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ARC- TIC

The New Security
Equation in the
Arctic and the Baltic

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An aerial photograph of a vast, frozen body of water, likely a lake or fjord, with a snow-covered mountain range in the background. The ice is dark blue with white snow patches and cracks. A small village is visible in the bottom left corner.

EDITOR'S NOTE

Recent developments show that the Arctic and the Baltic can no longer be assessed as separate strategic theatres. Russia and China are expanding their logistical and industrial cooperation along the Northern Sea Route, turning the Arctic into a more important corridor for energy exports, maritime trade and sanctions circumvention. At the same time, recurring drone incidents, air-space violations and threats to critical infrastructure are increasing pressure on NATO's northern and eastern flanks.

This report examines how these developments are creating a new security equation across Northern Europe. It assesses the growing connection between Arctic shipping, Baltic air defence, critical minerals, energy infrastructure and hybrid threats. It also highlights the different pace at which regional actors are adapting. While Russia and China are building operational capacity, NATO is strengthening military deterrence and surveillance. The European Union, however, continues to face gaps in financing, strategic coordination and infrastructure integration.

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THE NEW SECURITY EQUATION IN THE ARCTIC AND THE BALTIC

The Arctic and the Baltic-Northern European security theatres are becoming parts of the same geopolitical system. Russia and China are working to establish the Northern Sea Route as a regular corridor for energy exports and trade. At the same time, Canada, NATO and Northern European countries are strengthening their military presence, air defences and protection of critical infrastructure. Western sanctions have not derailed Russia's Arctic strategy. They have pushed Moscow towards domestic shipbuilding, China-centred supply chains and riskier maritime practices. Drone activity in the Baltic also shows the growing challenge posed by low-altitude threats of uncertain origin. These threats are testing NATO airspace security at military, legal and political levels.

Sovereignty, Alliance Building and Controlled Engagement

Under Operation NANOOK-TUUGAA-LIK, Canada has launched joint patrol, surveillance and resupply activities with the United States, France and Denmark. The operation covers the Labrador Sea, Davis Strait and the Canadian Arctic Archipelago. It will run from August to October and is linked to NATO's Arctic Sentry activity. This reflects Canada's growing reliance on a sustained allied presence to protect its Arctic sovereignty. Around 600 personnel are also taking part in NANOOK-NUNAKPUT from Resolute



Bay. Their deployment highlights the importance placed on surveillance and mobility in the Northwest Passage.

Norway's conditional approval of a scientific mission by the Russian research vessel *Dalnie Zelentsy* shows that managed contact remains possible despite heightened security tensions. Oslo requires the vessel to share raw data with Norwegian institutions, submit a final mission report and provide an updated crew list. It has strictly prohibited sediment sampling from the continental shelf. Russian vessels are denied passage through Norwegian territorial waters, but Norway continues to apply its UNCLOS obligations carefully within its exclusive economic zone. This approach combines international law, scientific cooperation and national security oversight.

Washington's nomination of Julia Ne-shewat as Ambassador-at-Large for Arctic Affairs is an important step towards restoring a diplomatic post left vacant since the change of administration in

January 2025. Reducing the mission to the Greenland portfolio would risk duplicating existing bilateral diplomatic channels. A wider focus would give the role lasting value. Priority areas should include maritime transport, strategic natural resources and environmental security.

The European Union faces a different problem. It has yet to distinguish clearly between the European Arctic and the wider circumpolar region. The EU is a strong regulatory actor in Fennoscandia, the North Atlantic and the Barents Sea, but its influence across the Arctic Ocean remains limited. A more practical framework should focus on maritime domain awareness and space infrastructure with Norway, the GIUK Gap and subsea cables with Iceland, and critical minerals and local partnerships with Greenland.

