

ARC- TIC

BULLETIN

16-29 August 2026

EDITOR:
KÜBRA DEMİRBAŞ

MINTEL
WORLD



EDITOR'S NOTE

The Arctic Bulletin covering August 16 to 29, 2026, clearly demonstrates that military deterrence in the region is no longer shaped merely by troop numbers, but increasingly through ports, icebreakers, radar networks, submarine surveillance capabilities, and uninterrupted logistical infrastructure. However, despite heightened military activity—such as the Northern Viking 2026 exercise, Norway's expansion of the Finnmark Brigade, and joint Swedish-Finnish air and maritime patrols—operational sustainability gaps persist on the ground, as highlighted by the three-week absence of Danish patrol frigates off Greenland due to maintenance and operational deployments.

In diplomatic relations, growing political tension among allies accompanies deepening operational military integration. The collapse of trade negotiations between Canada and the United States has led to retaliatory tariffs and symbolic sovereignty disputes over the naming of "Lake America". In response, Canadian Prime Minister Mark Carney is pursuing strategic diversification through deeper security, energy, and critical mineral partnerships with the EU, even as joint continental defense (NORAD) keeps Ottawa and Washington tied together. Meanwhile, the referendum held in Iceland at the end of August produced a clear political limit on further European integration, with 52.8 percent voting against restarting EU accession negotiations. Driven largely by concerns over fisheries and agricultural sovereignty, Prime Minister Kristrún Frostadóttir confirmed the accession track remains frozen, though Reykjavík will continue to deepen its EEA ties and Atlantic security alignment. In Greenland, growing distrust among local research institutions toward new US partnerships further reflects delicate regional political and societal dynamics.

On the eastern flank, Russia and China continue to deepen their asymmetric yet physically tangible partnership through their fourth joint Arctic scientific expedition and growing cargo volumes along the Northern Sea Route (NSR). Chinese and South Korean shipping lines are testing scheduled transit container routes between Asia and Western Europe without calling at Russian ports, signaling NSR's trial phase as a seasonal alternative transit corridor rather than just a channel for Russian raw material exports. While severe weather windows and high insurance costs prevent the route from replacing the Suez Canal, its strategic role in regional logistics is steadily expanding.

Finally, energy sanctions and critical mineral competition have become central pillars of Arctic strategy. Facing the EU's upcoming 2027 ban on Russian LNG imports, Moscow is expanding its "shadow fleet" and relocating floating storage infrastructure to Murmansk to pivot Arctic LNG 2 and Yamal cargoes toward Asian markets. Meanwhile, in Greenland, the confirmation of 40,700 tonnes of NdPr resources at the Sarfartoq project highlights the island's rising importance in Western critical mineral supply chains designed to reduce reliance on China. Ultimately, the regional balance of power in the Arctic will be defined not by those who temporarily deploy the most troops, but by the actors who can finance and continuously operate ports, icebreaker fleets, energy networks, and sensor infrastructure over the long term.

Levent Kemal

Executive Director, MINTEL WORLD



OVERVIEW

From 16 to 29 August, military expansion within the Arctic security architecture deepened at the same time as political tensions among allies. As the Northern Viking 2026 exercise began around Iceland, NATO Supreme Allied Commander Europe General Alexis Grynkeiwich said sustained allied rotations through Keflavík would become unavoidable over the long term. Norway added artillery, air defence and communications units to the Finnmark Brigade near the Russian border. Sweden decided to support the surveillance of Finnish airspace and maritime areas with Gripen fighter aircraft, corvettes and, when required, counter drone capabilities. During the same week, Canada announced a programme worth more than C\$11 billion for six new icebreakers and began transferring its new patrol vessel HMCS Robert Hampton Gray from the Atlantic to the Pacific through the Northwest Passage. Taken together, these developments showed that deterrence in the Arctic is increasingly measured through ports, radar, icebreakers, submarine surveillance, communications and logistical continuity rather than troop numbers alone.

Yet the expansion of capacity has not fully closed the gaps on the ground. Reports that none of Denmark's four patrol frigates assigned to the waters around Greenland had been present in the area for roughly three weeks exposed the gap between a rising exercise tempo and routine maritime presence. A 25 August assessment of US Arctic preparedness also identified a fragmented command structure, interoperability problems among the services, insufficient icebreaking capacity and limited cold weather infrastructure as key weaknesses. The week therefore made a broader point increasingly clear. Military visibility in the Arctic is rising quickly, while enduring access and sustainable operations still depend on infrastructure investment.

The sharpest diplomatic rupture emerged between Canada and the United States. After trade talks collapsed, Ottawa announced tariffs on around C\$20 billion worth of US goods, while Washington maintained its threat to raise tariffs on cars and trucks to 50 percent from 1 January 2027. Donald Trump's executive order introducing the name "Lake America" for US federal use in reference to Lake Ontario showed how an economic dispute was turning into a symbolic debate over sovereignty. Prime Minister Mark Carney responded by saying Canada would deepen its economic and security partnership with the European Union. Ottawa's turn toward Europe in critical minerals, energy and defence will not remove its economic dependence on the United States in the short term. It is, however, institutionalising Canada's search for strategic diversification.

On the European side, the referendum held in Iceland at the end of the reporting period produced a clear political limit on further integration with the European Union. Final results released on 30 August showed 52.8 percent voting against restarting accession negotiations and 47.2 percent in favour, with turnout reaching 82.5 percent. Prime Minister Kristrún Frostadóttir said the government would respect the result and would not return to the membership question during its current term. Reykjavík will instead seek deeper cooperation with the EU through the European Economic Area while strengthening Atlantic cooperation and national defence. The result does not amount to a rejection of Europe. It reflects a preference for preserving national control over core sectors, especially fisheries and agriculture, while keeping existing economic and security ties in place. This distinction is strategically important because it shows that Iceland can deepen its role in NATO and the European security system without moving toward full EU membership.



Russia and China expanded their cooperation during the same period through science, energy and maritime transport. On 20 August, the two countries launched their fourth joint Arctic scientific expedition from Vladivostok, with the mission expected to last around 62 days. Russia and China also moved more than 5 million tonnes of cargo along the Northern Sea Route in the first half of 2026, while total route traffic is expected to exceed 40 million tonnes for the first time by year end. Even so, Norway's Ambassador to Moscow Heidi Olufsen said Chinese investment was not advancing at the pace Russia wanted and that rhetoric continued to run ahead of implementation. Read together, the two trends suggest a relationship that is not a fully symmetrical alliance but one in which logistical and energy links are becoming increasingly tangible.

The character of the Northern Sea Route also began to change on the energy and transport front. Sea Legend's plan for seasonal scheduled container services between China and Western Europe without calls at Russian ports, NewNew Shipping's delivery of 500 containers to Murmansk on the first Chinese operated vessel to do so, and South Korea's PanStar Acro launching the country's first commercial Arctic trial voyage from Busan to Europe all point in the same direction. The route is being tested as an Asia to Europe transit corridor rather than serving solely as an export channel for Russian raw materials. A narrow navigation season, high insurance costs, specialised hull and crew requirements, dependence on Russian icebreakers and limited emergency response infrastructure still prevent it from becoming a full scale alternative to the Suez Canal.

