

ARC- TIC

BULLETIN

30 August 2026 -
05 September 2026

EDITOR:
KÜBRA DEMİRBAŞ



MINTEL
WORLD



EDITOR'S NOTE

During the week of 30 August – 5 September 2026, the Arctic agenda was defined by simultaneous developments across Greenland, Svalbard, the Kola Peninsula, and the Baltic corridor rather than events in a single capital. NATO's deterrence exercises in the region—including Arctic Sentry and Arctic Shield—alongside Denmark's deployment of conscript personnel to Greenland for the first time reinforced military presence; meanwhile, the EU's new €200 million infrastructure and critical raw materials package for Greenland, together with ongoing US-Greenland discussions, demonstrated that sovereignty competition is shifting from military ownership toward dominance over finance, connectivity, and infrastructure. On the other hand, Russia demonstrated resilience against sanctions by reaching record export volumes in Arctic LNG 2 and oil via an expanding “dark fleet” and a deepening energy partnership with China. However, this dynamic further deepens Moscow's logistical and financial reliance on Beijing. Hybrid threats triggered by subsea cable crossings, UAV airspace violations, and potential sabotage warnings confirm that “grey zone” risks have become the new normal along the Arctic-Baltic axis. Strategic advantage in the region will ultimately be determined not merely by military deployments, but by economic resilience, control of critical infrastructure, and local legitimacy.

Levent Kemal

Executive Director, MINTEL WORLD

OVERVIEW

The Arctic agenda this week was shaped not by developments in a single capital but by events unfolding simultaneously across Greenland, Svalbard, the Kola Peninsula and the Baltic corridor. For the first time in its recent history, Denmark deployed conscript personnel to Greenland, while approximately 400 personnel from 11 NATO countries were announced to participate in the Arctic Shield exercise scheduled for 7–18 September. During the same period, air activity over Iceland, Greenland and Canada and submarine tracking in the North Atlantic came to the fore under NATO's Arctic Sentry activity. Moscow, meanwhile, described this expansion as a direct security threat. Russian Foreign Minister Sergey Lavrov's characterisation of NATO activities as "aggressive", combined with the Northern Fleet's deployment of a four-ship group on a months-long mission along the Northern Sea Route, demonstrated that the mutual security dilemma in the Arctic is becoming increasingly visible.

The boundary between conventional military activity and the grey zone also became more porous. Turkish F-16s at Ämari were placed on alert after a UAV entered Estonian airspace; a mapping UAV found on the Finnish coast was confirmed to be Russian-made, although there was no confirmation that it had been operated by Russian authorities. Countries around the Baltic Sea reported that hybrid activity was "escalating" and agreed to increase coordination. Danish intelligence announced that it had identified Russia-linked preparations for sabotage against defence companies providing military support to Ukraine. In Svalbard, repeated passages by Russian fishing vessels over subsea cables triggered a security debate; although the available data do not prove sabotage or espionage, the episode demonstrated how easily critical infrastructure can become an arena of strategic suspicion.

On the energy front, sanctions continued to alter the geography of Russia's Arctic exports and the logistics used to sustain them rather than stopping those exports altogether. The tanker fleet serving Arctic LNG 2, much of it held through opaque ownership structures, expanded from 11 vessels at the end of last year

to at least 20. Konstantin Posiet, the second Arc7-class LNG carrier built in Russia, departed the facility on 30 August carrying more than 70,000 tonnes of LNG. Approximately 2.3 million tonnes of LNG were reportedly transported from Arctic LNG 2 to China in 31 shipments during the first eight months of the year. Over the same period, shipments of Russian Arctic oil to China via the Northern Sea Route exceeded 10 million barrels on 12 tankers, approaching the total for all of 2025. This picture shows that China has become not only a buyer of Russian Arctic energy but also the indispensable market for the post-sanctions logistics architecture.

Moscow is attempting to link these energy flows to a broader geoeconomic project. Russia's Arctic investment portfolio envisages 271 projects through 2035 with a total value of approximately 32.4 trillion roubles, or around \$400 billion; 93 percent of the financing is expected to come from non-budgetary and private sources. Transport and maritime infrastructure alone is estimated to require roughly 10 trillion roubles, or about \$116 billion, by 2035. Yet current cargo volumes on the Northern Sea Route stand at around 38 million tonnes, well below the 80 million-tonne target set for 2024. The central challenge to Russia's Arctic vision is therefore no longer ice conditions alone, but whether foreign capital, a private shipping fleet, insurance, technology and a sufficient cargo base can all be assembled at the same time.

The diplomatic centre of the week was Greenland. Ahead of European Commission President Ursula von der Leyen's 6–7 September visit to Nuuk, the EU was reported to be preparing €200 million euro in new financing for Greenland covering critical raw materials, renewable energy, subsea cables, satellite links and data centres. This would come on top of the existing €225 million euro allocated for the 2021–2027 period. At the same time, Greenlandic Foreign Minister Múte Egede confirmed that talks with the United States over the island's future were continuing. Although US President Donald Trump's pressure regarding control of the island appears to have moved from military rhetoric into a diplomatic negotiating channel, the EU financing initiative made clear that the Greenland question is now about capital, critical minerals and infrastructure sovereignty as much as defence.



SECURITY

Greenland and Denmark

Denmark deployed conscript personnel to Greenland for the first time in its recent history. The soldiers training around Kangerlussuaq at the end of August belong to the first cohort of the expanded conscription programme introduced in February 2026. Copenhagen explained the deployment as necessary to develop combat and survival capabilities in Arctic conditions, while Reuters reported that the move formed part of Denmark's effort to strengthen its presence in the region following US demands concerning Greenland. The Danish Ministry of Defence had previously announced that billions of dollars would be allocated to Arctic defence after years of underinvestment.