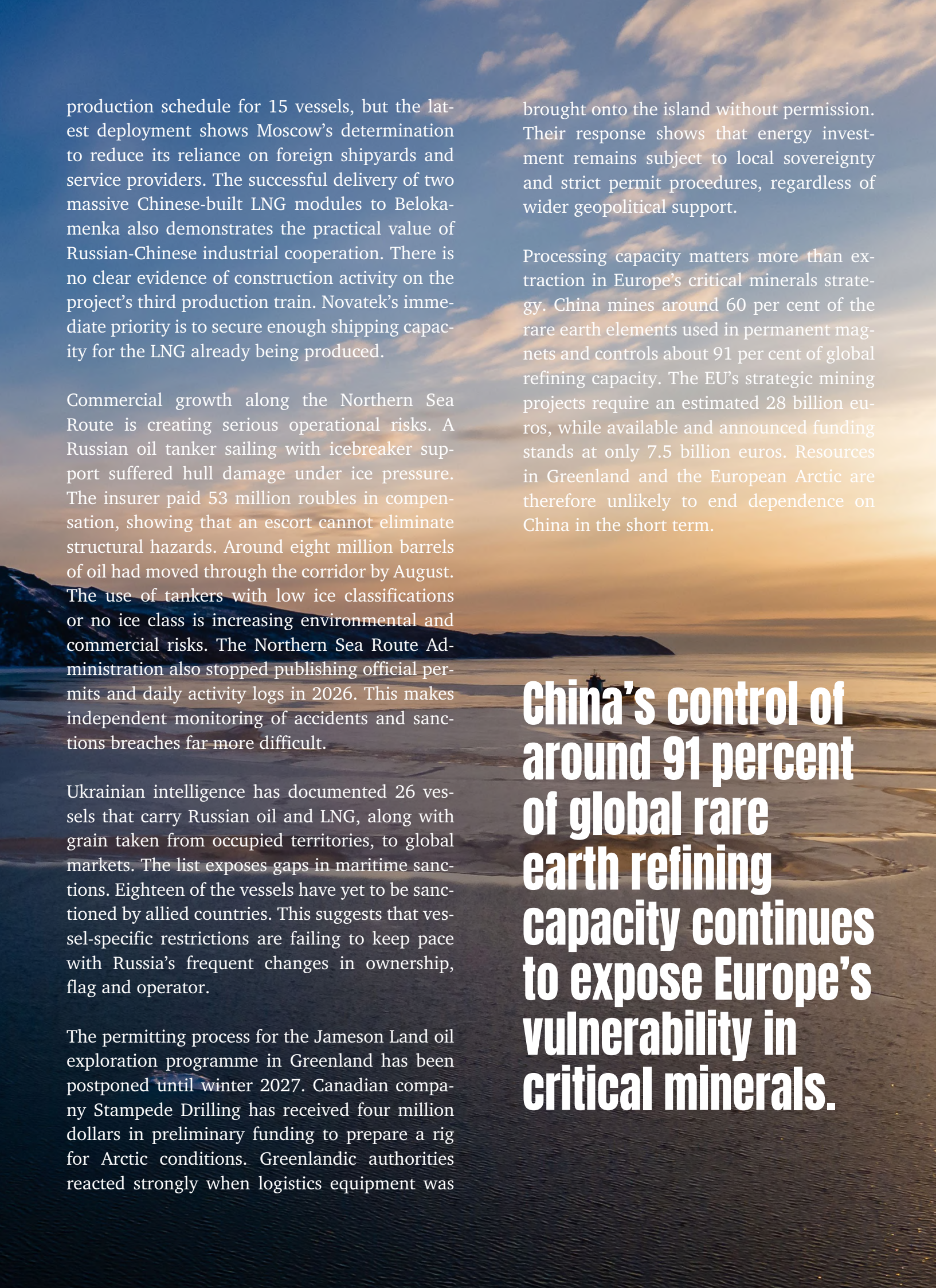


The Northern Sea Route Becomes a Logistical Backbone Against Sanctions

Sea Legend's weekly seasonal container service between Ningbo and Felixstowe marks the Northern Sea Route's shift from trial voyages to scheduled shipping. The service is planned to operate from July to November and aims to cut the usual journey of around 40 days by half. Its technical feasibility was demonstrated in 2025. That year, Istanbul Bridge completed the Ningbo to Felixstowe voyage in 20 days while carrying 4,890 TEU. Even so, the corridor still depends on Russian administrative permits, unpredictable ice conditions, costly insurance and infrastructure support from Rosatom.

Russia has also deployed Konstantin Posiet, the second new Arc7 LNG carrier built at the Zvezda Shipyard for the Arctic LNG 2 project. The vessel can break through ice up to two metres thick. Its arrival raises the number of Russian-built ice-breaking tankers operating in the region to three. Western sanctions have disrupted the original





production schedule for 15 vessels, but the latest deployment shows Moscow's determination to reduce its reliance on foreign shipyards and service providers. The successful delivery of two massive Chinese-built LNG modules to Belokamenka also demonstrates the practical value of Russian-Chinese industrial cooperation. There is no clear evidence of construction activity on the project's third production train. Novatek's immediate priority is to secure enough shipping capacity for the LNG already being produced.