In Russian LNG, sanctions are changing the logistics structure rather than stopping flows. Four additional older tankers carrying Arctic LNG 2 cargoes joined the shadow fleet network along

Norway's northern coast. At the same time, the floating LNG storage vessel Portovyy left the Baltic under escort from a Russian frigate and headed toward Murmansk. Together, these movements suggest that Moscow is rebuilding its storage and export architecture ahead of the EU LNG ban due to take effect in 2027. TotalEnergies' transfer of its 10 percent stake in Arctic LNG 2 to a Novatek subsidiary reduces direct Western participation in the project. The company still retains a 20 percent stake in Yamal LNG and a 19.4 percent stake in Novatek, showing that European and Russian energy ties are not severed by a single transaction.

Critical resources and energy technologies formed a fourth dimension of Arctic competition. The US administration is preparing to reduce project specific environmental reviews for some winter exploration activity in Alaska's National Petroleum Reserve, an area of roughly 23 million acres or 9.3 million hectares. In Canada, Ontario is advancing a programme for four BWRX-300 small modular reactors at the Darlington site. In Greenland, a new technical report confirming 40,700 tonnes of contained NdPr resources at the Sarfartoq rare earth project, together with high grade results from the Motzfeldt project, increased the island's significance for Western critical mineral supply chains outside China as well as for military geography. The convergence of security, energy, science and investment policy in the same locations shows that the Arctic can no longer be understood as a collection of separate sectors. It increasingly needs to be read through strategic corridors and infrastructure nodes.

SECURITY

ICELAND / NORTH ATLANTIC



Northern Viking 2026 began on 22 August and will continue until 3 September in Iceland and the surrounding maritime areas. Led by the US Sixth Fleet, the exercise includes forces from Norway, Sweden, Finland, Denmark, Canada, Germany, France and Belgium. Iceland is contributing around 150 to 200 personnel from the Coast Guard and other emergency response organisations. The scenario has two stages. The first covers an initial response to a threat under the 1951 US Iceland defence agreement. The second moves to collective defence after Iceland invokes Article 5 of the NATO Treaty. Protection of critical infrastructure, sea lines of communication, anti submarine warfare, mine countermeasures, search and rescue, and host nation support are among the main components of the exercise.

NATO Supreme Allied Commander Europe General Alexis Grynkewich said in Reykjavík on 19 August that allied personnel would need to maintain a presence in Iceland through sustained rotations for the foreseeable future, even without permanent basing. He said US maritime patrol aircraft were operating from Keflavík

on an almost continuous basis and that allied contributions to the mission were increasing. Communications infrastructure, sensors, radar upgrades and port capacity stand out among the long term investment priorities. Discussions on expanding Helguvík port and modernising Iceland's four major radar stations show that defence of the GIUK gap depends on coastal infrastructure as much as on platforms at sea.

Norwegian, British and US forces began joint training on Jan Mayen under Operation Atlantic City from 26 August to 4 September. The activity, part of NATO's Arctic Sentry effort, focuses on defending the island and conducting joint operations in demanding Arctic conditions. Jan Mayen lies around 1,000 kilometres west of mainland Norway and roughly 550 kilometres northeast of Iceland. Its location outside the Svalbard Treaty framework and between the Norwegian and Greenland seas makes it an advanced surveillance and reception point at the intersection of North Atlantic sea lines of communication and Arctic approaches.



NORWAY / FINNMARK

Norway expanded the Finnmark Brigade on 20 and 21 August with three new components assigned to the 198 kilometre land border with Russia. These are an artillery battalion, an air defence battery and a communications company. The brigade's permanent personnel strength rose from 280 to 350 within a year. At full strength, it is planned to reach around 4,000 personnel through a combination of permanent staff, conscripts and reserves. The new artillery units will be able to provide fire support at ranges beyond 40 kilometres, the communications element will strengthen command and control, and the air defence battery will improve force protection. Norway's defence spending is expected to rise to around 3.17 percent of GDP in 2026, placing the Finnmark expansion within a broader budgetary shift.

Infrastructure rather than personnel is emerging as the main constraint on the brigade's expansion. New garages, accommodation blocks, barracks and storage facilities are being built at Porsangmoen, and the brigade command aims to have the required infrastructure completed by 2030. Norway is also assuming greater responsibility with the United Kingdom and Germany for monitoring submarine activity in the North Atlantic and High North. New facilities for P-8 maritime patrol aircraft are being established at Evenes Air Base, where the operation of German P-8 aircraft is also being tested. These developments bring land deterrence along the Finnmark axis and submarine surveillance in the Norwegian Sea into a single operational framework.

Sweden announced on 28 August that it would take part in the surveillance and protection of Finnish territory with Gripen fighter aircraft and corvette warships until at least the end of 2026. Given Finland's 1,340 kilometre border with Russia and the high level of air and maritime activity in the north, the decision moves bilateral defence cooperation after NATO accession into direct joint surveillance and violation prevention missions. Sweden's defence minister also said ground based counter drone systems could be provided to Finland if required. Finnish forces said the Swedish contribution would strengthen air surveillance in particular and free Finnish resources for responding to potential incursions and incidents.

During the same period, Finland placed an order with Saab worth SEK 1.2 billion for RBS 70 NG short range air defence systems. The framework agreement includes training, spare parts and maintenance equipment and creates room for additional orders later. The laser guided system is relatively resilient to electronic jamming. Its acquisition shows that air defence in Northern Europe is moving toward layered protection that can function in an electronic warfare environment, rather than simply increasing the number of aircraft and missiles.

FINLAND / SWEDEN

NORWAY / FINNMARK

The Canadian government announced on 25 August that it would invest more than C\$11 billion to build six new icebreakers for the Coast Guard. All six ships will be constructed at Chantier Davie in Quebec. Construction of the first vessel is expected to begin in 2027 and take around five years, with the full fleet planned to enter service by 2038. Ottawa links the investment to keeping trade routes open, supporting scientific missions, assisting northern communities and making Canadian sovereignty in the Arctic more visible. Canada is also continuing construction of two more powerful icebreakers at the Davie and Seaspan shipyards.

Canada's new Arctic and Offshore Patrol Ship HMCS Robert Hampton Gray was also making a historic voyage as of 27 August. After visiting Greenland, the vessel began its transfer to the Pacific Fleet through the Northwest Passage. With a crew of around 90, it will become the third Canadian warship to transit the Arctic from end to end. It will also mark the first time such a passage has been used to permanently transfer a ship from the Atlantic Fleet to the Pacific Fleet. The first operational use of a Canadian Coast Guard Bell 429 helicopter aboard the vessel further strengthens practical integration between the navy and the Coast Guard. The voyage is expected to continue with three to four weeks of surveillance patrols in the Bering and Chukchi seas.

Together, these two developments show that Canada is trying to give physical substance to its sovereignty claim over the Northwest Passage through platforms, ports and icebreaking capacity rather than relying on legal arguments alone. The first new icebreaker will not be completed until the early 2030s, however. Ottawa will therefore remain dependent in the short term on its ageing existing fleet and support from allies.