The more visible element of this preparation will be the Arctic Shield exercise scheduled for 7–18 September. Approximately 400 troops are expected to participate, with Denmark, Norway, Finland, Sweden, Canada, France, Belgium and the Netherlands contributing active elements; Germany, Slovenia and Poland will attend as observers, with Germany also providing logistical support. The exercise is notable for integrating land, maritime and air elements within a single scenario and bringing together French and Dutch marines, a Belgian UAV unit, Finnish and Danish special forces and Nordic home guard elements. This structure indicates that NATO is beginning to test joint operations and reinforcement capacity in the Arctic in practice rather than merely signalling deterrence.

Arctic Shield will be conducted in connection with the Arctic Sentry activity launched in 2026. Within the same framework, air operations over Iceland, Greenland and Canada are expected to involve Danish, Canadian and US combat aircraft. Greenland's military significance is therefore no longer limited to Pituffik Space Base or North America's early-warning architecture; the island is becoming a multinational exercise area at the junction of North Atlantic and North American defence. For Copenhagen, this serves two functions: strengthening deterrence within NATO against Russia and demonstrating to Washington that Greenland's security is not being neglected.





Norway/ Svalbard

The US Navy's Virginia-class nuclear-powered attack submarine USS Delaware made a routine port visit to Grøtsund near Tromsø on 1 September. The US Sixth Fleet stated that submarines regularly operate in the High North to support maritime domain awareness and security. Grøtsund's use since 2020 as a reception port for allied nuclear-powered submarines demonstrates that Norway has become a forward logistical node for NATO naval forces between the North Atlantic and the Barents Sea.

A lower-intensity but strategically more sensitive security debate unfolded in Svalbard. Publicly available AIS records showed that some Russian fishing vessels made numerous passages in a short period over subsea cables connecting mainland Norway with Svalbard. These included the factory trawler Lira, which had previously attracted the attention of Norwegian counter-intelligence. High North News explicitly emphasised that these routes did not prove espionage or sabotage. Even so, the episode showed that civilian infrastructure such as subsea cables has become a strategic vulnerability in contemporary Arctic security regardless of demonstrated intent.

The same Svalbard file also produced another development at the intersection of legal enforcement and geopolitical tension. Acting on a decision by the Nord-Troms District Court, Norwegian authorities seized the Russian expedition vessel Professor Molchanov in Barentsburg on 2 September. The action forms part of an attempt by the Ukrainian state energy company Naftogaz to enforce a \$4.22 billion arbitration award against Russia for assets seized in Crimea. Moscow described the action as "piracy" and summoned the Norwegian ambassador to the Foreign Ministry. Oslo, meanwhile, argued that the dispute was a legal matter between Naftogaz and Russia and stated that the needs of the Russian citizens aboard the vessel would be met.

Taken together, these two Svalbard developments show that the archipelago's special status is coming under increasing pressure. The 1920 Svalbard Treaty permits Russian settlement and economic activity while affirming Norwegian sovereignty. As sanctions, enforcement of arbitration awards, fisheries activity and critical infrastructure security increasingly overlap in the same geography, issues previously regarded as technical or commercial are becoming direct questions of sovereignty and security.



Iceland/ The North Atlantic

The Northern Viking exercise in Iceland brought renewed attention to the role of a country with no standing army but a critical position in NATO's North Atlantic surveillance architecture. Exercise scenarios focused particularly on detecting and tracking submarine threats. Iceland's location gives the alliance a geographic advantage in monitoring the Greenland–Iceland–United Kingdom gap through which Russian submarines may pass as they move from the Kola Peninsula into the North Atlantic.

Open-source flight tracking this week also pointed to an increase in intelligence activity in the region. Two UK and US RC-135W Rivet Joint aircraft, at least two P-8A Poseidons and tanker support were reported to have operated simultaneously around the Arctic. Some of the flights focused on monitoring Russian naval bases around Murmansk and the Kola Peninsula. Open-source data alone cannot establish operational intent; however, the overlap of submarine tracking, electronic intelligence and air patrols in the same geography shows that the North Atlantic is once again becoming a strategic surveillance space.



Iceland's location gives NATO a geographic advantage in monitoring Russian submarine routes into the North Atlantic.

Finland, Estonia and The Baltic Corridor

On the morning of 1 September, a UAV entered Estonian airspace across the country's south-eastern border, while a second vehicle was reported to be moving towards Narva. Turkish F-16s conducting NATO Baltic Air Policing duties from Ämari Air Base were placed on alert; the aircraft did not fire and the incident ended in the early hours of the morning. Sources noted that the incident occurred during the same period as Ukrainian UAV attacks on targets in western Russia. Because the UAV's origin has not been established, the event cannot be characterised as a direct Russian attack; it nevertheless provides a practical example of the risk that the war may spill towards NATO borders through unmanned aerial systems.

In Finland, a mapping UAV found on the southern coast near Porvoo was identified as a Geoscan 701 manufactured by the Russian company Geoscan. The Finnish Border Guard stated that the device contained no explosives and was designed for mapping and surveying. There

is, however, no confirmation that it had been operated by Russia. The significance of the incident lies in the fact that even non-military commercial or research platforms can become part of border-security and intelligence debates.

Interior ministers from countries bordering the Baltic Sea, meanwhile, set out a common assessment at a meeting in northern Germany that hybrid activity had become more complex and more intensive. Germany, Denmark, Estonia, Finland, Latvia, Lithuania, Poland, Sweden, Norway and Ireland called for greater coordination and financing to address critical infrastructure, sabotage, information operations and cross-border security threats. Baltic security is therefore becoming a multi-layered field defined not only by combat aircraft and naval patrols but also by the protection of ports, cables, energy infrastructure and civilian companies.





