



POLICY PAPER

# ESTONIA'S INTERESTS AND OPPORTUNITIES IN THE CONTEXT OF GLOBAL DEVELOPMENTS IN THE ARCTIC

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Cover page photo: An Arctic fox is seen on Alexandra Land, an island of the Franz Joseph Land archipelago, in the Arctic Ocean during the Umka 2021 expedition organised by the Russian Geographical Society. Gavriil Grigorov/TASS/Scanpix

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## INTRODUCTION<sup>1</sup>

In recent years, the Arctic has become an increasingly important region for Estonia and the world. The Arctic presents both threats and opportunities. It is a place of rapid climate change with dramatic global impacts and an object of growing geopolitical tensions; at the same time, it offers new economic opportunities. Due to Estonia's location near the Arctic and in the neighbourhood of several Arctic countries, the developments in the region will inevitably affect the country.

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Estonia should therefore pay more attention to the Arctic, understand the developments in the region and strengthen its participation in Arctic regional cooperation and discussions in international fora, including the EU, NATO and Nordic-Baltic cooperation. Based on these considerations, Estonia is applying for observer status in the most important Arctic organisation, the Arctic Council.

This paper explores Estonia's interests in the Arctic. It analyses Estonia's interests and opportunities in connection with applying for observer status in the Arctic Council, as well as the broader question of how developments in the Arctic region affect the country, including its security, and how Estonia should take these developments into account. It is important to keep these two issues separate:

- Estonia's opportunities to participate in the Arctic Council and regional cooperation are based on scientific competence, where Estonia has a strong base, but needs more attention and funding from the government. The Arctic Council is a forum for regional cooperation that does not deal with hard security matters.
- The growing strategic importance of the Arctic for Estonia is primarily due to the changing geopolitical environment, and it has a significant impact on the security of the Baltic Sea region. Therefore, Estonia must closely monitor these developments and strengthen cooperation with allies and partners.

The analysis is based on three major developments that are changing the Arctic. The first is global warming, which is happening in the Arctic at twice the rate as in the rest of the world.<sup>2</sup> The retreat of the ice sheet, the melting of the permafrost and the consequent release of CO<sub>2</sub> and methane into the atmosphere accelerate global warming, leading to a rise in the sea level and climate change across the planet. Climate issues have been the primary reason for growing international attention to the Arctic over the past decade. Addressing these challenges has been an impetus for the growing importance of the Arctic Council as a key forum for regional cooperation. The Arctic has also become a central part of worldwide cooperation to halt global warming. As climate change has a global impact and the Arctic has a key role, developments in the region are no longer a concern only for the Arctic countries; they affect the whole world, including for example Asia.

Second, climate change is a serious global problem, but it also provides new opportunities for economic activity in the Arctic, especially for the extraction and transport of natural resources. The Arctic is home to an estimated 13% of the world's untapped oil reserves, 30% of natural gas reserves and 20% natural

<sup>1</sup> This policy paper is a shorter version of the report originally published in Estonian. See Tõnis Idarand, Frank Jüris, Kristi Raik, and Aimar Ventsel, *Eesti huvid ja võimalused seoses globaalsete arengutega Arktikas järgneval kümnendil* (Tallinn: Estonian Foreign Policy Institute/ International Centre for Defence and Security, 2021).

<sup>2</sup> Michael Meredith et al, "Polar Regions", in Hans-Otto Pörtner et al, eds., *The Ocean and Cryosphere in a Changing Climate: A Special Report of the Intergovernmental Panel on Changing Climate* (Intergovernmental Panel on Climate Change, 2019), 203-320.

gas liquids. About half of these resources are located in Russian territories or in the Russian economic zone.<sup>3</sup> However, accessing these energy sources is technically very demanding and costly, and therefore, no rapid progress

*The mineral resources in the Arctic and the opportunities for more efficient transport are of particular interest to Russia*

is expected. In addition, the Arctic is rich in other minerals, including rare earths, for which demand is growing fast, as they are needed by the technology industry. Yet another important resource is fish stocks. Transport opportunities are increasing primarily due to the reduction of ice and the lengthening of the summer period in the Northeast Passage and the Northern Sea Route. The mineral resources in the Arctic and the opportunities for more efficient transport are of particular interest to Russia, but China is also very interested in the Arctic transit corridor and mineral resources. However, the use of Arctic sea routes and the growth of connectivity are still limited by highly demanding weather conditions. Uncertainty and opacity regarding bureaucratic requirements and transit fees are also a problem in the areas controlled by Russia.<sup>4</sup>

The third development that is changing the Arctic is the rise of geopolitical and geoeconomic tensions. For years, security experts have looked at the Arctic as the hotbed of a growing great-power struggle. Non-Arctic countries' interest in the region has grown due to climate change, new economic opportunities and security concerns. Notable developments include Russia's efforts to strengthen its military presence; China's growing activity, which focuses on research cooperation and the economy but raises questions about the underlying strategic interests and the security implications and risks involved; as well as the increased US attention to the region and criticism of the aggressive actions of China and Russia. The great powers are thus seeking to strengthen their influence in the Arctic which is

of increasing strategic importance. At the same time, the Nordic countries have begun to pay more attention to the Arctic in their defence policies. The Arctic is still at low risk of seeing military conflict, but security considerations are growing in the Arctic policies of the countries of the region. Geoeconomic competition for the use of mineral resources and sea routes is another source of tension.

