

What Multilateral Strategy for Canada in the Arctic?

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Introduction

Russia's warmongering and revisionist behaviour in Ukraine raises questions about its position in the Arctic, given the region's strategic importance for Russia. Moscow has [the world's longest maritime border](#) there and has deployed its nuclear capabilities on the Kola Peninsula, giving the region a vital role in Russia's deterrent capabilities. [From a tactical point of view](#), the exercises "Kavkaz-2012", "Zapad-2013," and "Kavkaz-2016" revealed that, despite the low probability for a conflict in the Arctic, Russia could open up a front there in the event of a regional conflict elsewhere. However, Russia's strategic objectives remain defensive: maintaining its status as the leading Arctic power, preserving a strong and credible deterrent capability, and protecting its economic interests in the region.

Yet one of the most deleterious consequences for Russia after its invasion of Ukraine is the intensification of a sense of encirclement with the eventual accession of Sweden and Finland to NATO. NATO's presence will undoubtedly be strengthened in the Arctic and weaken Moscow's regional dominance. This new strategic situation could push Russia to act in an unpredictable and warmongering manner. To avoid this scenario, it is in the interest of allies to strengthen their deterrence and reassurance capacity in the region to prevent the worst.

In this context, it is necessary to reflect on what is needed to adapt Canada's Arctic posture – which has significant vulnerabilities – and to question Canada's multilateral strategy in the region. With this in mind, the Network for Strategic Analysis conducted a series of interviews and organized a roundtable with experts and practitioners to analyze Canada's vulnerabilities in the Arctic and the prospects for security cooperation in the region in an uncertain and volatile strategic environment. This report presents their synthesis.¹

What Threats in the Canadian Arctic?

Canada faces four types of threats in its Arctic region: the climate crisis, which has severe consequences for the security of local populations; Canada's legal posture regarding the Northwest

¹ The roundtable discussions took place on 19 January 2023 and the series of interviews was conducted from 1 to 3 February 2023.

Passage, which is not internationally recognized; hybrid destabilization operations coming from third countries in the region; and the lack of Canadian capabilities to conduct surveillance and control of its air and maritime space.

The Arctic region is experiencing global warming [three times faster than the global average](#). The lack of Canadian infrastructure in the region and the international community's mixed efforts to control global warming threaten Canada's northern populations by progressively degrading their living conditions. [The Observatory for Arctic Policy and Security \(OPSA\) report](#) showed that the climate crisis and lack of infrastructure in 2022 had worsened food, economic, environmental, health, personal, and political security in Canada's Arctic. [The modification of ecosystems linked, in particular, to the thawing of permafrost](#) not only has a substantial impact on food independence in the region but also causes the degradation of already underdeveloped infrastructure, coastal erosion, and the scarcity of drinking water. There is consensus among experts about the acuteness of the environmental threat. However, the lack of federal projects to effectively address and manage these challenges increases Canada's vulnerability in its Arctic space. In addition, global warming allows for increased tourism, commercial activities and, more broadly, the presence of private actors who do not have a good knowledge of the region and can contribute to the weakening of ecosystems.

Even though global warming can only be managed globally, Canada must quickly address its structural flaws, which could reinforce social cleavages and exacerbate social frustration. Indeed, this social context facilitates the interference of various state actors, such as Russia or China, who resort to hybrid operations (especially informational ones). While Arctic countries have so far not notified any Arctic-related disinformation operations, the accession of Sweden and Finland to NATO will potentially impact Russia's framing of the region and could lead to an increase in disinformation campaigns.

At the same time, the projection of increased commercial activity in the Arctic due to accelerated ice melting reinforces the need for the Canadian government to maintain its legal posture on the Northwest Passage (NWP). While neither Russia nor China has yet challenged Canada's claims on the NWP, the geostrategic upheaval caused by the 2022 invasion of Ukraine confirms Canada's interest in preserving its posture on the Strait. Claiming Canada's sovereignty over the NWP aims to [control navigation in a fragile environment in a non-discriminatory manner](#). While allies such as Japan and South Korea recognize Canadian aspirations on the NWP, Ottawa still faces the refusal of its close American ally and, to a lesser extent, its European allies. Washington refuses to set a precedent on sea passages. Still, it remains essential for Canada to obtain the support of the United States on this issue to definitively eliminate the risk of the NWP legally becoming an international maritime strait.