“The Canadian government announced an investment of over C\$11 billion to build six new Coast Guard icebreakers.”

GREENLAND / DENMARK

Denmark deployed conscripts to Greenland in August for the first time in recent years. The first group in the Schleswig Infantry Regiment's new 11 month conscription programme is serving in Nuuk and Kangerlussuaq under Arctic Endurance. The mission goes beyond training. Operational duties, adaptation to local terrain, camouflage, mobility and work alongside personnel from Arctic Basic Training in Greenland are also part of the programme. The inclusion of conscripts in operational tasks under the Danish Defence Agreement 2024 to 2033 shows that the defence of Greenland is moving from periodic exercises into long term personnel planning.

In contrast, reports on 26 August said that none of Denmark's four patrol frigates assigned to Greenland and the Faroe Islands had been present off Greenland for around three weeks. Three vessels were in Denmark for maintenance or port periods, while the fourth had been on a Canadian voyage since 7 August. Assessments that at least one large patrol platform should remain available throughout the year for Greenland's rescue requirements exposed a gap between expanding exercise activity and routine maritime security. The episode shows that the sustainability of military presence in Greenland depends less on additional personnel than on ship readiness and maintenance cycles.







BERING STRAIT / ELECTRONIC WARFARE

US Special Operations Command North has been conducting Polar Dagger 26 activities in the Bering Strait region from 18 August through the end of the month. The operation tests rapid force deployment to multiple remote locations across air, land and maritime domains along Alaska's western coast. The wider geography and simultaneous nature of this year's activity compared with the previous two years show that the Bering Strait is being treated as more than a Pacific to Arctic gateway. It is increasingly viewed as a forward approach to the defence of the US homeland.

Electronic warfare formed a second dimension of the Northern European security environment. The Bornholm monitoring station in Denmark recorded 30 GPS jamming or spoofing incidents during 2026, compared with 16 for the whole of the previous year. A cargo vessel reportedly lost GPS for around a day on the Gdańsk to Gotland route in late July, while its system showed the ship as being in Kaliningrad. Responsibility for the source has not been officially confirmed. Researchers and European authorities in the region have nevertheless linked the pattern to Russian electronic warfare activity. This trend shows that navigation security along Arctic and Baltic sea lines of communication has become an integral part of military deterrence.

DIPLOMACY

CANADA / UNITED STATES / EUROPEAN UNION

Trade talks between Canada and the United States collapsed in the third week of August. Ottawa framed Washington's demands on automotive tariffs, French language requirements and Canada's ability to conclude trade agreements with third countries as questions of sovereignty. The Canadian government announced that tariffs ranging from 15 to 50 percent would be imposed from 8 September on more than 700 US products worth around C\$20 billion. The US side maintained its threat to impose a 50 percent tariff on Canadian car and truck imports from 1 January 2027. According to an Angus Reid poll reported by Reuters, 76 percent of Canadians supported Carney's decision to suspend the talks, while 40 percent were concerned that their own jobs could be at risk. With around 70 percent of Canadian exports going to US buyers, political support may come under pressure as the economic costs rise.

The dispute acquired a symbolic sovereignty dimension on 27 August. President Donald Trump signed an executive order changing the name used by the US federal government for Lake Ontario to "Lake America." The deci-

sion does not bind usage in Canada or internationally. Even so, the debate over the naming of a shared body of water, around 52 percent of which lies on the Canadian side, sharpened the political language surrounding the economic conflict. Canadian authorities and the State of New York said they would continue using the existing name.

Ottawa accelerated its strategy of turning toward Europe during the same period. Prime Minister Mark Carney announced that he would attend European Commission President Ursula von der Leyen's State of the Union address in Strasbourg on 16 September and that intensive talks on a deeper economic and security partnership with the EU would take place in the autumn. Critical minerals, energy and defence are among the central areas of the relationship. Canada's participation in the EU's 150 billion Euro SAFE defence financing mechanism and the government's goal of doubling non US exports over the next decade link trade diversification directly to security policy. Canada's deep economic integration with North America still suggests that the approach is aimed at creating bargaining power in the short term rather than pursuing a clean break.

ICELAND / EUROPEAN UNION

Icelandic voters rejected the proposal to restart EU accession negotiations in a referendum. According to results released by public broadcaster RÚV, 52.8 percent voted “No” and 47.2 percent voted “Yes.” Voter turnout reached 82.5 percent, surpassing the 80.2 percent recorded in the 2024 elections. Although the vote was not legally binding, the government stated it would honor the outcome. Prime Minister Kristrún Frostadóttir announced that the membership issue would not return to the agenda during the current government’s term.

Sovereignty concerns over fisheries and agriculture proved decisive in the outcome. With fisheries accounting for 40 percent of exports and covering an Exclusive Economic Zone of 760,000 square kilometers, fears emerged that decisions on quotas and management under the EU’s Common Fisheries Policy would shift away from Reykjavík. Similar concerns applied to the Common Agricultural Policy. Consequently, the campaign focused on where decisions regarding strategic sectors should be made, rather than a choice between Europe and isolation.

Following the vote, Frostadóttir stated that Iceland would defend its rights through existing agreements and strengthen its position within the European Economic Area (EEA). Foreign Minister Katrín Gunnarsdóttir emphasized that Atlantic cooperation and national defense efforts would continue. The question of officially withdrawing the 2009 membership application will be consulted with Parliament’s Foreign Affairs Committee.

While the decision deals a blow to the EU’s enlargement narrative given Iceland’s status as a wealthy Northern democracy, Brussels stated it respects the outcome. Having first applied in 2009 and suspended negotiations in 2013, Iceland has effectively frozen its accession process for the foreseeable future while retaining its EEA and NATO integration intact.