Estonia's interests in the Arctic, especially in terms of foreign policy, security and economy, have been studied very little in the past. Moreover, there are very few experts in Estonia who are familiar with the geopolitical and economic developments in the Arctic region and the respective strategies of the Arctic countries. The 2014 ICDS report should be mentioned in this context.<sup>5</sup> However, Estonia's interest in the security situation and economic prospects in the Arctic has recently grown. At the same time,

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Estonia has substantial polar expertise in the natural sciences and humanities, which has supported Estonia's application to become an observer in the Arctic Council and provides good preconditions for contributing to regional cooperation.

This paper offers an overview of Estonia's interests and opportunities in the Arctic, focusing on security, regional cooperation, research, the protection of the rights of indigenous peoples, and the transport and logistics, ICT and space industries. The analysis of Estonia's interests is based on previous international research and interviews conducted by the research team with Estonian Arctic experts from various spheres of life

<sup>3</sup> United States Geological Survey, referred to in: Petra Dolata, [A Balanced Arctic Policy for the EU](#) (Brussels: European Parliament, 2020), 11.

<sup>4</sup> Dolata, [A Balanced Arctic Policy for the EU](#), 17.

<sup>5</sup> Matthew Bryza, Oliver Möru, Kalev Stoicescu, and Natalja Jegorova, [Cooperation and Conflict in the Arctic: A Road Map for Estonia](#) (Tallinn: International Centre for Defence and Security, 2014).

(see the list of interviewees at the end of the paper). At the end of the paper, we present conclusions and recommendations on how Estonia can contribute more to the sustainable development and regional cooperation of the Arctic region and adapt to the growth of geopolitical and geoeconomic competition.

## 1. IMPACT OF THE ARCTIC ON REGIONAL SECURITY

During the Cold War, the Arctic was an important area of strategic confrontation. Following the end of the Cold War and the easing of tensions, the Arctic lost its strategic significance. This, in turn, created new opportunities for Arctic cooperation based on the mutual agreements of Arctic countries and on international law. Security issues were deliberately omitted as matters of minor importance. Non-Arctic countries had little interest in the region.

The Arctic's growing strategic importance in recent years has led to geopolitical tensions, as territorial sovereignty is a priority for the coastal states of the region. Tensions over the Arctic are also exacerbated by the growing confrontation between the great powers and the general deterioration of Russian-Western relations, especially after the events in Ukraine in 2014. The largest military force in the Arctic is Russia, which has significantly increased its military presence, particularly to protect its strategic nuclear second-strike capabilities around the Kola Peninsula. The Arctic is a priority area for the Russian fleet.<sup>6</sup> Russia's recently approved Arctic strategy paper also emphasises the importance of military security and defence issues.<sup>7</sup>

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Despite growing tensions, a direct military conflict in the Arctic is considered unlikely, but escalating confrontation somewhere else

could spill over to the Arctic region. Tensions between Arctic states, such as the continental shelf disputes, could also exacerbate the conflict.<sup>8</sup>

Although the security situation in the Arctic has changed, there is no suitable intergovernmental format for discussing it. As the matter becomes increasingly important for the countries of the region, informal forums have been set up over the last decade where Arctic countries can discuss military-political and military issues. At the initiative of the US European Command and Norway, the Arctic Security Forces Roundtable (ASFR) was convened in 2011 at the level of high-ranking military officers, with invited representatives of Arctic countries (including Russia) and some NATO member states. Russia's participation was suspended in 2014, but the round table continues to operate in the ASFR Northern Flank format, in which Sweden and Finland participate along with the members of the Alliance. Estonia is not included in this format. At the initiative of the UK, which attaches great importance to the security of the North Atlantic, the Northern Group came together in 2010. In this framework, the defence ministers of 11 countries, including the Baltic ministers, meet regularly. For the purpose of closer military cooperation between the members of the Northern Group, a Joint Expeditionary Force (JEF) was established in 2015, also under the leadership of the UK, in which Estonia participates.<sup>9</sup>

In 2009, the Nordic countries established a framework for political and military cooperation, NORDEFECO, with the original aim of strengthening the defence capabilities of the participating countries through cost-effective common solutions. Since 2014, cooperation has been driven by immediate security challenges in the Nordic and Baltic region.<sup>10</sup> NORDEFECO is a convenient form of cooperation for practical bilateral and multilateral cooperation projects. It is also a forum for wider

<sup>6</sup> "Russia Sees Arctic as Naval Priority in New Doctrine", BBC, 27 July 2015.

<sup>7</sup> Elena Klimenko, "Russia's New Arctic Policy Document Signals Continuity Rather Than Change", SIPRI Commentary, Stockholm International Peace Institute, 6 April 2020.

<sup>8</sup> Interview with a defence policy expert.

<sup>9</sup> Tomas Jermalavičius and Eerik Marme, "The Baltic Region", in John Andreas Olsen, ed., *Security in Northern Europe: Deterrence, Defence and Dialogue*, Whitehall Paper 93 (London: Royal United Services Institute, 2018), 23-36.