Germany and the Hybrid Warfare Debate



Germany formally stated that Russia was behind an attempted attack using an explosives-laden UAV at Leipzig/Halle Airport in August. German Interior Minister Alexander Dobrindt said that the UAV configuration, explosives and ignition technology found at the scene matched elements seen in previous Russian hybrid operations. Berlin summoned the Russian ambassador, announced additional measures affecting Russia's diplomatic presence and said it would seek new EU-level sanctions and greater pressure on the shadow fleet. The allegation shows that the incident is now being treated not simply as a criminal investigation but as an interstate counter-measures file.

The Danish Security and Intelligence Service also announced that it had identified Russia-linked preparations for sabotage targeting defence-industry companies. Its counter-intelligence unit stated that companies providing military support to Ukraine could be targeted, that arson was among the possible methods, and that ordinary citizens might in some operations be used as intermediaries without their knowledge. Such allegations show that the private sector is becoming an increasingly direct target in the area of European security that remains below the threshold of war.

The inspection by European Union maritime elements of the tanker Sun in the Mediterranean on 30 August for flag verification, the sixth similar inspection of suspected Russian shadow-fleet vessels in recent months, represents the economic dimension of the same security chain. This development did not occur in the Arctic; however, the widening enforcement of sanctions on Russian energy exports through maritime trade indicates that the growing dark LNG and oil fleet in the north may face more intensive scrutiny in the future.

Russia and the Northern Fleet

Moscow continues to define NATO's new Arctic activities as a direct security threat. In an assessment published on 31 August, Sergey Lavrov described Arctic Sentry and NATO exercises in the region as "aggressive". Given that Russia possesses the largest military infrastructure in the Arctic, including nuclear submarines, this rhetoric further sharpens the classic security dilemma in which one side interprets force increases as defensive measures and the other as escalation.

The Russian Northern Fleet deployed a four-ship group from the Kola Bay towards the Northern Sea Route in the same week. The group includes the new ice-class patrol ship Ivan Papanin, the large landing ship Kondopoga, the tanker Sergey Osipov and the rescue tug Pamir. The Russian statement said the deployment would practise maritime transport security and rescue activities along the route. The Northern Fleet, however, has for years conducted military exercises, amphibious operations and live-fire activity along the route each autumn. The voyage therefore shows that Russia continues to combine its commercial Northern Sea Route with its military Arctic presence along the same logistical axis. NATO sources also emphasise that they are closely monitoring the modernisation of Russia's Kola Peninsula-based subma-

rine fleet. The intensive electronic-intelligence and maritime-patrol flights observed in the same week represented the practical expression of this surveillance. As a result, reciprocal activity in submarines, airborne intelligence and base logistics in the Arctic is no longer an exceptional response to crises but is becoming a permanent operational routine.

Mutual military activities in the Arctic are no longer crisis-driven, but a permanent routine.

DIPLOMACY

Greenland, the European Union and the United States

Greenland was the most important diplomatic file of the week. During European Commission President Ursula von der Leyen's 6–7 September visit to Nuuk, she is expected to sign an enhanced partnership declaration with Greenlandic Prime Minister Jens-Frederik Nielsen and Danish Prime Minister Mette Frederiksen. According to the Financial Times, the Commission will also announce €200 million in new financing. Sources said the funding will be used for critical raw materials, renewable energy, subsea cables, satellite links, data centres and administrative capacity.

The new funding will come in addition to the approximately €225 million allocated to Greenland under the EU's 2021–2027 budget. The Commission's plan to increase the allocation further for 2028–2034 indicates that Brussels wants to move its relationship with Greenland from project-based assistance towards a long-term strategic partnership. The EU also highlights a €54.7 million investment in a fibre-optic cable between the island's southern and western coasts and €202 million for education. These items matter from a security perspective because financing now generates functional sovereignty not only through development but also through connectivity, data, energy and access to resources.

Greenlandic Foreign Minister Múte Egede confirmed in the same week that talks with the United States were continuing but provided no details. Donald Trump's statements that Greenland should be controlled by the United States had created serious tension between Washington and Copenhagen. Reuters reports that the issue has recently shifted into a diplomatic channel. This transition has not removed the tension; rather, because Washington's security argument and Brussels' offer of economic partnership are now being presented to Greenland at the same time, Nuuk's room for manoeuvre has widened.

The principal shift in the Greenland file is that the sovereignty debate is moving away from the language of military ownership towards competition over infrastructure and capital. It is no coincidence that the EU's new financing categories include critical minerals, data centres and cables. Geopolitical competition over the island now turns not only on the question of "who will defend it?" but also on "who will finance it, who will operate it and which supply chain will it join?"



Iceland

The referendum held in Iceland on 30 August resulted in a rejection of restarting accession negotiations with the European Union. A total of 52.8 percent of voters chose “no” and 47.2 percent “yes”, with turnout reaching approximately 82.5 percent among around 270,000 voters. The main campaign debates focused on sovereignty, the economy and fisheries in particular. The weight of the fisheries sector in the national economy reinforced concerns about the EU’s common policy regimes.

The referendum result indicates that Iceland will continue to combine security integration within NATO with an economic and political status outside the EU. This dual structure reinforces the institutional fragmentation of Arctic governance: NATO provides security, while economic regulation and investment policy are managed at different levels with European institutions. Given that Greenland is not an EU member and Norway also remains outside the Union, the emergence of a single Western institutional framework for the Arctic does not appear realistic in the short term.

Finland, China and Russia

Statements by Finnish President Alexander Stubb showed that Helsinki does not want to close communication channels completely even while maintaining hard security measures towards Russia. Stubb said that during a July meeting with Chinese Foreign Minister Wang Yi, Beijing gave him a private assurance that it would not allow Russia to use nuclear weapons. China has not publicly disclosed the same assurance in that level of detail; however, Stubb's assessment shows that Beijing's influence over Moscow is being factored into European security calculations.

