



Statement before the
House Transportation and Infrastructure Subcommittee on
Coast Guard and Maritime Transportation

***“The Cost of Doing Nothing: Maritime
Infrastructure Vulnerabilities in an Emerging
Arctic”***

A Testimony by:

Heather A. Conley

Senior Vice President for Europe, Eurasia, and the Arctic
Center for Strategic and International Studies (CSIS)

May 8, 2019

2167 Rayburn House Office Building

Mr. Chairman, Ranking Member Graves, and distinguished members of the subcommittee, thank you for the kind invitation to speak to you once again and for holding this important hearing to discuss what we must do to ensure American sovereignty in the Arctic.

It has been my great privilege to testify before this subcommittee for the past four years on the Arctic. But it is my great frustration that I find myself repeating my previous testimonies, with the only exception that I offer updates on what our competitors, China and Russia, are doing to secure their strategic interests in the Arctic. Unfortunately, the only updates on U.S. policy that I can offer you today is what you already know very well, primarily due to the hard work of this subcommittee: first, the U.S. has finally set the wheels in motion to construct one heavy ice-breaker which we *hope* will be available for use in Antarctica by 2024. We *hope* that the Polar Star will continue to be operational while the new icebreaker is being built. We *hope* there will be additional heavy and medium ice-breakers built in the future that could be regularly utilized in the Arctic. But hope is not an effective operational plan. Second, various U.S. agencies and departments have produced several more Arctic studies and strategies which underscores that the United States has perfected our ability to describe an Arctic policy, but we cannot or will not implement one. Rest assured our competitors are implementing their policies.

A Lost Decade

After spending over a decade researching U.S. strategic interests in the Arctic and the geopolitics of the region, I am encouraged that, over the past several months, there is a new and growing consciousness in Washington about the rise of great power competition in the Arctic and in particular, the role of China in the Arctic. This consciousness has also been heightened by the extraordinary and unprecedented pace of climate transformation we are witnessing in the Arctic. Our most predicative models are now off by decades.

Unfortunately, it has taken the U.S. a decade to realize what U.S. Coast Guard Rear Admiral Gene Brooks, then Commander of District-17, told us in 2008: “The Arctic is upon us, now.” U.S. policy toward the Arctic never included a sense of urgency and anticipation to build the infrastructure and capabilities to protect America’s fourth coast, or to prioritize our needs in the Arctic, or to make tough budget decisions. We have lost a decade. The U.S. cannot sufficiently safeguard U.S. territorial waters and our Exclusive Economic Zone, particularly given the up-tick in LNG carriers and other foreign-flagged vessels traversing the narrow Bering Strait. I fear the U.S. Coast Guard has now become so accustomed to being inadequately resourced to execute its mission in the Arctic that it accepts its lack of readiness as a state of normalcy that cannot be challenged. The U.S. Coast Guard continues to rely on outdated capabilities and thinly resourced budgets which equates to a seasonal U.S. Coast Guard presence (July-October). Should an incident occur in the American Arctic, the only way that the U.S. can effectively manage is if it occurs during the summer season and near a pre-positioned U.S. maritime asset. Years of underinvestment and policy stagnation are coming home to roost.

In my testimony last year, I described in detail what China and Russia are doing economically and militarily in the Arctic and underscored my growing concerns that the U.S. was now at risk of losing its ability to protect and project its sovereignty and maintain full access to the Arctic. We cannot strategically sustain another lost American decade in the Arctic.

The Power of American Presence

While I recognize this goes beyond the remit of this subcommittee, but as this is the only subcommittee that hosts regular Arctic hearings, this subcommittee is the best place to have a broader and more holistic conversation about U.S. policy toward the Arctic. It is essential that we broaden our concept of physical presence and its relationship to sovereignty in the Arctic. Sovereign presence can take the form of scientific ventures, sustainable infrastructure development, diplomacy, and an enduring security and maritime presence. All instruments of U.S. power must be deployed.