EUROPEAN ARCTIC POLICY

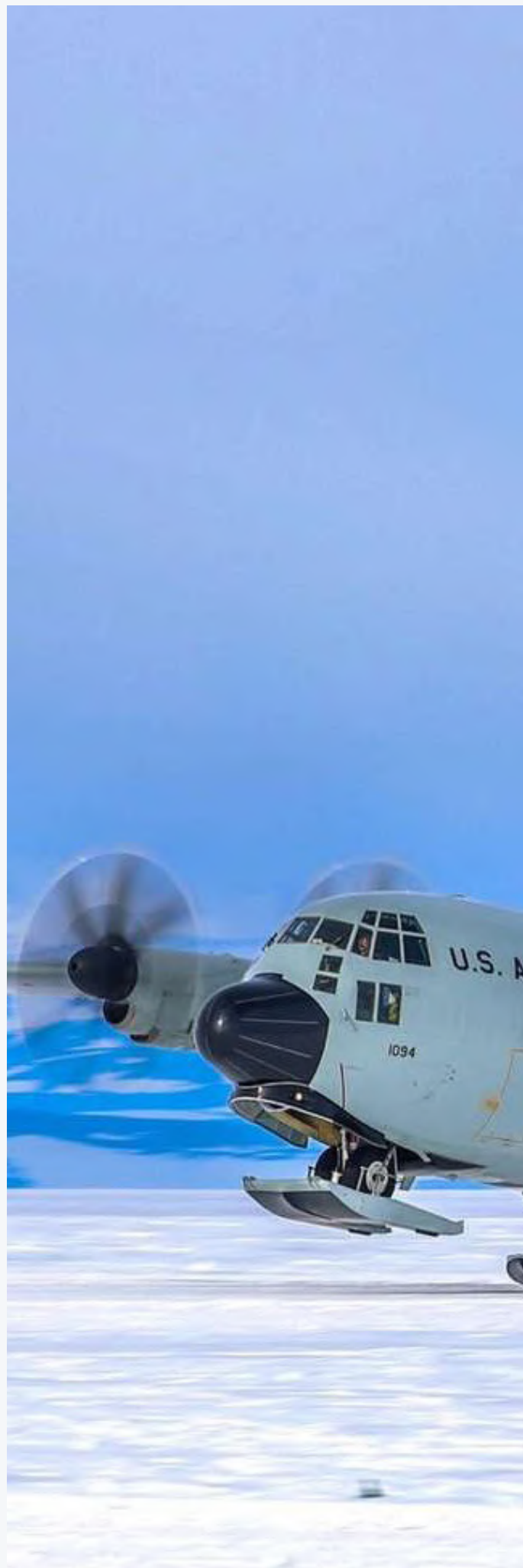
The Finnish government announced on 24 August that the European Arctic Summit would take place in Rovaniemi on 13 and 14 September. Leaders from Germany, Poland, Denmark, Estonia, Latvia, Lithuania and Romania are expected to attend, together with EU High Representative for Foreign Affairs and Security Policy Kaja Kallas and European Council President António Costa. Helsinki describes the summit's purpose as strengthening a common EU strategic approach to the Arctic in response to the region's rapidly growing geopolitical importance. Placing security, stability and sustainable development on the same agenda points to an EU effort to broaden its more environmentally focused 2021 Arctic framework toward geoeconomics and defence.

An analysis published on 21 August of the public consultation on updating the EU Arctic Policy also exposed tensions within the policy debate. Around 96 percent of roughly 1,640 submissions arrived during the final week, while 62 percent called for a halt to new Arctic oil and gas projects. The analysis noted signs of organised campaign patterns in a significant share of citizen submissions. The figures indicate that Europe will face strong political pressure against fossil fuel development even as it seeks to strengthen energy security, critical mineral access and northern defence.

GREENLAND / UNITED STATES

According to reporting published on 27 August, two major Greenlandic research institutions have begun applying a more restrictive policy toward new research partnerships with the United States. The Greenland Institute of Natural Resources and the University of Greenland are choosing not to begin projects with new and unfamiliar US partners while maintaining established and known relationships. The institutions cited the changing political environment, uncertainty over data ownership and growing distrust regarding US intentions toward Greenland among the reasons for the decision.

The strategic significance of the decision extends beyond scientific cooperation. US researchers have long been among the largest foreign participants in Greenlandic ice core, climate and environmental research. Logistics for bases on the inland ice sheet also depend on ski equipped LC-130 aircraft operated by the New York Air National Guard. Political distrust could therefore affect the US civilian presence in Greenland through access to scientific data and logistical capacity. Expanding military cooperation at a time when trust is narrowing in the scientific sphere creates an increasingly differentiated picture of relations between Washington and Nuuk.





RUSSIA / CHINA

China and Russia launched their fourth joint Arctic scientific expedition from Vladivostok on 20 August aboard the research vessel Akademik M.A. Lavrentyev. The mission is expected to last around 62 days and includes nine Chinese scientists working with Russian researchers in the Chukchi Sea, East Siberian Sea, Lomonosov Ridge, and the Makarov and Amundsen basins. The mission is separate from China's 16th national Arctic expedition, which involves four research vessels. The activities are described as climate and ocean research. They are also monitored through a security lens in Washington because seabed mapping, navigation data and operational experience in remote areas can generate dual use value.

An assessment by Norway's Ambassador to Moscow Heidi Olufsen on 19 August set an important limit on this rapprochement. Olufsen said Russia needs Chinese capital for natural resources, energy, rare minerals and the Northern Sea Route, but Chinese investment has not advanced at the pace Moscow wants. Her assessment that China matters more to Russia than Russia does to China points to the asymmetric structure of the relationship. Even so, the growth of joint scientific expeditions, LNG purchases and container shipping shows that the asymmetry has not prevented cooperation from expanding into practical areas.

ENERGY

NORTHERN SEA ROUTE / CHINA RUSSIA TRADE

Cargo volume on Russia's Northern Sea Route rose by 15 percent in the first half of 2026 compared with the same period last year. State nuclear maritime operator Atomflot expects the full year total to exceed 40 million metric tonnes for the first time, which would represent growth of around 10 percent from 2025. Bilateral Russia China cargo traffic surpassed 5 million tonnes in the first six months. Moscow and Beijing continue to target 20 million tonnes by 2030. The continued growth of route traffic despite Western sanctions on Russian energy and shipbuilding capacity shows that sanctions are reshaping market direction and transport structures more than they are halting northern logistics.

Chinese operator Sea Legend is preparing a container service from Ningbo to Felixstowe, continuing to Rotterdam, Hamburg and Gdańsk, with eight scheduled departures planned during the season. The defining feature of the model is its attempt to test transit shipping between Asia and Western Europe without calling at Russian ports. After completing a Northern Sea Route passage in 20 days with the Istanbul Bridge in 2025, the company's move toward scheduled services brings Arctic container shipping closer to regular commercial operations rather than isolated trial voyages.

NewNew Shipping became the first Chinese operator to deliver containers to Murmansk through the Northern Sea Route when Xin Xin Hai 1 arrived on 19 August. The vessel, with a capacity of around 29,000 dwt, unloaded 500 containers of automotive parts brought from Tianjin and continued toward St. Petersburg. The company is targeting 1.2 million tonnes of cargo on the Arctic route during the summer navigation season of 2027. It plans to use six ARC-3 class vessels with capacity of up to 4,800 TEU and operate two voyages per month. New terminal plans in Murmansk for transshipping Belarusian cargo also show that Chinese shipping is beginning to generate an investment agenda for Russia's northern port infrastructure.

**“Cargo volume on
Russia's Northern
Sea Route rose by 15
percent in the first
half of 2026 com-
pared with the same
period last year.”**

SOUTH KOREA / ARCTIC CONTAINER SHIPPING

South Korea's PanStar Acro departed Busan on the country's first commercial Arctic container trial voyage to Europe. The 2,758 TEU vessel is carrying 837 TEU of cargo, including automotive parts and chemical products. It will enter the Northern Sea Route through waters off Kamchatka and the Bering Sea before calling at Felixstowe, Rotterdam and Gdańsk. According to calculations by the Korea Institute for International Economic Policy, the Arctic passage could save around 7,000 kilometres and ten days compared with the traditional Suez route. Maritime security problems in the Middle East make that potential advantage more visible.