Stubb also argued that a direct Russian attack on NATO in the near future was unlikely and that the alliance's conventional and nuclear deterrence remained strong. Even so, he stressed the need to "prepare for the worst-case scenario" and said it could be useful for Europe eventually to establish more direct contact with Moscow. Helsinki is therefore attempting to

keep deterrence and the possibility of renewed diplomatic engagement in the future within the same framework.

Moscow's media and official rhetoric towards Stubb, however, hardened in the opposite direction. According to an assessment by Yle, personal attacks on the Finnish president and historically revisionist narratives have increased markedly in Russian state media in recent weeks. This does not in itself create a direct military risk, but it shows that the information-war environment complicating any normalisation of Finland–Russia relations persists. Russian-sourced reporting that the continued closure of Finland's eastern border is imposing economic costs on tourism and small businesses in border regions adds an economic dimension to the tension; however, such claims require separate confirmation against official Finnish economic data.



Baltic Ports and Russia

Latvia and Lithuania began considering the option of halting exports of Russian grain through their ports. According to Reuters, Russian exporters shifted shipments towards alternative routes following Ukrainian UAV attacks on Russian Baltic ports, with volumes expected to rise particularly through Latvia. The government in Riga planned a meeting to consider a full ban, while Lithuania's prime minister said that allowing Russian grain to use the country's infrastructure was no longer compatible with its political values.

The debate shows that sanctions are increasingly becoming a policy of logistical access rather than remaining solely financial or commercial instruments. Closing Baltic ports to Russian grain could limit Moscow's ability to develop alternatives to Black Sea and Sea of Azov routes disrupted by the war. It is also another example of civilian fields such as port operations, transport and agricultural trade being incorporated into security policy.

Sanctions are shifting from simple commercial tools to a policy of logistical restriction.

Following the seizure of Professor Molchanov, Norway said that necessary assistance would be provided to Russian citizens remaining in Barentsburg. The Foreign Ministry recalled that, despite sanctions, exemptions are regularly granted to Russian companies so that food and basic necessities can reach Russian settlements in Svalbard. A total of 392 people live in Barentsburg and other Russian settlements, a small but politically sensitive community within the archipelago's total population of approximately 2,900.

Oslo's approach seeks to separate legal enforcement from treaty obligations. On the one hand, enforcement of Ukraine's arbitration award is permitted; on the other, the basic needs of the Russian civilian presence continue to be met. This controlled separation is central to crisis management in Svalbard. However, Moscow's framing of the seizure in the language of "blockade" and "piracy" shows how quickly technical legal disputes can be transformed into sovereignty crises.

Managing Svalbard in Norway-Russia Relations

The G20 and Russia's Global Economic Presence

G20 finance meetings in the United States showed that Russia's place in international economic platforms has not disappeared entirely. The participation of Russian Finance Minister Anton Siluanov created unease among Ukraine's European supporters, while US Treasury Secretary Scott Bessent argued that Russia's presence had not affected the talks. At a separate event, group photographs were taken twice in order to keep European representatives apart from the Russian delegation, a symbolic detail illustrating that institutional participation and political isolation are continuing simultaneously.

This is indirect but important for the Arctic. Russia is increasingly excluded from the regional security architecture, yet it is not fully disconnected from energy, finance and multilateral economic forums. Western strategy towards Russia is therefore evolving not into uniform isolation but into a fragmented model combining hard deterrence in the security sphere with selective engagement and sanctions enforcement in the economic sphere.

ENERGY

Arctic LNG 2 and Russia's Dark LNG Fleet

Russia's Arctic LNG 2 project continues to expand its logistical capacity despite sanctions. According to a Bloomberg analysis based on vessel-tracking data, the number of tankers serving the facility and related infrastructure increased from 11 at the end of December 2025 to at least 20 by early September 2026. The ownership structures of most of the vessels are opaque and resemble the classic "dark fleet" model. The expansion forms the maritime component of Russia's effort to offset part of the gas it previously sold to Europe by pipeline through LNG and Asian markets.

The most notable new vessel in the fleet is Konstantin Posiet, the second Arc7-class LNG carrier built at Russia's Zvezda shipyard. The roughly 300-metre vessel departed the Utrenneye terminal in the Gulf of Ob on 30 August carrying more than 70,000 tonnes of LNG. Its sister ship Aleksey Kosygin entered service at the end of 2025 and was subsequently added to US, EU and UK sanctions lists. Konstantin Posiet is expected to face a similar sanctions risk.

Although Arctic LNG 2 has a design capacity of approximately 20 million tonnes per year, sanctions and restrictions on equipment and vessels have kept output well below that level. Rystad Energy, speaking to Bloomberg, raised its 2026 production forecast by around 9 percent to 5 million tonnes under current conditions; the existing fleet could allow the

two active production trains to export approximately 5.2–5.4 million tonnes of LNG per year. The two active trains have a combined capacity of 13.2 million tonnes. Full capacity may require additional Arc7 ice-class vessels and around 30 conventional long-haul tankers.

The vulnerability on the demand side is more pronounced. According to the sources, China is effectively the only major buyer of sanctioned Arctic LNG 2 output. During the first eight months of the year, 31 shipments carried approximately 2.3 million tonnes of LNG to China's Beihai port. This structure shows that sanctions have not removed Russian LNG from the market entirely, but they have narrowed its customer base and increased Moscow's dependence on Beijing. Russia can continue supplying the product, but it is moving into a weaker position in terms of pricing power, financing and buyer diversification.

Sanctions don't fully block Russian LNG, but they heighten Moscow's dependence on Beijing.

