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RUSSIAN STRATEGIES IN THE ARCTIC: AVOIDING A NEW COLD WAR



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INTRODUCTION

0.

Differing views of Russia's Arctic policies. The Russian Federation's Arctic strategy is a vexed question both in the media and research literature. Russia's decision to plant a titanium flag at the bottom of the Arctic Ocean on the North Pole in August 2007 and resume strategic bomber patrols in the High North, as well as the publication of its Arctic strategy in 2008, has led some Western experts to criticize Russia's Arctic policies as expansionist, aggressive, and an example of "gunboat diplomacy" (Kraska 2009, 1117; Schepp and Traufetter 2009; Willett 2009, 53). However, in contrast with the Cold War era, when Soviet behavior was driven by ideological or geopolitical factors, current Russian policies in the Arctic are explained by Moscow's pragmatic interests such as competition for natural resources and/or control of northern sea routes.

On the other hand, there are authors (mostly Russian but also Western) who see Russia's intentions in the Arctic as innocent, inward-looking, purely defensive, and oriented toward the protection of its legitimate interests (Alexandrov 2009; Belov 2012; Diev 2009; Grigoriev 2010; Nenashev 2010; Oreshenkov 2009); or who at least see Russia's national intentions in the context of international Arctic cooperation as comparable to other Arctic states (e.g. Heininen 2011). This group of experts emphasizes the fact that Moscow's primary interest

is the development of the Russian Arctic Zone (RAZ), which is rich in natural resources and underdeveloped in terms of the local economy, infrastructure, communication systems, social institutions and culture. They contend that Moscow is not pursuing a revisionist policy in the Arctic; on the contrary, Russia wants to solve all disputes in the region by peaceful means, relying on international law and international organizations.

There is also a noisy but marginal group of anti-Western writers in Russia who are not afraid to champion Russia as a revisionist, expansionist or imperial state – and not only in the Arctic (Dugin 1991, 1993 and 2002; Indzhiev 2010). They believe that Moscow's Arctic policy must be assertive and proactive to resist the Western 'encroachment' on 'Russia's Arctic' and a multitude of anti-Russian conspiracies. They even criticize the Russian government for lacking a sound and assertive strategy in the region, or for making concessions to other international players (for example, the 2010 Russian-Norwegian treaty on delimitation of maritime territories, or granting a number of non-Arctic states with permanent observer status in the Arctic Council).

In the background, there are two well-defined and opposing discourses on Northern geopolitics, which have shaped the ensuing

geopolitical discussion of the Arctic in the early 21st century. One discourse reflects the relative peace and stability in the region, which is the result of the institutionalized international cooperation pursued by the eight Arctic states following the end of the Cold War. The other, 'realist' discourse argues that the race for natural resources in the Arctic is giving rise to regional conflicts rooted in claims of state sovereignty, which is viewed as under threat by climate change, growing interest by extra-territorial actors, and national (security and economic) interests (see Heininen 2014). According to some Western and East Asian analysts, due to Russia's economic weakness and technological backwardness, it tends to emphasize coercive military instruments to protect its national interests in the Arctic, which will inevitably lead to a regional arms race, remilitarization and military conflicts in the High North (Borgerson 2008; Huebert 2010; Huebert et al. 2012; Macalister 2010; Smith and Giles 2007).

There are also fresh perspectives. For example, some commentators hold that the importance of the Arctic in world politics is increasing due

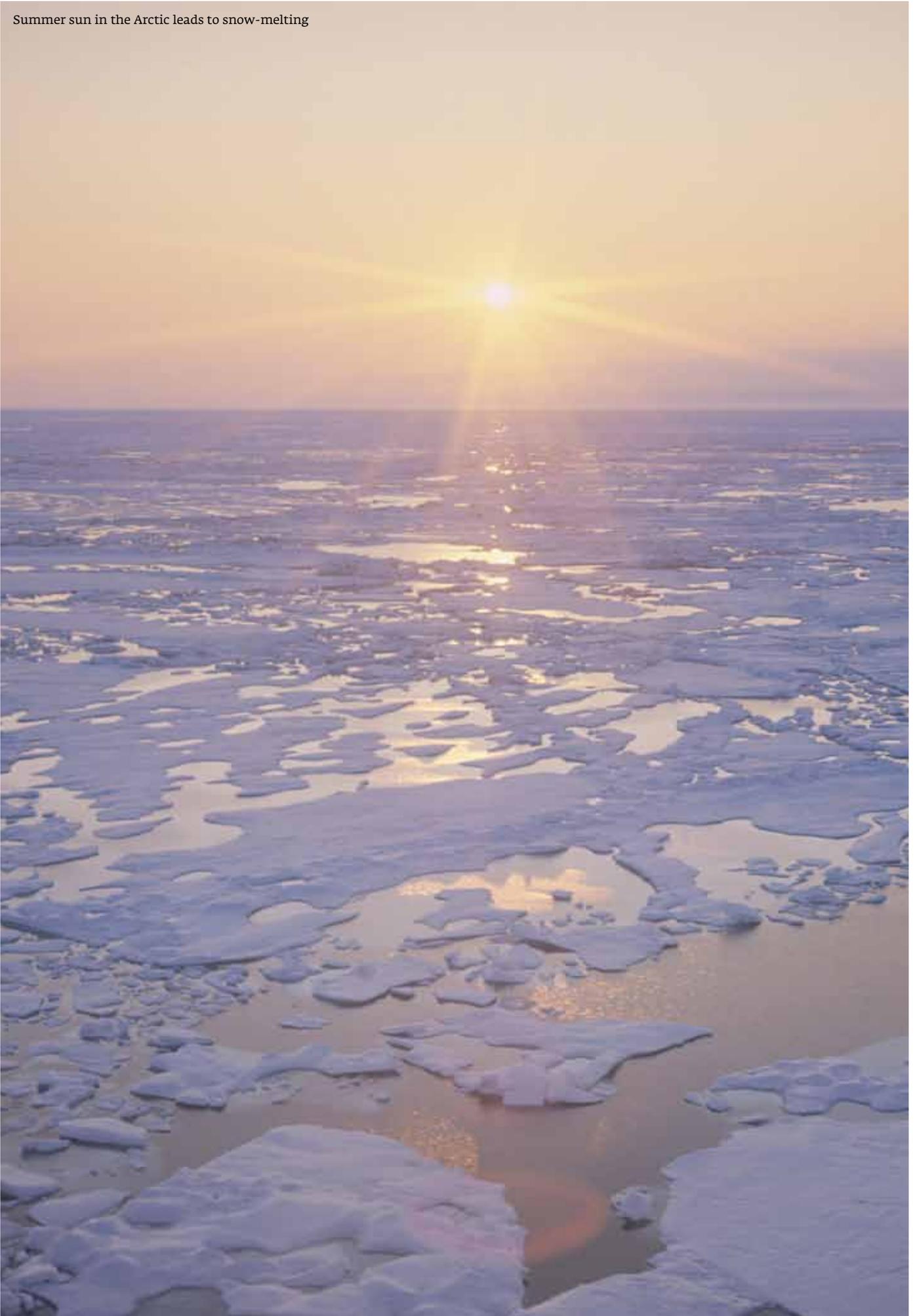
to globalization, and should be seen beyond the traditional aspects of power, conflict and cooperation (Heininen 2012). While falling short of a new Cold War in the Arctic region, potential national or nationalistic responses by Arctic states could securitize Arctic cooperation.

The vast majority of authors are either too anti-Russian or openly pro-Russian in their analysis of Russia's strategy and policies in the post-Cold War Arctic. But there are quite a few works that try to objectively analyze Russian interests, motivation, behavior and strategies in the Arctic (Gorenburg 2011; Konyshv and Sergunin 2011a; Heininen 2011; Konyshv and Sergunin 2012; Laruelle 2014; Lasserre, Le Roy and Garon 2012; Voronkov 2012; Zagorsky 2011; Yarovoy 2014). This report, based on the research project "The Arctic – a Region of Strategies and Policies: Avoiding a New Cold War," continues this tradition and aims to provide a comprehensive picture and analysis of the current situation in the Arctic, as well as a rigorous assessment of the interests and problems of the Russian Federation in the Arctic, particularly the Russian Arctic.

The scientific team at the North Pole-39 drifting ice research station



Summer sun in the Arctic leads to snow-melting



RESEARCH AGENDA

This paper seeks to determine whether Russia is really a revisionist power in the Arctic, or whether it is interested in regional stability and international cooperation in the High North.

To answer this question, a number of smaller questions must be discussed:

- What are Russia's real interests in the Arctic, as opposed to its rhetoric regarding the region?
- How do different schools of thought on Russian foreign policy understand the problems posed by the Arctic?
- What is the conceptual/doctrinal basis for Russia's Arctic strategy?
- How does Russia build relations with major Arctic and non-Arctic actors in the region?
- What is Moscow's political approach to working within international organizations and fora that deal with Arctic issues?
- How does Russia address major Arctic challenges such as climate change, environmental degradation, territorial claims and division of the continental shelf, the use of sea routes, etc.?
- What are Russia's real military policies and plans in the Arctic? Do they pose a security threat to other Arctic players, or are Moscow's limited military preparations and activities in keeping with the existing regional military balance?

SOURCES

This paper is based on the following sources:

- International documents (treaties, agreements, resolutions, etc.).

- Governmental/official publications and materials (Russian and Western).
- Published interviews with officials, politicians, NGO leaders, and experts.
- Statistical information, yearbooks, guides, and reference books.
- Research literature: monographs, analytical papers, and articles.
- Media publications.

As with any study of 'hot' political issues, it's difficult to find reliable data. Information is often classified, misleading, or not fully reported. A scholar has to corroborate data from numerous unconfirmed media reports. Research is further complicated by differences of opinion among experts on methods of statistical analysis. Moreover, research techniques and terminology can vary. Therefore, we have relied on our critical judgment and a careful comparison of sources in compiling the database for this research. Since it involves not only data collection but also data analysis, we relied on three main criteria for selecting and interpreting sources:

- **Validity:** Data must represent the most important and characteristic trends rather than occasional or irregular developments.
- **Informativeness:** Sources that provide valuable and timely information are given priority.
- **Innovativeness:** Preference is given to sources that offer original data, fresh ideas, and untraditional approaches.

These research techniques are helpful in overcoming the limitations of available sources and compiling substantial and sufficient data for the study.

ANALYSIS OF THE CURRENT SITUATION

1.

RUSSIAN NATIONAL INTERESTS IN THE ARCTIC

The Russian Federation is the largest of the five littoral states of the Arctic Ocean. According to its 2008 Arctic strategy, Russia seeks to “maintain the role of a leading Arctic power” (Medvedev 2008; also Heininen 2011, 69–70). Consequently, Russia has numerous, multi-dimensional national interests in the Arctic region, and the entire North. Russia’s interests in the Arctic can be grouped into the following categories:

ACCESS TO NATURAL RESOURCES

First and foremost, the Arctic is attractive to Russia for its vast natural resources. According to the U.S. Geological Survey (2008), the mean estimate of total undiscovered conventional oil and gas resources in the Arctic is approximately 90 billion barrels of oil, 1.669 trillion cubic feet of natural gas, and 44 billion barrels of natural gas liquids. Arctic deposits total approximately 240 billion barrels of oil and oil-equivalent natural gas, which is almost 10% of the world’s

known conventional petroleum resources (cumulative production and remaining proved reserves). And yet most of the Arctic, especially offshore, remains essentially unexplored with respect to petroleum.

The RAZ holds most of the Arctic’s hydrocarbon reserves. This region of Russia is the most prolific producer of Russian gas (95%) and oil (about 70%) (Dobretsov and Pokhilenko 2010). Russian geologists have discovered about 200 oil and gas deposits in the RAZ. There are 22 large shelf deposits in the Barents and Kara seas, which are expected to be developed in the near future (Prirodnye Resursy Arktiki 2010).

The RAZ is also abundant in mineral resources. Its mining industries produce primary and placer diamond (99% of total Russian production), platinum-group elements (PGE) (98%), nickel and cobalt (over 80%), chromium and manganese (90%), copper (60%), antimony, tin, tungsten, and rare metals (from 50 to 90%), and gold (about 40%) (Dobretsov and Pokhilenko 2010).

The development of Arctic and subarctic mineral resources is indispensable both for

Russia and the world. But this process is very difficult and requires a solid geological, ecological, and economic foundation as well as special approaches (Kontorovich et al., 2010).

In addition to mineral reserves, the Arctic possesses abundant bio-resources. More than 150 fish species can be found in Arctic waters, including important varieties for Russian (and international) commercial fishing, such as herring, cod, butterfish, haddock and flatfish. The RAZ produces 15% of Russia's seafood (Kochemasov et al. 2009). The region is also populated by some unique animal species such as the polar bear, narwhal, walrus and white whale.

INDUSTRIAL SIGNIFICANCE OF THE RAZ

A major industrial base was created in the RAZ under the Soviet regime, and includes mining, oil and gas, pipeline systems, electric power stations, the Bilibin nuclear power plant, and extensive transport infrastructure (rail and motor roads, airfields, river and sea ports, etc.). The

RAZ is home to 46 towns with populations over 5,000, as well as four cities with populations over 100,000 – a record among Arctic coastal states. With just 1% of the country's population, it already accounts for 11% of Russian gross domestic product and 22% of its export revenue (Kochemasov et al. 2009; Schepp and Traufetter 2009). The Russian government and private business intend to restore and further develop the industries and infrastructure of the RAZ, with plans for hundreds of billions in Russian and foreign direct investment in important sectors of the regional economy, such as energy, mining, transport infrastructure and communications (Medvedev 2008; Putin 2013).

A POTENTIALLY IMPORTANT TRANSPORT JUNCTION

Moreover, if Arctic ice continues to melt, Russia stands to enjoy considerable economic gains from the development and exploitation of the Northern Sea Route (NSR) – the shortest shipping route between European and East

LOCATION MAP OF LARGE MINERAL AND HYDROCARBON DEPOSITS IN THE RUSSIAN ARCTIC AND SUBARCTIC AREAS



Source: Dobretsov, N.L., Pokhilenko, N.P. Mineral resources and development in the Russian Arctic (2010)

Asian ports, as well as an important domestic route connecting Siberian river ports as well as the European and Far Eastern parts of the country.

Circumpolar air routes between North America and Asia (with transit via Siberian airports) is another promising transport project. Circumpolar air traffic is already growing four times faster than the global average (Kross-Polyarny Express 2008).

ENVIRONMENTAL CONCERNS

Moscow is deeply concerned about the environmental situation in the RAZ. As a result of intensive industrial and military activities in the region, many Arctic areas are heavily polluted and pose serious health hazards. Russian scientists identified 27 so-called impact zones

polluted or contaminated (Kochemasov et al. 2009).

Russia, along with other Arctic states, is concerned about nuclear safety in the Arctic Region, especially on Arctic seas. Northern Russia, particularly the Barents Sea area, has the largest concentration of nuclear installations – both military and civilian – in the world. More than 80 nuclear submarines with over 200 nuclear reactors were located there at one time (Ahunov 2000, 73). The operational risks of reactors at nuclear power plants in the RAZ (some are the same RBMK model used at Chernobyl) also present a serious threat to the population and a large area of Russia and Europe. Spent nuclear fuel and radioactive waste in Russia is also a widespread and worrying problem (for more details see Heininen and Segerstahl 2002).

The RAZ is extremely vulnerable to nuclear contamination. Tens of thousands of cubic me-

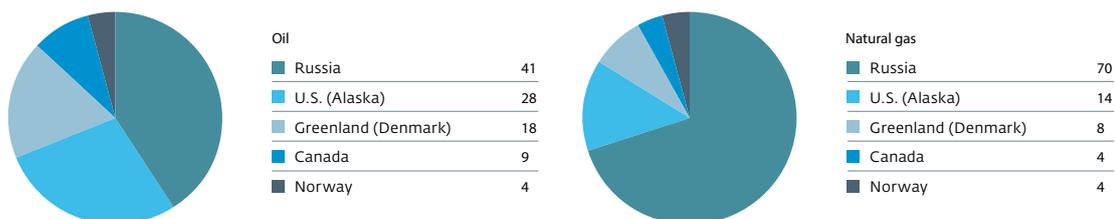
RUSSIAN ARCTIC ZONE HOLDS MOST OF THE ARCTIC'S

HYDROCARBON RESERVES

where pollution has led to environmental degradation and increased morbidity among the local population. The main impact zones include the Murmansk Region (10% of total pollutants in the 27 impact zones), Norilsk urban agglomeration (more than 30%), West Siberian oil and gas fields (more than 30%) and the Arkhangelsk Region (around 5%) (Dushkova and Evseev 2011; Ekologicheskoe Sostoyanie Impactnykh Raionov 2012). In sum, about 15% of the RAZ territory is

ters of highly radioactive nuclear waste have collected there. Radioactive material from nuclear munitions factories in Krasnoyarsk, Tomsk, Chelyabinsk used to float down the great Siberian rivers and into the Arctic Ocean. From 1964 to 1991, fluid and solid radioactive waste was dumped in the Barents and Kara seas. According to some reports, the Soviet Union dumped 13 nuclear reactors in the Kara Sea (including 6 with nuclear fuel). Three reactors and a con-

DISTRIBUTION OF THE UNDISCOVERED HYDROCARBON RESOURCES AMONG THE ARCTIC COASTAL STATES, %



Source: <http://sdo.rea.ru/cde/conference/3/file.php?fileId=54>

THE MAP OF IMPACT ZONE IN THE RUSSIAN ARCTIC



- | | | |
|-----------------|-----------------|----------------|
| 1. Western Kola | 3. Khibinsky | 5. Kotlassky |
| 2. Central Kola | 4. Arkhangelsky | 6. Vorkutinsky |

Source: *Ekologicheskoe sostoyanie impactnykh rayonov sushi arkticheskoy zoni Rossiyskoy Federacii* (2010) Severnash.ru

tainer with nuclear waste from the ice-breaker Lenin were also allegedly dumped in the sea. Radioactive waste amounted to 319,000 curie in the Barents Sea and 2,419,000 curie in the Kara Sea (Ekologicheskoe Sostoyanie Impactnykh Raionov 2012; Gizewski, 1995: 25–41). Although Russia has stopped dumping, the remaining nuclear waste in the Arctic is still a serious problem for the country. With the help of Western partners (especially the Norwegians) Russia is implementing a number of nuclear waste treatment projects in the Murmansk and Arkhangelsk regions.

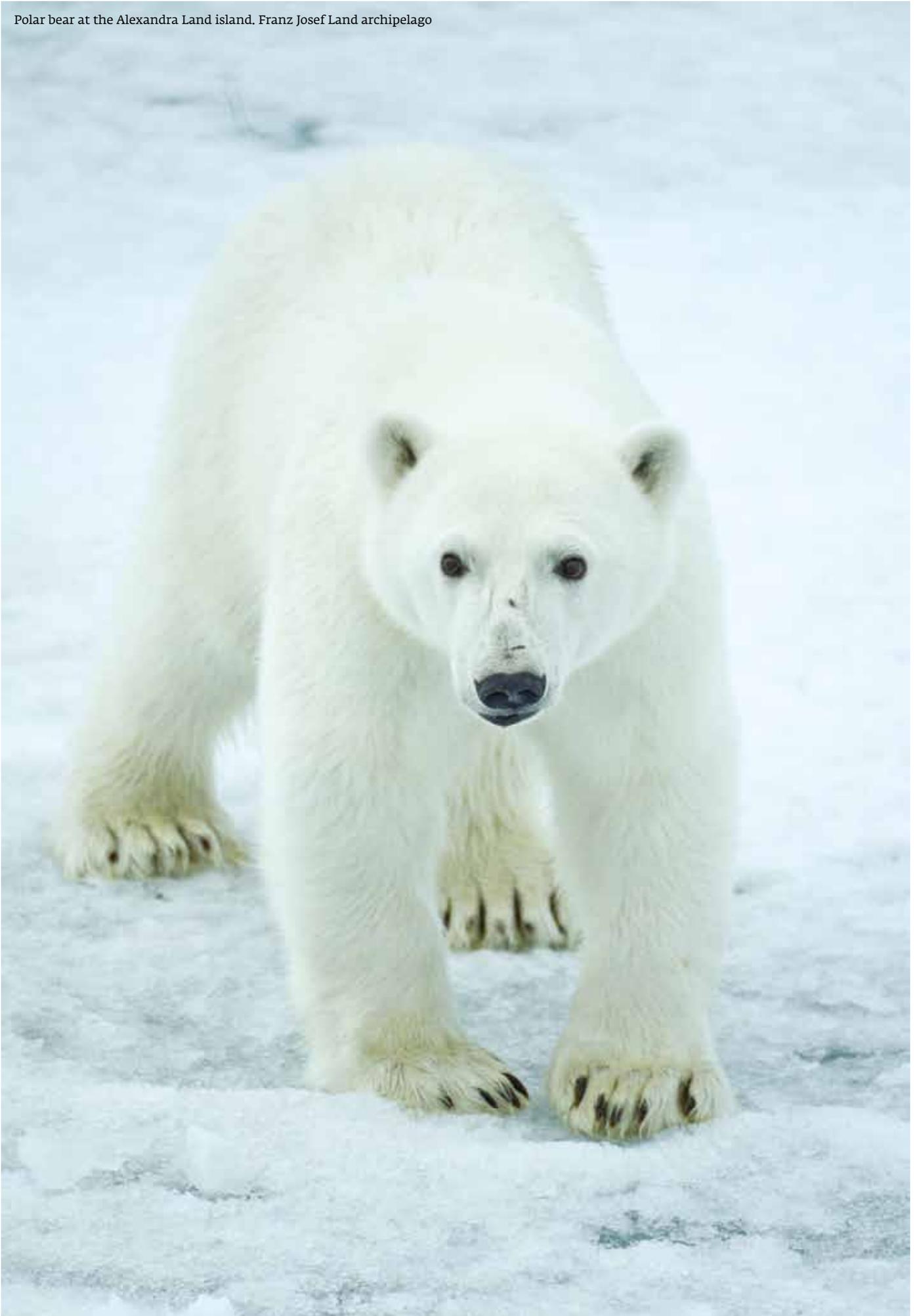
INDIGENOUS PEOPLE

Twenty seven indigenous ethnic groups, totaling about 200,000 people, live in the RAZ (Savel'eva and Savel'ev 2010, 75). Improving the quality of life and economic opportunities for indigenous

peoples is listed among the strategic priorities of Russia's 2008 Arctic strategy (Medvedev 2008), and further elaborated on in a special document, the Concept for the Sustainable Development of Small Indigenous Population Groups of the North, Siberia and the Far East of the Russian Federation, which was released in February 2009. The document, also called Concept-2009, describes the measures taken by federal and regional authorities in the preceding 15 years, such as federal and regional targeted programs, legislation containing various forms of government support (e.g. incentives, subsidies, and quotas on the use of biological resources), and Russia's active participation in the International Decade of the World's Indigenous People (1995–2004) and the Second International Decade of the World's Indigenous People (2005–2015).