<sup>10</sup> Håkon Lunde Saxi and Karsten Friis, "After Crimea: The Future of Nordic Defence Cooperation", NUIPI Policy Brief, Norwegian Institute of International Affairs, 2018.

discussion on security in Northern Europe and provides an opportunity to coordinate activities. Meetings at the ministerial level of the Northern Group and NORDEFECO have also been held in parallel; this makes it possible to discuss topical military-political issues at a high level with external actors such as the US secretary of defence or the NATO secretary general. NORDEFECO's vision also includes dialogue and cooperation with the Baltic states in areas such as exercises, training, armaments and planning. The Arctic and its military security could be a matter addressed through this format of cooperation.<sup>11</sup> However, many NORDEFECO military cooperation projects remain unavailable to Estonia due to limited resources.<sup>12</sup>

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As security in the European part of the Arctic, the North Atlantic and the Baltic Sea region is closely interlinked, NATO is the most important format for Estonia for discussing Arctic security issues, despite the existence of informal dialogue frameworks. Estonia could have an interest in the Alliance focusing more on the Arctic and especially on the North Atlantic. This would also be in line with the Alliance's 360-degree approach. The US ability to support Europe across the North Atlantic is an important part of NATO's credible deterrence.<sup>13</sup> Though some experts have expressed concern that increased attention given to the High North might draw attention away from the Baltic Sea region, that risk is actually small, as these regions are strategically linked. However, NATO's increased focus on the Arctic will be only possible once the allies overcome their disagreements concerning the Northern Flank's priority. Certainly, Estonia should continue to use the

opportunities for defence cooperation with members of the Alliance interested in the Arctic, such as the UK, the United States, the Netherlands and, of course, the Nordic countries.

## 2. ESTONIA'S PARTICIPATION AND INFLUENCE IN REGIONAL COOPERATION

As mentioned above, the Arctic Council is at the heart of international cooperation and governance in the Arctic. The more the Arctic opens up and becomes globally more important, the more interested non-Arctic

countries will be in participating in the Council. Some observer countries have indicated dissatisfaction with the current Arctic governance model. Some of them are seeking a more influential status, but as the Arctic countries have a privileged role in guiding the Arctic affairs, it is unlikely that they will be prepared to change

the current governance format. As states' interest in the Arctic grows, future disputes over whether the current governance regime is sufficient to balance the strategic interests of Arctic and non-Arctic states cannot be precluded.<sup>14</sup> The US has clearly ruled out a greater role for non-Arctic states in the current Arctic governance regime.<sup>15</sup> Countries' interest in applying for Arctic Council observer status has grown, but so has the desire of the full members to carefully consider the pros and cons of admitting new observers and to expect observers to make a practical contribution to Arctic governance.

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<sup>11</sup> Pauli Järvenpää, "[NORDEFECO: Love in a Cold Climate?](#)", ICDS Analysis, International Centre for Defence and Security, April 2017.

<sup>12</sup> Interview with a defence policy expert.

<sup>13</sup> House of Commons Defence Committee, [On Thin Ice: UK Defence in the Arctic](#) (Twelfth Report of Session 2017-2019) (London: House of Commons, 2018).

<sup>14</sup> Marc Lanteigne, "[Inside, Outside, Upside Down](#)", in Kristina Spohr and Daniel S. Hamilton, and Jason C. Moyer, eds., *The Arctic and World Order* (Washington, DC: Johns Hopkins University, 2020), 379-404.

<sup>15</sup> "[US Rejects Interference by Non-Arctic Countries in Polar Region: Official](#)", *Arctic Today*, 3 May 2019.

Estonia, as a non-Arctic country, thus has no direct opportunities to influence the developments in the Arctic. However, it does have indirect opportunities. Observer status in the Arctic Council would let Estonia one step closer to the main regional forum. Observers have no right to speak or participate in the decision-making in the Arctic Council, but are expected to manage their interests and activities through the Council's working groups. They can contribute to discussions at working group level, make proposals through the member states and submit written statements to ministerial meetings. Observers can participate in the form of scientific expertise, information exchange and financial contributions.<sup>16</sup>

Scientific research in the Arctic is the area in which Estonia could contribute to the work of the Arctic Council. This would also have implications for the Estonian economy. Changes in the Arctic environment have a multifaceted impact on the Baltic Sea region, and knowledge of these processes would provide economic opportunities both in Estonia (for example, in the field of energy and transport) and in the wider region, thus increasing Estonia's visibility in the region. Observer status in the Arctic Council would give Estonian researchers better opportunities to participate in international research projects and to apply and strengthen Estonia's considerable polar expertise (see below for details).

Observer status in the Arctic Council would also give a new dimension to Estonia's foreign policy, which would help strengthen Estonia's international networking efforts and promote the country's image and visibility. The growing strategic weight of the Arctic region will, of course, also add importance to the Arctic Council as a high-level international forum. The member states of the Arctic Council are, in various ways, extremely important for Estonia, and Estonia would have additional opportunities to strengthen relations with them. The expectations and interests of the members of the Council towards Estonia are, of course, very different. The US sees Estonia as a partner that shares and supports the

US view of security in the region – which is not, however, among the topics discussed in the Arctic Council.<sup>17</sup> It would definitely be in Estonia's interest for the US to take a greater interest in the Arctic. The Nordic countries are particularly interested in Estonia's ability to make a real contribution to the work of the Arctic Council, for example through knowledge and improvement of the situation of indigenous peoples or research on climate change.