Arctic Oil, China and Post-Hormuz Trade

Shipments of Russian Arctic oil to China via the Northern Sea Route also reached record levels. During the first eight months of the year, 12 tankers carried more than 10 million barrels of oil to Chinese buyers. Shipments along the same route totalled approximately 13 million barrels for all of 2025. Sources state that China is currently the sole buyer of Russian Arctic oil transported via the Northern Sea Route.

The increase in shipments is not solely the result of closer Russia–China ties. The war in the Middle East and the closure of the Strait of Hormuz strengthened the search for alternative supply sources and routes in Asian energy markets. These conditions increased the value of Russia's Arctic production and the Northern Sea Route. In early August, the passage of a convoy of more than 15 vessels, most of them tankers, north of Severnaya Zemlya showed that tanker traffic could operate at latitudes previously unusual for this type of shipping.

The strategic consequence is that the Arctic route is gaining value not merely as a shorter commercial option but as an alternative energy corridor during crises affecting global maritime choke-points. That value nevertheless remains limited by seasonality, the need for ice-class vessels and dependence on Russian icebreaker infrastructure. The route can provide flexibility during crises, but it is not yet a permanent substitute for Suez or traditional Asian energy routes.



Vostok Oil and Russia's Arctic Production Base

Rosneft's Vostok Oil project is also approaching the transition from production to exports. During the Eastern Economic Forum, Vladimir Putin said that the first oil would soon be shipped to consumers. The main oil pipeline connecting fields on the Taymyr Peninsula to the new terminal in Sever Bay is expected to be commissioned. The project's resource base is stated at more than 6.5 billion tonnes of low-sulphur oil.

Vostok Oil is more important to the commercial future of the Northern Sea Route than a single energy project. Russia's Arctic transport ambitions cannot become economic without sufficient and predictable cargo. LNG and oil projects form the backbone of this cargo base. The start of Vostok Oil shipments could therefore raise utilisation rates for ice-breaker and port investments, but it would also deepen the Northern Sea Route's dependence on hydrocarbons.



The Trans-Arctic Transport Corridor

Russia is preparing a portfolio of 271 projects worth 32.4 trillion roubles, approximately \$400 billion, through 2035 in order to transform the Northern Sea Route into a broader Trans-Arctic Transport Corridor. The plan covers not only ports and ships but also railways, inland waterways, power generation, mining projects, housing and “support settlements”. More systematic implementation of the projects is expected from 2027, while an updated Arctic development strategy is expected to be adopted by the end of 2026.

The programme’s weakest point is its financing structure. According to Russian officials, 93 percent of total funding, or approximately 30.2 trillion roubles, must come from non-budgetary and private sources. For transport and maritime infrastructure alone, Rosatom estimates requirements of 5 trillion roubles by 2030 and an additional 5 trillion roubles over the following five years, for a total of around \$116 billion. The money is intended to fund simultaneous expansion of ports, railways, inland waterways, nuclear icebreakers and the ice-class commercial fleet.

Russia’s previous targets reveal a cargo-volume problem alongside the financing challenge. Moscow had targeted 80 million tonnes of cargo on the Northern Sea Route in 2024; actual volume was approximately 37.9 million tonnes. Around 86 percent of current traffic consists

of hydrocarbons. The new plan envisages a baseline scenario of 110–150 million tonnes by 2035 and, under more optimistic conditions, 200 million tonnes by 2040. Reaching these targets will require not only more vessels but also continuous cargo from energy and mining projects, access to insurance and foreign capital willing to accept sanctions risk.

China is therefore the most critical external actor. However, experts speaking to High North News say Beijing has so far taken a selective approach to Russian Arctic projects, assuming limited risk through smaller private carriers rather than state-owned giants. For China, the Northern Sea Route could provide strategic diversification away from Indo-Pacific chokepoints influenced by the United States. Yet the risk of secondary sanctions, project economics and uncertain cargo volumes make it unlikely that Beijing will finance the entire \$400 billion vision. Russia therefore faces a paradox: the more it needs China, the greater Beijing’s bargaining power becomes.

The project’s main weakness is its reliance on non-budgetary sources for 93% of the \$400 billion funding.

Russia-China Gas Link: “Power of Baikal”

Another important development in Russia’s eastward gas strategy was Vladimir Putin’s renaming of the pipeline previously known as Power of Siberia 2 as “Power of Baikal”. Russian Energy Minister Sergei Tsivilev said the project was in the final stages before moving into construction. The planned pipeline of approximately 2,600 kilometres would carry 50 billion cubic metres of gas per year from Arctic gas fields in Yamal to China through Mongolia.

The pipeline would complement the existing Power of Siberia 1 system. The first line carried approximately 38 billion cubic metres of gas to China in 2025. The scale of the new project is strategically important in redirecting volumes lost from the European pipeline market towards China. As with LNG, however, the pipeline structure also increases buyer concentration. Russian gas that once had numerous buyers and connection points in Europe becomes increasingly dependent on a smaller number of large customers as it shifts eastward.

The Irtysh River corridor being discussed in China and Russia presents a more ambitious idea of how Arctic transport could extend beyond the maritime coast. The Irtysh, approximately 4,248 kilometres long, rises in China’s Xinjiang region, flows through Kazakhstan into Russia’s Ob River and ultimately reaches the Arctic Ocean. Assessments cited by the South China Morning Post argue that the route could provide China with inland access to the Arctic and reduce dependence on traditional maritime chokepoints such as Malacca.

The project, however, is not yet a mature commercial corridor. Water levels, seasonality, transboundary water management, Kazakhstan’s role, port and river infrastructure and Russian regulation all present serious obstacles. The Irtysh route should therefore be read less as a short-term investment decision than as an indication of China’s strategic thinking about reducing chokepoint risk in global logistics.