At the same time, Concept-2009 recognizes the serious social and economic problems fac-

Polar bear at the Alexandra Land island, Franz Josef Land archipelago



ing its indigenous peoples (the incompatibility of their traditional way of life with current economic conditions, low competitiveness of traditional economic activities, rising disease rates, a high infant mortality rate, alcoholism, etc.). The unemployment rate among Russia's indigenous people has been estimated at 30–60%, which is 3–4 time higher that among other RAZ residents (Kochemasov et al. 2009). Life expectancy is as low as 49 years, compared to over 60 years on average throughout Russia.

Concept-2009 stated that its implementation should foster favorable conditions for the sustainable development of the indigenous peoples, for example by raising the quality of life to the average in Russia and by halving the infant mortality rate by 2025 compared to 2007 levels.

However, implementation of Concept-2009 has fallen short of these goals, resulting in harsh criticism by Russia's main indigenous organi-

zation, the Russian Association of Indigenous Peoples of the North, Siberia and the Far East (RAIPON). RAIPON has called for support from international organizations such as the UN and AC, blaming the Russian government for violating the basic rights of the country's indigenous people. As a result of these efforts, RAIPON's legal registration was suspended by the Russian Ministry of Justice in 2012, and the group had to undergo the rather onerous procedure of re-registering and "cleansing" its leadership of "disloyal elements." This conflict has impeded the further implementation of Concept-2009.

STRATEGIC-MILITARY IMPORTANCE

Russian perceptions of the Arctic are largely based on security considerations. Russia continues to regard the Kola Peninsula and adjacent

NORTHERN RUSSIA HAS THE LARGEST CONCENTRATION OF NUCLEAR INSTALLATIONS - BOTH MILITARY AND CIVILIAN - IN THE WORLD. THE RAZ IS EXTREMELY VULNERABLE TO NUCLEAR CONTAMINATION

The Evenki girl





Large antisubmarine ship «North Sea» at the pier in the port of Severomorsk

waters as a military area of particular importance to national security. Several of the area's features – such the direct access it provides to the Atlantic Ocean and the Arctic, its relative proximity to potential targets, and an array of important defense industry and infrastructure facilities located there – make it well suited for strategic naval operations. The strategic importance of the North is above all connected to the sea-based nuclear forces deployed in the region. Russia's nuclear deterrent remains not only a key element of its security policy and military strategy, but serves also as a symbol and guarantee of Russia's great power status (see Konyshv and Sergunin, forthcoming). Maintaining nuclear capabilities has, therefore, been given the highest priority in the modernization of Russia's defenses (Zysk 2008, 81).

The bigger picture, however, is the Arctic states have made only limited efforts to modernize, increase and/or change their equipment, force levels and structure since the early 21st century (Wezeman 2012). After the end of the Cold War, the Arctic was consciously transformed from a military theatre to a zone of cooperation and peace through the stability-building measures of the West, which ultimately sought to decrease military tension and increase mutual confidence.

Both Russian politicians and the Russian military frequently allege that political and military pressure from the U.S. and NATO in the High North has increased. They argue that the U.S. and some other NATO countries

(especially Norway) want to undermine Russia's position and reduce its presence in the region by stepping up their own presence in the Arctic. They stress that Russian conventional and strategic forces in the North are still facing NATO just across the border. NATO's military exercises in the immediate proximity of Russian borders, however small in scale, are watched with deep suspicion by the Russian side, which also takes an alarmist attitude toward the military modernization programs of other Arctic coastal states.

Russian strategists are also concerned about future U.S./NATO plans in the Arctic (UPI 2009). If the Arctic becomes ice-free for at least part of the year in the near future, Russian military analysts do not exclude the possibility that the United States could permanently deploy a nuclear submarine fleet and sea-based ABM systems in the Arctic Ocean with the capability to intercept Russian ballistic missiles and launch a preventive strike. Recent U.S. military strategy in the Arctic (U.S. Department of Defense 2013) validates Russian concerns about Washington's plans in this region. For these reasons, many Russian strategists recommend the Kremlin not only to maintain its strategic forces at the present level but also to regularly modernize them.

To conclude, Russia has substantial reasons to seek a leading role in the Arctic. It has important economic, social, environmental and military-strategic interests in the region, which Russian officials have vowed to defend.

RUSSIA'S ARCTIC DOCTRINES

The Russian Federation was among the first Arctic states to formulate an Arctic strategy. Only Norway was ahead of Russia in shaping its official High North Strategy in 2006, while Denmark and Greenland launched a draft version of their joint Strategy for Activities in the Arctic Region in May 2008 (Heininen 2011, 17 and 35). As early as June 14, 2001, the Russian Cabinet had already approved a draft document titled Foundations of the State Policy of the Russian Federation in the Arctic (Government of the Russian Federation 2001) which outlines Russia's national interests and main strategies in the Arctic. But it took another seven years (and another president) to develop a final version of Russia's Arctic strategy.

STRATEGY-2008

On September 18, 2008, President Medvedev approved the Foundations of the State Policy of the Russian Federation in the Arctic to 2020 and Beyond (Medvedev 2008). The six-page document enumerates Russian national interests in the region: developing the resources of the Arctic; turning the Northern Sea Route into a unified national transport corridor and line of communication; and maintaining the region as a zone of international cooperation. According to Russia's plans for the multifaceted development of its northern territories, somewhere between 2016 and 2020 the Arctic is expected to become Russia's "leading strategic resource base."

Russian President Vladimir Putin, foreground, speaks during the plenary session of the Third International Arctic Forum «The Arctic – Territory of Dialogue» held in Salekhard



Russia's strategic security goal for the region is defined as "ensuring a favorable operational regime in the Arctic zone of the Russian Federation, including maintenance of the necessary combat capabilities of general-purpose troops (forces) of the Armed Forces of the Russian Federation and other troops, military formations, and military agencies in this region." This involves strengthening the Coastal Defense Service of the Federal Security Service and border controls in the Arctic zone of the Russian Federation, and establishing technical control at straits and river estuaries along the entire Northern Sea Route. Thus, the Arctic Group of Forces is charged not simply with defending territory but also with protecting Russia's economic interests in the region. In turn, this could require increasing the strike capabilities of the Northern Fleet.

doctrinal/conceptual basis for the RAZ's sustainable development, i.e. it is designed for domestic rather than international consumption.

Reactions to Strategy-2013 have varied in the Russian and international expert community.

To its credit, Strategy-2013 is much more realistic (even pessimistic in some cases) than Strategy-2008. In fact, it acknowledges that the main objectives of the previous strategy were not achieved in the first phase of 2008–2010 and should be reformulated for the future. For instance, it tasks all actors involved with crafting a federal program for the sustainable socioeconomic development of the RAZ and completing all the preparatory work to launch it by 2015, not 2010 as the old strategy required. Moreover, the document acknowledges that Russia lacks the necessary resources and technologies to exploit the RAZ's natural resources on its own and needs foreign investment and

RUSSIA HAS SUBSTANTIAL REASONS TO SEEK A LEADING ROLE IN THE ARCTIC. IT HAS IMPORTANT ECONOMIC, SOCIAL, ENVIRONMENTAL AND MILITARY-STRATEGIC INTERESTS IN THE REGION

STRATEGY-2013

On February 20, 2013, the Strategy for the Development of the Arctic Zone of the Russian Federation (Putin 2013) was approved by President Vladimir Putin, which revised and updated Strategy-2008.

It should be noted that this document does not fully reflect Russia's Arctic doctrine, as it covers only the RAZ rather than the whole Arctic region. In this sense, it is comparable to the Canadian and Norwegian strategies for the development of their northern territories. Strategy-2013 has some international dimensions, including, for example, Moscow's intention to legally delimit Russia's continental shelf in the Arctic Ocean and file a new application to the UN Commission on the Limits of the Continental Shelf, as well as its emphasis on the need for international cooperation in areas such as the exploration and exploitation of natural resources, environmental protection, preservation of indigenous people's traditional economy and culture, etc. However, the main objective of the document is, first and foremost, to provide a

high-tech assistance to develop its Far North. The new strategy also reflects the fact that Russia was unable to complete geophysical research on the external limits of Russia's continental shelf by 2010 (as required by Strategy-2008) and sets the more realistic goal of completing this work by 2015.

Strategy-2013 is naturally more detailed than Strategy-2008, as it was explicitly designed to elaborate and build on the earlier strategy. For example, it contains a crude SWOT analysis of the RAZ and a rather detailed list of policy priorities, as well as a description of the mechanisms and instruments to be used in the course of executing the strategy.

It also introduces the long-awaited idea of making the RAZ a separate federal entity with its own monitoring system, reflecting the specifics of the RAZ and the need to deal with the region on an individual basis.

Unlike the previous document, Strategy-2013 envisions an important role for regional and local governments as well as private business (public-private partnerships). The document describes in detail how to engage both regional

THE MELTING ARCTIC ICECAP

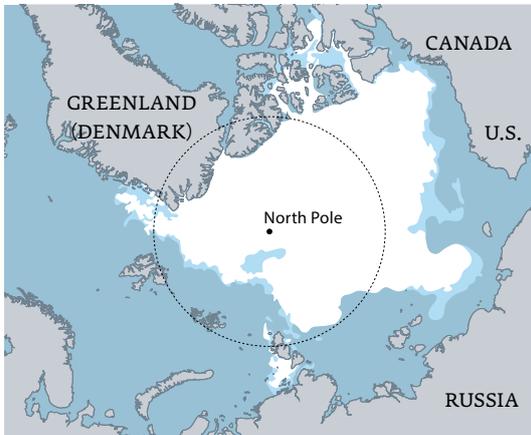
September 2003
(minimal levels match previous years)



September 2012
(all-time low for recorded observations)

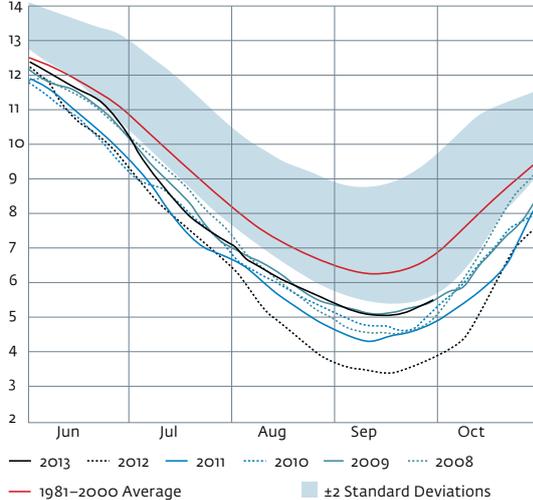


September 2013



□ Ice thickness >1 m ■ Ice thickness <1 m

Changing Arctic icecap area (mln sq. km)



Sources: Arctic and Antarctic Research Institute, US National Snow and Ice Data Center (NSIDC)

and local governments and business in ambitious Arctic projects.

Strategy-2013 also pays much more attention to environmental problems in the Arctic. The document establishes a set of priorities for Russian environmental policies in the RAZ and pledges a significant financial contribution to future environmental projects in the region.

A clear advantage of the new strategy is its effort to introduce an indicator system of monitoring socioeconomic and security developments in the RAZ. The Strategy-2008 was rather abstract and declaratory in nature, and was essentially devoid of specific parameters or indices.

It is also noteworthy that Russia's new RAZ strategy is much more open to international cooperation in the interests of solving the numerous problems in the Arctic and ensuring the sustainable development of the region as a whole. Like its predecessor, Strategy-2013 emphasizes Russia's sovereignty over the RAZ and Northern Sea Route, and calls for the defense of the country's national interests in the area. However, coupled with this rather traditional stance is an impressive list of priority areas for cooperation with potential international partners. As a result, Strategy-2013 received a more positive international reception than the previous document.

But Strategy-2013 has also met with criticisms. To begin with, it does not clearly define the RAZ, which is unusual for this type of document and stands in contrast to both Strategy-2008 and the draft of the new Russian RAZ strategy, which was originally designed by the expert organization North-Western Strategic Partnership (NWSP 2011). Whether the authors of Strategy-2013 decided to skip the definition because it was already introduced in the 2008 version, or whether they did not define the RAZ's domestic and international boundaries because they wanted a free hand in this delicate sphere is open to debate.

The terminology is equally vague with regard to how Arctic actors are defined. The document uses the terms “priarkticheskie” (literally sub-Arctic) and “pribrezhnye” (coastal) states to denote the key Arctic players. While there is no confusion about the concept of a coastal state, “priarkticheskie” is less clear. Is it simply synonymous with coastal states (as we learned from Strategy-2008), or does it mean the eight permanent members of the Arctic Council (five coastal states + Finland, Iceland and Sweden)? If only the Arctic-5 are meant, the three remain-

ing Arctic countries might be offended by Russia's word choice.

In contrast with Strategy-2008, Strategy-2013 does not describe Russia's national interests in the RAZ. In light of the special Russian Security Council meeting on protecting the national interests of the Russian Federation in the Arctic (September 17, 2008), the new doctrine was expected to improve and elaborate on Strategy-2008's section on national interests, which was rather vague and fragmentary. However, Strategy-2013 only periodically invokes Russia's national interests in the Arctic without specifying or systemically describing them.

As noted, the document begins with a crude SWOT analysis of the RAZ. However, in contrast with the NWSP draft which contained a proper SWOT analysis in its final version, Strategy-2013 lists only RAZ's weak points and risks rather than its competitive advantages. As a result, one wonders whether the RAZ has any strong points at all.

Some priorities and specific projects mentioned in Strategy-2013 are not in line with other Arctic states' policies. For example, Moscow's intention to solve the RAZ's energy problems by

Projection of the flags of all countries that took part in the Olympic torch relay in the North Pole





A Russian scientist drills ice to obtain an ice sample at the Barneo Ice Station near the North Pole

building a series of floating nuclear power stations contradicts EU plans to move away from nuclear power and has alarmed environmentalists concerned about fragile Arctic ecosystems.

It is unclear why Strategy-2013 classifies the need to complete hydrographic work to define the RAZ's external borders as a matter of military security (clause 18e). Normally, such work is intended to designate the limits of an exclusive economic zone, not for military purposes.

The idea to introduce an indicator system to monitor various aspects of the RAZ's development is a good one. But it lacks consistency and some of the indicators mentioned are strange or

even irrelevant. For example, what is the benefit of counting the number of maritime research expeditions in the RAZ or the share of modern weaponry in the military equipment deployed in this area? Such a technocratic/instrumentalist approach is hardly helpful in developing an efficient monitoring system in the RAZ.

To conclude, Strategy-2013, while not a comprehensive doctrine, is a good starting point for further discussions of Russia's Arctic policies. To become an effective national strategy for the region, it should be further clarified and instrumentalized in a series of federal laws, regulations and programs.

ASSESSING THE
PROBLEMS OF THE
RUSSIAN ARCTIC

2.

RUSSIA'S RELATIONS WITH MAJOR ARCTIC PLAYERS

One of the strategic priorities of Russia's 2008 policy in the Arctic is to strengthen bilateral relationships both within regional organizations, such as the Arctic Council and the Barents Euro-Arctic Council, and with other Arctic states, as well as the European Union. Russia's bilateral relations with the main Arctic actors consist of four major "circles" – (1) the coastal states of the Arctic Ocean (the Arctic-5); (2) three sub-Arctic countries (the rest of the Arctic-8: Finland, Iceland and Sweden); (3) non-Arctic states (East Asian countries such as China, Japan and South Korea), and (4) international organizations and forums dealing with Arctic issues (primarily the UN, AC, BEAC and Nordic institutions). The analysis below addresses Russia's policies towards key Arctic players, as well as the most important supranational actors, NATO and the European Union.

U.S. – RUSSIA

With increased competition for the natural resources of the Arctic, it is important for Rus-

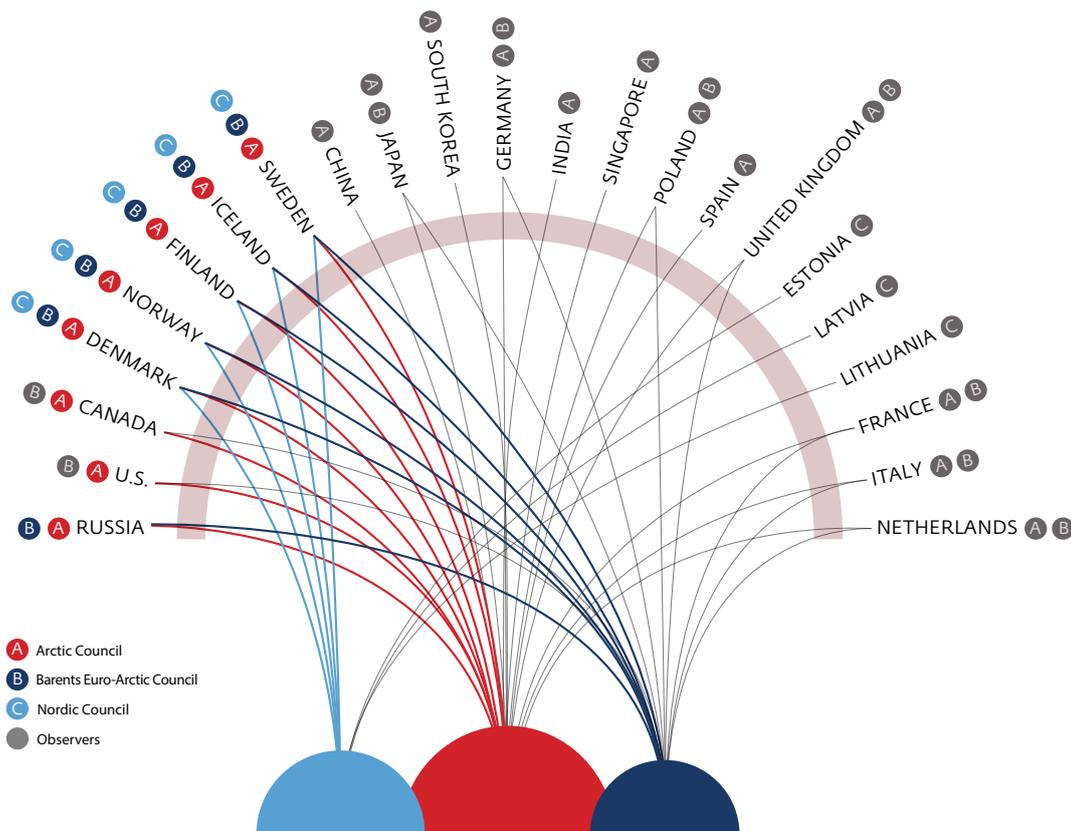
sia to build a policy of cooperation with such influential countries as the United States. Is there any potential for such cooperation? Or is the U.S. focused on pursuing a unilateral course of action in the region?

What does the Arctic mean for the U.S.? The Arctic coast of the United States is in Alaska, whose continental shelf contains about 31% of the undiscovered oil reserves in the entire Arctic, or 27 billion barrels. Gas is also expected to be found there but in much smaller quantities (U.S. Geological Survey 2008).

Based on recent U.S. Arctic doctrine (National Strategy for the Arctic Region 2013; U.S. Department of Defense 2013), American interests in the region can be divided into several groups. First, it has military-strategic interests, including missile defense and early warning systems; deployment of sea and air systems for strategic sealift; strategic deterrence; maritime presence and maritime security operations; and ensuring freedom of navigation and overflight. Washington is prepared

RUSSIA'S RELATIONS WITH THE MAIN ARCTIC ACTORS

Nº	'CIRCLES'	COUNTRIES
1	Coastal states of the Arctic Ocean (the Arctic-5)	U.S., Canada, Denmark, Norway
2	Sub-Arctic countries (the rest of the Arctic-8)	Finland, Iceland and Sweden
3	non-Arctic states	China, Japan, South Korea etc.
4	International organizations and fora dealing with the Arctic issues	UN, AC, BEAC, Nordic institutions



to act unilaterally if necessary in defense of these interests.