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The possible impact of Estonia's more active Arctic cooperation on the country's relations with Russia is also an important issue. Estonia's scientific experience and competence focus on the Russian Arctic, where growing political tensions between Russia and the West have hampered international scientific cooperation. At the same time, the Nordic countries continue to emphasise the importance of the Arctic Council as a forum for practical and good cooperation with the Russians, despite Russia's aggressive behaviour and the negative impact this has on regional security. Certainly, regional cooperation will not solve the strategic confrontation between Russia and the West, but participation in the Arctic Council can still offer Estonia an additional, more positive arena for communicating and cooperating with Russia.

In the context of Arctic regional cooperation, the issue of security must be approached with caution. As said above, it is in Estonia's interest to strengthen NATO's contribution to the Arctic region and to participate in discussions on Arctic security within NATO. It is very important for Estonia to closely monitor and assess the impact of Arctic developments on our security, to look for suitable formats to discuss these issues with allies and partners and to strengthen cooperation. At the same time,

<sup>16</sup> Arctic Council, [“Recommendation of the Arctic Council Deputy Foreign Ministers”](#), 14 May 2012.

<sup>17</sup> Luke Coffey and Daniel Kochis, [“Why the U.S. Should Support Arctic Council Observer Status for Estonia”](#), Issue Brief No. 6040, Heritage Foundation, 19 January.

Estonia must take into account that most Arctic countries still want to keep security matters separate from practical regional cooperation – which does not mean that Arctic security is not an issue of growing importance to these countries. Estonia's contribution to Arctic regional cooperation and Estonia's interest in Arctic security are thus separate issues and should be handled separately.

As an EU member state, Estonia has rightly supported the EU paying more attention to the Arctic. Estonia's vision could also be reflected in the EU's new Arctic strategy document, to be adopted later this year. As the EU is a major funder of scientific research in the Arctic, Estonia should make better use of the opportunities this offers. An Estonian Arctic strategy would be helpful in this regard.

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Cooperation with the Nordic countries also provides opportunities to discuss Arctic issues, either bilaterally or in other formats, such as NB8. However, it should be kept in mind that, as the Nordic countries are Arctic countries, they might not always be willing to engage in an in-depth discussion of Arctic matters with their non-Arctic partners.

### 3. ESTONIA'S PARTICIPATION IN RESEARCH AND DEVELOPMENT

#### 3.1. HUMANITIES

All the interviewed experts were convinced that the only way Estonia could make a practical contribution to the development of the Arctic is through scientific and cultural cooperation, as Estonia simply does not have enough capacity in other areas. In the field of social sciences and humanities, Estonian researchers in ethnology, folklore and linguistics have developed a decades-long tradition of research

and cooperation in the Russian Arctic. Estonian Arctic research can be considered to have begun during World War II, when the linguist Paul Ariste found some soldiers of Finno-Ugric origin in a Soviet prisoner of war camp near Tartu

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during the German occupation and obtained permission to use them as language guides.

Estonian ethnologists, folklorists and linguists have done research across the Russian Arctic, and a number of people have done fieldwork from Chukotka to the Yamal Peninsula. Interestingly, Estonians have not done research on the Kola Peninsula. Estonian humanities and social scientists have very little done any polar research outside the Russian Arctic. A few postdoctoral fellows at Tallinn University have done research in Scandinavia, but there is no direct

Arctic focus outside the University of Tartu. Outside Russia, the University of Tartu has the largest concentration of researchers in Siberian studies among the world's research institutions. About a dozen ethnologists have done research in various parts of the Russian Arctic. In addition, there are folklorists and linguists active in this area.

Estonian researchers have developed long-term relationships with their Russian colleagues in Moscow, St Petersburg and elsewhere. Estonian researchers are well known in Russia, and some of them are also known internationally. In addition to the Estonian communities in Russia, Estonian researchers have mainly studied various indigenous peoples of the Arctic, with an emphasis on Finno-Ugric peoples.

A major problem for those in the humanities and social sciences studying the Arctic today is the lack of state support, especially financial support. Thus there is no framework for training new researchers to take over from the older generation, even though some students are interested in this career path. There is simply no funding for research trips to the Arctic or



stays in Russia for language training. Another problem is that cooperation between Estonian and Russian researchers largely depends on the instructions coming from Moscow, which increasingly restrict and sometimes hinder international research cooperation. There are some private universities, such as the European University at St Petersburg, which are not influenced by the direct or covert orders from the Russian Academy of Sciences or the Russian government, but at present the models of cooperation may change overnight. In addition, the work of researchers in the border area depends directly on the will of the Russian authorities to grant them permits to enter the border area. Recently, the visa regime in Russia has also been tightened, and thus attending conferences and research projects requires a humanitarian visa for scientific-technical purposes.

Nevertheless, the Estonian social and humanities researchers' knowledge of the Arctic is solid, and they could advise both ministries and the Foreign Affairs Committee of the Estonian Parliament (*Riigikogu*). Outside

longest-established field of environmental research is isotope paleoclimatology (which originated in the USSR), in which the interpretation of isotope variations in an ice core is used to observe global climate and environmental changes in polar ice sheets over hundreds of thousands of years. Climate research requires long-term observation, which is costly due to the requirements for monitoring equipment that has to withstand harsh environmental conditions and lack of energy supply.