Growing U.S. Science and Diplomatic Presence in the Arctic. China has effectively used scientific research and its investments in Arctic indigenous communities to enhance its physical presence in the region. China opened its first Arctic scientific research station in 2004 on the island of Svalbard. Today, Chinese scientists have registered 80 projects on the island, including biological, social, and atmospheric studies.¹ In 2017, China conducted a circumpolar scientific research program in which their icebreaker, the *Xue Long*, traversed both the Northwest Passage and Northern Sea Route in the same season. In 2018, Beijing opened the China-Iceland Arctic Science Observatory (CIAO) in Northern Iceland. The facility has a wide mandate and focuses on climate change, satellite remote sensing, geosciences, oceanography, and fisheries among other issues.² Two weeks ago, at the fifth International Arctic Forum in St. Petersburg, China and Russia agreed to establish the Chinese-Russian Arctic Research Center to study issues such as ice conditions along the Northern Sea Route (NSR), a vital Arctic maritime transit route for both Russian and Chinese economic ambitions.³

While the U.S. has a substantial polar science budget, we should more actively pursue bilateral arrangements across the circumpolar Arctic to create additional American scientific observation and research centers.

¹ Av Ole Magnus Rapp, "Kina raser mot Norge," *Klassekampen*, March 7, 2019.

<https://www.klassekampen.no/article/20190307/ARTICLE/190309978>; "China at Loggerheads with Norway Over Access to Arctic Archipelago," *Sputnik*, March 12, 2019. <https://sputniknews.com/europe/201903121073147498-norway-china-arctic-arhipelago-svalbard/>.

² Melody Schreiber, "A new China-Iceland Arctic science observatory is already expanding its focus," *Arctic Today*, October 31, 2018. <https://www.arctictoday.com/new-china-iceland-arctic-science-observatory-already-expanding-focus/>.

³ Pavel Devyatkin, "Russian and Chinese Scientists to Establish Arctic Research Center," *High North News*, April 15, 2019. <https://www.highnorthnews.com/en/russian-and-chinese-scientists-establish-arctic-research-center>.

Diplomatically, China has increased the frequency of visits by senior Chinese officials to capitals as well as a variety of international conferences. It has also increased its embassy personnel in Arctic Council member states, particularly in Iceland. This is critically important as Iceland assumed the chair of the Arctic Council yesterday (May 7th). It is encouraging news that the U.S. will reportedly have a foreign service officer spend about half of his or her time in Nuuk, Greenland. This is a step in the right direction, but it is not enough. The U.S. should consider increasing its diplomatic presence in Greenland as well as in Iceland, Northern Norway and in Finland by establishing what the State Department once termed American Presence Posts (APPs). These posts could include either diplomats or scientists who open a small office in strategic locations to ensure consistent American diplomatic presence.

Growing U.S. Infrastructure and Security Presence. It took over ten years to begin the procurement process for one U.S. heavy icebreaker which will largely be deployed to Antarctica. A similar timeline to construct critical infrastructure like a deep water port or improve satellite communications would leave the U.S. ill-prepared to address the growing economic and military presence of Russia and China in the Arctic. Although the Coast Guard's Arctic strategy always underscores the need for the U.S. to enhance its marine domain awareness and communication capabilities in the region, very little action is taken to increase these capabilities. U.S. military requirements exist for communications support for submarines, aircraft, other platforms, and forces operating in the high northern latitudes but these requirements do not take into account increased Coast Guard operations as a result of accelerated Arctic melting.⁴ The U.S. should consider the expansion of current commercial satellite communication networks already in place, including Iridium Satellite, a commercial satellite communications service available in the Arctic that is used by the U.S. Air Force.⁵ To further improve our operational capabilities, the Coast Guard should host additional forward operating location bases in Alaska as well as increase hangar space and aviation assets that are staffed beyond the summer season.

Beyond icebreakers, the U.S. lacks ice-strengthened surface vessels. Currently, U.S. Navy submarines are the only vessels capable of regularly monitoring the Central Arctic Ocean. NATO's Trident Juncture exercise last fall should have been a powerful wake-up call for the U.S. military. While the exercise did not occur when ice conditions were present, U.S. troops experienced harsh weather conditions not seen since the Cold War. It is encouraging that the Secretary of the Navy has announced additional exercises in Alaska this September but again, these exercises, while providing valuable experience, occur in the more benign summer months when sea ice in the Bering Sea is at a minimum. Working in less challenging conditions does not improve familiarity with cold-weather warfare and ice conditions which have atrophied over the years. Ironically, the planned U.S. exercise will likely occur at the same time the Russian military will be implementing its Tsentr-2019 exercise which will test some of Russian's most advanced and modern Arctic-designed weapon systems.