Second, the United States has a national security interest in preventing terrorist attacks or other criminal acts that increase its vulnerability in the Arctic region.

Third, the United States has political and economic interests – above all, expanding its presence and activity in the region to bolster its sea power. While remaining within the limits of its jurisdiction in the Arctic, Washington intends to do more than just protect its sovereign

rights in its exclusive economic zone and exercise “appropriate control” over the contiguous waters; maintaining freedom of trans-Arctic overflights and freedom of navigation throughout the Arctic – including the Northern Sea Route which passes by Russian territory – have also been declared top national priorities.

Many experts have noted how Washington’s motivation in the Far North has changed. During the Cold War, the Arctic was predominantly an area of military and strategic confrontation with the Soviet Union, whereas now economic

interests – access to oil and gas resources in the Arctic – are the primary goal.

Between rivalry and cooperation. There are both overt and concealed differences between the United States and Russia on Arctic issues. Like many other countries, the United States seeks to define the status of the Northern Sea Route, running along the Arctic coast of Russia, as international. This would not only cost Russia significant revenue from the use of the route by other countries, it would increase Russia's military and strategic vulnerability from the north.

Moscow and Washington also see the leading regional organization, the Arctic Council, differently. Russia is interested in expanding the power of the Council, while the U.S. considers it only a forum for discussion and opposes granting it the status of an international organization with the authority to make binding decisions.

in the Arctic. According to experts, relations are based on the Ilulissat Declaration signed by the “Arctic five” in May 2008, which recognizes the Convention on the Law of the Sea of 1982 as the legal basis for drawing borders, and states that the parties intend to resolve problems through negotiations. In keeping with Barack Obama's stated desire to reset relations with Russia, there were statements, including by the president himself and the secretary of state, on U.S. intentions to cooperate with Russia in the Arctic. However, it is likely that cooperation will be limited to those areas where the U.S. cannot do without Russian participation, particularly search and rescue operations in the Arctic, which was addressed in an international agreement signed under the auspices of the Arctic Council in May 2011.

There are also plans for large-scale cooperation to develop the natural resources of the

DURING THE COLD WAR, THE ARCTIC WAS PREDOMINANTLY AN AREA OF MILITARY AND STRATEGIC CONFRONTATION WITH THE SOVIET UNION, WHEREAS NOW ECONOMIC INTERESTS – ACCESS TO OIL AND GAS RESOURCES IN THE ARCTIC – ARE THE PRIMARY GOAL

The United States also strongly supports strengthening NATO's presence in the Arctic in a bid to push out other international/regional organizations, such as the Arctic Council and the BEAC (in which the U.S. is not a member). Given the current state of relations between Russia and NATO, this would have negative consequences for Russia, which has no reliable allies in the Arctic.

Until the U.S. ratifies the UN Convention on the Law of the Sea, there remains the possibility of worsening disputes with Russia over borders in Arctic seas and over the continental shelf boundary. The United States already opposes Russia's attempts to expand its zone of the shelf to the Lomonosov and Mendeleev Ridges. Russia's application to the UN Commission on the Limits of the Continental Shelf was rejected in 2001 due to State Department pressure. Russia has not ratified the treaty with the U.S. on the Bering Sea boundary line (see section on territorial disputes).

Despite these tensions, U.S.-Russian relations have significant potential for cooperation

RAZ. In April 2012 Russia's Rosneft and the U.S. company Exxon-Mobil signed an agreement on cooperation in the exploration and development of oil and gas deposits in the Kara Sea.

Russia benefits from this arrangement by attracting the necessary financial resources (Exxon-Mobil has a capitalization of \$400 billion) and modern technologies for exploration and drilling in northern latitudes. Rosneft and ConocoPhillips, an American multinational energy corporation, are also developing the promising Ardalinskoye field in the Nenets Autonomous Area.

Another opportunity for bilateral cooperation is the development of circumpolar air routes, which involves building and maintaining communications infrastructure, as well as upgrading existing airports in Russia and building new ones.

Cooperation between the United States and Russia in the field of Arctic research and environment protection remains mutually beneficial. Obviously, any decisions relating to the eco-

conomic development of the Far North should be based on scientific analysis of the vulnerability of northern ecosystems and the difficult weather, social, domestic and other conditions. Russia has a fleet of icebreakers to contribute and enormous experience with Arctic expeditions.

In the military-political sphere, the two parties should pursue confidence and security-building measures in the region. Such CSBMs could include advance warning of deployments of naval forces in “sensitive” zones, as well as limiting the U.S. and Russian military presence in the Arctic.

At present, it is difficult to predict how relations between the United States and Russia in the Arctic will evolve. This will depend, first, on the general mood in Russian-American relations, which is susceptible to change in the domestic situation in one or both countries or international crisis. For example, the ongoing Ukrainian

crisis has caused a general decline in U.S.-Russian bilateral relations and led the U.S. to unilaterally suspend cooperation with Russia in several areas, including military-to-military contacts and CSBMs development. Second, it will depend on the success of Russia’s economic policy in the Arctic, which seeks to attract foreign investment and technology. Some positive steps have already been taken in this regard. Third, it will depend on whether the U.S. sticks to its present course of predominantly unilateral action in the region (reiterated by recent U.S. doctrine), or opts for multilateral cooperation instead.

CANADA-RUSSIA

Canada’s interests in the Arctic. The Canadian sector of the Arctic is the second largest (25%) after the Russian sector (40%), and Canada is one

RELATIONS BETWEEN THE UNITED STATES AND RUSSIA IN THE ARCTIC WILL DEPEND ON WHETHER THE U.S. STICKS TO ITS PRESENT COURSE OF PREDOMINANTLY UNILATERAL ACTION IN THE REGION, OR OPTS FOR MULTILATERAL COOPERATION INSTEAD

U.S.’s USS Normandy (CG-60) cruiser



of five coastal Arctic states that – in accordance with international law – have preferences in economic activity on the Arctic shelf.

Canada's main interest in the Arctic is to exploit its vast natural resources such as oil and gas. Along with conventional oil and gas deposits, the coastal area of the Canadian Arctic has huge reserves of methane hydrate. If commercial production is launched, these reserves would last for several hundred years. Nevertheless, about a third of Canada's proven oil and gas reserves are not in use yet. Safe technologies have not yet been developed, and Canada does not conduct drilling on its Arctic shelf. The mechanism for insurance coverage in the event of a major accident or a threat to the environment has not been worked out either. In addition to oil and gas resources, the Canadian North has significant reserves of valuable minerals such as diamonds, copper, zinc, mercury, gold, rare earth metals and uranium.

Another of Ottawa's priorities in the Arctic region is ensuring the sustainable socio-economic and environmental development of the Canadian North.

Should polar ice continue to melt, the North-west Passage (NWP), over which Canada claims control, will only grow. If the NWP becomes

ice-free, it could theoretically offer comparable economic benefits as the Northern Sea Route around Russia's Arctic coast, though in practice it is much more difficult and demanding to navigate. Compared to the Panama Canal, however, the NWP provides a significantly shorter route from East Asia to Europe and the east coast of the United States and Canada. Moreover, transit fees are not imposed.

Ottawa's policy priorities in the Arctic were outlined in a document titled Canada's Northern Strategy: Our North, Our Heritage, Our Future (2009).

Territorial disputes. Along with Russia and Denmark, Canada is seeking to extend the limits of its shelf to the underwater Lomonosov Ridge by filing a request with the UN Commission on the Limits of the Continental Shelf at the end of 2013. In order to demonstrate that this ridge is an extension of the North American continental shelf, a U.S.-Canadian shelf survey was conducted in 2008–2009 north of Alaska onto the Alpha-Mendeleev Ridge and eastward toward the Canadian Arctic Archipelago. Russia is preparing a similar request (the first request, filed in 2001, was unsuccessful). So, Russia and Canada are at odds on this issue.

Construction of the Bovanencko-Ukhta gas mains system



The Lomonosov Ridge is not Ottawa's only territorial dispute with its Arctic neighbors. Canada is also challenging Denmark for ownership of the 1.3 km² uninhabited Hans Island, and the borderline in the Lincoln Sea. Canada is also in a dispute with the United States over the maritime border in the Beaufort Sea, which potentially has oil and gas, as well as over the status of the Northwest Passage (Canada insists on its sovereign rights to this passage, while the U.S. considers it international waters). However, these arguments are not considered serious enough to prevent Russian cooperation with these countries, including in the military-political sphere.

Canada's increased military activity in the Arctic. In an effort to catch up in the field of Arctic military security, Ottawa has in recent years set its sights on expanding its military

for twenty years. However, the purpose of these fighters in the Arctic is unclear. The F-35 is designed to perform tactical missions in support of ground operations, bombing and close air combat. However, none of the Arctic players has plans to land troops in the Canadian North, and a couple of old Russian bombers conducting mostly training flights to Canada's air border do not constitute a serious threat. According to experts from the Canadian Defense and Foreign Affairs Institute, these purchases are more likely intended as a security guarantee for the future than a response to current challenges. According to different estimates, Canada must address other crucial tasks: patrol aircraft for coast monitoring and a robust naval capacity. These and other initiatives have led to a doubling of Canada's total military spending since late 1990s (Blunden 2009, 127).

THE MAJORITY OF CANADIANS SEE ASSERTING THE COUNTRY'S SOVEREIGN RIGHTS IN THE ARCTIC AS THE COUNTRY'S NUMBER ONE FOREIGN POLICY PRIORITY

presence in the region. For example, it plans to build a military training center on the banks of the Northwest Passage in the town of Resolute Bay (595 km from the North Pole) and maritime infrastructure. To strengthen the capacity of the Coast Guard, the country plans to build deep-water berths (in the city of Nanisivik), a new icebreaker named Diefenbaker, and three patrol vessels capable of operating in ice. The latest Canadian space satellite RADARSAT-2, the joint Canadian-American system NORAD, and the intelligence signals interceptor station in the town of Ehlert (Ellesmere Island, Canadian Arctic Archipelago) will all be used to monitor Arctic territory. The forces of the Canadian Rangers were modernized and increased from 4,000 (2007) to more than 5,000 people by the end of 2013.¹ They are largely recruited from the local indigenous populations and expected to monitor and carry out search and rescue operations in the Arctic.

In 2010, the Canadian government announced the purchase of 65 new F-35 Lightning II fighters from the U.S. for a total of \$16 billion, including aircraft maintenance

Since 2008, Canada has been conducting regular exercises of its armed forces in the Arctic, as well as joint exercises with other countries. The stated purpose is to protect Canadian sovereignty in the Far North. Canada has no plans to invite Russia to participate in such exercises. Canada, the U.S. and Denmark are not only conducting joint exercises in the Arctic, but are also performing patrol functions and practicing rescue operations on the waters.

Nevertheless, Russian experts caution against overestimating the importance of these Canadian military preparations, which are more a demonstration of Canada's readiness to defend its economic interests and respond to "unconventional" (non-military) challenges in the region than actual preparation for a large-scale military conflict. The Canadians have neither the desire for a large-scale military conflict nor the logistical capabilities to execute one. Ottawa intends to continue relying on the United States for strategic defense, as this is the most beneficial arrangement both financially and functionally.

Herd of deer in Nenets Autonomous Area





Oil rig in Rosneft's field, Khanty-Mansiisk Autonomous Area



The influence of domestic factors on Ottawa's Arctic policy. Unfortunately, Canada's Northern Strategy is often held hostage to domestic political wrangling. Politicians in every camp know that the majority of Canadians see asserting the country's sovereign rights in the Arctic as the country's number one foreign policy priority. According to opinion polls, 40% of Canadians support taking a "hard line" on this issue. Canadian conservatives most often play the "Arctic card" in elections. For example, the campaign rhetoric of Conservative Party leader and current Prime Minister of Canada Stephen Harper is frequently anti-Russian and pro-American. Naturally, this is not conducive to improving relations between Moscow and Ottawa on Arctic issues.

The recent Ukrainian crisis (with some help from the pro-Ukrainian lobby in Canada) has touched off a strong anti-Russian campaign in Canada, especially in Canadian media. The Canadian government was the first to introduce sanctions against Russia, which had a spillover effect on Ottawa's relations with Russia in the Arctic region, temporarily freezing political dialogue between the two countries

in the Arctic Council in which Canada currently presides.

Prospects of Russian-Canadian cooperation in the Arctic. Despite the fact that Russia and Canada are competitors in the process of dividing the Arctic, they adhere to some general principles that suggest that cooperation is possible even in this problematic area.

The legal basis for Russian-Canadian relations includes the Political Agreement on Consent and Cooperation of June 19, 1992, and a series of economic agreements: Promotion and Reciprocal Protection of Investments (1991); Trade and Commercial Relations (1992); Economic Cooperation (1993); Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital (1995); Air Communication; Principles and Bases of Cooperation Between the Federal Districts of the Russian Federation and the provinces and territories of Canada (2000); Cooperation in the Peaceful Uses of Atomic Energy (2007).

There are a number of documents that directly address Arctic issues. For example, the Joint Russian-Canadian Statement on Cooperation in the Arctic and the North, signed on

A caravan escorted by icebreakers following along the Northern Sea Route



December 18, 2000, outlined the main aspects of bilateral cooperation in the region. In November 2007, during a visit to Canada, the Russian prime minister signed a number of sectoral agreements on Russian-Canadian cooperation in the Arctic, the peaceful use of atomic energy, agriculture, fisheries, veterinary and phytosanitary control, and in the financial sphere.

Apart from the legal framework, the institutional framework of Russian-Canadian relations is also growing stronger. In 1995, the Russia-Canada Intergovernmental Economic Commission (IEC) was created. The IEC consists of an industrial agriculture subcommittee and working groups on construction, fuel and energy, mining, the Arctic and the North. As of today, nine IEC meetings have been held. The last regular meeting of the IEC was held on 17 June 2013 in Moscow.

In addition, the Russian-Canadian working group on cooperation in the field of climate change has been operating since September 2002 (formally outside the IEC). The Canada-Russia Business Council (CRBC) was created in October 2005. It includes working groups on agriculture, mining, energy, information and telecommunications technology, transport, finance, and the forest industry.

Despite the potential for conflict, Russia and Canada have numerous opportunities to establish Arctic cooperation in the following areas.

Trade and economic cooperation. The Northern Air Bridge project involves the creation of an integrated communications system in the Arctic (for example, by launching satellites into highly elliptical orbits and developing the necessary ground infrastructure) to ensure air communication between the airports in Krasnoyarsk and Winnipeg. Another project, Arctic Bridge, involves trans-polar shipping between the ports of Murmansk and Churchill.

The largest joint investment projects in the Russian Arctic are:

- purchase and development of the Kupol and Dvoynoe gold fields in Chukotka (Kinross Gold company);
- development of the Mangazeyskoe silver-polymetallic field in Yakutia (Prognoz CJSC/Silver Bear Resources);
- design and supply of equipment for the third phase of the construction of the Koryaga Oil Fields project in the Nenets Autonomous Area (Globalstroy Engineering/SNC LAVALIN);

A model of the American fifth generation fighter jet F-35 Lightning-II developed by Lockheed Martin





Russian President Vladimir Putin, left, and Prime Minister of Canada Stephen Harper

- development of the Fedorova Tundra field (Murmansk Region);
- adopting Canadian “cold asphalt” technology in the construction of roads in the extreme climatic conditions of the Arctic (Yakutia);
- design and production of Arctic all-terrain vehicles based on air-inflated caterpillars;
- promoting the deployment of wind-diesel systems capable of operating in the Arctic conditions of the Nenets Autonomous Area, etc.

Scientific and technological cooperation.

According to the Joint Russian-Canadian Statement on Cooperation in Science, Technology and Innovation, signed on June 2, 2011, the parties prioritize joint efforts in the areas of energy and energy efficiency, nanotechnology, biomedical technology, climate research and the Arctic. Given its lack of ice-breakers, special vessels for research in sea ice and reliable space-based communications systems, Canada is interested in partnering with Russia to conduct joint research in the region. The numerous scientific and educational projects of Russia and Canada include cooperation between Canadian universities and the Northern (Arctic) Federal University in Arkhangelsk.

Environment. The IEC Arctic and North Working Group is implementing a range of projects under a program entitled “Conservation and Restoration of the Biological Diversity of Northern Territories and the Environmental Protection, Cooperation in the Field of Agriculture and Forestry.”

In 2011, the Russian government decided to allocate in 2011–2013 €10 million for the Project Support Instrument (PSI) being created under the auspices of the Arctic Council. Thus, a collective fund, which will be used to eliminate sources of environmental pollution and environmental “hot spots” in the Arctic, was launched. A legally binding document on preventing and responding to oil spills in the Arctic region is being drafted under the Arctic Council. Among the Council’s major new projects for the upcoming period is creating mechanisms for ecosystem management in the Arctic, integrated assessment of multilateral factors of changes occurring in the region, and trends in human development in a changing Arctic.

Indigenous peoples. In accordance with the Russian-Canadian Declaration of Cooperation in the Arctic (2000), several programs aimed at creating favorable living conditions for the

indigenous peoples of the North are being implemented. One such program, Exchange of Experience in Managing Northern Territories, launched in 2011, is being carried out with the participation of the Plenipotentiary Representative of the Russian President in the Siberian Federal District and the Canadian Department of Indian Affairs and Northern Development. The Institute of Economics and Industrial Engineering (Siberian Branch of the Russian Academy of Sciences) is providing the necessary scientific support.

From 2006 to 2009, a Russian-Canadian cooperation program for the development of the North was implemented with the participation of the Canadian International Development Agency, the Ministry of Regional Development of the Russian Federation, and a number of Russian agencies. It addressed issues concerning indigenous minorities in the North. The

program was conducted in the Yamal-Nenets Autonomous Area, the Khanty-Mansi Autonomous Area, and the Khabarovsk Territory. Promoting natural resource exploitation and small business are among the program's primarily humanitarian cooperation projects.

Russia and Canada, through the IEC Arctic and North Working Group, are implementing numerous projects to create for indigenous minorities a model territory of traditional nature management, develop traditional local sports, and set up cultural exchanges between the indigenous peoples of the Russian and Canadian North.

Under the Arctic Council, Russia is working to establish a public Internet archive of data about the development and culture of the Arctic ("Electronic Arctic Memory"), supporting young reindeer breeders of the North, and working with organizations of indigenous peoples to

DESPITE THE POTENTIAL FOR CONFLICT, RUSSIA AND CANADA HAVE NUMEROUS OPPORTUNITIES TO ESTABLISH ARCTIC COOPERATION

Fiftieth Anniversary of Victory nuclear powered icebreaker





Children of Vainuto family, at their camp in the Nadym District, Yamal-Nenets Autonomous Area

clear the area of sources of environmental pollution, among other initiatives.

Resolving territorial disputes. The prospects for resolution of the existing territorial conflicts are quite promising because the two countries share some common political and legal principles. First, the two countries support resolving disputes through negotiations and on the basis of international law. That is how Moscow and Ottawa plan to solve their dispute over the underwater Lomonosov Ridge, which is promising for oil and gas exploration. Secondly, both countries support in principle dividing the Arctic on the basis of sectors (drawing direct longitudinal lines from the North Pole). The sector method is more favorable to both countries than the so-called median line method, which would create regions proportional to each country's coastline. Applying the sector method would significantly increase the area of the Arctic controlled by Russia and Canada. However, by signing the 2010 Norwegian-Russian agreement on maritime delimitation in the Barents Sea, Moscow has, in fact, acknowledged that the median principle is acceptable as well. Third, Russia and

Canada are in favor of consolidating the status of transit sea routes in the Arctic (Northern Sea Route and Northwest Passage) as internal waters, which would yield considerable economic benefits to the two countries.

Cooperation within the Arctic Council. Both countries assign a special role to the Arctic Council, created at Canada's initiative in 1996. The main goal of the two countries is to maintain the Arctic Council as the primary and most important forum for Arctic cooperation and strengthen the cooperation within the Council. According to Moscow and Ottawa, the Arctic Council is a body where all the major problems of the Arctic region should be addressed – from environmental and transport security to protecting the rights of the indigenous Arctic minorities and cultural cooperation.

Russia and Canada proposed for many years that the Arctic Council better define the status of permanent observers for non-Arctic states and international organizations. This would both set clear limits on non-Arctic states and international organizations in the Arctic, while also confirming the priority of the five Arctic

states. This is beneficial both for Russia and for Canada, which have the longest borders in the Arctic. A document to this effect was drawn up and signed at the Arctic Council Ministerial Meeting in Nuuk, Greenland, in May 2011, helping to streamline the process of granting permanent observer status to non-Arctic states and organizations. The Kiruna Arctic Council Ministerial Meeting (May 15, 2013) decided to grant permanent observer status to six non-Arctic states.

Security. Moscow and Ottawa have taken some steps toward greater cooperation in this sphere. An interdepartmental memorandum on military cooperation has been in effect since 1994, which involves visits between high-ranking military officials of the two countries. Since 2002, Canada has participated in the Global Partnership program, which resulted in the signing in 2004 of a Russia-Canada intergovernmental agreement on cooperation in the destruction of chemical weapons, dismantlement of nuclear submarines decommissioned from the Navy, and accounting, control and physical protection of nuclear materials and radioactive substances. Canada announced it was allocating one billion Canadian dollars over ten years (\$100 million Canadian dollars annually) for this purpose. Most of these projects are being implemented in the Russian Subarctic.