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Estonian scientists have contributed to Arctic studies through providing specific solutions for conducting environmental research in difficult climatic conditions. Glacial meltwater and currents have been studied with the help of biorobots developed in Estonia. Participating in Arctic research cooperation is facilitated by offering concrete solutions, such as working prototypes for environmental monitoring. An autonomous measuring device called 'Lainepoiss' (smart wave buoy) was developed in Estonia in cooperation between researchers and the private sector, which, at a unit price of 5,000 euros, is 10 times cheaper than competing products. In environmental

monitoring, however, many such sensors have to be used over a long period of time, which makes environmental monitoring costly. On the other hand, being present in the Arctic is not always necessary in order to add value. Research on climate change is interdisciplinary and incorporates space and digital technology, big data and artificial intelligence, which have also been declared priority areas in Estonia. The Taltech Department of Marine Systems, the Tartu Observatory at Tõravere and other Estonian institutions and companies operating in the space sector create low-cost, high-value-added products and services based on data collected in the EU Earth observation and monitoring programme Copernicus. Owing to state-of-the-art data processing and modelling in Estonia, Finnish colleagues are also interested in the Baltic Sea ice monitoring system created

*Cooperation between Estonian and Russian researchers largely depends on the instructions coming from Moscow, which increasingly restrict and sometimes hinder international research cooperation*

scientific communities and the Finno-Ugric movement, Arctic competence in Estonia is rudimentary. Estonian researchers have good connections with Arctic researchers all over the world. Therefore, it is easy to find partners for research projects, compile the latest research results and apply the accumulated knowledge to researching other areas of the Arctic. The problem is the peripheral position of Estonian science on an international scale, which limits the participation of researchers in projects initiated in other countries. The government could do much to overcome this peripherality.

### 3.2. NATURAL SCIENCES

The Arctic competence of Estonian natural scientists ranges from groundwater research to atmospheric phenomena. The

by Estonian researchers, companies and state agencies.

Environmental research also has a direct economic application. Navigation decisions made on the basis of ice monitoring observations allow savings of hundreds of thousands of euros a year on the fuel consumption of ferries used in Estonia alone. Environmental monitoring is also an important aspect of port construction and insurance. In addition, the study of environmental changes in the Arctic is important for Estonian energy planning, because changes in the wind regime directly affect the productivity of wind farms (the same applies to wave energy). Norway has thoroughly explored the mineral resources in the Barents Sea up to Russian territorial waters, but the areas further north are largely unexplored. The main reason is that Norway has access to mineral resources in the south, and so thus far, there has been no direct need to extract in difficult northern conditions. Norwegian gas and oil drilling has moved northward over time and has already gotten close to Spitsbergen in the Barents Sea. Norway is moving towards closing down all environmentally harmful operations in Spitsbergen in order to avoid the mining demands of the contracting states.

The researchers interviewed for this study had mixed opinions on research collaboration with China in the Arctic. Some saw no threat, while others suggested the theft of intellectual property as the main threat, for example, copying prototypes. Some noted that not only China but also Russia engages in industrial espionage. China also puts pressure on universities by making constant offers of cooperation in the Arctic. Attitudes toward research cooperation with China are generally sceptical. In Ny-Ålesund in Spitsbergen, there is a Chinese research station called Yellow River Station, where as many as 200 Chinese researchers work during the high season. Among the research community, work is coordinated through the Ny-Ålesund Science Managers Committee (NySMAC), but the Chinese researchers are the only ones in the international community that are reluctant to participate in this format and unwilling to share information about their activities.

Estonian polar researchers agree that polar research is important in terms of awareness and in terms of having specialists in Estonia who have thorough knowledge of the field, keep abreast of developments and support policy makers in order to have a say in the EU Arctic and climate policies. Scientific competence is also a criterion for credibility in the Arctic Council. There is a common concern among researchers about the loss of polar research competencies, as the field has not been funded for years and Estonian researchers currently usually work in or with funding from foreign research institutions and universities. Several interviewees pointed out that Estonia needs a broad-based Arctic strategy like Norway has,

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which would include transport, environmental monitoring, and energy and mineral resources and would also be supported by funding. On a positive note, it was pointed out that the Estonian Polar Club has involved high school students in polar research – these are students who demonstrated a high level of knowledge at a nationwide competition and have been selected based on their results to participate in fieldwork in the Arctic, partly thanks to donations.<sup>18</sup>

Polar researchers also see an opportunity for Estonia's knowledge-based economy in the construction of wooden houses, as lightweight weatherproof houses would be a great alternative to stone buildings, which are not suited for permafrost conditions. The interviewees also mentioned shipbuilding, where Estonian companies are already subcontractors to Finnish partners, and digital technologies and personal medicine, which can improve the accessibility of services for people living in the Arctic.

<sup>18</sup> The Estonian Polar Club operates at the Estonian Maritime Museum. It unites Arctic and Antarctic researchers and focuses on the history of Estonian polar research and navigation.

## 4. ESTONIA'S ROLE IN PROTECTING THE RIGHTS OF INDIGENOUS PEOPLES IN THE ARCTIC

Estonia has a long tradition of studying the indigenous peoples of the Russian Arctic, especially the Finno-Ugric peoples. Estonia also has the largest gene bank of the Arctic peoples. The activities of Estonian researchers and activists have their strengths and challenges. Long-term research on the indigenous peoples of Siberia has helped to gather solid and diverse knowledge. On the other hand, the actual application of this knowledge and further research largely depend on the Russian Federation.