Structural obstacles to commercial scaling remain. The route is more accessible only during a narrow late summer window. Ice and weather conditions vary from year to year, vessels require strengthened hulls and specialised crews, Russian icebreaker escort is mandatory in some sections, and insurance premiums are high. Although 103 transits involving 88 ships were recorded on the route in 2025, major carriers such as CMA CGM, MSC and Hapag-Lloyd continue to maintain commitments not to use Arctic routes for environmental and operational reasons. The Chinese and South Korean trials in 2026 are therefore testing the commercial limits of a seasonal secondary corridor rather than establishing a direct alternative to Suez.



RUSSIAN LNG / SANCTIONS AND THE SHADOW FLEET

Russia has added four more older LNG tankers named Orion, Kosmos, Luch and Merkuriy to the shadow fleet network for transporting Arctic LNG 2 cargoes. Their movement along Norway's northern coast and around Nordkapp toward the Saam floating storage facility near Murmansk suggests that the new network is being prepared to move Arctic LNG 2 cargoes without reliance on Western insurers and service providers. Russia reportedly already has around two dozen LNG tankers linked to sanctioned Arctic cargoes. Analysts estimate that at least 30 additional vessels may be required simply to preserve Yamal LNG exports once the European market closes.

The EU decision to ban Russian LNG imports completely from 1 January 2027 is one of the main drivers behind the fleet expansion. Short voyages to European markets will be replaced by much longer routes to buyers in China and elsewhere in Asia. Moving the same volume of gas will therefore require more tankers and more floating storage capacity. Older vessels, opaque ownership structures, frequent flag changes and the use of non Western insurance also increase navigation and environmental risks along the Norwegian coast.

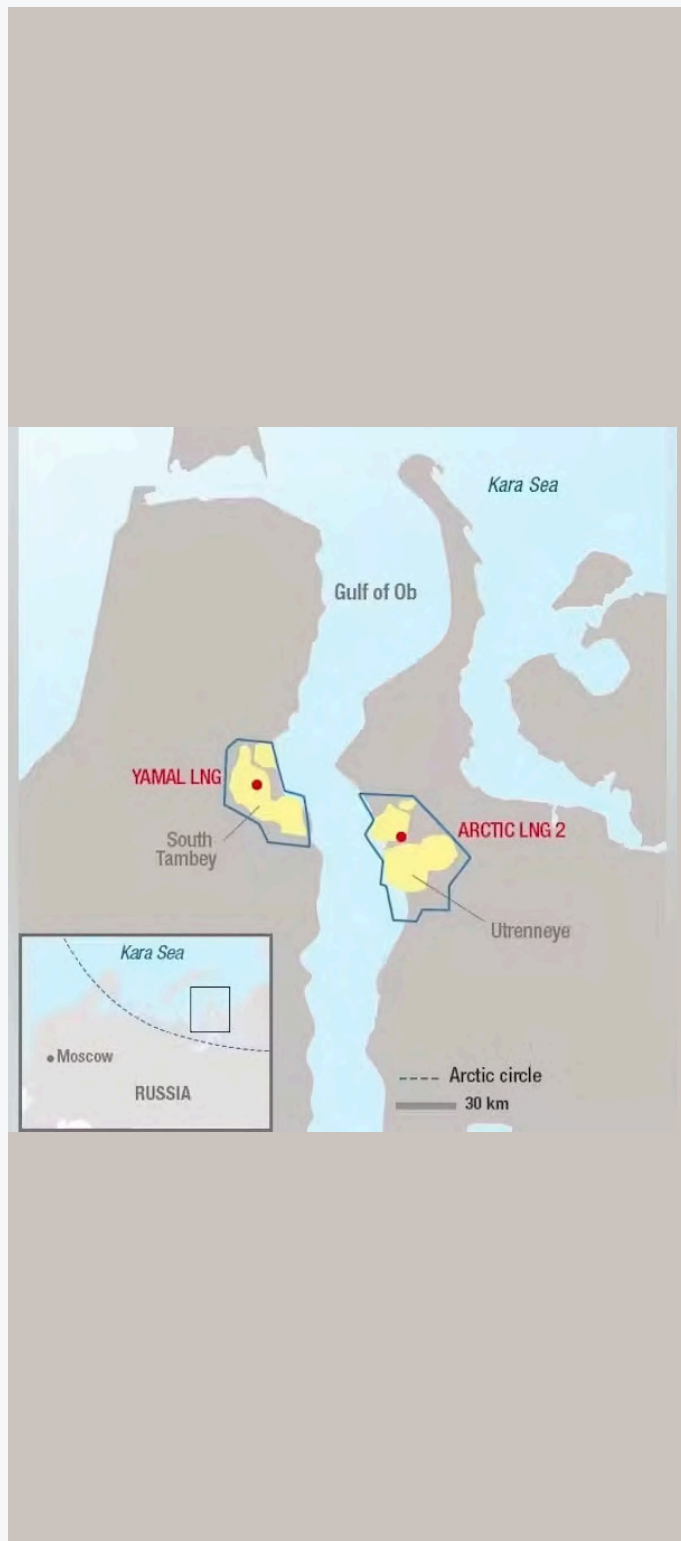
A second sign of this restructuring was the transfer of the 277 metre floating LNG storage vessel Portovyy from the Baltic to Murmansk. The vessel, which can store around 138,000 cubic metres of LNG, was escorted through the Fehmarnbelt by the frigate Admiral Kasatonov, which is capable of carrying the Tsirkon hypersonic missile system. Portovyy's departure from the Portovaya LNG facility for the first time since 2022 and its move north suggest that Murmansk could become more central to storage, transshipment and Asia bound exports in the post European market period. The scale of the logistical shift becomes clearer when set against the 9.97 million tonnes of Yamal LNG imported by the EU in the first half of 2026, more than 97 percent of which arrived at EU ports.

Russia added four older LNG tankers to its shadow fleet to transport Arctic LNG 2 cargoes without Western insurers.

TOTAL ENERGIES / ARCTIC LNG 2

On 27 and 28 August, TotalEnergies transferred its 10 percent stake in the Arctic LNG 2 project to NordLine, a subsidiary of project operator Novatek, ending its direct ownership in the sanctioned project. The company had previously recorded an impairment of around \$4.1 billion on the investment. Under the transfer, it retains a right to repayment of approximately \$1.3 billion arising from shareholder loans, subject to sanctions conditions.

The transaction does not mean Europe has fully separated from Russian Arctic gas. TotalEnergies retains a 20 percent stake in Yamal LNG and 19.4 percent of Novatek, and reports annual cash flow of around \$300 million to \$400 million from marketing Russian LNG. Yamal LNG's Arc7 ice class vessels also continue to depend on Greek and US linked shipowners and limited maintenance infrastructure in Europe. The Arctic LNG 2 exit reduces direct equity exposure, while the slower unwinding of transport, maintenance, trading and financial claims shows how sanctions policy moves gradually in an energy system shaped by mutual dependence.