Commercial growth along the Northern Sea Route is creating serious operational risks. A Russian oil tanker sailing with icebreaker support suffered hull damage under ice pressure. The insurer paid 53 million roubles in compensation, showing that an escort cannot eliminate structural hazards. Around eight million barrels of oil had moved through the corridor by August. The use of tankers with low ice classifications or no ice class is increasing environmental and commercial risks. The Northern Sea Route Administration also stopped publishing official permits and daily activity logs in 2026. This makes independent monitoring of accidents and sanctions breaches far more difficult.

Ukrainian intelligence has documented 26 vessels that carry Russian oil and LNG, along with grain taken from occupied territories, to global markets. The list exposes gaps in maritime sanctions. Eighteen of the vessels have yet to be sanctioned by allied countries. This suggests that vessel-specific restrictions are failing to keep pace with Russia's frequent changes in ownership, flag and operator.

The permitting process for the Jameson Land oil exploration programme in Greenland has been postponed until winter 2027. Canadian company Stampede Drilling has received four million dollars in preliminary funding to prepare a rig for Arctic conditions. Greenlandic authorities reacted strongly when logistics equipment was

brought onto the island without permission. Their response shows that energy investment remains subject to local sovereignty and strict permit procedures, regardless of wider geopolitical support.

Processing capacity matters more than extraction in Europe's critical minerals strategy. China mines around 60 per cent of the rare earth elements used in permanent magnets and controls about 91 per cent of global refining capacity. The EU's strategic mining projects require an estimated 28 billion euros, while available and announced funding stands at only 7.5 billion euros. Resources in Greenland and the European Arctic are therefore unlikely to end dependence on China in the short term.

China's control of around 91 percent of global rare earth refining capacity continues to expose Europe's vulnerability in critical minerals.

FROM AIR POLICING TO ACTIVE AIR DEFENCE

On 14 August, an Italian Eurofighter under NATO command shot down an unidentified drone that had entered Latvian airspace. The incident confirms that Baltic Air Policing is moving into a phase of active air defence. Turkish F-16s based in Estonia were scrambled at the same time and joined the interception. Their participation demonstrates the operational value of NATO's integrated multinational command structure.

This was not the region's first kinetic engagement. A similar platform was brought down in Latvia's Nautreni area in June. In early August, NATO aircraft intercepted Russian Su-24M and Su-30SM jets flying over the Baltic with their transponders switched off. These incidents point to a sustained rise in air activity.

Peacetime rules of engagement are struggling to address the grey zone dynamics created by cyber operations, electronic warfare and autonomous threats. NATO is increasingly compelled to reinforce deterrence through the direct use of munitions.

A drone crashed in Romania's Tulcea region after flying too low to be detected by military radar. The incident has renewed concern over gaps in conventional air surveillance at low altitude. Romania shot down three drones within three days in July. Repeated airspace violations later prompted Bucharest to expel a Russian diplomat.

In Bulgaria, a drone exploded on 8 August only one kilometre from compressor facilities on the Trans-Balkan gas pipeline. The incident shows how tactical aviation crises near national borders can directly threaten energy infrastructure.

Poland and the Baltic states have strengthened physical protection at LNG terminals, oil storage sites, dams and interconnector lines. The measures followed intelligence warnings that Russia could stage false flag operations using captured Ukrainian drones. Moscow has denied the claims. The risk scenarios deserve serious attention because technical evidence remains limited. Political attribution and forensic findings must still be assessed independently.

The discovery of a drone carrying professional-grade explosives and a detonator at Leipzig/Halle Airport shows that the threat extends beyond border violations. The airport plays a central role in NATO's strategic airlift operations. This has led investigators to treat the incident as a possible hybrid attack on logistics infrastructure. Germany plans to respond by increasing its federal counter-drone specialist force from 150 to 300 personnel and expanding the related network of operational bases from four to eight.

Russia has deployed a dispersed network of air defence, electronic warfare, naval mines and long-range precision strike systems across the Baltic basin. These capabilities directly threaten NATO's ability to deploy and reinforce forces across the Baltic Sea and through the 65-kilometre-wide Suwalki Corridor.