*Estonian researchers can be excellent bridgeheads for various applied or scientific international projects focusing on indigenous peoples in the Arctic*

Estonian researchers are well-versed in Russia's political climate and monitor the developments in the Arctic. They are well informed about the current situation. They can be excellent bridgeheads for various applied or scientific international projects focusing on indigenous peoples in the Arctic. The researchers have very diverse contacts and can rely on their Russian colleagues if contacts are needed for projects carried out in an unfamiliar region. Ethnologists and folklorists know the local customs and codes of conduct, and sometimes the languages. In the north, it is difficult for strangers to reach out to locals and find a common language. Projects cannot succeed unless local people are involved.

In addition to indigenous peoples, researchers also know the infrastructure, economy and climate of the regions. As a rule, they also have acquaintances in local research institutions, universities and even the administration; all this helps to cope with bureaucracy. This knowledge is needed in the preparation of various projects. Thanks to long-term cooperation, ethnologists and folklorists are able to record climate change, for example. When studying hunting cultures, scientists can cover also flora, fauna and climate change in

the territory of the northern peoples, as the local people speak about it (for example, the appearance of new animal or bird species, or an acceleration in the growth of trees).

In addition, there is the non-profit association *Fenno-Ugria Asutus* in Estonia, which communicates with the Finno-Ugric peoples both in Russia and elsewhere. The NGO organises Finno-Ugrian Days and cultural exchanges and participates in festivals of Finno-Ugric peoples in various regions of Russia, and other cultural events. The NGO has an important role in curating the Kindred Peoples Programme of the Estonian Ministry of Education and Research. This programme gives students of Finno-Ugric origin the opportunity to study at Estonian universities.

So far, more than 180 such students have attended Estonian universities through the programme. According to the NGO, the programme has contributed to civil society initiatives by the Finno-Ugric peoples of Russia. The programme for the period 2021–2027 is currently being approved. The

NGO has extensive contacts in Russia and a good overview of the situation of indigenous peoples, and it is well-known among the locals. As a drawback, the NGO is not in good standing with Russian authorities. The Kindred Nations Programme has been accused in Russia of facilitating brain drain. The NGO also tends to cooperate with those indigenous peoples' associations in Russia that hold rather oppositional views. Nevertheless, the NGO is undeniably a good source of information and contacts for research projects.

## 5. OPPORTUNITIES AND RISKS FOR THE ESTONIAN LOGISTICS SECTOR WITH REGARD TO THE NORTHERN SEA ROUTE

The interviewed experts in the logistics sector saw the Northern Sea Route as a future alternative to the southern trade route, but did not believe that it could replace southern traffic, especially container traffic. The Northern Sea Route is currently used for raw material transport. Navigation there is dangerous due to severe ice conditions, narrow straits, shallow

depths and a lack of supporting infrastructure. In addition to the harsh conditions, transit through the Arctic Ocean is a costly and high-risk undertaking, as the ships used there must have a high ice class to obtain insurance.

*The Northern Sea Route is currently used for raw material transport. Navigation there is dangerous due to severe ice conditions, narrow straits, shallow depths and a lack of supporting infrastructure*

According to one expert, the benefits of the Northern Sea Route for Estonia depend on its components – the Talsinki tunnel and the connection between Kirkenes and the Finnish railway network, without which the transshipment problem cannot be solved. Another expert expressed scepticism towards the related projects initiated by the Finnish entrepreneur Peter Vesterbacka, and the unknown Chinese funder of these projects. Nevertheless, the expert believed that the research needed for the project should be carried out and suggested that alternative partners be sought in Japan, with which Estonia shares common values.

He also mentioned that China was known for punishing political mistakes with economic sanctions, but since Estonia's economic relations with China are marginal,<sup>19</sup> there is no direct reason for Estonia to compromise its values for the sake of economic benefits. At the same time, it is not financially difficult for China to recruit ministers to lobby for it, and the transit sector is not immune to such influence. In the transit sector, there are businesspeople who would do business with anyone. There are many non-Estonians in this sector whose business partners are in Russia and who are concerned only about economic profit without any regard to security considerations. There is no reason to be paranoid, and the logic of businesspeople must be understood, but these individuals should be educated more on security aspects. For example, due to tensions between Belarus and

Lithuania, some transit through Lithuania has moved to Estonia. Estonian businesses are not bothered by politics and do not hesitate to cash in from the opportunity. According to another expert, the situation is only temporary, as most of the traffic goes to the Russian port of Ust-Luga after an agreement signed by Belarusian president Alexander Lukashenko, which was one of Russia's conditions for financial support for Lukashenko's regime.