ALASKA / OIL AND GAS

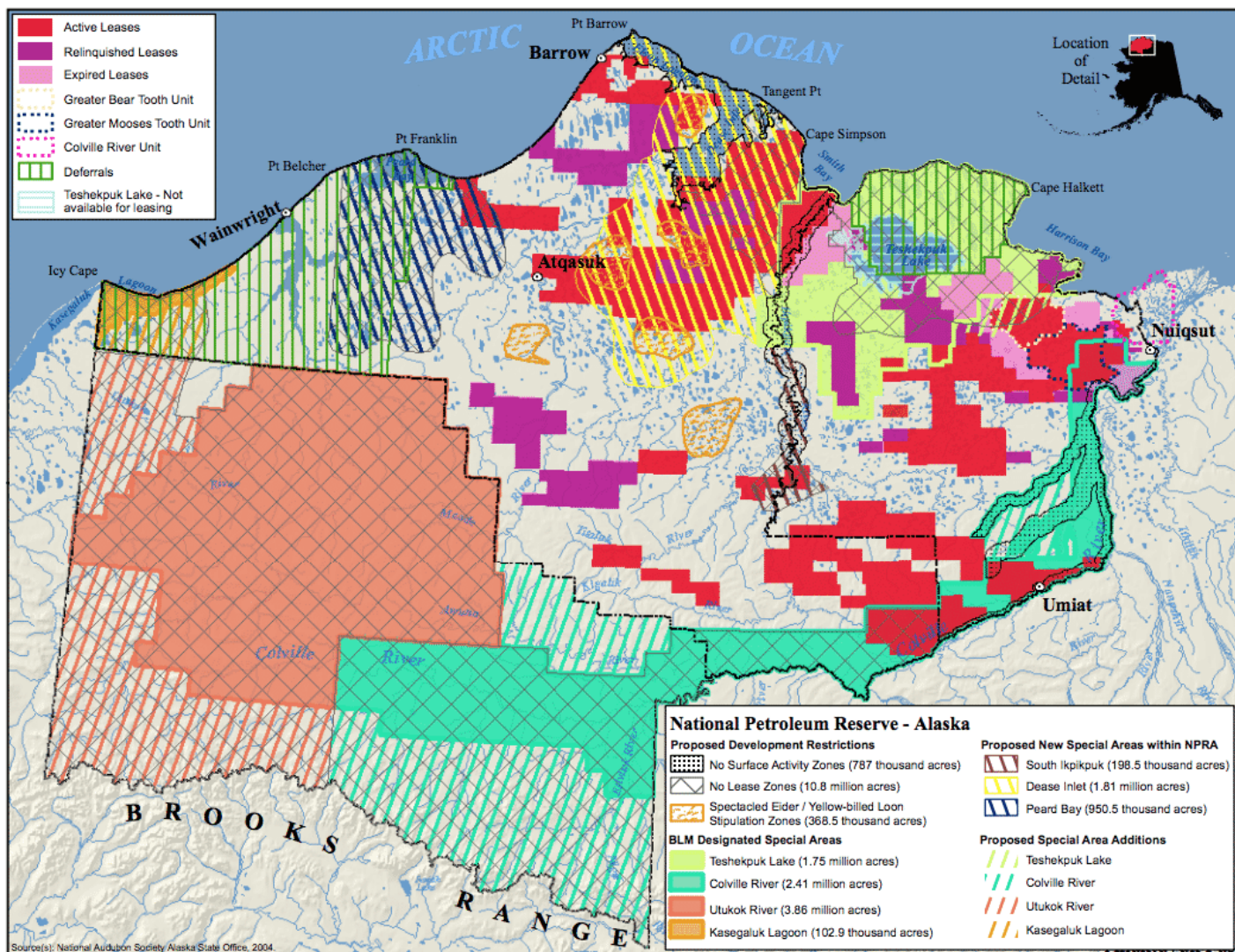
The US Department of the Interior announced on 27 August that it was preparing to streamline environmental reviews for some winter oil and gas exploration activities in Alaska's National Petroleum Reserve, an area of around 23 million acres or 9.3 million hectares on the North Slope. The proposed categorical exclusion is based on the argument that earlier environmental assessments found no significant effects when established operating procedures and mitigation measures were applied. It could allow certain activities to proceed without project specific review under the National Environmental Policy Act.

The move continues the Trump administration's policy of repositioning Alaska as a strategic component of US energy production and export capacity. During the same period, however, state level support legislation for the Alaska LNG terminal, a project prioritised by the administration, remained stalled. This shows that faster permitting alone is not enough to deliver investment. Arctic energy policy therefore rests on a three way balance between looser environmental standards, capital requirements and local infrastructure.

Ontario Power Generation is advancing a programme to build four GE Hitachi BWRX-300 small modular reactors at the Darlington nuclear site. The first unit is planned to enter service in 2029. If achieved, it would become one of the first commercial SMR projects in the Western world. A major advantage is the use of existing Darlington infrastructure and workforce instead of building a new nuclear industrial base from the ground up. A C\$12.8 billion refurbishment programme that extended the operating lives of the site's four CANDU reactors by 30 years was completed in March 2026 ahead of schedule and under budget.

More than 100 Ontario companies are expected to supply components and services for the SMR programme. The 2.1 million pound reactor base was installed in April 2026. The model shows that Canada is seeking to strengthen energy security through domestic supply chains, engineering capacity and a skilled nuclear workforce as well as through fuel availability. At a time when Arctic hydrocarbons and critical minerals are gaining political importance, Ontario's nuclear investments provide a second strategic pillar for diversifying Canada's energy portfolio.

CANADA / NUCLEAR ENERGY



STRATEGIC ASSESSMENT

DETERRENCE IS SHIFTING FROM BASING TO INFRASTRUCTURE NETWORKS

The security developments of this period point to a broader shift than the expansion of individual bases or brigades. Radar and port investment in Iceland, P-8 infrastructure and barracks and logistics expansion in Finnmark, new Canadian icebreakers, the deployment of conscripts to Greenland and Arctic exercise activity around Greenland are different components of the same security logic. The value of deterrence in the Arctic is increasingly measured by whether a force can remain in the region throughout the year, monitor the seabed and airspace through sensors, sustain supplies in ice conditions and receive allied forces, rather than simply by whether it can deploy there at all.

For this reason, Denmark's patrol frigate gap around Greenland is strategically more significant than the headline number of available ships. New exercises and additional personnel increase visibility, while maintenance cycles, shipyard capacity and the number of ready vessels constrain operational continuity. The same problem applies to the United States. Current strategy documents identify the Arctic as a priority, but responsibilities divided across three geographic combatant commands, limited icebreaking capability and cold weather logistics continue to restrict real capacity. The most critical investments in the coming period are therefore likely to focus less on acquiring new platforms and more on the infrastructure required to keep them operating continuously.