Building on Ottawa's policy of demilitarizing the Arctic, Russia should consider Canada's initiative to ban nuclear weapons in the region. Russia has responded positively to this initiative (Moscow raised a similar idea under Mikhail Gorbachev), but has questions about the geographical scope of such a zone. Russia supports making the Arctic a nuclear-free zone, provided this would not affect the stationing of troops and the activities of the Russian Northern Fleet, two-thirds of which consists of nuclear-armed strategic submarines.

In recent years, Russian-Canadian cooperation has been growing in the field of "soft security" (new threats and challenges posed by climate change and expanding economic activity in the Arctic). Issues such as maritime safety, pollution, illegal migration, transnational organized crime and terrorism are increasingly taking center stage.

It should be noted, that Canadian-Russian security cooperation has been suspended as a result of the crisis in Ukraine.

However, despite the current tensions caused by the Ukrainian crisis, there are grounds to expect Russia and Canada to intensify mutually beneficial cooperation in the Arctic.

RUSSIA-NORWAY

As Russia and Norway are both littoral states of the Arctic Ocean and direct neighbors in the European Arctic, they have many overlapping interests and goals, as the Norwegian 2006 High North Strategy shows (Heininen 2011, 39–40). Norwegian-Russian relations were long complicated, however, by the disagreement over their maritime border, until in 2010 Norway and Russia signed a treaty on the delimitation of the maritime territories in the Barents Sea (see the section on territorial disputes), thus removing the most serious obstacle to bilateral cooperation.

This Russian-Norwegian Treaty on the Barents Sea did not, however, settle the question of Svalbard, which presents specific legal problems, including the huge difference in taxation levels between Norway and the archipelago. Russian companies accessing the Svalbard continental shelf should enjoy the same rights as the Norwegian companies, which would translate to taxes of less than 1% of the cost of the hydrocarbons produced. But as Russian lawyer Alexander Oreshenkov explained, "If a deposit beginning within the limits of the archipelago's territory extends beyond its territorial waters, the Russian companies will be expected to observe the norms of Norway's continental mainland petroleum legislation, whereby 78% of the earnings from hydrocarbons produced outside Norway's territorial waters will go to the Norwegian treasury as tax payments" (Oreshenkov 2010). These financial stakes are bound to be at the core of future negotiations.

The Russian presence on Spitsbergen remains a cause for conflict. Plans to build a fish-processing plant, which would compete with Norwegian firms, were not well received. In recent months, the Norwegian governor of Spitsbergen has taken a whole series of restrictive measures: he has expanded nature conservation zones to which access by Russian scientists and tourists is restricted or prohibited, he has required helicopters to obtain advance permission before landing, and has introduced regulations for all scientific projects

ARCTIC COUNCIL

The Arctic Council is a high-level intergovernmental forum that addresses issues faced by the Arctic governments and the indigenous people of the Arctic. Established in 1996.



Source: www.arctic-council.org

to be registered in a specific database. When the Russian side responded to these measures by denying Norwegian scientists investigating biological resources in the Barents Sea access to the Russian economic zone, this was viewed as a discriminatory act.

Norway continues to object to Russian fishing around Spitsbergen. Since Norway introduced a 200-mile economic zone around the archipelago, it has regarded such fishing as poaching. Forcible arrests of Russian

trawlers by the Norwegian navy have become more frequent. As Russia does not recognize the aforementioned decision by Norway and considers this area open to international economic activity, in 2004 Russia's Northern Fleet started regular patrols of the waters around Spitsbergen. Norway particularly objected to this move, viewing it as a sign of Russian imperial ambitions and of Moscow's unwillingness to cooperate with Oslo to settle territorial and economic disputes. Norway also





has claims to part of the Arctic shelf, but these claims are much more modest than those of other states.

As leading energy suppliers in Europe, there is a good foundation for a strategic partnership between Russia and Norway in the exploration and production of oil and gas. The first step in this direction was made in 2008, when Russia's Gazprom, Norway's Statoil, and France's Total signed an agreement which set up the Shtokman Development AG company to develop the Shtokman gas-condensate field. Unfortunately, the final investment decision on this project has been postponed for the indefinite future.

The agreement signed on May 5, 2012 between Rosneft and Statoil on cooperation in the joint development of parts of the Russian shelf of the Barents Sea and the Sea of Okhotsk can also be regarded as a promising

RUSSIA-DENMARK

Considered a coastal state due to Greenland, Denmark has high stakes in the Arctic. In its 2011 Arctic strategy the Kingdom of Denmark, including Denmark, Greenland and the Faroe Islands, (Ministry of Foreign Affairs of Denmark 2011) pursues the following priorities:

- ensuring that the Arctic remains peaceful, secure and safe (supremacy of international law, strengthening of maritime safety, exercise of sovereign rights);
- achieving self-sustained growth and development (using the highest standards in mining, renewable energy sources, sustainable exploitation of biological resources, knowledge-based growth and development, active involvement in international trade);
- promoting development while at the same time preserving the Arctic climate, environ-

AS LEADING ENERGY SUPPLIERS IN EUROPE, THERE IS A GOOD FOUNDATION FOR A STRATEGIC PARTNERSHIP BETWEEN RUSSIA AND NORWAY IN THE EXPLORATION AND PRODUCTION OF OIL AND GAS

development in Russian-Norwegian economic relations in the Arctic. Of particular importance is the fact that the agreement opens up the possibility of Rosneft participating in the development of the Norwegian continental shelf areas of the Barents Sea and shows the intention of the Norwegian side to place orders with Russian shipyards for the construction of ice-class vessels and drilling platforms. This agreement may be regarded as a confirmation of the economic benefits Russia gained by resolving the maritime delimitation issue with Norway.

As a major supplier of mineral raw materials, especially in the Asia-Pacific region, Norway is objectively interested in expanding the possibilities of such exports through cheaper routes. This creates prerequisites for cooperation in maritime transport and in using the Northern Sea Route as the shortest sea route between Europe and the Asia-Pacific region. However, this may lead to an element of competition, since Norway is equally interested in having its ports in the North used for the traffic flow, whose volume is expected to grow.

ment and nature (extensive research of the consequences of climate change, protection of the environment and biodiversity);

- fostering international cooperation with foreign partners (searching for global solutions to global challenges, enhanced regional cooperation, safeguarding national interests on a bilateral basis).

Unfortunately, the Danish Arctic strategy envisages only rather limited possibilities for cooperation with Russia. For example, it is suggested, under the auspices of the Danish-Russian governing council, to cooperate more closely on strengthening navigation safety in Arctic waters. Additionally, enhanced cooperation with Russia could incorporate scientific collaboration, for example, on the continental shelf. It could also include the exchange of findings on economically, socially and environmentally sustainable development, as well as confidence building and studies on potential cooperation between the Danish and Russian defense, particularly in the maritime area.

It should be noted that Copenhagen takes the hardest line against Russia in term of de-

limiting the Arctic shelf. Denmark lays claim to part of the Arctic shelf and is trying to prove that the Lomonosov Ridge is an extension of the Greenland Plate. After the Russian expedition of 2007, Denmark (with the United States) hastened to send its own expedition to the Arctic to search for evidence in its favor. The general view, however, is that Denmark intends to solve all territorial disputes on the basis of the Ilulissat Declaration, i.e. using peaceful methods (Koptelov 2012).

RUSSIA'S RELATIONS WITH EAST ASIAN COUNTRIES

East Asian countries interests in the Arctic are complex and involve certain economic aspects that should be emphasized above all. These are interests in natural resources, transportation

and logistics. Then there are geopolitical interests closely linked with military and strategic spheres; and finally there are environmental, climatic and other scientific and research interests, both from theoretical academic viewpoints and for application purposes (for more detail, see *The Arctic Yearbook 2012*, Section I: Arctic Strategies, 46–109).

East Asian countries' interest in the Arctic's natural resources can be explained by at least two reasons – the relative deficit of such resources in these countries and by the abundance of the Arctic's natural resources.

The importance of the East Asian countries' transportation and logistics interests in the Arctic is steadily growing with the increase of the export potential of their economies and China's recent ranking as the top exporting state of the world (2010). East Asian leaders clearly understand the benefits of commercial

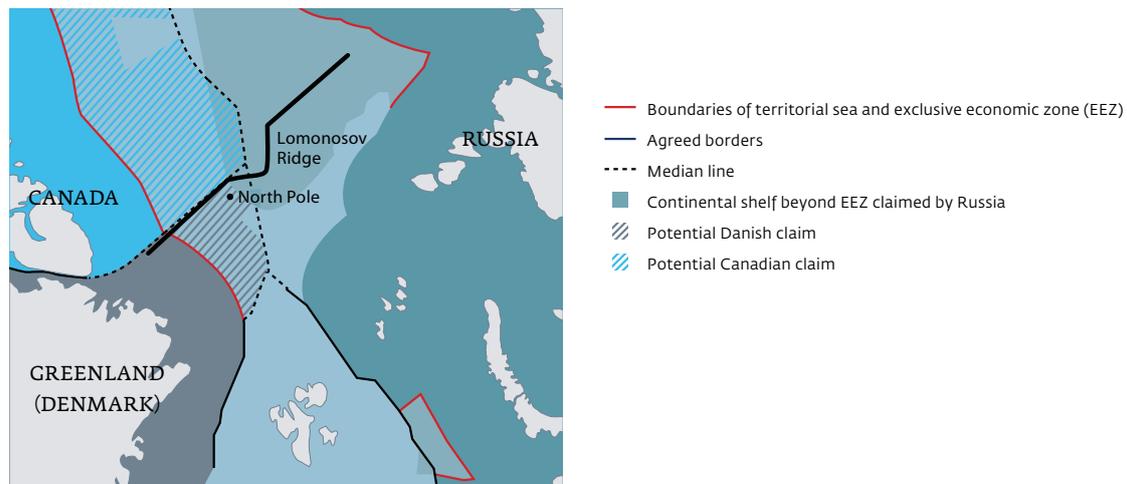
DANISH ARCTIC STRATEGY ENVISAGES ONLY RATHER LIMITED

POSSIBILITIES FOR COOPERATION WITH RUSSIA

White-coat seal



TERRITORIAL CLAIMS OF RUSSIA, DENMARK
AND CANADA ON LOMONOSOV RIDGE



Source: barentsobserver.com/en/node/21695

transportation via the Arctic seas. The Northwest Passage is the shortest route from the Atlantic to the Pacific, and the Northern Sea Route, which goes all along the Arctic coast of Russia, can almost halve the distance between East Asian countries and Western Europe.

Moreover, the exploration of strategically important resources and the development of new sea routes in the Arctic are not only of indisputable commercial and economic value for East Asian countries, but also hold geopolitical and military and strategic importance.

Climate change and environment degradation are also priority issues for East Asian countries. They have specifically drawn the attention of the global community to these issues, stating that “the Arctic is the main region responsible for the weather in the Northern hemisphere, including the territory of China”, that there might be a relation between the natural disasters in China and that the “stable increase in global temperatures and the melting of the Arctic ice play a critical role in this process” (Karlusov 2012).

East Asian countries’ Arctic policies and Russia. Given their significant interests in the Arctic, East Asian countries pursue quite aggressive strategies in the region. This has been shown not only by the growth of bilateral contacts between East Asian countries and

Arctic countries, but also by their active policies within sub-regional institutions such as the Arctic Council and the Barents Euro-Arctic Council.

Russia has differed with East Asian countries on issues such:

- The internationalization of the Arctic. Moscow has opposed the leitmotif of East Asian countries’ Arctic policies that the North is part of the commons, or a “human treasure” which should be exploited and preserved together;
- The internationalization of the Northern Sea Route, granting East Asian countries (especially China, as Russia’s “strategic partner”) some special rights (or bypassing the existing routes due to ice melt-down);
- Upgrading East Asian countries’ status in the Arctic Council by granting them permanent observer status (POS).

The latter issue has become topical because East Asian countries and some other non-Arctic states have been putting pressure on the AC member states to consider their applications for POS. Russian (and Canadian) concerns in this regard were explained as follows:

- East Asian countries have not sufficiently contributed to regional/ sub-regional cooperation, as required by the AC rules;

- Their future roles in and potential contribution to the AC's activities were unclear;
- Their upgraded status could legitimize East Asian countries' demands on their 'share of the Arctic pie' (natural resources);
- An expanded AC may be even less effective than the current AC;
- Granting POS to even one applicant will inevitably result in the displeasure of others and unhealthy competition among them.

However, with time, Russian opposition to granting East Asian countries POS has waned because these countries promised big investments in the Russia Arctic Zone. There was also the possibility that, if neglected, East Asian countries could align with other rejected countries to establish an alternative organization that could undermine the AC's effectiveness. As a result, at the Kiruna ministerial meeting of the Arctic Council, China, Japan, South Korea, India and Singapore, together with Italy, were granted the status of (permanent) observers.

Potential areas for cooperation between East Asian countries and Russia could be investment in the RAZ mining, oil and gas industries; development of NSR infrastructure; introduction

of the environmentally friendly maritime fuel; support for Arctic environment-related research; cooperation in the AC's working groups (Emergency Prevention, Preparedness and Response; Arctic Monitoring and Assessment Program Working Group; Circumpolar Biodiversity Monitoring Program of the Conservation of Arctic Flora and Fauna Working Group; Arctic Ocean Review Project of the Protection of the Arctic Marine Environment Working Group) and expert groups (the Ecosystem-Based Management Expert Group). It should be noted that in its relations with East Asian countries Moscow faces an uneasy choice between the need to maintain cooperative relations with China, its key "strategic partner", and protect its national interests in the Arctic.

NATO AND RUSSIA IN THE ARCTIC

Since 2008 NATO has tried to redefine its place in international Arctic cooperation and expand its activity in the entire High North. The alliance's most prominent representatives have made a series of statements on the Arctic; meetings and expert seminars have

On Spitsbergen Island



addressed the key issues. NATO clearly defined its priorities in the region at a conference on security prospects in the High North held in Reykjavik at the end of January 2009. In formal terms, NATO will focus on “soft” security – the ecological consequences of global warming and of human activity in the Arctic, the risks of ecological and manmade disasters, and so on. This focus does not, however, exclude a purely military component of NATO policy, as reflected in a series of exercises conducted under the alliance’s aegis.

In fact, NATO has declared a new priority area: the global competition for resources. As envisioned by NATO leaders, the main factors influencing the alliance’s military potential and development are “the political conditions in the world community, the operational and strategic situation, and the reserves of resources and their distribution at the global level.” This view

not have sole jurisdiction over the use of the region’s energy resources. To justify the alliance’s military presence, Scheffer observed that certain states were expanding their military potential and activity in the Arctic. This statement may refer only to Russia, although he did not say so directly.

For example, the exercises conducted in Norway on March 13–26, 2009, under the code name Cold Response, show that Scheffer’s statements and NATO’s involvement are aimed precisely at Russia. According to the scenario of Cold Response, “The large non-democratic state ‘Nordland’ has declared its rights to an oil deposit located in the territorial waters of the small democratic state ‘Midland.’” However, the entry of Midland’s allies into the war leads to victory. Russian experts believe that the exercises were conducted to ascertain Norway/NATO positions in the Arctic. According to Veg-

EAST ASIAN COUNTRIES’ INTEREST IN THE ARCTIC’S NATURAL RESOURCES CAN BE EXPLAINED BY TWO REASONS – THE RELATIVE DEFICIT OF SUCH RESOURCES IN THESE COUNTRIES AND BY THE ABUNDANCE OF THE ARCTIC’S NATURAL RESOURCES

is confirmed by statements made by former NATO Secretary General Jaap de Hoop Scheffer to the effect that “NATO is set the task of consolidating its grip on regions that contain existing and prospective deposits of energy resources and routes of their transportation” (Scheffer 2009). In this regard, Scheffer has declared that NATO has a strategic interest in the Arctic. The alliance’s Arctic states (the United States, Canada, Norway, Denmark and Iceland), however, disagree over where to draw the 200-mile boundary and the shelf boundaries; these disputes can be viewed as justification for broadening the Exclusive Economic Zones (EEZs). Scheffer proposed turning NATO into a forum in which these five countries could discuss their differences: “We must ensure that, as we look today at the High North, and perhaps in the future at other regions, we do not get drawn down the path of regionalization – because that is the path to fragmentation. And that is a path we must avoid at all costs” (Scheffer 2009). The implication is that the Arctic states should

ard Finberg, a representative of the Norwegian Defense Ministry, the authors of the scenario had in mind not only Spitsbergen but any other territory where a dispute could arise (Diatlikovich and Grebtsov 2009).

The experts disagree over the reasons and motives underlying NATO’s involvement in the High North. According to one view, NATO, sensing challenges from other international organizations dealing with European, trans-Atlantic, and global security (the UN, the EU, the Organization for Security and Cooperation in Europe, the Council of the Baltic Sea States, the BEAC, the African Union, the Collective Security Treaty Organization, the Shanghai Cooperation Organization, etc.), is trying to uphold its role as chief guarantor of regional and global security and thereby prove that it is needed and effective in a changing world. This claim has become increasingly questionable. NATO is trying to demonstrate that, while it still has the potential to deter any military threat, it is actively transforming itself into

an organization with new peacekeeping tasks: dealing with the consequences of natural and manmade disasters, search and rescue, the fight against illegal migration and drug trafficking, and other challenges to “soft” security. NATO plans to focus on precisely such problems in the Arctic.

This interpretation paints NATO as an instrument by which individual states strive to advance their own interests in the Arctic, rather than the vehicle of a united policy for the Western community. For example, Norway, which assigns the High North a leading place in its domestic and foreign policy, has long called for strengthening NATO’s role in the Arctic. Speaking at the Oslo Military Society in January 2009, Norway’s defense minister spoke of his country’s intention to call NATO’s attention to questions of the High North and observed that the alliance is now showing heightened

interest in the region. Norwegian officials and independent experts point out that on its own, Oslo cannot defend its economic and military-strategic interests in the Arctic or create the necessary military potential.

Similar considerations also guide some of the other NATO member states in the unfolding “battle” for the Arctic – Canada and Denmark, for example. Like Norway, they are not in a position to stand up to more powerful rivals on their own. On the one hand, they hope that NATO will defend their interests in the face of Russia’s growing strength in the region; on the other hand, they hope that NATO will arbitrate disputes over Arctic issues among its member-states and restrain increasing pressure from the United States, which has lagged behind other countries in joining the contest for Arctic resources. The United States, conversely, hopes to use its authority in NATO to exert pressure

THE NORTHERN SEA ROUTE, WHICH GOES ALL ALONG THE ARCTIC COAST OF RUSSIA, CAN ALMOST HALVE THE DISTANCE BETWEEN EAST ASIAN COUNTRIES AND WESTERN EUROPE

NATO logo sculpture outside the Brussels headquarters of the North Atlantic Treaty Organization



on its competitors within the alliance. On the whole, there are many officials and experts who expect that NATO will continue to expand its activity in the Arctic. This may have some negative implications for Russia.

Opponents of this view believe that NATO is unlikely to conduct an effective policy in the region. First, it has limited scope and resources for rapidly creating the necessary infrastructure (especially amid the global economic crisis). Second, the alliance is itself driven by internal discord on matters concerning the Arctic. A number of NATO member-states have their own ambitions and claims on this region, which has led to U.S.–Canadian and Danish–Canadian conflicts over specific Arctic policy issues (definition of EEZs, division of the continental shelf, etc.).

All in all, the North Atlantic Treaty Organization has been transformed from a transatlantic military organization for collective defence

Arctic sea passages, and over ecological “hot spots” in the region.

At first, the European Union mostly limited its activities in the Arctic to within the framework of the Northern Dimension (for more details see Heininen 2001). In the early 2000s, the idea of an “Arctic window” grew popular in the EU and was reflected in the new concept of the ND adopted in November 2006. The EU actively cooperated with three regional organizations concerned with Arctic issues – the AC, BEAC and the Nordic Council of Ministers (NCM). In October 2007, the European Commission adopted the Action Plan for an Integrated Maritime Policy, which touched on issues such as the division of the continental shelf and the exploitation of sea routes in the Arctic.

In March 2008 the European Commission and the High Representative of the EU drafted a joint document titled “Climate Change and

NATO WILL CONTINUE TO EXPAND ITS ACTIVITY IN THE ARCTIC.

THIS MAY HAVE SOME NEGATIVE IMPLICATIONS FOR RUSSIA

into more global political organization, as its activities in Afghanistan show. Part of the price for this is that NATO has not so far been able to redefine its mission in the Arctic, though there have been some efforts in the early 21st century to do so (Heininen, forthcoming). If, however, NATO succeeds to expand its activity in the Arctic, particularly in the European Arctic, there is a risk that NATO could try to sideline Russia in the emerging Arctic security system, as it does, for example, in Europe. Some NATO member states, such as Norway and Denmark, will continue to use the alliance to strengthen their positions in the region vis-à-vis Russia. In any case, Russia has therefore to prepare itself for an uneasy dialogue with NATO so as to find acceptable forms of cooperation in the Arctic.