While the climate threat and its associated risks enjoy a consensus among experts, there are debates about the acuteness of conventional threats in the Canadian Arctic space. For some, it is possible to avoid conventional threats because of the geography of the Canadian Arctic (the great distances and difficult climate reduce the likelihood of a successful third-country offensive). Moreover, Russia and China have so far expressed no strategic interest in the Canadian Arctic. From this perspective, a conflict in the North of the country is unlikely.

For others, the lack of Canadian investment in the Arctic creates significant risks to national security. Canada continues to face significant gaps in monitoring and detecting conventional and hybrid threats in the region. While political rhetoric has contributed to the region's securitization, persistent strategic vulnerabilities could ultimately undermine Canada's credibility with allies and render its deterrence ineffective against rivals. On the other hand, this lack of resilience and capabilities fosters the development of hybrid threats due to the traditional attribution problem specific to the [nature of these threats](#). Although it is challenging to communicate the acuteness of destabilization operations publicly because of their sensitive nature, those are real challenges in the region. Canada must develop effective mechanisms to counter them for the sake of security and sovereignty.

European Allies in the Arctic

The worsening security environment in the Arctic since the annexation of Crimea by Russia has led to the [strengthening](#) of Norwegian, Swedish, Danish and Finnish postures in the region. The war in Ukraine did not lead to a fundamental break in their positions in the Arctic, except for Sweden's and Finland's applications for NATO membership. However, as the circumpolar cooperation is on hold due to the suspension of the Arctic Council's regular work, it creates uncertainty in governance, security and cooperation.

Since 2014, Russia has been explicitly identified as a [threat](#) in the Arctic strategies of the Nordic countries. That said, if in terms of deterrence the dynamics of military acquisition and modernization continue to follow the strategies developed before February 2022, they have been relatively accelerated with the outbreak of the Russian-Ukrainian "second war." The upward trend in military budgets and investment in Arctic capabilities began in 2014 and is currently intensifying. Since February 2022, Norway has increased [its defence budget by 7.3% in 2023](#) and announced a hardware investment of around US\$500 million. In addition, the number of armed forces posted in [Finmark and at the Ramsund naval base](#) will increase and Norway will set up funds to strengthen the armed forces in the North to undertake a major modernization. Indeed, Oslo wants this [new defence budget to prioritize the North](#) to prepare the country for the possibility of a direct conflict with Russia.

Denmark has ended its derogation clause within the EU on the CSDP (Common Security and Defence Policy) to strengthen its security cooperation with its European allies. It also recently recalled that the Arctic remains the country's most important security priority. In May 2022, the Kingdom of Denmark and Greenland [agreed](#) to expand military education programs, increase the size of the armed forces and establish an airborne radar surveillance post on the Faroe Islands. The project is valued at US\$13 million.

As early as 2014, Finland announced its desire to remilitarize in the face of Russian warmongering behaviour. In 2020, it announced a [54% increase in its defence budget](#), and the country has since demonstrated a continued willingness to strengthen its deterrence capabilities in the Arctic. However, the war in Ukraine greatly upset its threat perception in the Far North. Indeed, [its October 2022 report](#) on the Arctic cancelled its 2021 strategy and signalled a dramatic geopolitical shift in the region. As a result, Finland is accelerating its remilitarization process and strengthening its military alliances. In November 2022, Finland acquired 80 U.S. precision

missiles worth about [US\\$323 million](#) and made a [declaration of intent](#) with Norway and Sweden to strengthen cooperation in the High North. After the [Cold Response](#) exercise in March 2022, the country announced, for the year 2023, [89 international military exercises](#) to develop security coordination with its allies in the Far North. At the end of 2022, Helsinki announced a [20% increase in its 2023 defence budget](#), representing [2.25% of Finland's GDP](#).

Sweden has been following the same remilitarization dynamic since 2014. The country is continuing its [Total Defence 2021-2025 programme established in 2017](#); it aims at preparing Sweden for the possibility of war. Its application for NATO membership led it to accelerate the remilitarization and modernization of its armed forces. While Sweden has a traditional security interest in the Arctic, its new government declared in December 2022 that it would focus on [developing drones and satellites](#) to obtain more developed surveillance capabilities (in the Arctic and elsewhere). Indeed, Prime Minister Kristersson said that the war in Ukraine showed the need to develop capabilities to better understand Russian intentions (in the Arctic and elsewhere). Its defence budget follows the same trends as its European neighbours': while it was about [US\\$5 billion in 2021](#), [the 2023 budget amounts to roughly US\\$9 billion](#).