The Northern Sea Route is used mainly for transporting raw materials (oil, gas and coal), the volume of which, according to Russia's most optimistic forecast, will reach 80 million tonnes by 2024. According to one interviewed expert, China's forecast expects the volume of transit to Europe to amount to only 14 million tonnes. According to the Russian Northern Sea Route Administration, the transport volume on the route was 31.5 million tonnes in 2019, of which more than two-thirds was gas from Novatek's Yamal liquefied natural gas project.<sup>20</sup> The transport of raw materials on this route is purely sea transport, which goes directly to the ports of the target markets and does not require land transport. The lack of cargo volumes was also one of the reasons why Finland's Ministry of Transport and Communications did not consider it economically viable to connect Kirkenes to the Finnish railway network, explaining that the traffic volumes on the route should be at least 2.5 million tonnes per year to cover maintenance costs.<sup>21</sup>

*Finland's Ministry of Transport and Communications did not consider it economically viable to connect Kirkenes to the Finnish railway network*

Before the coronavirus crisis, tourism was common in Spitsbergen and Franz Josef Land in the Arctic. One of the business sector representatives interviewed found that the impact of tourism on the Arctic environment

<sup>19</sup> Trade with China constituted 1,73 % of Estonia's exports and 4,24 % of imports in 2020. See: "[Estonia: Visualisations](#)", Statistics Estonia.

<sup>20</sup> "Icebreaking LNG Carrier Completes Earliest Northern Sea Route Transit", *Maritime Executive*, 6 January 2020.

<sup>21</sup> Frank Jüris, "[The Talsinki Tunnel: Channeling Chinese Interests into the Baltic Sea](#)", EFPI/ICDS Analysis, Estonian Foreign Policy Institute/ International Centre for Defence and Security, December 2019, 8.

was minimal, citing Antarctic best practices, where rules were strict and no more than 100 people were allowed to land at a time. Another expert on the sector was pessimistic, finding that without special international and multilateral binding agreements similar to those applied to the Antarctic, and in particular without Russia's substantive participation, it would be impossible to preserve the integrity of Arctic nature in the face of economic expansion and the emergence of massive transport arteries. A representative of the scientific community living permanently in Spitsbergen disagreed on the matter of environmental impact, pointing out that Norway was actively restricting tourism as it was very costly and time-consuming to deal with the environmental pollution caused by accidents. All pollution control equipment has to be delivered from a long distance, and cleaning up pollution is a lengthy process. A good example was a fish trawler that had stranded on rocks. Its removal took more than a year due to severe weather conditions.<sup>22</sup> Hordes of tourists also disturb the wildlife, which is especially harmful during the mating season in spring. That is why access to the fjords is restricted every year.

Life and business in Spitsbergen would be impossible without state support, as electricity and transport are very expensive. At the same time, Norway is not interested in privately owned real estate falling into the hands of China, which is why the state is buying up properties or setting up bureaucratic obstacles to their sale. Real estate development is not allowed in the uninhabited areas of Spitsbergen, and in-migration is restricted in order to avoid overpopulation. The closure of a coal mine has led to the departure of Norwegians and an increase in the proportion of foreigners, driven by the developing tourism sector. Norway's policy is that the majority of the population in Spitsbergen should be Norwegian.

According to a transit expert, China has an interest in Iceland and Greenland in the context not only of the Northern Sea Route but also of security, as these are the closest settled places to the United States, and a presence there

would allow China to monitor the movement of US submarines. For China and Russia, geopolitical considerations are always more important than the economy, which should be borne in mind in assessing the Northern Sea Route. Environmental protection and research, as areas with the least differences of opinion, should be considered as the main sphere of cooperation. Undoubtedly, Estonia should keep monitoring the situation in the Arctic,

*For China and Russia, geopolitical considerations are always more important than the economy, which should be borne in mind in assessing the Northern Sea Route*

because the changes taking place there will inevitably impact Estonia. Estonia could offer its knowledge and skills, especially in the fields of fisheries and transit, where Estonia is able to provide services. For example, an Estonian company is already successfully providing the services of a first-class service vessel to offshore drilling rigs in the Kara Sea. The knowhow of BLRT is also useful and could be applied in the Arctic. The Estonian IT and green industries would certainly also have potential.

## CONCLUSIONS AND RECOMMENDATIONS

### 1. Estonia needs a comprehensive Arctic strategy

- The main prerequisite for Estonia's participation in Arctic cooperation is scientific expertise, the maintenance and development of which requires a broad-based strategy and financial resources.
- A comprehensive Arctic strategy should provide guidance for polar research, participation in regional cooperation and the utilisation of economic opportunities. The strategy should also cover the impact of developments in the Arctic on Estonia's security. The strategy would replace previous polar research strategies, covering both research and other important matters relating to the Arctic, including environmental protection, transport and mineral resources.

<sup>22</sup> "SMIT Completes Northernmost Wreck Removal Project Ever", *Maritime Executive*, 9 March 2020.

- The participation of various state agencies, research institutions, the private sector and other stakeholders is crucial to the preparation and implementation of the strategy.
- The relevant strategy documents of the Nordic countries can serve as examples in the drafting process.
- In conclusion, an Arctic strategy is needed in order to:
  - maintain and renew scientific expertise and create better preconditions for Estonian polar researchers to participate in international research cooperation;
  - enable Estonia to better defend its interests in international discussions and decision-making processes concerning the Arctic, including in the EU, NATO and Nordic-Baltic cooperation structures (NB8);
  - pay attention to the impact of growing geopolitical competition in the Arctic and the militarisation of the region on security in Estonia and the Baltic Sea region.