China’s Inland-Waterway Ambition and the Irtysh River



India and South Korea

A senior official from India's Ministry of Ports, Shipping and Waterways said India plans to send its first cargo vessel through the Northern Sea Route in 2027. The statement is consistent with New Delhi's effort to diversify trade with Russia and develop alternatives to security risks along the Suez/Bab el-Mandeb corridor. Commentary sources argue that the route could reduce distance by as much as 40 percent between certain port pairs and shorten voyage time by around two weeks when carrying cargo to Europe; however, these figures vary according to route, season and ice conditions.

An academic study on South Korea presents a more cautious framework for the Northern Sea Route. It describes the route not as a direct substitute for Suez but as a seasonal and specialised complementary corridor. South Korea's value lies less in current Arctic cargo volumes than in its shipbuilding industry, LNG-carrier technology, smart-port capacity and Busan's role as a global transshipment hub. This approach shows that the success of Arctic shipping depends not only on retreating ice but also on how the route connects to existing global logistics networks.

The Norwegian Ministry of Energy's APA 2026 licensing round showed that, despite the country's energy-transition narrative, oil and gas exploration continues in the North Sea, Norwegian Sea and Barents Sea. In the round announced on 5 May, the predefined areas were expanded from 2025 by 22 blocks and block parts in the North Sea, 10 blocks in the Norwegian Sea and 38 blocks in the Barents Sea. The application deadline was set for 1 September 2026.

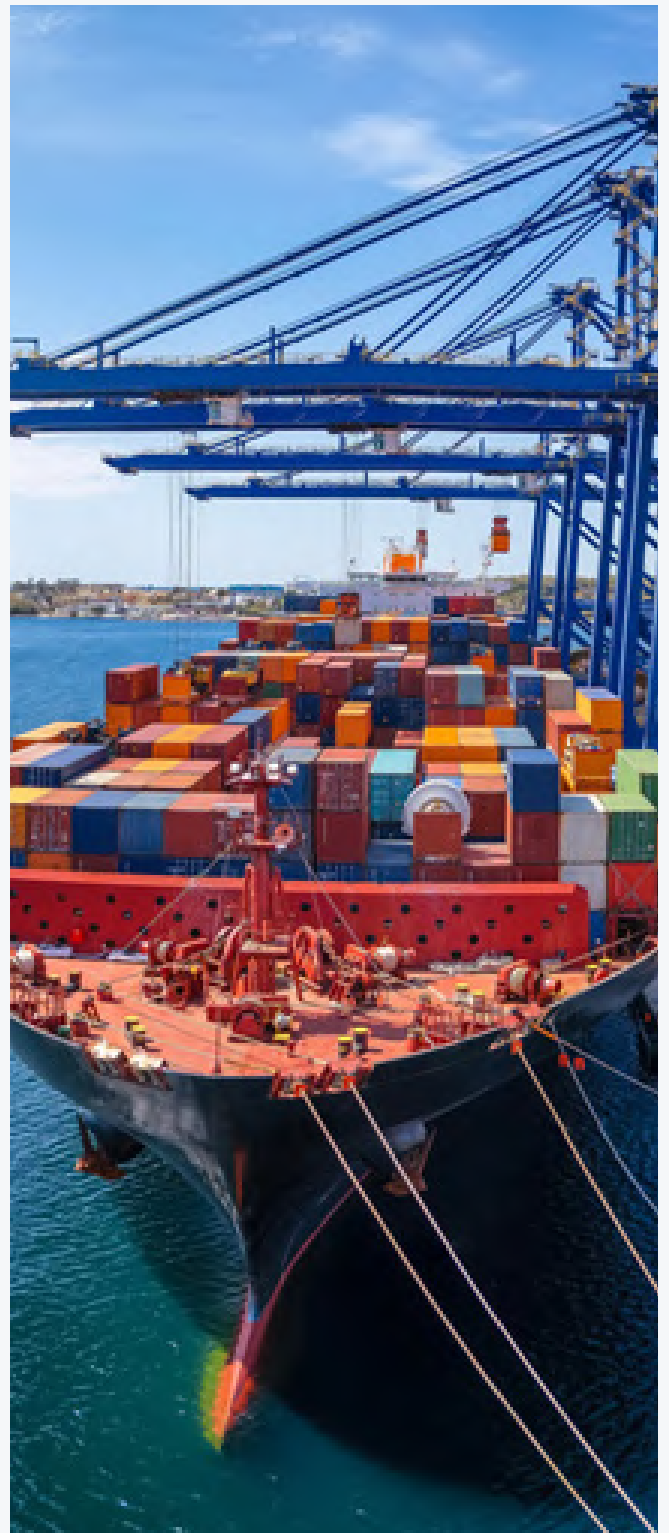
The expansion in the Barents Sea indicates that Norway continues to manage the balance between European energy security and climate policy by maintaining hydrocarbon production capacity. Although this approach differs from Russia's sanctioned Arctic production model, both countries continue to view the Arctic as a long-term energy-producing region. The difference lies in financing, access to technology and market structure.

Norwegian Upstream Policy and the Barents Sea

Maritime Decarbonisation and the Arctic Economy

ABS's 2026 Sustainability Outlook showed that the cost of carbon in global shipping is no longer an abstract future regulation but a direct component of asset value and operating costs. The organisation expects shipowners in the coming years to operate under five to seven different regulatory regimes, including the IMO, EU, United Kingdom, China, some US states and bilateral green corridors. For a conventional-fuel 14,000 TEU container ship operating intensively in Europe, annual carbon costs are estimated to approach \$20 million by 2035.

This trend creates a two-sided effect for Arctic shipping. Shorter distances may reduce fuel and carbon costs on certain routes; by contrast, ice-class vessels, ice-breaker escort, lower speeds, specialised insurance and seasonal uncertainty increase costs. The competitiveness of the Northern Sea Route therefore has to be measured not simply by kilometres but by considering carbon regulation, vessel efficiency and financing conditions together.