Around 56 per cent of the Baltic states' combined territory lies within 100 kilometres of Russia or Belarus. Allied logistics hubs therefore face constant surveillance and the risk of sudden attack. Regular British RC-135W reconnaissance flights around Kaliningrad and more frequent NATO rotations reflect the region's growing intelligence requirements.

Logistical Competition and Grey Zone Pressure Converge in the North

The division of labour between Russia and China is becoming clearer in practice. Moscow manages the route, icebreaker fleet, port infrastructure, military protection and energy production. Beijing provides vessel operations, industrial modules, commercial cargo flows and access to alternative markets. This arrangement shows that Western sanctions have not halted Russian activity in the Arctic. They have strengthened the Kremlin's asymmetric dependence on China and increased the geopolitical importance of the Northern Sea Route.

Among Western actors, security structures are adapting much faster than political and economic strategies. NATO's air defence network and Canada's Arctic operations continue to expand. By contrast, EU financing for critical minerals, northern electricity grids and a shared Arctic doctrine remains weak.

Washington has also ended institutional and financial support for the Arctic Report Card, a flagship regional assessment. This decision risks weakening the shared evidence base used by policymakers to track climate change, sea ice and navigational safety. A 76.4-square-kilometre mass of ice recently broke away from Petermann Glacier. Together with recent tanker accidents, the event shows that declining sea ice does not automatically make Arctic shipping safer.

The main danger posed by airspace violations is not limited to physical damage. Uncertain attribution can delay NATO's political decisions and create divisions within the Alliance. The IISS argues that some strategic drone incidents in Europe point to a coordinated campaign launched from vessels in Russia's shadow fleet. Dronewatch assessments stress that the forensic evidence remains insufficient.



This disagreement highlights the need to align two distinct standards. Collective defence requires an immediate tactical response, while any declaration of state responsibility demands a high legal threshold of proof.

Persistent detection of low-altitude asymmetric threats on NATO's eastern flank requires new sensor layers. Conventional radar networks should be supported by passive radio-frequency, acoustic and electro-optical systems. Costly combat aircraft should respond only to unidentified targets or those with a high-risk profile. This would reduce operational wear.

Maritime sanctions also require a measured approach. Authorities should prioritise insurance restrictions, withdrawal of classification, port state control inspections and coordinated vessel tracking systems. These legally grounded tools carry less risk of direct escalation than interdiction on the high seas.

Managing risk along the Northern Sea Route requires greater transparency. Vessel transit permits, ice-class standards, accident records and environmental insurance data should be open to international scrutiny. This is essential for limiting the ecological and security weaknesses created by commercial growth.

The European Union should also consolidate its policies on critical minerals, integrated energy grids, space infrastructure and maritime domain awareness. These measures should form part of a comprehensive European Arctic Strategy developed with Norway, Iceland and Greenland. The strategy must protect Indigenous rights and ensure local participation in decision-making.

Assessment

Recent developments show that the Arctic is no longer an isolated region defined mainly by environmental change and limited economic activity. Russia and China are turning the Northern Sea Route into a scheduled trade link and a strategic energy corridor. This is increasing the Arctic's weight in global supply chains and giving Moscow more logistical room to work around sanctions.

However, tanker accidents, inadequate ice-class capacity, insurance constraints and declining operational transparency show that the route is not yet commercially mature.

Canada's multinational Arctic operations, NATO's stronger Baltic air defences and Northern European efforts to protect critical infrastructure point to a more permanent security architecture on the northern flank. Drone violations have also exposed the disruptive power of low-cost asymmetric systems. They can force repeated scrambles by expensive combat aircraft, interrupt civilian transport and trigger serious political crises before their origin is established.

The main defence requirement is therefore broader than an increase in military capacity. It includes a shared sensor network, low-cost interception systems, clear rules of engagement and reliable forensic attribution mechanisms.

The wider picture shows Arctic and Baltic security merging into a single geopolitical ecosystem shaped by energy, trade, critical minerals, maritime law and hybrid threats. Russia and China are rapidly building logistical and industrial capacity on the ground. EU regional strategies, financing tools and energy infrastructure integration are moving more slowly.

The future direction of competition will depend on which side can turn its presence into a lasting, affordable and legally defensible system that also works with local actors.



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