POLITICAL TENSION AMONG ALLIES IS NOT HALTING MILITARY INTEGRATION

The Canada US trade conflict and distrust toward new American research partnerships in Greenland show that political relations among NATO's Arctic members are becoming more difficult at the same time. Yet Canada, the United States, Denmark and other allies continue to operate together in Nanook, Northern Viking, Arctic Sentry and Jan Mayen activities. Sweden and Finland are effectively integrating air and maritime surveillance. The pattern shows that alliance cohesion is not one dimensional. Political and economic relations are becoming more transactional and contested, while military planning is moving toward deeper integration because geography leaves few alternatives.

Canada is the clearest example of this paradox. Ottawa is diversifying trade and defence ties with the EU in response to US pressure, yet there is no short term alternative capable of replacing the defence relationship with the United States because of NORAD, the Alaska Canada approach and the Northwest Passage. Washington, in turn, needs Canada's strategic depth for continental defence. This mutual necessity remains the main factor preventing economic tension from turning into a complete rupture in the defence relationship.

Iceland adds a different form of divergence between security integration and political integration. Voters chose to keep the EU accession track closed while the country simultaneously hosts Northern Viking 2026 and supports a growing allied presence around the GIUK gap.



The government's decision to deepen EEA ties and Atlantic cooperation after the referendum suggests that Iceland is separating the question of full political membership from practical economic and defence alignment. This model may become increasingly important in the Arctic, where states can participate deeply in shared security networks while retaining greater control over fisheries, resources and regulatory sovereignty.



THE RUSSIA CHINA PARTNERSHIP IS ASYMMETRIC BUT INCREASINGLY PHYSICAL

Indicators of Russia China Arctic cooperation in August 2026 support two different conclusions at the same time. Norwegian diplomatic assessments suggest that Chinese capital is not entering Russian projects at the speed Moscow wants and that the relationship is more vital for Russia. At the same time, bilateral cargo traffic exceeding 5 million tonnes on the Northern Sea Route, the joint scientific expedition, sanctioned LNG flowing toward Chinese terminals and scheduled container services by Chinese companies make it difficult to dismiss the relationship as political rhetoric alone.

For Beijing, the Arctic offers an additional trade option that could reduce dependence on chokepoints such as Malacca and Suez, as well as an energy supply line and a field for scientific and technological activity. For Moscow, China is becoming a buyer, logistics partner and partial technology provider as the European market contracts. The interests of the two countries do not fully overlap. Western sanctions and vulnerabilities in maritime trade are nevertheless expanding the areas where their interests intersect.

The developments of the week make a corridor based reading of the Arctic more useful than a country by country approach. The GIUK gap is becoming a central strategic line for NATO exercises and submarine surveillance around Iceland. The Bering Strait is central to the US Polar Dagger activity and China Russia maritime and scientific operations. The Northwest Passage is a key line for Canada's sovereignty voyages, while the Northern Sea Route is increasingly central to Russian energy exports and Asia to Europe container trade. Each corridor combines military access, energy transport and commercial logistics within the same geography.

The Northern Sea Route is the fastest developing example of this convergence. Cargo volumes are moving toward record levels while Chinese and South Korean voyages test the route for transit trade. At the same time, Russia's LNG shadow fleet and floating storage capacity are using the same waters for post sanctions energy exports. The security of the route is therefore no longer solely an internal Russian shipping question. It is directly connected to environmental and navigation risks along the Norwegian coast, European sanctions policy, Chinese supply chains and South Korea's logistics strategy.

ARCTIC CORRIDORS ARE BECOMING A SINGLE STRATEGIC SYSTEM

ARCTIC

Arctic shipping routes

There are three main routes that connect the Atlantic and the Pacific oceans: the Northeast Passage, the Northwest Passage, and the mostly unused Transpolar Sea Route.



Source: Reuters, Copernicus | January 21, 2026



@AJLabs ALJAZEERA

CRITICAL MINERALS / GREENLAND

The Sarfartoq and Motzfeldt projects show that Greenland's strategic value extends beyond defence geography. An independent technical report for Sarfartoq confirmed approximately 40,700 tonnes of contained neodymium praseodymium, or NdPr, across indicated and inferred resource categories. According to project management, this amount is equivalent to roughly five years of NdPr oxide refined outside China at 2025 consumption levels. A separate assessment valued the project at \$2.05 billion and calculated an internal rate of return of 118 percent. The inclusion of a hybrid model combining open pit and underground mining in the resource estimate for the first time reduces technical risk in the financing and development process.

At the Motzfeldt project, Arkadian Strategic Metals increased its stake to 51 percent with approval from the Greenland government, while the exploration licence was extended for the 2026 to 2030 period. Samples from the Merino area reported up to 1.36 percent total rare earth oxides, 0.73 percent niobium pentoxide and 2.3 percent zirconium dioxide. The company's cash position of around £305,000 at the end of May and its statement that additional financing would be required for activities over the next 12 months reveal the gap between strategic resource potential and capital capacity. Geological value alone will not be enough for Arctic critical mineral projects. Financing, infrastructure, local political acceptance and supply chain partnerships will be equally decisive.