STRATEGIC ASSESSMENT

The Gap Between Military Deterrence and Economic Sovereignty

Developments this week clearly demonstrate that Arctic security cannot be understood solely through warships, submarines or air-defence missions. NATO's Arctic Sentry activity, Denmark's deployment of conscripts to Greenland and the Arctic Shield exercise are significant in terms of conventional deterrence. Yet the EU's preparation of a new €200 million economic package for Greenland in the same week, the appearance of sub-sea cables on the security agenda and the prominence of critical minerals in financing discussions point to a different security gap: military sovereignty and economic/infrastructure sovereignty are not the same thing.

A state may exercise military control over its territory while the financing of its port, data connectivity, mining-development capital or energy infrastructure is excessively dependent on a single external actor. In such circumstances, freedom of decision-making during a crisis becomes narrower than legal sovereignty would suggest. Greenland is the most visible example of this issue of "functional sovereignty". While Washington seeks strategic control on security grounds, Brussels is attempting to build long-term attachment through financing and investment. For Nuuk, the principal strategic opportunity will be to convert this competition into local infrastructure and economic capacity.



Russia's Arctic Strategy: Resilience or Dependence on China?

Russia is demonstrating significant adaptive capacity in the face of sanctions. The expansion of the tanker fleet serving Arctic LNG 2, the entry into service of new Arc7 vessels, record volumes of Arctic oil transported to China and Vostok Oil's approach to the shipment stage show that Western sanctions have not completely halted production and trade. Moscow is also attempting to turn the Northern Sea Route into the backbone of a broader \$400 billion transport and development programme.

The cost of this resilience, however, is high. The fact that China is effectively the sole major buyer of Arctic LNG 2, that Arctic oil on the same route is again going only to China and that the Power of Baikal pipeline would tie 50 billion cubic metres of new gas capacity to China creates a new concentration even as Russia reduces its dependence on Europe. Moreover, the fact that 93 percent of the \$400 billion Arctic programme requires private and non-budgetary financing makes Beijing critical on the investment side as well. Russia's eastward turn in pursuit of strategic autonomy may paradoxically reduce its bargaining power vis-à-vis China.

Donald Trump's demands concerning Greenland initially appeared to constitute a political crisis within NATO. Developments this week showed that the file has evolved into a more durable geoeconomic competition. Denmark is increasing its military presence; NATO is planning a multinational exercise; the EU is offering new financing for critical minerals, energy and digital infrastructure; and Nuuk is maintaining direct dialogue with Washington. Because all four channels are advancing simultaneously, Greenland is no longer a passive geography that can be shaped by a single external actor but is becoming a political actor capable of balancing competing offers.

At the same time, Greenland's need for external financing is also a weakness in its bargaining position. Mines, ports, data centres and energy projects require large-scale capital and advanced technology. If security guarantees are not converted into local economic capacity, the island could remain economically dependent even while being militarily protected. The infrastructure financing highlighted by the EU this week can be read as one of the first more systematic attempts to fill precisely this gap.

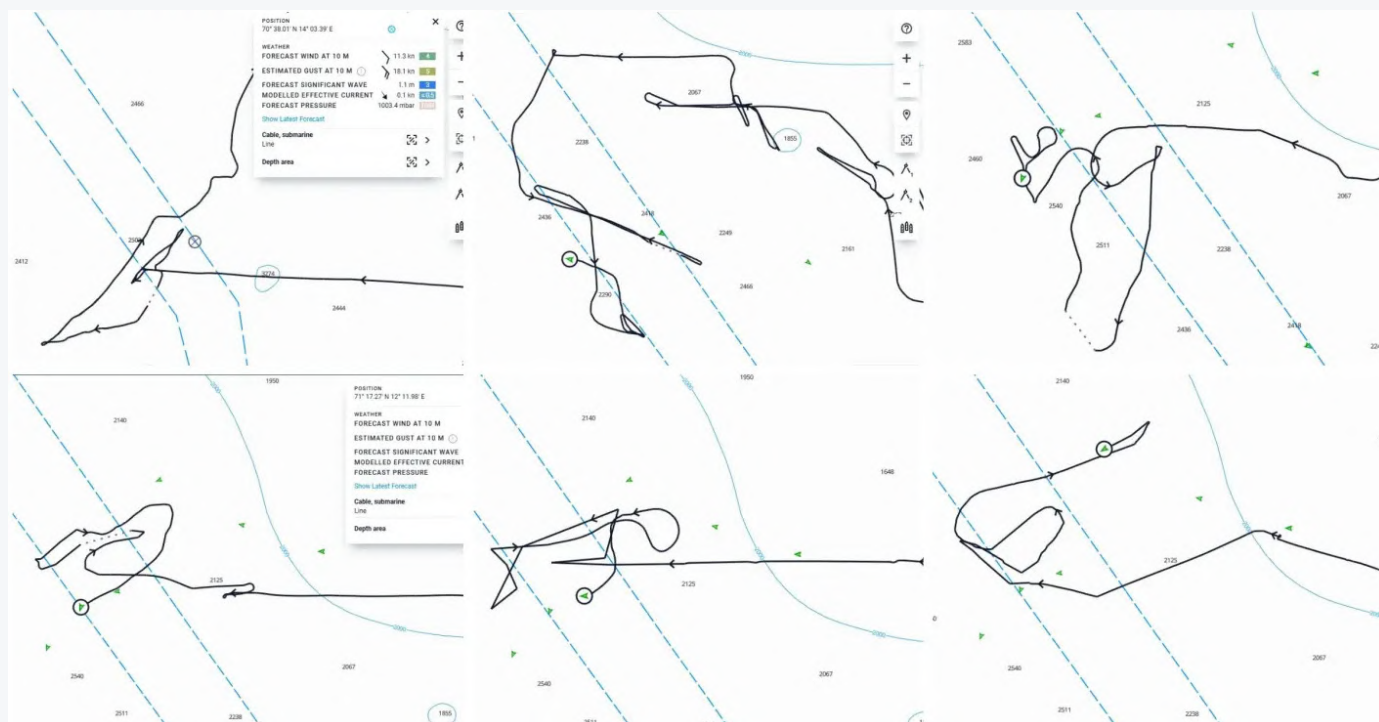
Greenland: From an Intra-NATO Dispute to an Arena of Geoeconomic Competition