The strengthening of the Arctic defence posture of these four countries relies on increased ISR (Intelligence, Surveillance and Reconnaissance) capabilities, inter-allied interoperability and equipment modernization. This aims to protect their critical infrastructure in the Baltic and Barents Seas and, more broadly, to strengthen their sovereignty in the region. This offers opportunities for Ottawa to buttress its military investments through, notably, the joint development of capabilities to reduce its vulnerabilities in its Arctic region.

Like its European allies, Canada forecasts an increase in military spending of about [US\\$5 billion](#) in 2023. Indeed, the war in Ukraine strengthened the cohesion of the North Atlantic Alliance and consolidated a [consensus on identifying the imminent threat](#) – a revisionist and warmongering Russian Federation – for Canada and its allies. On the other hand, the Canadian government does not plan to meet its commitment to NATO, which would mean increasing its military spending to 2% of its GDP. At best, it intends to reach [1.59% in 2026](#). This goal contrasts with the other nations' [projections](#) to reach the 2% target: 2026 for Sweden, 2028 for Norway and 2033 for Denmark. Thus, Canada is the only Arctic state that does not plan to spend 2% of its GDP on defence over the next decade.

Recommendations for Canada

Given its significant vulnerabilities in the Arctic region, Canada must rethink its engagement within its alliances (NORAD and NATO) to maximize its national security. Indeed, despite a political will to develop multilateralism in the North American Arctic, efforts in this area remain insufficient to address the strategic vulnerabilities that risk being reinforced by the uncertainty and instability caused by Russian aggression in Ukraine. In this context, Canada must prioritize and accelerate the NORAD modernization. Even though in June 2022, the Canadian government announced a [US\\$4.9 billion investment to modernize NORAD](#) over the next six years, [the recent Chinese air surveillance operation](#) is a reminder of the need for and delay in modernizing NORAD. For example, while the recent acquisition of [maritime surveillance drones](#) in the Arctic is a step in the right direction, the acquisition of [armed drones](#) is not expected until the end of the

decade, after more than 20 years of discussions. In addition, despite the desire to [replace the submarine fleet](#) in the 2030s, no budget has yet been allocated to this costly project. Finally, unlike the [Europeans](#) and [Americans](#), Canada has not developed plans for increased investment in its defence industry to increase the production of munitions and military equipment needed to wage high-intensity warfare. Beyond public statements, a gap is therefore widening in defence posture vis-à-vis its allies in the context of the return of great power competition.

The new geostrategic context imposed by Russia could allow Ottawa to bridge this capability gap. Indeed, even if in 2020, the [declared refusal to provide NORAD with offensive capabilities](#) showed a strategic disagreement with the United States, Canada needs to strengthen its credibility and deterrence capacity in the Arctic and obtain Washington's support on the NWP file. Therefore it should encourage it to reconsider the development of offensive capabilities for NORAD and intensify its niche investments in the defensive capabilities of SRI.

The deepening of the alliance with the United States is necessary. It could be institutionalized through the Canada-U.S. *Permanent Joint Board on Defence* to advance its needs and interests more actively within NATO. Indeed, the future integration of Sweden and Finland will give greater visibility to Nordic defence cooperation (NORDEFECO) within the Atlantic Alliance. In addition, Washington and Ottawa have a mutual interest in coalescing their Arctic strategies to counterbalance a strictly northern European security approach.

Strengthening North American positioning would allow Ottawa to work towards a clearer division of the maritime and air burden with its European allies in return for its investment in securing the North Atlantic and the Canadian Arctic. To do this, Canada and the United States must identify and implement NORAD's role as NATO's northwestern flank. Deepening security cooperation between NATO's Arctic states would also be an opportunity for Ottawa to gain support from its European allies on the NWP file and consider better coordination for detecting hybrid threats, intelligence sharing and joint acquisitions.

For some, it remains difficult to grasp the idea of circumpolar coordination in terms of ISR due to geographical and geostrategic divergences between European and North American Arctic spaces. However, while Canada's Arctic differs in many ways from that of Europe, Canada, the United States, Denmark, Norway, Finland, and Sweden share a common [imperative need for threat identification, surveillance and reconnaissance](#). Differences in strategic cultures, political contexts and socio-economic dynamics should not discourage these allies from developing joint capabilities, better coordinating their Arctic initiatives and facilitating greater integration of their defence postures.