⁴ Patrick L. Smith, Leslie A. Wickman, and Inki A. Min, "Broadband Satellite Communications for future U.S. Military and Coast Guard Operations in an Ice-Free Arctic," Aerospace Corporation, July 1, 2011.

⁵ Ibid.

The U.S. must develop an operational plan that envisions a persistent security presence in the Arctic. A key pillar of this presence must include the enhanced protection of our missile defense architecture located in the Arctic. This will be critical as Russia's military footprint near Alaska and Greenland grows, and as China's growing economic and scientific infrastructure could support a strong PLA and PLAN presence. We must also carefully analyze the potential dual-use capabilities and implications of Chinese-built infrastructure for nearby U.S. troops and assets.

The Cost of Doing Nothing Will Escalate

If the U.S. chooses not to enhance its physical presence in the Arctic or use multilateral instruments like the International Maritime Organization (IMO), the Arctic Council, and other entities to protect our interests and reinforce international legal norms, U.S. access to and influence in the Arctic region will diminish and our allies and partners in the region will increasingly accommodate Russia's and China's preferred policy outcomes. It is difficult to calculate the exact cost and national security implications of doing nothing, but we can already see the "cost" of policy stagnation over the last lost decade. The U.S. has fallen behind its competitors and policy options have been eroded.

There are several other near-term strategic costs of doing nothing that must be considered should the U.S. continue to choose not to increase its physical presence in or develop an operational plan for the Arctic.

Iceland's Arctic Council Chairmanship. As Iceland now assumes the chairmanship of the Arctic Council, we must be alert to the likely increase of influence by China on the Arctic Council. Economically, China has invested approximately [\\$1.2 billion](#) in Iceland (between 2012 and 2017), representing [5.7 percent](#) of the country's GDP, after Iceland became the first European nation to sign a free trade agreement with China in 2008.⁶ The U.S. must enhance its bilateral diplomatic engagement with Iceland throughout this two-year period just as it increases its security presence through the European Defense Initiative (EDI) with increased hangar space at Keflavik Air Force Base to conduct anti-submarine operations in the North Atlantic. It should be noted that Russia assumes the Arctic Council chairmanship mantle after Iceland in 2021.

The Arctic Council itself is at an organizational crossroads. Political will among member states to affect change is low, which makes the intergovernmental forum ripe for both prolonged stagnation (leading to irrelevance) and potential influence by permanent observers such as China. The U.S. can choose to spend its time and diplomatic energy wordsmithing a ministerial declaration (to avoid the words "climate change") or it can meaningfully engage to shape the Arctic Council's future.

⁶ Mark E. Rosen and Cara B. Thuringer, "Unconstrained Foreign Direct Investment: An Emerging Challenge to Arctic Security," CNA Corporation, November 2017. https://www.cna.org/cna_files/pdf/COP-2017-U-015944-1Rev.pdf.

China's Economic Growth in Greenland. In the context of China's growing economic presence in the Arctic, Greenland has leapt to the forefront of U.S. concern. Chinese investments in Greenland center on energy and mineral resources, making Chinese state-owned enterprises' (SOEs) the top [foreign investors](#) in Greenland.⁷ In 2018, the U.S. and Danish governments intervened at the last minute to prevent Beijing from being awarded a contract to develop three airports in Greenland, the site of deep-water ports and a critical location for the U.S. ballistic missile early warning system. While this intervention may have temporarily arrested China's efforts to invest in Greenland, such a "whack-a-mole" policy is not a comprehensive or strategic plan for the region. Working closely with the Danish authorities, we need a more robust plan of action for Greenland and a comprehensive analysis of a growing Chinese economic and scientific presence in Greenland and its implications for Thule AFB and the larger U.S. ballistic missile early warning system.