GREENLAND RAW MATERIAL DEPOSITS

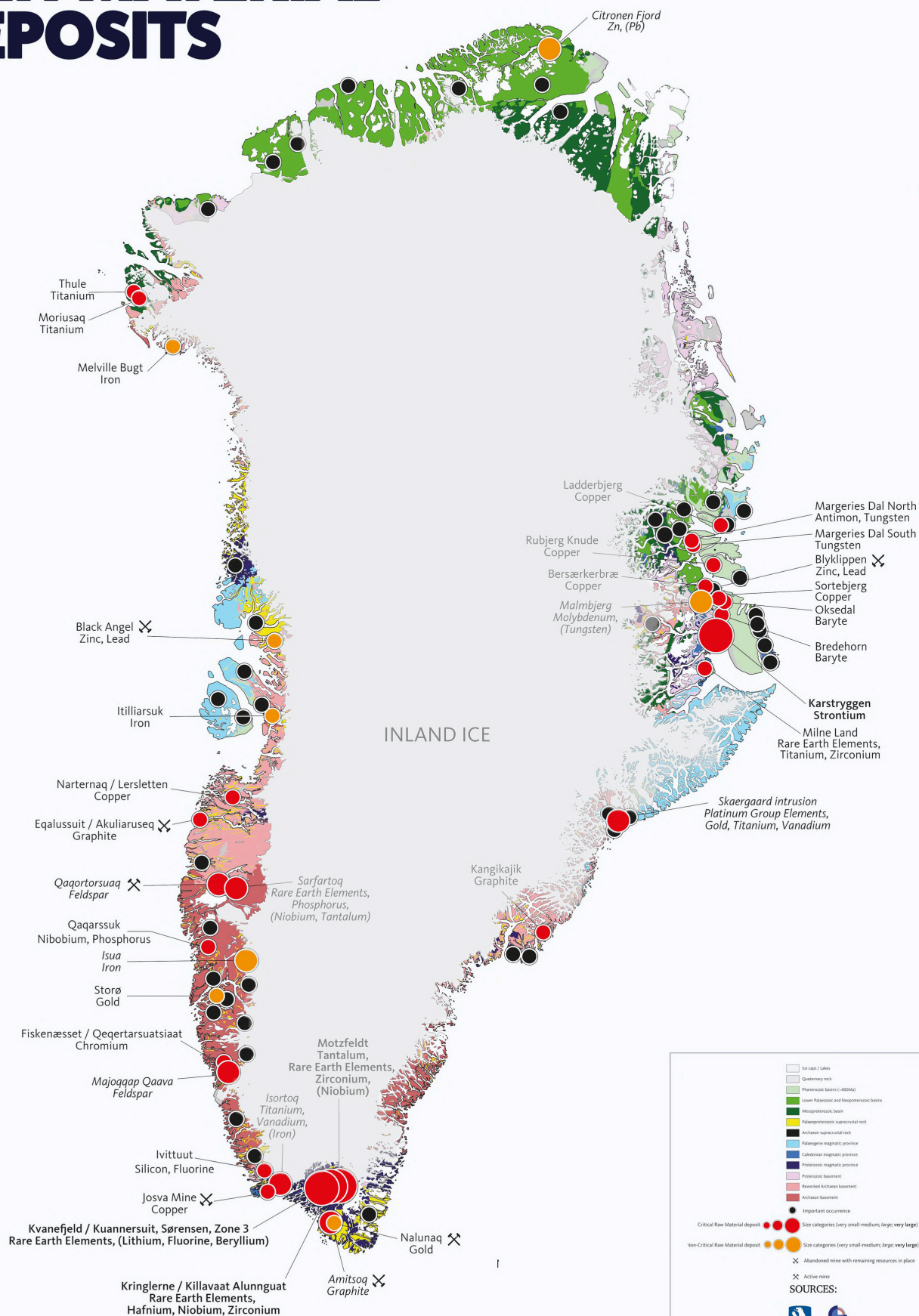


Table: KEY STRATEGIC INDICATORS OF THE WEEK

Country / Region	Project / Development	Scale	Strategic Significance
Canada	New Coast Guard icebreakers	> C\$11 billion	Six vessels. Construction is due to begin in 2027, with the full fleet planned to enter service by 2038.
Norway	Finnmark Brigade	Target of around 4,000 personnel	An artillery battalion, air defence battery and communications company were added. Fire support will extend beyond 40 km.
Iceland	Northern Viking 2026	22 August to 3 September	US led multinational exercise focused on the GIUK gap, critical infrastructure and a NATO Article 5 scenario.
Finland / Sweden	Joint air and maritime surveillance	Through the end of 2026	Gripen jets, corvettes, counter-drone systems as needed, plus a SEK 1.2B RBS 70 NG order from Finland.
Russia / China	Northern Sea Route	>40 million tonnes expected	2026 total route volume project. Russia-China cargo exceeded 5M tonnes in H1, targeting 20M tonnes by 2030.
China	Sea Legend / NewNew Shipping	8 scheduled departures / 500 containers	Seasonal transit service to Western Europe and the first Chinese operated container delivery to Murmansk.
Russia	Arctic LNG shadow fleet	4 additional older tankers	Orion, Kosmos, Luch and Merkuriy. Asia bound capacity is expanding ahead of the EU LNG ban on 1 January 2027.
TotalEnergies	Exit from Arctic LNG 2	10% stake / \$1.3 billion receivable	The stake was transferred to a Novatek subsidiary. Partnerships in Yamal LNG and Novatek remain in place.
United States / Alaska	NPR-A energy development	Around 23 million acres	Project specific environmental reviews are being reduced for some winter exploration activity.
Canada / Ontario	BWRX-300 SMR programme	4 reactors	The first unit is targeted for operation in 2029. The domestic supply chain builds on the Darlington refurbishment programme.
Greenland	Sarfartoq rare earths	40,700 tonnes NdPr	A new independent technical report positions the project as a strategic supply alternative outside China.

CONCLUSION

The central trend from 16 to 29 August was the simultaneous growth of sovereignty seeking and external dependence across the Arctic. Canada is investing in its own icebreaker fleet and deepening critical mineral, energy and defence ties with Europe while engaged in a trade conflict with the United States. Its geographical interdependence with the United States in continental defence nevertheless remains intact. Iceland now adds a political version of the same pattern. Voters rejected reopening EU accession talks while the government committed itself to deeper EEA cooperation, Atlantic partnerships and stronger national defence. This is not strategic withdrawal. It is an attempt to preserve control over fisheries and other sensitive sectors while maintaining access to wider economic and security networks. Denmark is expanding conscription and NATO exercise activity in Greenland while facing a capacity gap in routine maritime patrols. Norway is building up land forces in Finnmark while relying on allied cooperation for submarine surveillance and P-8 infrastructure. Across all of these cases, strategic autonomy is developing less as full independence and more as the distribution of dependencies across a wider group of partners.

Russia's energy and logistics strategy is undergoing a similar transformation. The further closure of the European market in 2027 is forcing Moscow to build a larger network of tankers, storage and transshipment capacity to redirect Arctic LNG 2 and Yamal cargoes toward China and other Asian markets. The expansion of the shadow fleet and the transfer of Portovyy to Murmansk are physical signs of this preparation. TotalEnergies' withdrawal from Arctic LNG 2 while retaining its ties to Yamal and Novatek also shows that sanctions work gradually because companies, ships, shipyards and long term contracts remain intertwined.

The main strategic test for the Northern Sea Route will not be the record cargo volume of 2026. It will be whether Chinese and South Korean container trials develop into regular commercial models. Sea Legend's scheduled service plan to Western Europe, NewNew Shipping's increased Murmansk capacity and Pan-Star's Busan to Europe trial are broadening the route's economic use. Seasonality, insurance costs, icebreaking requirements, rescue infrastructure and sanctions risk will prevent the route from

fully replacing Suez unless these constraints are resolved. In the short term, Arctic shipping is therefore more likely to develop as a strategic secondary corridor used during periods of disruption than as a primary route capable of displacing global maritime trade.

From a security perspective, the main indicator to watch in the coming weeks is whether political tensions begin to affect operational integration. For now, the Canada US trade conflict, distrust of the United States in Greenland, Iceland's rejection of renewed EU accession talks and debates over Europe's defence burden are continuing alongside NATO exercises in the north, joint Swedish Finnish surveillance and Norway's capacity expansion. The Icelandic case is especially revealing because political resistance to deeper EU integration is occurring at the same time as greater NATO activity around the GIUK gap. If this divergence persists, the Arctic security system will be built on deeper military integration accompanied by greater political caution over sovereignty and institutional dependence.

Energy and critical minerals form the economic foundation of this security system. The acceleration of hydrocarbon permitting in Alaska, the SMR supply chain in Ontario, and the Sarfartoq and Motzfeldt rare earth projects in Greenland show that Arctic policy reaches far beyond military deterrence toward Russia. In the coming period, the regional balance of power will be shaped less by which actors deploy the largest number of troops and more by which actors can finance and continuously operate ports, ice-breakers, energy infrastructure, critical mineral projects, submarine sensors and trade routes.



a new-generation international consultancy specialising in the fields of
conflict, energy and geopolitical analysis.

Istanbul, Turkey
contact@mintelworld.com
<https://www.mintelworld.com/>