative.

The Arctic Silk Road is not only a new maritime route but also a strategic economic opportunity for the countries bordering the Arctic Ocean. It is expected that this route will have a positive impact on the trade volume of Russia and the Baltic countries in particular.

The fact that the Arctic, which has been covered with glaciers for centuries, will become fully accessible in the near future as a result of the effects of global warming, will have an effective role in terms of the weight of national policies in the region and the deepening of international disputes.

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