## **2. Participation in Arctic co-operation improves Estonia's global visibility and reputation**

- Through research-based activities in the Arctic, Estonia can improve its global visibility and reputation as a country that contributes to the management of international problems and to multilateral cooperation.
- Estonia should seek opportunities to strengthen regional cooperation with the Nordic countries through joint activities in the Arctic.
- It is in Estonia's interest to support a more active EU Arctic policy and to contribute to EU-funded research, the management of environmental problems, the protection of indigenous peoples' rights and cultures, and the sustainable development of mineral resource use and transport.
- Regional cooperation in the Arctic offers Estonia opportunities for practical cooperation and communication with

Russia. The Nordic countries value the Arctic Council as a forum for practical cooperation with Russia. This does not significantly soften the strategic confrontation between Russia and the West but still offers a more positive communication arena.

## **3. Geopolitical developments in the Arctic affect Estonia's security**

- As security in the European part of the Arctic, the North Atlantic and the Baltic Sea region is interconnected, it is important to be aware of geopolitical developments in the Arctic and assess their impact on Estonia's security. Estonia should continue to participate in the cooperation formats (with allies and partners) where security issues in the region are discussed.
  - Estonia could have an interest in the NATO alliance focusing more on the Arctic and the North Atlantic. Estonia should participate in shaping NATO's positions so that Estonia's interests are represented in the management of security risks in the region.
  - Estonia should use the opportunities to participate in the defence initiatives in the Nordic region offered by NATO, the allies interested in the region, and partner countries in the region.
- ## **4. Estonia's participation in Arctic co-operation requires the maintenance and development of scientific competence**

### *Humanities*

- The development of expertise in the fields of humanities and social sciences will also pave the way for Estonian economic and IT projects in the Arctic. The experts in these fields are familiar with the problems of the people of the Arctic and have contacts in various regions.
- Researchers in these fields are able to contribute to climate research, as their work focuses on indigenous peoples who maintain their traditional lifestyles.
- Estonian researchers of humanitarian and social sciences should be included in

official delegations and in Arctic-related events, as this would raise the profile of our researchers.

#### *Natural sciences*

- Polar research should be developed on an equal footing with the areas declared by the government as priorities – space and digital technology, big data, artificial intelligence and climate – as all these areas are represented in climate research.
- Investments in polar research will pay off in building a science-based economy if the results of environmental research are applied in shaping the national energy, green and logistics policies.
- At present, lack of funding is hampering the succession of researchers in both the humanities and the natural sciences.

#### **5. Estonia plays an important role in protecting the rights of indigenous peoples in the Arctic**

- Estonia has become a voice for the Finno-Ugric peoples living in Russia. Within the framework of the Kindred Nations Programme, members of various Finno-Ugric peoples have been able to study at Estonian universities. Both Estonian researchers and activists of the Finno-Ugric movement have extensive contacts with the representative organisations of the indigenous peoples of the Arctic. This experience must be maintained and developed.
- At the same time, it must be borne in mind that highlighting the situation of the Finno-Ugric peoples may lead to tensions with both the Russian central government and the local authorities.
- Estonia can use the potential of innovative technology companies and the IT sector to protect the rights of indigenous peoples in the Arctic.

#### **6. The introduction of the Northern Sea Route brings both economic opportunities and environmental and security risks**

- The economic opportunities and policy risks associated with the possible (but uncertain) wide-scale use of the Northern Sea Route in the future need to be explored and assessed on a factual basis in terms of cost-effectiveness, environmental impact and security in order to shape Estonia's Arctic policy and contribute to the EU Connectivity Strategy.
- In order to avoid economic dependence on authoritarian regimes, it is recommended to work with countries that share our principles in the area of connectivity, such as sustainability, the rule of law and transparency.
- Economic opportunities should be considered taking into account the cost of potential environmental damage, as the support structures for the Northern Sea Route are currently inadequate: in the event of an accident, rescue equipment must be transported over long distances and in severe weather conditions, and cleaning up pollution is a lengthy process.
- In order for Estonian companies to benefit from the growth of economic activity in the Arctic, they should be given opportunities to introduce their services and products in the areas of environmental monitoring, shipbuilding, port and building construction, fisheries, space technology, green industry and digital economy in polar regions. Estonia also has the necessary know-how to provide administrative, medical and financial services in sparsely populated conditions similar to the Arctic.

## ANNEX 1. LIST OF INTERVIEWEES

(January–February 2021)

**Erik Eenlo**, Estonian Ministry of Foreign Affairs

**Martin Hurt**, International Centre for Defence and Security

**Riina Kaljurand**, Estonian Ministry of Foreign Affairs

**Maarja Kruusmaa**, TalTech / Norwegian University of Science and Technology

**Art Leete**, University of Tartu

**Oliver Mõru**, Estonian Ministry of Defence

**Rikon Noormets**, The University Centre in Svalbard

**Urmas Paet**, Member of the European Parliament

**Tiit Pruuli**, Go Grupp

**Katrin Savomägi**, Estonian Polar Club

**Katrin Sibul**, Estonian Ministry of Foreign Affairs

**Tarmo Soomere**, Estonian Academy of Sciences

**Kalev Stoicescu**, International Centre for Defence and Security

**Karmo Tüür**, political scientist

**Rivo Uibopin**, TalTech Department of Marine Systems

**Rein Vaikmäe**, TalTech / Academy of Sciences

**Raivo Vare**, transit and economic expert

**Petteri Vuorimäki**, Ministry of Foreign Affairs of Finland



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