The Growth of Arctic LNG. The focal point of Arctic economic development for Russia and China is the Russian Yamal LNG-1 and Yamal LNG-2 projects on the Yamal Peninsula. This is a powerful example of the economic interaction between our two peer competitors. Chinese companies own 29.9 percent of the \$27 billion project of Yamal LNG-1, an "anchor" investment that can translate into future "cluster" infrastructure investments such as port, rail, and telecommunications projects. Recently, two Chinese companies – China National Oil and Gas Exploration and Development Company (CNODC), a subsidiary of China National Petroleum Corporation, and China National Offshore Oil Corporation (CNOOC) signed agreements with Russia's Novatek to buy a combined 20 percent stake in the Yamal LNG-2 project.⁸ Such an agreement, along with the Yamal LNG-1, will undoubtedly spur an increase in use by LNG carriers of the Bering Strait. As larger vessels become more frequent through the passage, U.S. Coast Guard resources will be increasingly strained, inhibiting their ability to protect America's coastline.

Russia's Extended Outer Continental Shelf Claims. The Russian government has presented extensive scientific data in 2001 and again in 2015 to claim significant portions of the continental shelf extending far into the Central Arctic Ocean. In 2016, the Danish government rejected the Russian government's approach to open bilateral negotiations on a mutually acceptable solution (Denmark has submitted scientific data for overlapping claims) to the extended outer continental shelf claims, preferring to wait for the conclusions of the Committee on the Limits of the Continental Shelf (CLSC). Canada has also submitted a claim that overlaps with Russia's. Thus far, this issue has been handled appropriately within the UN Convention on the Law of the Sea (UNCLOS). However, should Russia choose to take a more unilateral approach to its claims, this could destabilize the region. As the claimants await a ruling that is likely to take several more years, Russia has reinforced its conventional military presence on the Kola Peninsula as well as its military footprint across the Russian Arctic to include radars, air

⁷ Ibid.

⁸ Katya Golubkova and Maria Kiselyova, "Russia's Novatek to sell 20 percent in Arctic LNG 2 to China," *Reuters*, April 25, 2019. <https://www.reuters.com/article/us-russia-gas-novatek-cnodc/russias-novatek-to-sell-20-percent-in-arctic-lng-2-to-china-idUSKCN1S11WY>.

bases, and coastal defense systems on remote islands like [Wrangel Island](#), [Kotelny Island](#), and Severnaya Zemlya.

Sovereignty and Svalbard. The 1920 Treaty of Spitsbergen or Svalbard grants Norway sovereignty over Svalbard but allows signatories of the treaty to access and participate in the economic development and scientific understanding of Svalbard. Norway regulates these activities without discrimination. The Treaty also prohibits Norway from establishing a naval base or any military fortification or use Svalbard for warlike purposes.⁹ This is the legal basis upon which China has established its 2004 scientific station and Russia has invested in coal mines. There have been tensions between Russia and Norway over fisheries management as well as mine ownership concerns, but such disputes have been resolved due to mutual interest in preserving the cooperative nature of the Arctic region. Some experts, however, have expressed concern that Russia's new Arctic command on the Kola Peninsula, which emphasizes the planning and training of amphibious operations supported by missile strikes on shore, could leave military options available to it in an effort to alter the archipelago's neutral status.¹⁰ President Putin recently cautioned in a speech on April 9th in St. Petersburg, "I wouldn't like to see the Arctic turning into something like Crimea ..."

After a decade of stagnation, the U.S. finds itself lagging behind its peer competitors. A lack of policy priorities, commitment of multi-year financial resources, and political will has shifted the U.S. from being a reluctant Arctic power to an inadequate Arctic power. The U.S. must reassert its presence in all its manifestations to protect American sovereignty, ensure U.S. access to the region, and shape and influence its future development. If not, we will continue to occupy ourselves by describing what others are doing in the Arctic every time a Congressional hearing is held. The strategic costs to the U.S. for this path will be great.

⁹ Heather A. Conley, et al. *History Lessons for the Arctic*, Center for Strategic and International Studies, December 2016, 15. https://csis-prod.s3.amazonaws.com/s3fs-public/publication/161219_Conley_HistoryLessonsForArctic_Web.pdf

¹⁰ Pavel K. Baev, "Russian Strategic Guidelines and Threat Assessments for the Arctic," *George C. Marshall European Center for Security Studies*, Security Insights No. 26, ISSN 1867-4119, April 2019. https://www.marshallcenter.org/MCPUBLICWEB/mcdocs/security_insights_26_-_baev_march_2019_-_final_-_letter_size.pdf.