

CIOR Seminar 2021

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With Coronavirus still looming, the first day of the 2021 CIOR Seminar kicked off online. The chairman of the CIOR Seminar Committee, LTC (R) Hans Garrels opened this year's Seminar, titled "The Arctic: New Area of Conflict?", with 64 participants from 19 nations attending.

It fell to long time CIOR friend and expert on strategic affairs, ambassador Philippe Welti to introduce the topic, which is an unfamiliar field for most participants. Ambassador Welti set the scene right away in highlighting that the Arctic is in fact only an ocean and the smallest in the world: "It consists only of water, some of it frozen." This icy part of the world has not produced much conflict potential in the past but recent political rhetoric suggests that the areas peaceful days might be nearing their end. Reason enough, that NATO's reserve officer association should inform itself about it.

While the Arctic in itself, at first glance holds only a limited potential for conflict, there is one fundamental change at work which might upset what some call the strategic balance in the north: Climate change. While most economic activity in the far north was struggling to become profitable having to operate under harsh climate conditions, with the ice caps melting new trade routes have become accessible and previously unreachable natural resources have been attracting attention, possibly changing the regions strategic equation.

Ambassador Welt highlighted the various limitations to the conflict potential of this but also noted the stark difference between the regional strategic facts and the political language surrounding the Arctic as what he called "A case of rhetoric irresponsibility". "Conflict will erupt if you speak often enough about it.", he stated, "But that shouldn't stop us from taking a deeper look at the issue."

The participants then discussed the issue in a Q&A session. One participant from Norway, who has extensive experience in the Arctic, highlighted his concern for the region: "From the Bering Sea to the North Cape, an ice curtain has descended across the polar sea. The Russian Federation is testing us and acts very forcefully in the region."

After a short break it was time for the first guest speaker: Nikos Tsafos, Deputy Director and Senior Fellow at the Center for Strategic and International Studies (CSIS), also focused on Russia and drew the participants attention to the economic factors at play in the Arctic in his talk on Russia's oil and gas exploration in the Arctic.

Mr. Tsafos introduced the historical context of resource exploration for oil and gas in the region, which was only explored for these purposes in the 1960's and 70's as a response to the Arab oil embargo. After this introduction, Mr. Tsafos offered insights in the oil and gas production numbers from Russia and concluded for anyone not following the large charts: "There are A LOT of resources in the Arctic".

He then expanded on three fields of Russian resource exploitation in the far north: Oil exports, gas exports via land pipelines, and LNG gas exports via ship. His talk highlighted

that Russia's big plans for oil exploitation in the arctic were foiled by the sanctions following the invasion of Crimea and the changing oil market with low oil prices.

This is not the story with gas, however. Mr. Tsafos explained: "All the projects we get fussed about, like North Stream, North Stream 2, pipelines through Ukraine, all of that is gas from the Arctic." He then went on to show the development of major new gas fields in Russia for pipeline and ship export. He also explained how vital Arctic development is to the Russian state: "These projects are a matter of necessity. The geological decline of the older gas fields is so stark, that they have to go to the arctic to keep production steady. The move north is a matter of survival for Gazprom and the state."

Mr. Tsafos talk also highlighted an interesting connection between Russia's plans for arctic development and China. "The LNG development in the far north was financed largely by Chinese money", Mrs. Tsafos said. While China invests in the gas fields, the Russian state is also heavily involved by supplying ice breaker ships to the private companies, giving tax breaks and contributing to other investments in the area. They hope that by 2027 the northern route to China will offer year around passage for ships accompanied by ice breakers, which would half the time required for ship exports from Russia to China.

Nikos Tsafos sharp analysis was followed by a lively discussion by all participants, which offered a nice round up of the first day of the 2021 CIOR Seminar. Although the informal get together after the Seminar was sorely missed, we are looking forward to an exciting second day.