

Etzold, Tobias; Steinicke, Stefan

**Research Report**

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# Regional Security and Cooperation in the Arctic and Baltic

**Destabilisation Follows Ukraine Crisis**

*Tobias Etzold and Stefan Steinicke*

**The Ukraine conflict has created a deep and long-running crisis of confidence in relations between the West and Russia, as Moscow challenges the foundations of the European security order. Russia's behaviour in the Baltic and Arctic regions, which it shares with members of NATO and the European Union, has become increasingly confrontative and presents an impediment to regional cooperation and security. While growing instability looms over these two regions, all the states there should maintain at least low-level regional cooperation with Russia, in order to prevent any further escalation of security tensions and at least partially restore trust.**

For a long time, Russia and members of NATO and the European Union have co-operated effectively and as equals in both the Baltic and the Arctic. It is, however, becoming apparent that regional cooperation cannot exist in isolation from and uninfluenced by the broader political situation.

In the early 1990s, following the end of the Cold War, the Baltic Council, other Baltic institutions and the Arctic Council were founded as regional forums for co-operation between the states of the former Eastern and Western blocs. Their establishment served as a confidence-building measure. Questions of military security were deliberately left aside; mutual trust was to be built above all through cooperation in the areas of research, environment, business and culture.

Today the regional orders in the Baltic and Arctic are facing similar fundamental challenges, great enough to call into question the existing *modus operandi*. Firstly, the crisis between the West and Russia has interrupted the process of institutional renewal initiated at the end of the 2000s and the recently energised political dialogue in the scope of Baltic Sea cooperation; long overdue steps to reform the Arctic Council are on hold. All involved see a grave danger of disagreements further deepening the rift.

Secondly, the militarisation of both regions proceeds apace, as witnessed by military expansion, aerial manoeuvres and large-scale military exercises. Each side justifies its demonstrations of power as a response to the other's military build-up and the ensuing threat. Because trust has

been lost and regional institutional frameworks for dealing with security issues are lacking, the regional arms race is liable to continue. And this threatens to create a security dilemma. Individual military incidents already contain the potential for loss of control and unintentional escalation.

### **Repercussions for Cooperation**

This increasing militarisation is a bitter experience for the regional actors, given that the Baltic and Arctic had been regarded as peaceful, inclusive and constructive – as models for resolving conflicts through political dialogue.

One important goal of all cooperation efforts in the Baltic Sea region since the early 1990s has been to include Russia as an equal. Despite frequent difficulties, Russia has been consistently and successfully integrated in regional initiatives. But currently there is precious little in the way of multi-lateral political dialogue with Russia. After the cancellation of the Baltic Sea States Summit of heads of government planned for June 2014 in Turku, Finland, the June 2015 meeting of Council of the Baltic Sea States foreign ministers was also called off and replaced with technical meetings at the level of officials. Instead the EU member states in the region are working more closely together, especially in the context of the EU Strategy for the Baltic Sea Region. The added value of political dialogue with Russia, which is presently scarcely visible, needs to be redefined and developed for all participants.

Although the crisis means that business as usual is out of the question, Germany in particular argues for low-level regional cooperation with Russia to be maintained wherever possible and necessary. This is still largely functioning in the environmentally orientated Helsinki Commission (HELCOM), and in the Northern Dimension (ND), where the European Union, Russia, Norway and Iceland are partners. Both continue to bring together senior officials from

Russia and the European Commission; projects are continuing.

Whereas the Arctic played a central role in the nuclear strategies of East and West during the Cold War, from the 1990s trans-national concerns such as research and environment moved to the fore. The founding of the Arctic Council (AR) in 1996 institutionalised and consolidated cooperation between the regional actors. But today the everyday work of the Arctic Council has become increasingly difficult. Certain member states boycotted a task force meeting on environmental questions in Moscow, while this year's ministerial meeting in Iqaluit, Canada, was attended only by Russia's environment minister rather than foreign minister. Talks on strategic ideas for institutional development of the Arctic Council have been postponed. As recently as 2013 in Kiruna, the Arctic Council had declared the goal of strengthening its role as the central governance forum in the region. By accepting six more countries as observers, primarily from Asia, the Council underlined its political ambition to shape regional processes and their interaction with climate change and globalisation. As confidence between the West and Russia has deteriorated and demonstrations of military strength intensified, fundamental political topics have been shunted to the background. The focus of the Arctic Council is presently exclusively on technical questions, in order to avoid any kind of political dispute that could cost yet more trust. Decisions about important but controversial matters such as acceptance of the European Union as a permanent observer are currently off the agenda. The European Union is pushing for this status in order to gain more direct access to the Council's work. The renewed postponement of a decision about observer status threatens to leave the Union out in the cold – vis-à-vis the Asian observer states – on the question of positioning in the Arctic. Although it is positive that the Arctic Council continues to meet and the activities of the working groups continue, political paralysis threat-

ens in the longer term if fundamental strategic – and also controversial – issues are not successfully addressed. Regional issues like climate change and environmental protection or economic development, which are also significant for the European Union and can only be tackled jointly, would fall by the wayside. The longer the new East-West conflict continues, the harder political cooperation will be and the more irrelevant the Council will become.