EU, RUSSIA AND THE ARCTIC

Since the late 1990s, the European Union has shown an active interest in the Arctic, justifying this by its concern over the competition between various powers for the natural resources of the High North, over territorial disputes and the claims of several countries to control the

International Security” (Commission of the European Communities 2008a) which focused largely on ecological problems. In particular, the following issues were highlighted: the destruction of the established ecosystem as a result of the melting polar ice; the negative consequences of economic activity in connection with the development of the region’s natural resources and the increasing number of international trade routes; and intensified competition among Arctic powers for the use of natural resources and sea straits in the Arctic.

To prevent dangerous developments, it was proposed:

- to intensify the activity of regional organizations under the aegis of the renewed ND;
- to work out an EU Arctic strategy with special emphasis on ensuring equal access for various countries to the natural resources and trade routes of the region;
- to establish a dialogue with Arctic countries that do not belong to the EU on how global climate change might affect international security.

Non-EU (Russian, Norwegian, Icelandic, U.S. and Canadian) experts have viewed this document as a strong attempt by the European



Iceberg

Union to claim a role in Arctic affairs. It has also been noted that much of the impetus pushing the EU toward a more aggressive Arctic policy has come from three Arctic member-states – Denmark, Sweden, and, in particular, Finland (Heininen 2011, 26 and 29), that feel excluded from Arctic affairs despite heavily impacting and having significant interests in the region.

In November 2008 the European Commission released a communication on “The European Union and the Arctic Region,” (Commission of the European Communities 2008b) designed to outline the key points of the EU’s Arctic strategy. The document sets goals and makes recommendations for the organization of Arctic research and working with indigenous peoples, fishing, the extraction of hydrocarbons, navigation, political and legal structures, and interac-

tion with regional organizations. In particular, it identifies the three main priorities for the European Union’s future policy in the region:

- protecting the Arctic environment and indigenous peoples;
- ensuring the stable development of the region and the rational use of its natural resources;
- developing a mechanism for multilateral cooperation in the Arctic.

This last point deserves special attention. The press release issued by the European Commission on the adoption of the communication states: “Enhancing the European Union’s contribution to Arctic cooperation will open new perspectives in our relations with the Arctic states. The EU is ready to work with

them to increase stability, to enhance Arctic multilateral governance through the existing legal frameworks as well as to keep the right balance between the priority goal of preserving the environment and the need for sustainable use of natural resources, including hydrocarbons” (The Arctic Merits the European Union’s Attention 2008). The document notes the need for broad dialogue on questions of Arctic policy on the basis of the UN Convention on the Law of the Sea, and the key roles played by the Northern Dimension and the Arctic Council (in whose work Russia takes an active part) in cooperation in the Arctic.

Despite such “multilateralist” rhetoric, these documents hardly mentioned Russia and the BEAC, which are considered important regional players indispensable for the success of regional cooperation in the Arctic.

One year later, in 2009, the EU Council of Ministers of Foreign Affairs approved the Commission’s communication. In January 2011, the European Parliament called for a more active EU Arctic policy, but its voice in such matters is merely advisory. Finally, in July 2012, the Commission and the EU’s High

Representative for CFSP submitted a progress report and an evaluation of the EU Arctic Policy (European Commission and EU High Representative 2012).

These documents may seem ambitious only if one does not take into account the above mentioned limited political instruments available to the EU. In practice it all boils down to monitoring, research and discussions, many of which are designed to persuade the Arctic countries of the need to maintain higher environmental standards, even to the detriment of their economic activity. It is not surprising that a few of the non-EU countries of the Arctic region are not overly enthusiastic about these claims although they perceive them as reasonable and do not refuse to participate in dialogue initiated by the European Union.

It is possible to conclude that for the foreseeable future the European Union will attempt to strengthen its presence in the region with increasing vigor and uphold its claims for the Arctic more resolutely. However, unlike NATO or the United States, the EU will do this without any particular emphasis on military power, preferring to use diplomatic and economic methods.

RUSSIA AND TERRITORIAL DISPUTES IN THE ARCTIC

The Arctic region has inherited a number of territorial disputes from the Cold War era, and Russia was, and still is, a party to them. Some of these conflicts were successfully settled, while others remain in need of resolution. Three cases are analyzed below – the U.S.-Soviet/Russian dispute in the Bering Sea, the Norwegian-Russian dispute in the Barents Sea and the Russian claim on the extension of its continental shelf in the Arctic Ocean.

THE U.S.-RUSSIAN DISPUTE IN THE BERING SEA

Named after the Danish-born Russian explorer Vitus Bering, the Bering Sea is an 885,000 nautical mile² (2,292,150 km²) extension of the Pacific Ocean that lies between Russia and Alaska. It is bordered to the South by the Aleutian Islands, and the northern Bering Strait separates it from the Arctic Ocean. The combination of its natural characteristics, such as shallow continental shelves and seasonal ice, has created one of the richest fisheries in the world. The sea is connected to the Arctic Ocean by the Bering Strait, which separates Asia from North America and is believed to have been a land bridge during the Ice Age that enabled migration from Asia to North America.

The sources of the dispute. There were three major causes of the conflict:

The Bering Sea constitutes a strategically important area for both the U.S. and Russian fishing industries. It supplies a third of Russia's and a half of the United States' total annual catch (Conley and Kraut 2010). On the Russian side, commercial fisheries catch approximately \$600 million worth of seafood annually, while the U.S. Bering Sea catches are worth approximately \$1 billion each year (The International Bering Sea Forum 2006). Fishery is important both for the Alaskan and Russian Far East's regional economies in terms of revenue, employ-

ment and sustainable development. For example, Russia's case, the fishing industry directly employs over 100,000 people and around one million indirectly (Laruelle 2014, 157). Furthermore, the Bering Sea catch is important not only for the U.S. and Russian domestic seafood consumption, but also for the two fishing industries' expansion on the East Asian markets.

It should be noted that, along with the legal market, a fast growing black market of Alaska pollock and Bering crab exists in the region. This involves not only the Russian Far East, but also China, Japan and South Korea. It is estimated that the fish caught in Russian waters exceeds the official quota by at least 150% (The International Bering Sea Forum 2006). This is because poaching is rife and Russian organized crime is heavily involved in the fish trade. The Russian "fish, crab and caviar mafias" are not only seeking to expand their commercial activities and sideline their foreign rivals, but also to establish control over the regional governments and federal agencies in the Russian Far East.

Overfishing creates numerous ecological problems in the region. According to some accounts, as a result of intensive trawling, species such as crab and perch are in serious decline in the entire Bering Sea, while the stocks of pollock fluctuate unpredictably from year to year. The once-plentiful pollock has seen an especially dramatic decline on the Western (Russian) side of the Bering Sea because of illegal fishing. In the Eastern (U.S.) Bering Sea, harvests of snow crab have declined by 85% since 1999 (The International Bering Sea Forum 2006). Consequently, the ecological issues serve as another source of U.S.-Russia tensions as they increase competition between American and Russian fishermen and lead to mutual accusations of inability to regulate commercial fisheries in the region effectively.

The "hydrocarbon factor" also plays a role in keeping the dispute alive. Oil and gas deposits have been discovered in both the offshore and

onshore territories near the Bering Sea. But the main “apple of discord” is not the Bering Sea itself but the adjacent Chukchi and East Siberian Seas (parts of the Arctic Ocean) where the boundaries of the U.S. and Russian maritime and continental shelves are not settled. According to the recent U.S. Minerals Management Service’s estimates, the potential oil and gas reserves in the Bering and Chukchi Seas comprise some 24 billion barrels of oil and 126 trillion cubic feet of natural gas (Kaczynski 2007, 2).

Moreover, the Bering Sea is an important transport junction between the Russian Far East and East Asia, on the one hand, and Alaska, on the other. Additionally, with the growing importance of the Northern Sea Route and the Northwest Passage, the Bering Sea (and especially the Bering Strait) constitutes an important transit area for future traffic from East Asia to Europe and North America (and back).

According to the decree, the Western boundary of the Soviet sector was defined as the meridian 168°49’ 30» W. long. from Greenwich, bisecting the strait and separating the Ratmanov and Kruzenstern Islands, of the Diomedede group in the Bering Sea (The Central Executive Committee of the Soviet Union 1964).

As some U.S. legal experts believe, in practical terms, this decree led to establishing Soviet control not only over the five islands in the Arctic Ocean, but also over Copper Island (with Sea Lion Rock and Sea Otter Rock) which they believe should belong to the U.S. under the 1867 Convention (Olson et al. 1998). However, as the U.S. State Department’s official document emphasizes, none of the islands or rocks above were included in the U.S. purchase of Alaska from Russia in 1867, and they have never been claimed by the U.S., although Americans were involved in the discovery and exploration of

THE MAIN ‘APPLE OF DISCORD’ IS NOT THE BERING SEA ITSELF BUT THE ADJACENT CHUKCHI AND EAST SIBERIAN SEAS WHERE THE BOUNDARIES OF THE U.S. AND RUSSIAN MARITIME AND CONTINENTAL SHELVES ARE NOT SETTLED

The history of the conflict. The roots of the dispute can be detected as early as in the Russo-American accord on the cession of Alaska. The Convention of 1867 determined two geographical lines – one in the Bering Sea and the second one in the Arctic Ocean – to delimit American and Russian territories. However, in the case of the Bering Sea, the 1867 Agreement actually only applied to maritime territories and was not intended for the delimitation of the EEZ or continental shelf, concepts that did not exist at the time.

Concerned about the possible discovery of unknown lands by Western countries in the Arctic Ocean and repeated U.S. claims on some islands in this ocean (such as the Wrangell, Herald, Bennett, Jeannette and Henrietta Islands), Bolshevik Russia tried to consolidate its control over the remote northern territories. On April 15, 1926, the Central Executive Committee of the Soviet Union issued a decree entitled “On the Proclamation of Lands and Islands Located in the Arctic Ocean as Territory of the USSR.”

some of these areas (U.S. Department of State 2009).

Over time, and in particular when in 1976 both the USSR and U.S. decided to define the limits of their EEZs in this economically important region, the 1867 Convention line in the Bering Sea became a contentious marine boundary between the two countries. In 1977, the U.S. and USSR exchanged diplomatic notes indicating their intent “to respect the line set forth in the 1867 Convention” as the limit to each countries’ fisheries jurisdiction where the 200 nautical mile boundaries overlapped. However, the differences in each country’s interpretation of the 1867 Convention became apparent very soon, making an area of nearly 15,000 nautical miles² the subject of a dispute. While the two countries agreed to continue respecting each other’s interpretation of the Alaska purchase agreement as an interim measure, U.S.-Soviet talks began in the early 1980s to resolve the differing interpretations. Unfortunately, the language of the 1867 Convention was silent on the type of



Seagulls flying over a fishing boat in the Chukchi Sea

line, map projection and horizontal datum used to describe this boundary. Moreover, neither Moscow nor Washington has produced the authenticated maps used during the negotiations to resolve the issue.

It should be noted that cartographers normally use two types of lines to demarcate marine boundaries, rhomb lines and geodetic lines, also known as great circle arcs (Kaczynski 2007, 2). Both lines are used on two common map projections, Mercator and conical. Depending on the type of line and map projection used, lines will be either straight or curved. For instance, a rhomb line will appear as a straight line on a Mercator projection, whereas a geodetic line will be a curved one. Because both Washington and Moscow interpreted the 1867 line as a straight line, the USSR defined the Bering Sea marine boundary as a rhomb line on a Mercator projection, while the U.S. opted for a geodetic line on a conical projection. As a result of these differences each country's claim included a maximal part of the disputed maritime area.

It took nine years of negotiations to conclude an agreement on a new U.S.-Soviet maritime boundary in the Bering Sea. According to some speculations, Soviet negotiators may have ceded territory in the Bering Sea to the U.S. in return for U.S. acceptance of Soviet proposals to divide the territory north of the Bering Strait (in the Arctic Ocean). Furthermore, Moscow probably

hoped that agreement with Washington could help the USSR accelerate its talks with Norway on their maritime boundary in the Barents Sea. Other reports suggested that Washington promised an annual quota of some 150,000 metric tons of pollock in compensation from the U.S. side of the Bering Sea if Moscow signed and ratified the treaty. Such practice actually existed in the late 1970s, but the U.S. ended it as part of the economic sanctions taken against the USSR after the Soviet invasion of Afghanistan in 1979. Finally, some experts have speculated that Soviet Foreign Minister Eduard Shevardnadze simply exceeded his authority by signing the maritime boundary agreement with his U.S. counterpart James Baker (Kaczynski 2007, 4). However, Russian Foreign Minister Sergey Lavrov repudiated these speculations in 2005, stating that the draft of the treaty was endorsed by the Soviet government (Palamar' 2009).

The agreement signed on June 1, 1990 (Agreement between the United States of America and the Union of Soviet Socialist Republics 1990), split the difference between the US geodetic line claim and the Soviet rhomb line claim as shown on a Mercator projection. The section between the Russian and U.S. sectors, which lies 200 miles out from the coastlines of both countries, is known as the "Donut Hole," and is considered international waters, or a global commons. This comprises 10% of the

DIFFERENCES BETWEEN THE BERING SEA U.S.-RUSSIAN MARINE BOUNDARY OF 1867 USING RHOMB AND GEODETIC LINES ON A MERCATOR PROJECTION



- Current border (determined in 1987)
- - - Proposed border
- ① Starting Point of Convention line 72°00'N; 168°58'22.587"W
- ② Initial Turning Point 65°30.0'N 168°58'22.587W
- ③ Point Hope 65°04.2'N 170°00'W
- ④ Turning Point #2 64°12.3'N 172°00'W
- ⑤ 62°59.4'N 175°00'W
- ⑥ 60°33.5'N 180°W
- ⑦ 57°28.0'N 175°00'W
- ⑧ Midpoint between Medny Island and Attu Island 53°45.0'N 170°16.0'W
- ⑨ End Point of Convention line 50°36.4'N; 167°00'E

Source: Vlad M. Kaczynski. Russian Analytical Digest, No.20, 2007

Bering Sea. The 1990 Agreement also created several “special areas.” Special areas were areas on either country’s respective side of the 1867 line but beyond 200 nautical miles from the baseline. There were three such areas on the U.S. side of the marine boundary, called “eastern special areas,” and one on the Soviet side, called the “western special area.” The USSR ceded all claims to sovereign rights and jurisdiction in the eastern special areas to the U.S. and, respectively, Washington ceded all claims to sovereign

rights and jurisdiction in the western special area to Moscow.

The same day (June 1), in a separate exchange of diplomatic notes, the two countries agreed to a provisional application of the agreement (State Department Watch 2009). This agreement took effect on June 15, 1990. Being an executive agreement, it can be rescinded at any time by either party unilaterally.

Although both countries ceded territory from their previous claims, the US still con-

trolled a far greater amount of area in the Bering Sea than if the new agreement had been based on the equidistant line principle normally used in international boundary disputes. It was quickly ratified by the U.S. Senate (on September 16, 1991), which was eager to keep control on an area so rich in fish and to begin the sale of offshore oil and gas leases.

Criticism of the 1990 Agreement. The 1990 Agreement evoked heavy criticism in both the Soviet and the Russian parliaments for the Gorbachev-Shevardnadze tandem rushing the deal and for ceding Russian fishing rights and other maritime benefits. Many Russian politicians and analysts called for a renegotiation of the agreement.

The opponents to ratification have put forward multiple arguments. According to one legal expert, the Baker-Shevardnadze line (which was mainly based on the 1867 Convention line) brought 70% of the disputed areas of the Bering Sea under American jurisdiction. If instead the median line principle had been used, it could have provided the USSR with an additional 25,000 km² of sea (Vylegzhanin 2010). According to the State Duma's (Russian legislature) resolution of July 14, 2002, as a result of the 1990 Agreement, Moscow lost two sectors of the Soviet EEZ in the Bering Sea (23,700 km² and 7,700 km²) and 43,600 km² of its continental shelf in the central part of the Bering Sea (beyond the 200 nautical mile EEZ). Russia also lost between 1.6 and 1.9 million metric tons of fish in the 1990s (State Duma of the Russian Federation 2002). The Navarinsk and Aleut fields, which are potentially rich in hydrocarbons, were also ceded to the U.S.

The opponents of the treaty have also questioned the legal status of the Baker-Shevardnadze executive agreement because Soviet treaty law did not allow "provisional implementation" of an international agreement (Palamar' 2009).

In response to the criticism above, first the Soviet Supreme Soviet, and then the Russian State Duma, postponed the ratification of the 1990 treaty indefinitely.

There are also U.S. critics of the 1990 Agreement. They believe that the treaty legitimized Russia's control over eight islands in the Arctic Ocean and the Bering Sea, as well as deprived Alaska of a maritime area rich in fish and – potentially – oil and gas.

American opponents of the 1990 treaty claim that it was concluded violating numerous U.S. legal procedures. For example, it was prepared in secret, without consulting U.S. Congress. They also note that the U.S.-Soviet executive agreement on the provisional implementation of the delimitation treaty was not disclosed in any public news release when it was signed on June 1, 1990. Neither was it mentioned in President George Bush's transmittal of the proposed treaty to the Senate, nor at the Senate committee hearings or in the full house debate in September 1991 (Olson et al. 1998).

It should be noted, however, that in contrast with the Russian opponents to the 1990 Agreement, their American "counterparts" are marginal and unable to get significant support at federal level (neither in Congress, nor in the President's Administration).

Current status of the dispute. Given the Russian dissatisfaction with the 1990 treaty, talks began between the U.S. State Department and Russian Foreign Ministry under the Clinton administration in an attempt to resolve the issue. There was even an offer to concede some fish quotas to Russia as an incentive for ratification in 1997, but it was since withdrawn by the U.S. side without explanation (Kaczynski 2007, 5).

Washington maintains its firm position that the 1990 treaty is binding and the Baker-Shevardnadze line constitutes the maritime boundary between the two countries. U.S. policy is to provide evidence of a continued "general state practice" that the boundary delineated by the 1990 Agreement is the actual marine border between the U.S. and Russia. Such evidence as well as "opinio juris" – a sense of obligation to comply with the practice – are required by customary international law to legitimize an international agreement that did not fully come into force.

As some experts believe, Russia cannot legally undermine the 1990 treaty, even if it refuses to ratify it (Laruelle 2014, 104). Moscow has observed the Baker-Shevardnadze line for more than 20 years and thus helped Washington to provide both the evidence of a continued "general state practice" and "opinio juris." As some Russian international law experts suggest, it is not in Moscow's interest to question the legitimacy of the 1990 treaty because, firstly, such a negative policy could undermine Russia's reputation as a responsi-

THE U.S.-SOVIET MARITIME BOUNDARY AS OF 1990 AGREEMENT



Source: www.state.gov/p/eur/rls/fs/128740.htm

ble international actor, and secondly, the 1867 line (on which the 1990 document is based) can be both mutually beneficial and helpful for reaching a U.S.-Russian compromise on the division of the Arctic maritime territories (Vylegzhanin 2010, 9).

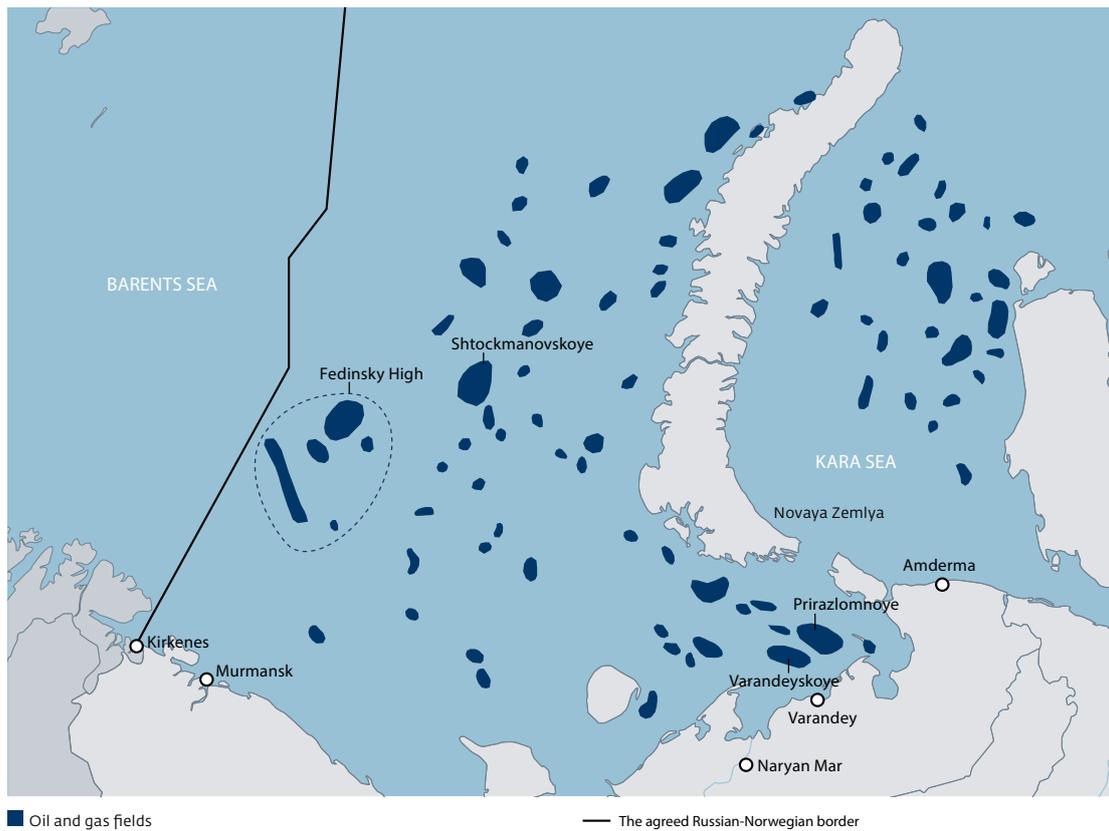
As far as Russia's future policies on the 1990 treaty are concerned, Moscow can, at best, hope to negotiate some new, more favorable, fishing rules to compensate the losses incurred in fishing as a result of the Agreement and create new bilateral mechanisms to open U.S. fishing zones up to Russian fishermen. There are also some plans to create a U.S.-Russian natural park for the protection of biodiversity in the Bering Strait region, provisionally named Beringia, and thus settle the issue amicably (Laruelle 2014,

104; Palamar' 2009). This park could be based on the experience of the existing ethno-natural park with the same name on the Russian side of the Bering Strait (est. in 1993).²

The two countries acknowledge the positive experience gained from the implementation of "The Convention on the Conservation and Management of Pollock Resources in the Central Bering Sea," which was signed in 1994 by China, South Korea, Russia, the U.S., Japan and Poland and was designed to regulate fishing in the "Donut Hole."