The Grey Zone Is Becoming the Arctic's New Normal

The explosives-laden UAV incident in Leipzig, sabotage warnings in Denmark, the UAV violation on Estonia's border, the Russian-made mapping device found on the Finnish coast and suspicious but unproven vessel movements over Svalbard cables cannot be linked to a single chain of command. Taken together, however, they show that security problems in northern Europe are increasingly concentrated below the threshold of conventional attack. The central challenge in this domain is the difficulty of identifying the source of each incident with certainty and the fact that misattribution itself can create escalation risk.

For this reason, the most critical capability for Arctic-Baltic security in the coming period will not simply be a greater number of combat platforms. Continuous monitoring of critical infrastructure, recording behavioural patterns of commercial vessels and unmanned systems, assessing cyber and physical incidents within the same data pool and defining legal thresholds in advance will become increasingly important. The example of the Svalbard cable crossings also shows that preserving the distinction between “suspicious behaviour” and “proven sabotage” in political communication is as important as deterrence itself.



AIS tracks of Arctica, Kurshskaya Kosa, Lira, Kapitan Sulimov, Mekhanik S. Agapov, and Bootes with repeated passes over the Svalbard cables (dotted lines on the left). (Source: Vesselspotter on Bluesky // HIGH NORTH NEWS)



Northern Sea Route: Geopolitical Value Exceeds Commercial Maturity

Crises around Hormuz and Suez, India's plan for its first Northern Sea Route voyage in 2027, China's increased purchases of Arctic oil and LNG and discussion of South Korea's logistical capacity are raising the route's global geopolitical value. However, the fact that only around 38 million tonnes were transported against Russia's 80 million-tonne target for 2024 shows that commercial maturity still lags behind political rhetoric.

The Northern Sea Route today embodies two different realities. The first is an increasingly functional energy corridor for transporting Russian hydrocarbons to Asia. The second is a more ambitious transit corridor intended to develop into regular container shipping between China, India, South Korea and Europe but still constrained by ice, insurance, ports, search and rescue, sanctions and financing. The first function can grow in the short term; the second can mature only through permanent participation by major logistics actors outside Russia.

Institutional Fragmentation and Local Legitimacy

Iceland's rejection of reopening EU accession negotiations, Greenland's position outside the EU and Norway's non-membership of the Union indicate that Western governance in the Arctic will remain institutionally fragmented. NATO can provide military deterrence and joint operations; the EU has tools in investment, regulation and critical raw materials; national governments control licensing, ports and infrastructure decisions; and autonomous administrations such as Greenland sit at the centre of local legitimacy. If this division of responsibilities is not coordinated properly, security and economic policy may create gaps rather than complement each other.

Legal studies concerning the expansion of mining and renewable-energy projects on Sámi lands reinforce this point. As pressure for critical raw materials and the green transition accelerates land use in Sweden and Finland, conflicts with reindeer herding and Indigenous rights are increasing. Treating local rights as secondary to strategic resource security can create a legitimacy problem even in the absence of external pressure. Arctic economic security therefore requires not only limiting foreign capital but also ensuring meaningful participation by local communities in decision-making processes.





CONCLUSION

The Arctic agenda for the week of 30 August–5 September did not produce a single crisis; instead, it made visible different components of the same structural transformation. Military exercises and EU financing in Greenland, enforcement of an arbitration award and subsea cables in Svalbard, UAV and sabotage concerns in the Baltic, submarine surveillance around Kola and Russia's military voyages along the Northern Sea Route all point to the same conclusion: Arctic security has entered a stage in which the military, economic, legal and infrastructural domains can no longer be managed separately.

For Russia, the picture this week is defined by the tension between short-term resilience and long-term dependence. Moscow is developing new vessels, dark-fleet structures and eastward-oriented energy links in order to sustain LNG and oil flows. This policy reduces the impact of sanctions but places China at the centre as buyer, potential investor and logistics partner. Given that much of the private capital needed to transform the Northern Sea Route into an international transit corridor would also have to come from Asia, the future of Russia's Arctic strategy is becoming increasingly dependent on actors that Moscow cannot control on its own.

On the Western side, military coordination is advancing faster than economic coordination. NATO's Arctic Sentry activity, Arctic Shield and North Atlantic surveillance strengthen joint defence capacity, yet there is still no single economic-security architecture for Greenland's critical minerals, data infrastructure, ports and energy projects. The EU's new €200 million package is an important step towards closing this gap; however, because actors such as Iceland, Norway, Greenland and the Faroe Islands have different institutional statuses, the solution cannot be built around a single institution.

In the coming period, the decisive question in the Arctic will concern not only who deploys more troops, but also who finances the ports, which vessels can continue carrying cargo under sanctions, which cables can be protected and which societies grant political legitimacy to mining or energy projects. Military deterrence will remain necessary; however, the developments of this week show that lasting strategic advantage cannot be established without economic resilience, control of infrastructure, reliable logistics and local legitimacy.



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Istanbul, Turkey
contact@mintelworld.com
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