### Security Dilemma Looms

Increasing military activity by all sides could create a security dilemma. Russian military provocations and violations of national airspace and territorial waters in the Arctic and Baltic are on the rise. In 2014 seventy-four Russian warplanes were intercepted off the Norwegian coast, a 27 percent increase over the previous year. In the Baltic Sea region, NATO's air policing mission has seen a fourfold increase in interceptions of Russian military jets in more than 150 deployments. Since 2014 there have been several near-collisions between Russian warplanes and NATO or civilian aircraft. In March 2015 Russian forces practised the invasion of northern Norway and Danish, Finnish and Swedish Baltic islands, and the same month a general mobilisation of all Russian forces in the Arctic was declared at very short notice.

In its Far North Russia is reinforcing its military infrastructure by resurrecting Soviet airstrips, expanding existing bases and deploying anti-aircraft missiles and radar systems. The Arctic is again coming to the fore as a springboard for Moscow's global power projection. In November 2014 Russia tested its complete nuclear triad in and from its Arctic regions. Russia's expanding military presence is a logical consequence of the new military doctrine adopted at the end of 2014 (see *SWP Comment* 9/2015), which for the first time defines the Arctic as part of Russia's sphere of influence.

Russia's military build-up and its political will to pursue national interests by military means are unsettling for the other states in the region. Growing uncertainty about Moscow's intentions in these two regions is leading many Nordic and Baltic countries to boost their defence budgets. Norway alone added €500 million to its 2015 defence budget in order to strengthen its capacities in the Arctic.

In response to Russia's aggressive rhetoric and activities along its external borders, NATO and EU states have wound down their security coordination and cooperation with Russia. Norway already suspended its bilateral military cooperation with Russia in 2014. On the other hand, bilateral and multilateral military cooperation and coordination among NATO and EU states in the region is intensifying (see *SWP Comments* 25/2015 and 40/2015). The Balts demand stronger NATO support and a larger troop presence in their countries. Sweden and Finland are accelerating collaboration with NATO and openly discussing membership. The Norwegian military is reprioritising national defence, and held its largest manoeuvre in almost fifty years on its border to Russia at the beginning of 2015. In May and June major NATO exercises were held in the Baltic Sea and Arctic respectively (Baltops 2015 and Arctic Challenge).

Russia, in turn, perceives these developments and NATO activities as provocations and threats to which it must respond. It is therefore crucial for the states involved to discuss military activities in both regions. However, they lack regional institutions or mechanisms for dealing with security questions. Without confidence-building measures there is a threat of misperceptions and miscalculations leading to unintentional escalation with unpredictable consequences. There is a great danger not only of lasting harm to the Baltic Sea institutions and the Arctic Council, but of the respective regional orders coming undone.

## Possible Development Paths

Currently two development paths appear plausible. In the first, regional cooperation with Russia continues primarily on the functional and technical level, while political dialogue remains very restricted or non-existent. The second development path would involve an absolutely realistic escalation, in the course of which all cooperation with Russia would become impossible.

In order to prevent the latter, the regional actors must explore how and where cooperation can be maintained or even intensified to mutual benefit. Ongoing shared interests can help to define suitable areas of cooperation. To this end it would be helpful to draw up a “positive list” of regional topics that could be detached from acute problems in relations and broader political interests. At stake here are concrete regional challenges that cannot be resolved and opportunities that cannot be grasped unless all the states in the region cooperate constructively and trustingly. In the Arctic these include search and rescue, polar research and sustainable economic development. In the Baltic Sea region, environment, infrastructure, soft security (smuggling and human trafficking), and civil society contacts remain important topics for cooperation. Russia has a strong interest of its own in continuing cooperation in these areas, because it benefits if the shared challenges are tackled, and Russian representatives generally continue to participate constructively in the technical organs. In this way islands of cooperation could be created or consolidated. But in case of doubt the existence of these islands will not prevent military action.

The question therefore arises whether regional security topics should not be added to the cooperation agenda. But given that the current crisis is characterised by disagreements, the time is not ripe. The existing formats are not designed for security questions and would be overstretched by additional tasks.

It would therefore be more promising to seek an understanding on dealing with

crises in the scope of the NATO-Russia Council, which is the obvious central organ for NATO member states and Russia to discuss security questions. In the longer term autonomous formats that build trust by providing mechanisms for consultation over military activities should be developed for both regions. Altogether more communication, information exchange, predictability and transparency are needed.

However, the chances for greater cooperation and less militarisation in both regions must be assessed realistically: At the moment they are rather small.

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**SWP**  
Stiftung Wissenschaft und Politik  
German Institute for International and Security Affairs

Ludwigkirchplatz 3–4  
10719 Berlin  
Telephone +49 30 880 07-0  
Fax +49 30 880 07-100  
[www.swp-berlin.org](http://www.swp-berlin.org)  
[swp@swp-berlin.org](mailto:swp@swp-berlin.org)

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