On a formal level, the U.S. and Russia regularly hold discussions on Bering Sea issues, particularly issues related to fisheries management, but, as the American side emphasizes, these discussions do not affect the placement

OIL AND GAS RESOURCES IN THE BARENTS SEA



Source: barentsobserver.com/ru/news/zarubezhneft-gotova-vzyatsya-za-fedinskoe-mestorozhdenie

of the U.S.-Russia boundary, the jurisdiction over any territory or the sovereignty of any territory. The United States has no intention of reopening discussion of the 1990 Maritime Boundary Agreement.

THE RUSSIAN-NORWEGIAN DISPUTE IN THE BARENTS SEA

The sources of the dispute. The Barents Sea is part of the Arctic Ocean. Named after the Dutch explorer Willem Barents, it is bounded by the Norwegian and northwestern Russian mainland (south), the Norwegian Sea and Svalbard (west), Franz Josef Land (north), and the Kara Sea and Novaya Zemlya (east). It is 1,300 km long and 1,050 km wide and covers 1,405,000 km². Its average depth is 229 m, with a maximum depth of 600 m in the major Bear Island Trench.

The Barents Sea is rich in various natural resources. First, due to the North Atlantic Drift, its biological production is high compared to other seas and oceans of similar latitude. The fisheries of the Barents Sea, in particular the cod fisheries, are of great importance for both Norway and Russia.

Second, according to some accounts, the Barents Sea may hold vast hydrocarbon resources. A recent assessment by the U.S. Geological Survey estimated the mean undiscovered, conventional, technically recoverable petroleum resources in the Barents Sea Shelf include 11 billion barrels of crude oil, 380 trillion cubic feet of natural gas, and two billion barrels of natural gas liquids (Klett and Gautier 2009).

Norway and the USSR started exploring the region in the late 1970s, but in the 1980s they agreed not to carry out exploration or exploitation activities in the previously disputed area.





Deposits discovered so far in the Barents Sea, outside the formerly disputed area, include the Norwegian Snøhvit gas field and Goliat oil field and the Russian Shtokman gas field.

The Barents Sea is also an important transport junction between Russia, on the one hand, and Northern Europe and the North Atlantic, on the other. Moreover, the Northern Sea Route starts on the border of the Barents and Kara seas and continues eastward.

The pursuit of control over this economically and strategically important region, as well as the lack of a proper legal regime in the Barents Sea, led to the dispute between Norway and Russia over these maritime territories.

History of the dispute. The Norwegian-Russian dispute in the Barents Sea dates back to the 1920s. The 1926 Soviet decree “On the Proclamation of Lands and Islands Located in the Arctic Ocean as Territory of the USSR” (The Central Executive Committee of the Soviet Union 1964) reiterated the legal tradition in Tsarist Russia that was characterized by the notion of the sectoral line, the line of longitude that starts from the terminus of the land boundary and intersects with the North Pole. The sectoral principle of demarcation of the Arctic territories, however, was not supported by some other coastal states, including Norway.

In 1957, Norway and the USSR agreed on their first maritime boundary in the Arctic. This boundary runs from the northern end point of the land boundary in a northeasterly direction through the Varangerfjord and terminates on the Varangerfjord’s closing line, thereby not extending into the Barents Sea. It was not until after each country claimed exclusive rights to the continental shelf in 1963 and 1968 that Norway and Russia began informal talks about their maritime boundary in the Barents Sea in 1970. Oslo and Moscow agreed to conduct negotiations on the basis of Article 6 of the multilateral Convention on the Continental Shelf of 1958 (United Nations 1958). However, their different perceptions of delimitation of the maritime territory in the Barents Sea brought negotiations to a halt.

Moscow has traditionally based its position on a sector line running roughly along longitude 32 E northwards from the Russian coastline. Oslo, on the contrary, has based its position on an equidistance (median) line between the coasts on either side of the border. It was the

continental shelf between these two lines, of approximately 155,000 km² (and the overlapping exclusive economic zones within this area) that constituted the disputed area in the Barents Sea. In addition, there were overlapping claims further north in the Arctic Ocean, of approximately 20,000 km². Altogether the disputed area was approximately 175,000 km².

In 1977, the talks between Oslo and Moscow were further complicated by the establishment of a 200 nm (nautical mile) Norwegian EEZ and a 200 nm Soviet Fishery Zone. These zones did not totally correspond to the countries’ continental shelf claims in the region. The so-called Loop Hole in the middle of the Barents Sea constituted an area of some 62,400 km² of high seas that was completely surrounded by the Norwegian and Russian 200 nm zones. Both Oslo and Moscow agreed to draw a single maritime boundary for the continental shelf and the EEZ, but they still were unable to agree on the boundary line.

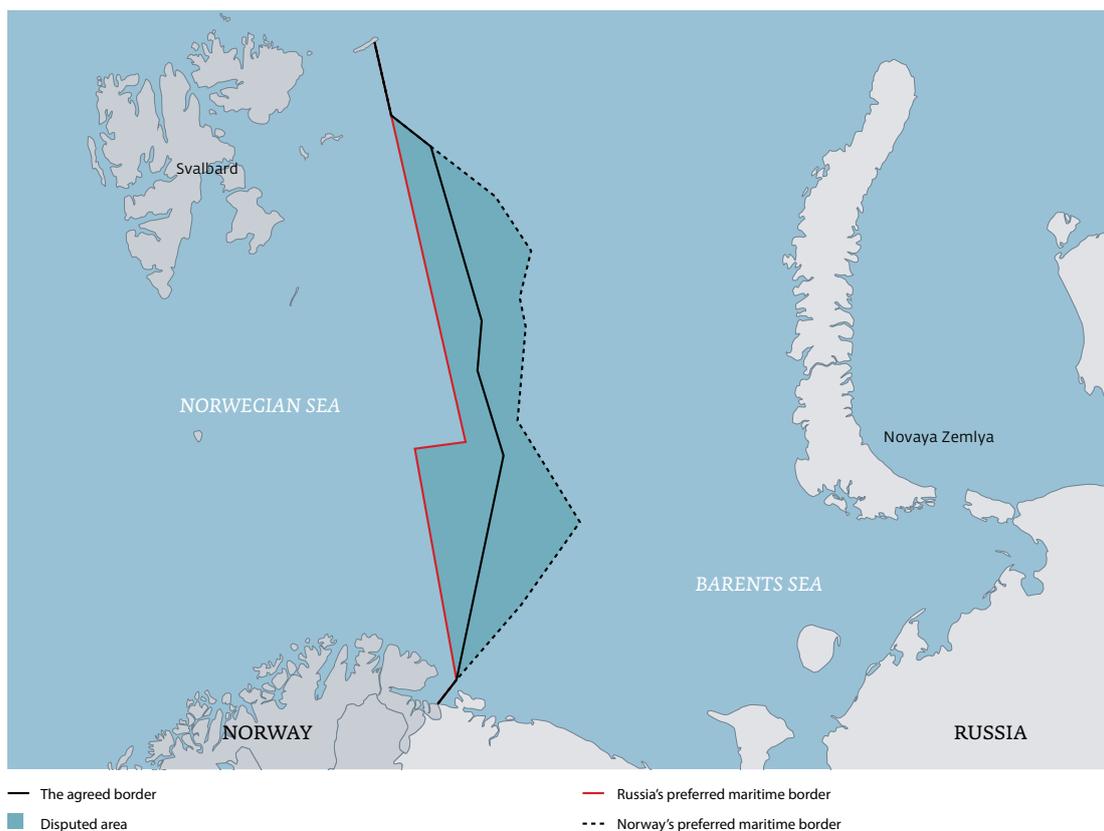
However, Oslo and Moscow realized the necessity of regulating foreign fishing activities in the Barents Sea and, for this reason, signed a provisional fishing agreement in 1978 (the so-called Grey Zone Agreement). This agreement was initially designed for one year, but it still remains in force, having been renewed annually. Its geographical scope is different from the previously disputed area. It applies to a total area of 67,500 km², of which 23,000 km² were in undisputed Norwegian waters and 3,000 km² were in undisputed Russian waters.

There were ups and downs in Norwegian-Soviet/Russian negotiations over the following years. For example, in 1991 there were official announcements that the talks were soon to be finalized, but no early agreement was ever achieved. Through the 1990s and 2000s, there were regular conflicts between Oslo and Moscow because Norway, for ecological reasons, introduced strict rules and fixed quotas to regulate fishing in the region, which were never been accepted by the Russian side. This led to numerous tensions over the inspection and boarding of Russian fishing boats by the Norwegian Coastal Guards.

Several factors eventually brought about a Norwegian-Russian compromise:

First, Norway and Russia signed and ratified the 1982 United Nations Convention on the Law of the Sea (United Nations 1982) in 1996 and 1997, respectively. As a result, they modified the

DELIMITATION OF MARITIME TERRITORIES IN THE BARENTS SEA
IN ACCORDANCE WITH THE 2010 NORWEGIAN-RUSSIAN TREATY



Source: www.bbc.co.uk/news/business-11299024

rules applicable to the delimitation of the continental shelf and the EEZ because the UNCLOS provides identical rules for these legal procedures, thus favoring the median rather than sectoral principle of demarcation of maritime territories.

Second, in the 1990s and 2000s the International Court of Justice (ICJ) in The Hague and specially appointed arbitration tribunals issued decisions that clarified important principles and provided guidance for coastal states. In particular, the ICJ specified that the solution must be based on objective geographical features where any major disparities in the respective coastal lengths may be of significance. Both Norway and Russia took notice of the ICJ's decision to solve their dispute in the Barents Sea.

Third, in addition to the legal factors above, both Oslo and Moscow had several serious

political reasons to finally strike a deal. For Norway, a compromise was important because the dispute with Russia was one of the last of that sort in its relations with its Arctic neighbors. In 2006 an agreement was signed between Norway, Iceland, Denmark, and the Faroe Islands on a modus vivendi on the delimitation of their common continental shelf beyond 200 nm in the Northeast Atlantic. In 2009 a decision was made by the UN Commission on Continental Shelf that formally defined the limits of the Norwegian shelf and EEZ in the Arctic (beyond the Barents Sea). The proposed accord with Moscow would leave the maritime boundary between the outer continental shelves of the Norwegian Svalbard Archipelago and Greenland as the last unresolved boundary issue affecting Norway in the Arctic and legal experts believe that this issue too will likely be resolved soon.

Moscow, on the other hand, by resolving the Barents Sea dispute, would have free hands for continuing its “fight” with Denmark and Canada for the underwater Lomonosov and Mendeleev ridges that are potentially rich in hydrocarbons. Moreover, by striking a compromise, the two countries would get a lot of good PR, presenting themselves as responsible international actors who were able to solve one of the most complicated international disputes by peaceful methods.

Fourth, economic interests drove the Norwegian-Russian compromise. Oslo was particularly interested in the development of hydrocarbon deposits in the disputed area because since 2001, oil production on the Norwegian shelf has declined. With the end of the 1980s moratorium on hydrocarbon exploitation and exploration activities in the disputed area, a resumption of these activities and new discoveries could be expected. In Russia’s case, the need for new hydrocarbon deposits was not as strong as Norway’s because Moscow had enough fields to develop in the undisputed areas. However, in order to have strategic control over a region potentially rich in oil and gas, Moscow was interested in reaching an agreement with Oslo to legitimize its territorial ambitions.

Finally, the two sides were psychologically tired of the 40-year-long negotiations and were eager both to put an end to the dispute and to bring about a success story in their bilateral relations.

The 2010 Agreement. In 2007, Oslo and Moscow signed a new document that revised the 1957 agreement by extending the maritime boundary in the Varangerfjord area northwards to the intersection of Norway’s preferred median line and Russia’s preference, the sector line in the Barents Sea. Norwegian Foreign Minister Jonas GahrStøre then stated that this agreement should pave the way for an accord on the area of overlapping claims in the Barents Sea. However, it was not until April 2010 that Norwegian Prime Minister Jens Stoltenberg and Russian President Dmitry Medvedev publicly announced that negotiations had been completed, with the exception of some technicalities. The final agreement was signed in Murmansk, Russia, on September 15, 2010, and has subsequently been approved by the two countries’ national parliaments. The document came into force in July 2011.

Oslo withdrew some of its territorial claims and Moscow consented to a shift of the 1926 demarcation line to divide the 175,000 km² of disputed area in two almost equal parts defined by eight points. The northern terminal point of the delimitation line is defined as the intersection of the line drawn through points 7 and 8 and the line connecting the easternmost point and the westernmost point of the still undefined outer limits of the countries’ continental shelves (Treaty between the Kingdom of Norway and the Russian Federation 2010). The agreement allows Russia to exercise sovereign rights and jurisdiction derived from EEZ jurisdiction that Norway could otherwise have exercised in an area east of the maritime delimitation line that lies within 200 nm of the Norwegian mainland and beyond 200 nm off the Russian coast.

After entering into force, the new agreement terminated the Grey Zone Agreement of 1978. However, this treaty will not alter or adversely affect the Norwegian-Russian cooperation in fishery. Cooperation will continue, for example, in the Norwegian-Russian Joint Fisheries Commission.

The 2010 agreement puts an end to the 1980s moratorium on the exploration and exploitation of hydrocarbon resources. However, the treaty does not prompt unhealthy competition in this field. On the contrary, it features certain provisions for the coordinated exploitation of transboundary hydrocarbon resources.

Implications of the 2010 Norwegian-Russian Agreement. In Norway, the Agreement was ratified unanimously and is considered very positively, while in Russia strong debates on the documents’ negative consequences resulted in ratification by the State Duma only because of the constitutional majority of the ruling United Russia party. Both political and expert communities are split into two almost equal parts, just as the disputed area.

The main arguments of the opponents to the Treaty boil down to the following: first, the Treaty is an “unjustified concession” of a sovereign area to Norway, and, second, the content of the Treaty is not sufficiently elaborated with regard to its future application.

The first argument is rather emotional, although it has its own rationale in claiming that the Russian-Norwegian relations are far from being ideal in practice. There are contradictions over fisheries and continuing discussions over

the “administrative sovereignty” of Norway at Svalbard/Spitsbergen. Thus, the only reason to sign the Treaty is the possibility of hydrocarbons extraction, which would be possible only in the long term.

The second argument, although being strictly judicial, partly overlaps with the first counter-Treaty argument stated above. Some believe that the Treaty disregards the extremely important issue of the regime of sea and shelf areas adjacent to Svalbard, which may have negative effect on the work of Russian companies in the region.

However, the proponents of the Treaty maintain that by signing the agreement, both Norway and Russia clarified their maritime boundary in the Barents Sea, thereby ensuring predictability and legal certainty in the region. This is important for the two countries to be able to enact and enforce environmental rules

particularly to the UNCLOS and, in a broader context, to the principles of the Ilulissat Declaration of 2008 that confirmed the eagerness of the five Arctic coastal states (A-5) to solve disputes between them by peaceful means, on the basis of international law (Ilulissat Declaration 2008). Finally, Oslo and Moscow signaled to the other A-5 states that by adopting a common policy on conflict resolution they can reinforce their claim to leadership in Arctic affairs against emerging actors such as the European Union and East Asian countries.

RUSSIAN CLAIMS ON THE ARCTIC CONTINENTAL SHELF

Under UNCLOS, a coastal state has exclusive sovereign rights to explore and exploit the natural resources of its continental shelf up to

BY CONCLUDING THE 2010 AGREEMENT, NORWAY AND RUSSIA SIGNALLED TO THE OTHER A-5 STATES THAT BY ADOPTING A COMMON POLICY ON CONFLICT RESOLUTION THEY CAN REINFORCE THEIR CLAIM TO LEADERSHIP IN ARCTIC AFFAIRS

and fishery regulations, as well as to carry out future exploration and exploitation of hydrocarbon resources in the area.

The 2010 agreement may facilitate a future settlement of the residual dispute on the interpretation of the Paris Treaty on Svalbard of 1920 (Treaty Concerning the Archipelago of Spitsbergen 1920). Norway and other signatories (including Russia) disagree on whether the equal treatment rights guaranteed by the Paris Treaty apply to maritime zones, the development of which could not be foreseen in 1920, and whether Oslo is allowed to exercise coastal state jurisdiction in these zones that encompass rich fishing grounds and are expected to contain oil and gas resources. By concluding the 2010 Agreement, Oslo and Moscow demonstrated their eagerness to settle the remaining disputes that create obstacles to international economic cooperation in the region.

The 2010 Agreement also demonstrated that in resolving their territorial disputes Norway and Russia are committed to international law,

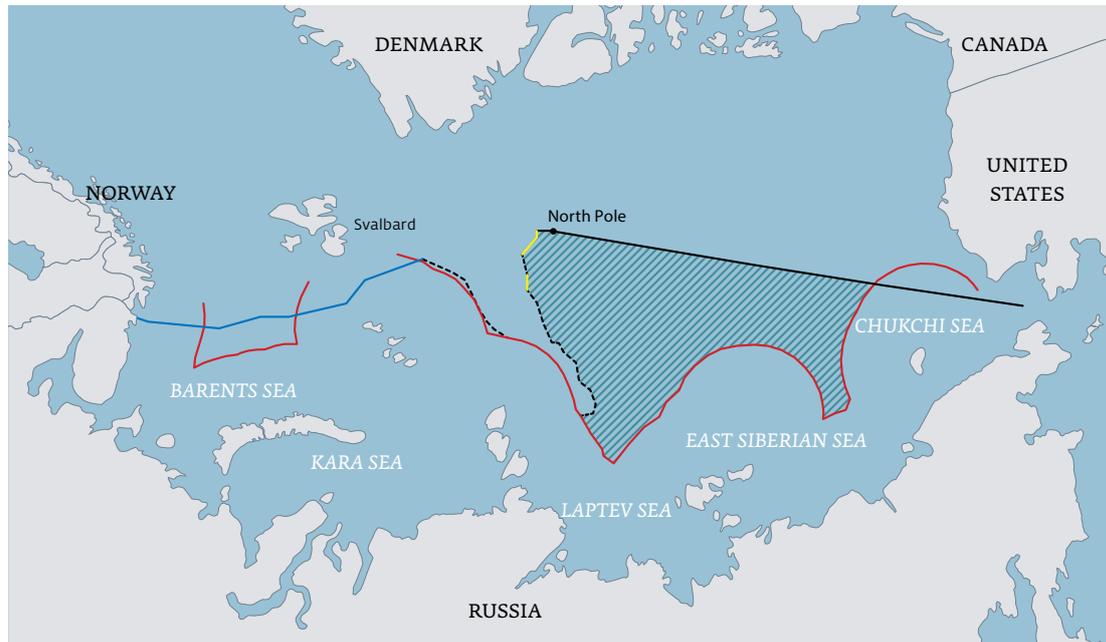
200 nm from its shores. Beyond this limit, it has to provide scientific evidence to establish the extent of the legally defined continental shelf in order to exercise the same rights. These rights apply to the exploitation of living and non-living resources of the state's share of the shelf's seabed and subsoil, but do not extend to resources in the water column such as fish stocks, which are covered by a separate regime. The application should be submitted to the United Nations Commission on the Limits of the Continental Shelf (CLCS). The CLCS covers continental shelf claims beyond the 200 nm zone, up to a maximum of 350 nm. It should be noted that the CLCS's ruling is final and binding.

Thanks to the marine research systematically carried out in the Arctic since the 1960s, in 2001 Russia became the first country to refer to the CLCS, a review body of scientists created under UNCLOS. In so doing, it created a legal precedent, which other states hastened to follow. For example, in 2006 Norway was the second country (after Russia) to apply to the





AREA OF THE CONTINENTAL SHELF OF THE RUSSIAN FEDERATION
IN THE ARCTIC OCEAN OUTSIDE THE 200-MILE ZONE



- Tentative boundary demarcating the continental shelf of the Russian Federation and those of neighboring states; subject to negotiations
- The agreed Russian-Norwegian border
- - - Isoline showing sedimentation sheath potential, equal to 1% of distance from continental slope foot
- 60-mile zone from the foot of the continental slope
- 200-mile zone from initial boundaries
- ▨ Area of the continental shelf of the Russian Federation in the Arctic Ocean outside the 200-mile zone

Source: www.virginia.edu/colp/pdf/Skaridov-arctic-strategy.pdf

CLCS and the first Arctic state to get a positive decision from the Commission.

Russia submitted its documentation on December 20, 2001. In its claim, Russia argued that the Lomonosov Ridge and the Alpha-Mendeleev Ridge are both geological extensions of its continental Siberian shelf and, thus, parts of the Central Arctic Ocean, as well as parts of the Barents Sea, the Bering Sea, and the Sea of Okhotsk, fall under its jurisdiction. In effect, Russia claimed sovereign rights over seabed resources of some 1.2 million km² beyond the 200-mile line.

However, the CLCS found the grounds of the Russian claim on the shelf insufficient and asked for more information (United Nations 2002). Since then a new submission has been under preparation, reportedly to be finalized by 2015, involving comprehensive research expeditions to collect data. Among these was

the 2007 expedition with flag planting as a by-product.

Interestingly, in preparing its new submission Russia has employed not only academic resources, but also the military. The objective of the Russian Navy's mission within the framework of the Arktika-2012 expedition was to prove that the Siberian continental platform extends to the North Pole by collecting rock samples on the seafloor of the Arctic Ocean. The Kalitka, a Losharik-class nuclear auxiliary submarine, assisted two ice-breakers in drilling a number of boreholes on the Mendeleev Ridge (IISS 2012).

International experts predict several scenarios for further developments, should the second, revised, submission also be returned by the CLCS. One extreme would be for Russia to just declare unilaterally that its continental shelf reaches up to the North Pole. The coun-

try could simply withdraw from the UNCLOS. It would still retain the right to a continental shelf, and would find itself in the same position as the United States, which stands outside the convention, and would have to rely on customary law to support its claim. However, this approach would provide a much less secure legal position than would a recommendation from the commission, which offers final and binding limits.

As one Norwegian expert believes (Moe forthcoming), strong nationalistic groupings in Russia would support such unilateralism. But Russia's official policy since the ratification of UNCLOS has been to adhere to the UNCLOS framework. And as concluded above, Russia has a great deal to lose if it undermines the authority of international law, and the UNCLOS in particular. Consequently, it will seek to avoid a conflict situation since, even if not an armed one, it would prove to the world that the institutions set up under the UNCLOS do not work, which would weaken the legitimacy of the Convention. And given the changing balance of power in the world, as alluded to above, this would be very dangerous for Russia.

Another extreme scenario would be to accept that the continental shelf does not reach as far as claimed and come back with a revised, less expansive position. This alternative would definitely show respect for international law. But

all the same, such a stance would involve large domestic political costs. Any Russian leader would find it very difficult to abandon Russia's ambitious Arctic claim, and all the more so to explain this decision.

The experts (Moe forthcoming) also predict a third scenario, which is the most likely. This is the postponement of the second submission. First, there is the possibility of several rounds with the commission, which could take decades. But even if at the end of the day it remains clear that the claims in the Arctic cannot be reconciled or substantiated, all the Arctic states may see it in their interest to merely agree to disagree and go on with their business. Apart from a shared interest in preserving the UNCLOS in the Arctic, a realistic assessment of economic interests should tell them that a conflict is not worthwhile. The seabed areas which may be contested are, after all, very deep down. It seems unlikely that industrial activity there could become profitable in several decades' time. And the US Geological Survey, the most authoritative and much cited assessment of Arctic mineral resources, maintains that most resources are likely to be found in relatively shallower waters, within the 200-mile limit (U.S. Geological Survey 2008). Most of these uncontroversial continental shelves are virtually unexplored and the conflicting parties would first need to develop these areas.

NORTHERN SEA ROUTE

The physical and economic geography of the NSR. Moscow defines the NSR as a historically existing national unified transport route of the Russian Federation in the Arctic, and therefore considers it to be under its exclusive jurisdiction. Although Russia's Arctic coastline stretches more than 14,000 km across the Barents, White, Kara, Laptev, and East Siberian seas, the NSR is considered to lie between the Kara Gate, at the western entry of the Novaya Zemlya straits, and the Provideniya Bay, at the southern opening of the Bering Strait, for a total length of 5,600 km. The Barents Sea is therefore not an integral part of the NSR's legal regime. The NSR includes nearly 60 straits, the main ones being the Vilkitski, Shokalski,

Dmitri Laptev and Sannikov straits, and passes through three archipelagos, Novaya Zemlya, Severnaya Zemlya and the New Siberian Islands. The legal definition is thus made more complex as there is not one single shipping channel; rather, there are multiple lanes, and the NSR crosses through waters of varying status: internal, territorial and adjacent waters, exclusive economic zone, and the open sea (Dunlap 2002; Moe and Øystein 2010; Stepanov, Ørebech and Brubaker 2005). Indeed the course of the route depends upon whether the ship crosses close to the coastlines or further out, or chooses to bypass Severnaya Zemlya.

The NSR has been vitally important to Russia both economically and socially since

THE WATER AREA OF THE NORTHERN SEA ROUTE
ACCORDING TO THE RUSSIAN FEDERAL LAW OF JULY 28, 2012



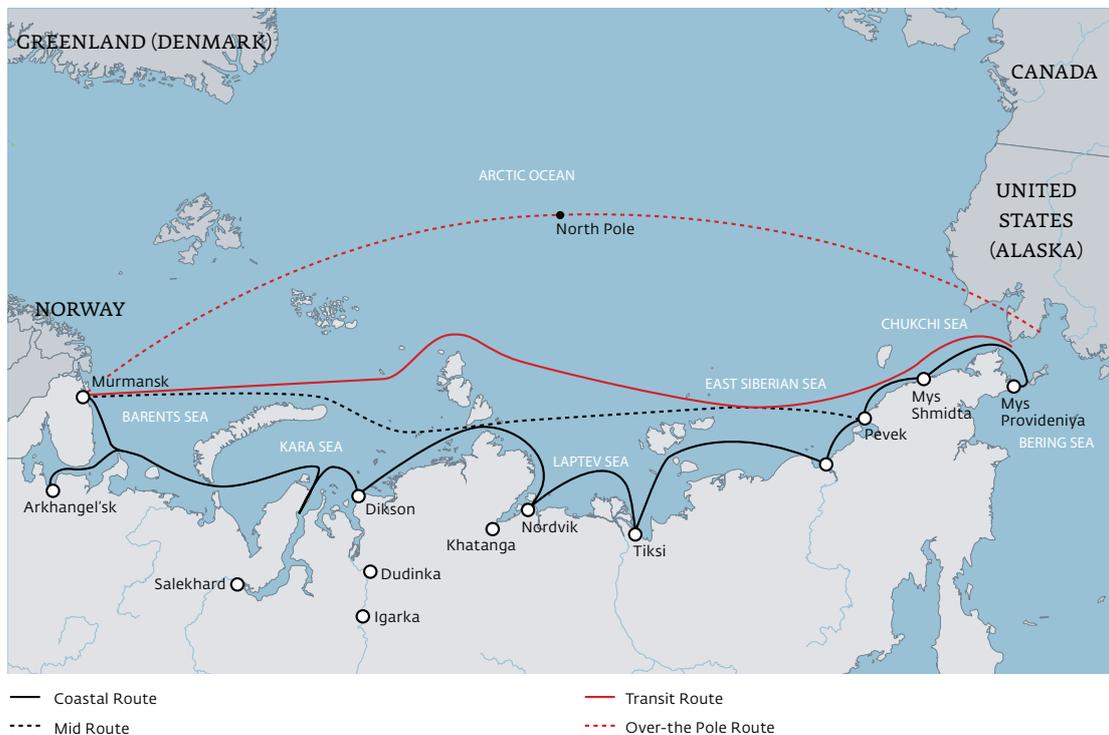
Source: asmp.morflot.ru/en/granici_smp/

the Soviet era. The NSR is now actively used by such companies as Norilsk Nickel, Lukoil, Gazprom, Rosneft, Rosshelf, and Novatek to ship products and supplies to and from their plants, mines, oil and gas fields. It is also one of the main routes for Russia’s “Northern supply” which delivers foodstuffs, consumer goods and fuel to the northernmost Russian settlements.

In the Soviet era, the NSR was solely a domestic sea route and was closed to international shipping. However, as Arctic ice continues to melt, the NSR will become more accessible for navigation. Today, Russia has significant interest in transforming the NSR into a sea line of communication open to international trade (Dunlap 2002; Moe and Øystein 2010; Ragner 2000). The cost of maintaining an Arctic fleet, in particular icebreakers, as well as port infrastructure is extremely high, and so any additional source of revenue is welcome. As international navigation grows, the cost of intra-Russian trade will decline.

The NSR’s competitive advantages. It is widely acknowledged that an ice-free Arctic could significantly reduce transportation costs by cutting the distance from Western Europe to Japan or China by 20% to 40%. All the Asian cities north of Hong Kong could reach Europe more rapidly via the Arctic than the Suez Canal. As such, the potential benefits of opening the NSR are of greater interest to Japan, Korea and China than, for example, India. It’s easy to see why. The trip between Hamburg and Yokohama using the Suez Canal is 18,350 km, compared to just 11,100 km using the NSR. This would cut sailing time from 22 to 15 days, a 40% reduction. From Rotterdam to Shanghai via the Cape of Good Hope is 22,200 km, and only 14,000 using the NSR. The volatility in the Middle East, especially since the Arab Spring of 2011, an overburdened Suez Canal, rising tensions in the Strait of Hormuz and, most importantly, growing piracy in the Horn of Africa, are all driving the search for new alternatives.

VARIANTS OF THE NORTHERN SEA ROUTE



Source: www.globalsecurity.org/military/world/russia/images/north-sea-route-map1.gif

Crossing the Arctic would also shorten transit from Russia to the North American continent. Murmansk is only 9,600 km from Vancouver via the Bering Strait, but 16,000 km via the Panama Canal. In 2007, Russia and Canada both began talking about the idea of an “Arctic bridge” connecting the Port of Churchill in Manitoba to Murmansk. The idea had already been proposed some years before. OmniTRAX, a major railroad operator that owns the Port of Churchill, had been in negotiations with the Murmansk Shipping Company on the project. In 2007 and 2008, the first shipments of Russian fertilizer from Kaliningrad to the Farmers of North America cooperative of Saskatoon arrived in Churchill from Murmansk.

The NSR’s weaknesses. In contrast with the optimistic expectations discussed above, some international experts point out that travel along

the NSR poses a number of significant challenges (Antrim 2010; Laruelle 2014, 176–181; Moe and Øystein 2010; Smith and Giles 2007; Stepanov, Ørebech and Brubaker 2005). First, the disappearance of polar ice during the summer does not mean that the Arctic Ocean will ever become totally ice-free. Ice can quickly form in a wide variety of locations and can take ships by surprise, reducing the predictability of travel. There will still be icebergs, and the danger of collision will remain considerable.

Second, travelling in an extreme climate and darkness during the Polar Night poses technical challenges and requires ice-class vessels, including ice-breaking capacities.

Third, there are numerous administrative-technical barriers to be taken into account, such as the Russian demands that foreign ships pay to charter icebreakers, access weather and ice reports, and hire Russian pilots to guide vessels in

THE NORTHERN SEA ROUTE HAS BEEN VITALLY IMPORTANT TO RUSSIA BOTH ECONOMICALLY AND SOCIALLY SINCE THE SOVIET ERA

THE NORTHWEST PASSAGE AND NORTHERN SEA ROUTE



— The Northwest Passage
 - - - Current route

— Northern Sea Route
 - - - Current route

Source: www.grida.no/graphicslib/detail/northern-sea-route-and-the-northwest-passage-compared-with-currently-used-shipping-routes_77e3

the straits. These costs are considered too high by the main international shipping companies.

Fourth, insurance tends to be very expensive, as international insurance companies have to take into account the NSR's unpredictability both in terms of shipping times and conditions.

Fifth, the NSR currently has a limited operational rescue system, with only three rescue centers in Dikson, Tiksi and Pevek. The number of deep-water ports that are able to host ships in need of repairs is insufficient given the considerable risk of collisions stemming from unpredictable ice conditions and the lack of clearly defined lanes of direction. The Russian government plans to build 10 search and rescue centers along its Arctic coastline, but it remains an open question whether these plans will ever be realized and whether these centers are sufficient to bring the NSR up to the level of international safety standards.

established in the Regulations for Navigation on the Seaways of the NSR (1991), the Guide for Navigation through the NSR, the Regulations for the Design, Equipment and Supply of Vessels Navigating the NSR (1995), the Federal Law on the NSR (2012) and the Ministry of Transport's Rules of Navigation through the NSR (2013).

The latter two documents stipulate conditions of transit and impose new insurance requirements, under which responsibility for possible environmental damage and pollution lies with ship owners, and which set rather costly tariffs for assistance and logistical information. Icebreaker assistance, sailing master services, radio communication and hydrographic information are provided by the federal state unitary enterprises Atomflot (nuclear icebreakers, pilot services) and Rosmorport (diesel icebreakers) as well as by private companies such as the Far Eastern Shipping Company, Murmansk Ship-

AS PART OF ITS EFFORT TO INTERNATIONALIZE THE NORTHERN SEA ROUTE, MOSCOW HAS LAUNCHED A NUMBER OF INVESTMENT PROJECTS TO UPGRADE THE ROUTE'S INFRASTRUCTURE. TO THIS END IN 2012-2014 OVER 21 BILLION RUBLES ARE ALLOCATED

Sixth, maritime traffic in the Arctic region will increase the risk of accidents, which pose an environmental hazard. The recent international agreement on preventing and fighting oil spills in the Arctic signed at the Arctic Council ministerial meeting in Kiruna (May 15, 2013) is a helpful step in the effort to address environmental threats but still insufficient to solve the problem.

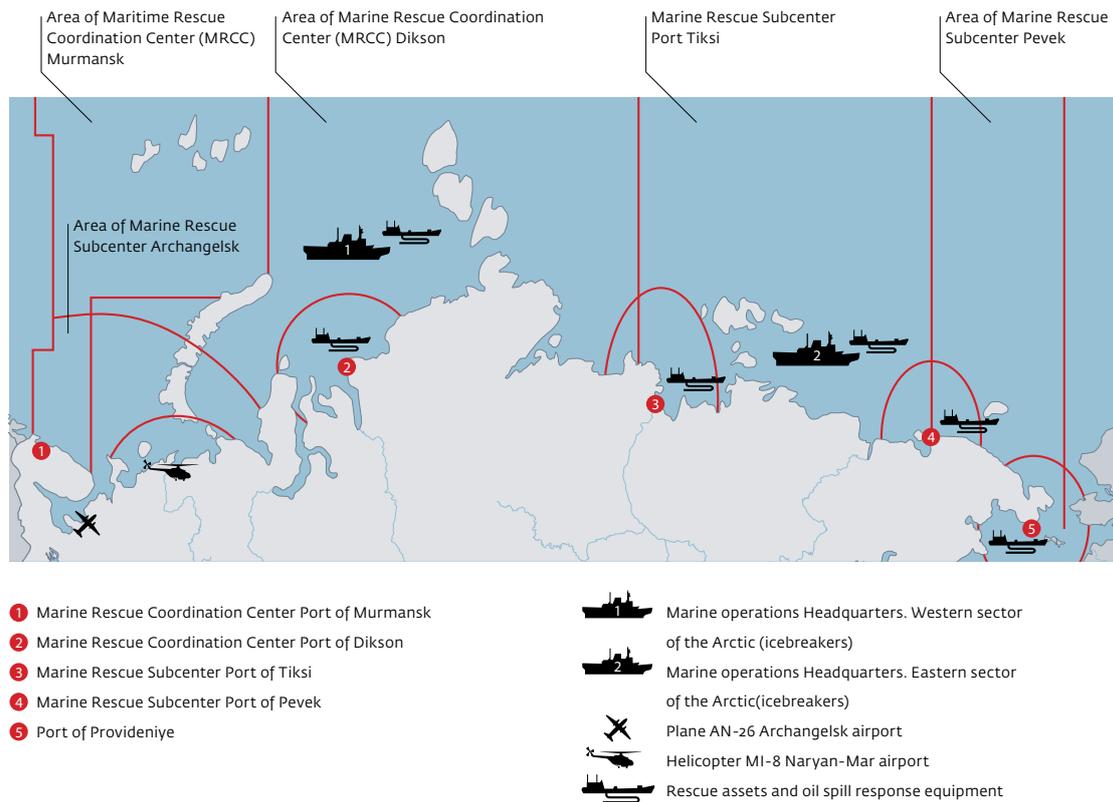
These concerns, however, do not preclude both Russia and potential NSR users from participating in ambitious plans to develop this important Arctic route.

Russia's policies on the NSR. Moscow first offered to open the NSR to international shipping as early as 1967, with the beginning of détente between the superpowers, but the idea didn't go anywhere. Mikhail Gorbachev repeated the offer in his Murmansk speech (1987). The route was formally opened to international use in 1991, just a few months before the collapse of the Soviet Union. The rules for using the route were

ping Company, the Murmansk transport branch of Norilsk Nickel, Lukoil (diesel icebreakers) and Ice Pilots Ltd (pilot services). The NSR Administration, which was revived in March 2013, considers applications to navigate the NSR, coordinates the activities of the above companies and oversees navigation safety.

The binding rules released by Russia's Ministry of Transport have been accepted by major international insurance companies. However, the U.S. rejects them, believing that acceptance of such regulations would mean recognizing Russia's sovereignty beyond its territorial waters. The International Chamber of Commerce has expressed concerns, arguing that the UNCLOS regime on straits used for international navigation should take precedence over the rights of coastal states. Moreover, the U.S. argues that under the regulations only foreign ships have to pay for possible environmental damage and pollution, while Russian ships are exempt. Moscow denies that the regulations are discriminatory, noting that all ships – Russian

SEARCH AND RESCUE CENTERS ON THE ARCTIC OCEAN'S COASTLINE AND THEIR ZONES OF RESPONSIBILITY



Source: www.arctic-llo.com/nsr_searchandrescue

and foreign – must present civil liability and insurance certificates when applying to use the NSR (The Northern Sea Route Administration 2013).

Legal disputes aside, since 2009 international shipping companies have started consistently using the NSR. According to recent data, in 2013 the NSR Administration received 701 applications from Russian and foreign companies,³ 620 were approved⁴ and 81 were declined.⁵ The same sources estimate that freight traffic through the NSR exceeded one million metric tons in 2013 (Ol'shevski 2013).

Contrary to Western assumptions, almost all rejected applications were declined on purely technical grounds, such as incomplete information on the ships listed on the application or lack of proper documentation. In fact, more applications for Russian vessels were rejected than for foreign ones (63 and 18 respectively).⁶ There

was only one “political case” in 2013 when the application of the Green Peace icebreaker Arctic Sunrise was rejected four times by the NSR Administration. Three denials were based on the lack of information on technical details (such as the class of the vessel or its ice belt breadth), and the fourth denial was based on the ship's violation of the Regulations on Navigation through the NSR: “Navigation in the water area of the Northern Sea Route from 24.08.2013 to 27.08.2013 without permission of the Northern Sea Route Administration, as well as actions taken that created a threat of marine pollution in the water area of the Northern Sea Route, which is covered in ice for most of the year”.⁷

As part of its effort to internationalize the NSR, Moscow has launched a number of investment projects to upgrade the route's infrastructure. To this end in 2012–2014 over 21 billion rubles are allocated for the construction and



View on the Pevek harbor's environs

modernization of maritime infrastructure in the Arctic.⁸ Some experts expect the volume of freight traffic in both Eastern and Western directions of the NSR to reach 35–40 million metric tons per year by 2020,⁹ while others continue to have serious doubts about not only the prospects of the NSR as an alternative route to southern ones but also about the need for infrastructure development in the High North. These analysts believe that Russia has more important priorities, such as developing the national transportation system.

Despite some legal inconsistencies surrounding the NSR and the lack of proper infra-

structure, it will remain a priority of Russia's strategy in the Arctic region going forward. The Kremlin considers the NSR an effective resource for developing the Russian Arctic Zone both domestically and internationally. For this reason, Moscow plans to make considerable investments in the NSR and bring its infrastructure in line with international standards. However, as with other aspects of its Arctic policy, Russia faces a difficult dilemma: how to maintain control over the NSR while also opening it up to international cooperation and integration with the global transportation system.

CLIMATE CHANGE AND THE ENVIRONMENT

Both Russian policymakers and academics acknowledge the manifold effects of climate change on society, the economy and international relations in the Arctic region. Along with environmental and societal implications, climate change contributes to the existing instability in the Arctic region, and may lead to disputes over trade routes, maritime zones and previously inaccessible resources. This competition could pose security threats to particular countries of the region and contribute to international instability.

affects them directly or indirectly in many ways. Moreover, they have a lot to offer their international partners. Many of them have considerable experience in polar research and some (like China, Japan and South Korea) have money to invest both in Arctic research and the regional economy. It is also important to remember that the Arctic Climate Impacts Assessment (2004), the first comprehensive study on the impacts of climate change in the Arctic region, was carried out under the auspices of

ENVIRONMENTAL EFFECTS OF CLIMATE CHANGE IN THE ARCTIC HAVE CAUSED CHANGES IN HUMAN BEHAVIOR, SOCIOECONOMIC DEVELOPMENT AND INTERNATIONAL RELATIONS

Moscow is aware of the fact that, in contrast with Antarctica, the Arctic region lacks a proper international legal regime to cope with security threats and challenges, including environmental ones. The Arctic-5 (the five Arctic coastal states – Canada, Denmark/Greenland, Norway, Russia, and the United States) deliberately seek to avoid signing any binding agreement on regional security so as not to encumber themselves in the unfolding geopolitical race for the division of the Arctic continental shelf. The absence of a legal regime impedes international cooperation on environmental security in the Arctic and hampers the search for ways to adapt regional ecosystems, as well as socioeconomic and cultural institutions, to climate change.

The situation is complicated by the interference of non-coastal Arctic states (Finland, Iceland, Sweden) and non-Arctic states (China, India, Japan, South Korea, UK, etc.) in climate change-related disputes. These states claim a legitimate right to contribute to regional environmental cooperation, as climate change in the Arctic has global implications and

the Arctic Council, of which all eight Arctic states are members.

Eastern Asian states also believe that the Arctic is an asset that belongs to all of humanity, and, hence, its natural resources and transport routes can and should be exploited by all the countries of the world. The Arctic should be maximally “internationalized” (opened to international access and cooperation) and the coastal states should ratchet down their national egoism with regard to the High North, while respecting the Arctic-5’s legitimate rights in the region, including their exclusive economic zones.

As underscored by Russian experts, the environmental effects of climate change in the Arctic have caused changes in human behavior, socioeconomic development and international relations. The areas where climate change poses both challenges and opportunities include fisheries, production of hydrocarbons, transport systems, tourism, and national security.

Fisheries. Russian specialists argue that climate change has the potential to increase the

productivity of some fish stocks and change the geographical distributions of others. New areas may become attractive for fishing due to the increased access allowed by reduced sea ice coverage. There is not yet an international conservation and management regime in place for some waters of the Arctic high seas, which could lead to unregulated commercial fishing and related disputes.

For example, fisheries have become a bone of contention in accession negotiations between the EU and Iceland. Reykjavik feels uneasy about providing EU member states with access to its economic zone, while Brussels insists on an end to whale hunting in which Iceland is involved along with Norway and Japan.

Russian-Norwegian bilateral tensions are also driven by the conflict over commercial fishing. Particularly, the Russian fishing lobby

opposed the 2010 Russian-Norwegian treaty on delimiting maritime zones, believing that the division of zones is more beneficial for Norwegian fishers. The benefits of climate change for commercial fishing in the Norwegian “part” of the Barents Sea have also prompted Oslo to push for revision of the 1920 Paris Treaty on Svalbard, which establishes an international regime for economic activities on the archipelago. Russia and other signatories oppose Norway’s calls for revision. There have been repeated encounters between Russian trawlers fishing around the Svalbard and the Norwegian coast guard, which tried to arrest them.

Hydrocarbons. Retreating ice opens up new commercial opportunities for gas and petroleum production. New industrial development in the High North will not take place offshore

NEW INDUSTRIAL DEVELOPMENT IN THE HIGH NORTH WILL NOT TAKE PLACE OFFSHORE ONLY. THERE IS ALSO HUGE POTENTIAL FOR NEW ONSHORE ACTIVITY IN THE GAS/PETROLEUM INDUSTRY

Champ Island, The Franz Josef Land Federal Nature Reserve



only. There is also huge potential for new on-shore activity in the gas/petroleum industry. This could increase competition between the five coastal states for control over continental shelf and maritime zones, as well as cause conflicts between the Arctic-5 and non-coastal states (such as Finland, Sweden, UK, China, Japan, South Korea, India, etc.) who would like to participate in the exploitation of Arctic natural resources. The role of international agreements (especially UNCLOS) and bodies (UN CLCS) are particularly important in this regard.

Transport. Retreating ice opens up new opportunities for shipping as well, including more intensive use of the Northern Sea Route (NSR) and North-West Passage (NWP). This may increase competition between coastal and non-coastal states for the control of these passages and highlight the need for new legal

the gas/petroleum industry and the transport and military sectors. These developments will necessitate large-scale socioeconomic programs to help local populations adapt to these radical changes.

Militarization. Increasing competition for trade routes, maritime zones and natural resources continues to drive a military build-up in certain coastal states and the intensification of NATO military activities in the region. In contrast with the Cold War era, when the global confrontation between the superpowers or military blocs defined military decision-making, the current military efforts by Arctic states are about protecting economic interests and asserting national sovereignty over maritime zones and trade routes.

These developments will have an extremely negative impact on international security in

CLIMATE CHANGE CAN EXPAND OPPORTUNITIES IN THE TOURISM/RECREATION INDUSTRY IN THE ARCTIC

regimes as well as transport and search/rescue infrastructure. China, Japan and South Korea (the nations most interested in using these sea routes) insist that the NSR and NWP are humankind's assets, or commons, and should be internationalized and made available for everyone. Russia and Canada, on the other hand, believe that they have priority in these areas for reasons of geographic proximity and history. Both Moscow and Ottawa plan to develop these routes and create there more advanced infrastructure.

Tourism. Given the potential of climate change to expand opportunities in the tourism/recreation industry in the Arctic, both individual countries and international organizations should continue to support sustainable Arctic tourism, and welcome efforts to minimize its impact on the environment. Environmental protection and benefits to local coastal communities should be primary considerations.

Migration. Climate change promises to increase migration by indigenous populations due to radical restructuring of the economy and traditional ways of life, and by the workforce in

the region. Many Russian experts advocate for special arms control measures for the Arctic and new legal mechanisms to solve climate change-related conflicts.

International cooperation and Governance. Moscow recognizes the challenge posed by climate change and included it in its recent Arctic strategy. Russia has called for improvements to the United Nations Framework Convention on Climate Change and the continuation of the Arctic Climate Impact Assessment project, which was jointly implemented by the AC and the International Arctic Science Committee.

Moscow also realizes that there is still a long way to go to create an efficient multilateral system of governance to both adapt the region to climate change and prevent related conflicts between various international players in the Arctic.

Environmental protection and cooperation in Russia's Arctic strategy dates back to 1987 speech (Gorbachev 1987.) That speech led to various environmental initiatives, such as Finland's 1989 initiative on Arctic environmental protection cooperation, which resulted in a number

of technical and scientific reports between 1989 and 1991. This ultimately led to the development of the Arctic Environment Protection Strategy (AEPS) in 1991 (Heininen 2004, 208–209).

The Barents Euro-Arctic Council and the Arctic Council have emerged as the main international forums to discuss and solve Arctic environmental problems. The BEAC approved the “Barents Environmental Hot Spot List” in 2010 based on a report by the Nordic Environment Finance Corporation (NEFCO) and the Arctic Council’s 2003 Arctic Monitoring and Assessment Program (AMAP). The list included 42 “hot spots” in the Barents Region, all of them situated in the Russian part of the Barents Euro-Arctic Region (BEAR) (BEAC 2011). In 2013, the eight-step process to eliminate the hot spots began with the financial support of the Barents Hot Spots Facility, which is managed by NEFCO

on behalf of the governments of Finland, Iceland, Norway and Sweden (NEFCO 2013).

At the national level, a program to clean up the Franz Joseph Land Archipelago was launched by the Russian government in 2011. According to then Prime Minister Vladimir Putin, the government allocated 2.3 billion rubles (approximately USD 77 million) to the program to clear the archipelago of barrels of waste oil by 2015. Wrangel Island and Russian villages on Spitsbergen are next in line. In addition, a comprehensive analysis of the environment is planned in another seven major Arctic zones (Putin 2011).

It should be noted that Russia still lacks a sound and coherent environmental strategy in the Arctic. In recognition of this, Russia’s recent Arctic doctrine, Strategy-2013, calls on relevant agencies to develop one in the near future.

RUSSIA'S ENERGY POLICIES IN THE ARCTIC

More than 200 prospective oil and gas fields and over 20 proven or expected fields are located in the seabed of the Arctic Ocean, primarily in the Barents Sea and Kara Sea.

Under current Russian law (Federal Law 1992), only state-owned oil and gas companies (more than 50% of shares owned by the state) may participate in the development of offshore fields. Thus, the main actors are Gazprom, Rosneft and Zarubezhneft. In the Arctic, Gazprom is mainly responsible for gas fields, while Rosneft for oil fields.

by rescinding the 30 percent export duty on pipeline gas,¹³ is said to be the main reason for the delay. As a result, the SDAG is about to do a comprehensive review of the technological plan for the Shtokman field's development,¹⁴ which may alter the project's schedule, postponing the start of gas recovery indefinitely. There was a danger that Gazprom might decide even to delay the start of oil recovery from the Prirazlomnoye field¹⁵ if the government can't come to a decision on tax breaks for Arctic offshore fields.

ENVIRONMENTAL MONITORING AND PROTECTION, AS WELL AS THE ENVIRONMENTAL SAFETY OF TECHNOLOGICAL SOLUTIONS, REMAINS ONE OF THE MAIN PROBLEMS OF OFFSHORE DRILLING IN THE ARCTIC

Opinions vary on the prospects of offshore oil and gas extraction by Russian companies. On the gas side, projects like Shtokman have been under development for several years, but only modest progress has been made to date. In February 2008, Gazprom (Russia), Total (France) and Statoil (Norway) formed the Shtokman Development AG (SDAG) to implement the first of three phases to explore the Shtokman field, which was discovered in 1988 and has total estimated reserves of 3.9 trillion cubic meters of gas and 56 million tons of gas-condensate.¹⁰ Gas recovery was expected to start in 2016 (with production of liquefied natural gas to begin in 2017), but in June 2011 Gazprom submitted a request to the Subsurface Management Agency with a request to postpone the start of gas recovery by one to two years. Following this, the SDAG board of directors decided to postpone the final investment decision till July 1, 2012.¹¹ Total later announced that the company would be ready to take the final decision only in 2013.¹² The unwillingness of Russian authorities to create more favorable tax conditions for the project, for example

Unlike Gazprom, which seems confident about the success of the Prirazlomnoye project, Rosneft actively promotes an internationalized model of offshore drilling in the Arctic. Rosneft has gained the right to explore and extract oil resources from most fields on Russia's Arctic shelf. In 2012, Rosneft bought three blocks in the Barents Sea – Fedynsky, Perseyevsky and Tsentralno-Barentsevsky/Central-Barents¹⁶ – for almost 925 million rubles (approximately \$32 million).¹⁷ Recently, Rosneft has contracted with several foreign and domestic Russian oil companies to explore twelve offshore oil fields in the Barents Sea and Kara Sea, offering them 33.3% stakes in each of the twelve projects. The Italian company Eni received two blocks – Fedynsky and Tsentralno-Barentsevsky – in the former “grey zone” or disputed area of the Barents Sea. Norway's Statoil got the third and northernmost part of the grey zone, the Perseyevsky block.¹⁸ The Admiralteyskaya and Pakhtusovskaya structures in the Barents Sea, as well as other potential oil fields owned by Rosneft, will be or already have been offered

to the Russian oil companies Lukoil, TNK-BP, Bashneft, and Surgutneftegaz.¹⁹

In the Kara Sea, the Vostochno-Prinovoze-melsky (East Prinovozemelsky) block went to ExxonMobil. As reported on the Rosneft website, “in the Kara Sea, plans are under way to imple-ment seismic and environmental programs for the East Prinovozemelsky block later this year in anticipation of a potential exploration well in 2014.”²⁰ The cost of the project is estimated to reach \$50 billion.²¹ The creation of the Arctic Research and Design Center for Offshore Devel-opments there will support research on devel-oping Arctic offshore fields and environmental monitoring.

Environmental monitoring and protection, as well as the environmental safety of technologi-cal solutions, remains one of the main problems of offshore drilling in the Arctic. Currently, environmentalists in Russia are reviewing the technology used at the Prirazlomnaya Arctic-class offshore ice-resistant stationary platform (IRSP), the first of its kind, which was assembled at the Sevmash shipyard in Severodvinsk. Russia uses the caisson (the lower part of the platform) constructed at Sevmash (construction lasted from mid-1990s till late 2000s) and the topside facilities as well as the main hull de-mated from the out-of-service Hutton Tension Leg Plat-form,²² which was originally installed in 1984.

“The platform is made from second hand spare parts [accommodation, technical and drilling modules – ed. C.Y.], which are not designed for drilling in ice-covered Arctic waters,” said Andrei Zolotkov, Director of the environmental NGO Bellona Murmansk.²³ Bellona together with other environmental NGOs (Greenpeace Russia, WWF and others) requested documents on the oil-spill prevention technology at the Prira-zlomnaya IRSP, which Gazprom denied, citing technological secrecy.

The activists then appealed to then Prime Minister Putin in a letter²⁴ to suspend the project until Gazprom provides clarifications on the oil spill prevention technology being used. The letter, signed by more than ten thousand people according to Bellona, got lost in the interiors of the government.²⁵ Later Gazprom made assurances that they will organize info seminars on technological issues to show that the project is transparent.²⁶ However, the meeting did not take place, convincing envi-ronmentalists that Gazprom is unable, both technically and financially, to develop and execute a reliable Oil Spill Contingency Plan for the Prirazlomnoye field.²⁷

Thus, the environmental risks involved in offshore oil drilling are high in the Arctic. Since Gazprom remains the sole owner of the project, there is no other avenue for influencing it other

The Prirazlomnaya oil rig in the Barents Sea



than official pressure by the Russian government. However, in that case the government would put pressure on itself, as Gazprom is a state-owned company. Again, the Kremlin is highly interested in this project from an economic standpoint, which promises to bring about 500 million rubles (\$17 million) in revenue annually to the budget of the Nenets Autonomous Area alone. There is hope that ramping up the volumes of offshore oil production combined with some international pressure would make Russian oil and gas companies, as well as the Russian authorities, assume responsibility for environmental protection in the Arctic in deed and not just in theory.

The other challenge with oil and gas extraction in the Russian Arctic is the tax regime for offshore drilling. As mentioned earlier, Gazprom announced that it will postpone oil extraction at Prirazlomnaya if the government refuses to

stability” of the Putin regime, is highly dependent on the exploitation of new production fields. In 2013, the Russian Government and the State Duma, acting under pressure from Gazprom and Rosneft, formulated economic incentives to encourage the development of Arctic offshore resources. The amendments to legislation became effective in 2014. Rosneft President Igor Sechin said that these innovations “will actually double the incentives for the development of hard to recover oil reserves to \$54.80 per barrel and increase the effectiveness of new offshore oil projects by nearly 150%.”³⁰

The package includes the following tax and customs incentives:³¹

1. Zero export customs duty (effective for projects in the north of the Barents Sea and in the Eastern Arctic until March 31, 2042).
2. An ad valorem mineral tax for the new offshore deposits in the Arctic where commercial

GROWTH OF RUSSIA’S HYDROCARBONS-DRIVEN ECONOMY, AND CONSEQUENTLY THE “POLITICAL STABILITY” OF THE PUTIN REGIME, IS HIGHLY DEPENDENT ON THE EXPLOITATION OF NEW PRODUCTION FIELDS

pass a tax break for offshore drilling. SDAC’s delay in making a final investment decision on the Shtokman field is also reported to be closely related to fiscal incentives. In response, in spring of 2012, then Prime Minister Putin announced a list of prospective tax benefits for offshore projects. All potential offshore projects will be divided into four categories according to an “integral index” reflecting sea depth, technological complexity, infrastructure, and ice conditions.²⁸ All new offshore fields will be exempt from export duties; the most complex projects – those in the northern Arctic – will be subject to a five percent mineral production tax. It is expected that the new tax legislation for offshore projects will come into effect by 2013. However, the ongoing projects of Gazprom, such as Prirazlomnaya and Shtokman, are not covered by the new legislation. Thus, the Ministry of Finance will have to discuss the issue of export duties and tax breaks separately with SDAC and Gazprom Neft Shelf, the owner of Shtokman (a wholly owned subsidiary of Gazprom).²⁹

In sum, the growth of Russia’s hydrocarbons-driven economy, and consequently the “political

production will begin no sooner than in 2016, for which the mineral tax rate will amount to 5% for oil and 1% for natural gas.

3. A separate procedure for calculating the taxable profits of the new offshore deposits.

4. Tax exemptions for company property located on the continental shelf and zero transport tax for stationary and floating platforms, offshore drilling rigs and vessels.

In fact, a new tax program has been approved in Russia for the production of offshore resources in the Arctic. While this will not resolve all of the many challenges to energy production in the Arctic Ocean that include the lack of technology and global energy prices, it is a major step toward Russia’s goal of retaining its status as an Arctic power.

Finally, the general development of Russia’s hydrocarbon-driven economy in the Arctic has a lot to do with energy security, which is a global and highly (geo)strategic issue. Further, it leads to the an “Arctic paradox” in which increased utilization of off-shore hydrocarbons as a result of climate change leads to more rapid climate and other change.

RUSSIAN MILITARY POLICIES IN THE ARCTIC

Contrary to Western alarmists' worries about Moscow's military preeminence in the Arctic, Russia has scaled back its military presence in the region considerably over the last two decades, and both components of the Russian Armed Forces in the region – naval and air force – are inferior to NATO forces (see also Konyshv and Sergunin, forthcoming).

Moreover, in contrast with the Cold War period when Russian military strategies in the Arctic were dictated by the logic of global political and military confrontation between the two superpowers (USSR and USA) and military blocs (Warsaw Pact and NATO), Moscow's current military policies in the region are driven by completely different motives. As the threat of global nuclear war has disappeared, these strategies now aim to achieve three major goals: to assert Russian sovereignty in the region; to protect Russia's economic interests in the High North; and to demonstrate that Russia remains a great power with world-class military capabilities.

Russia demonstrates its military power and regional presence in the Arctic mainly with

strategic bomber and strategic nuclear submarines, and naval patrols, as well as land and naval exercises.

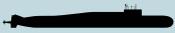
The air force is a central element in Moscow's efforts to project power in the region. Over-flights of Russian military aircraft in the Arctic fell from 500 per year during the Soviet period in the 1990s and the 2000s. In 2007, Russian strategic bombers flew over the Arctic for the first time since the end of the Cold War. Two Tu-95MS, based in the Saratov Region at the Engels aviation base with mid-flight refueling capability, now regularly patrol the Arctic. These over-flights drew heavy criticism from Norway, Canada, the UK and the U.S. which view the patrols as evidence of Russia's return to Soviet-like military practices and growing strategic ambitions in the Arctic. However, most authoritative Western military experts recognize that the resumption of strategic bomber patrols in the Arctic may be more about Moscow's desire not to lose capacities, and see them, above all, as a political tool rather than the sign of a renewed aggressive-

The Tupolev Tu-160 strategic bomber in flight



THE RUSSIAN, U.S. AND NATO ARMED FORCES IN THE ARCTIC

THE RUSSIAN ARMED FORCES IN THE ARCTIC

		USSR in 1980s	Russia in 2010s
	Submarines of them SSBN SSBN in permanent patrol	172 39 10–12 (6–7 in Arctic)	30 7 1–2
	Aircraft carriers	2	1
	Lager ships	74	17
	Auxiliary vessels	200	33
	Aircrafts	400	100
	Helicopters	—	40

U.S. AND NATO FORCES CAPABLE TO OPERATE IN THE ARCTIC

		U.S. in 1980s	U.S. in 2010s	NATO in 2010s
	Submarines of them SSBN SSBN in permanent patrol Submarines armed with cruise missiles Tomahawk	78 28 — —	33 6 6–8 39	85 8 — —
	Aircraft carriers	7	4	6
	Lager ships	90	49	100
	Ships for aircraft landing troops	24	14	—
	Aircrafts	700	360	200

Source: Arbatov, A. *Arktika i strategicheskaya stabil'nost* (2011) *Arktika: Zona Mira i Sotrudnichestva*

ness in the region (Lasserre et al. 2012, Laruelle 2014, 128–129).

Russia's capabilities to conduct air operations in the Arctic rest on a fleet of ageing long- and medium-range bombers. There are 63 turbo-propelled Tu-95MSs which are very old (designed in the 1950s) but still the mainstays of Russian strategic aviation. The Russian air force also has 18 more modern, long-range Tu-160 Blackjacks bombers, as well as 80 Tu-22M Backfire medium bombers, which were especially feared by NATO in the Cold War period for their anti-ship capabilities. It should be noted that these are not stealth planes, and they are easily detected when flying at high altitude, despite the electronic countermeasures recently added to the Tu-160 and Tu-22M. Moreover, the short-

age of mid-air refueling tankers remains the most serious limitation on the operational capabilities of Russian strategic aviation. Several Arctic air bases have been reactivated in Anadyr, Monchegorsk, Olenia, Tiksi, and Vorkuta, although their capacities are quite limited.

No credible plans to modernize this fleet have been announced. In 2009, the Russian government granted a contract to the Tupolev company to develop a new stealth bomber, the PAK-DA, to replace the Tu-22M, the Tu-160 and the Tu-95MS. The prototype is scheduled to fly in 2020, and the aircraft is expected to enter service only in 2025–30. However, these plans can be changed if other programs (for example, the 5th generation fighter Sukhoi T-50/PAK-FA) become a more important priority for the Rus-

sian Air Force. Because of the lengthy timeframe for the development of the PAK-DA, the decision was made to upgrade the Tu-22M and produce 10 more Tu-160s before 2020. Some experts suggest that many of the current Russian strategic and medium-range bombers will no longer be operational by 2025–2030, leaving the Air Force with only its ageing Tu-160 and Tu-95 fleet.

Russia resumed long-range naval patrols in different parts of the world in 2007, most prominently the patrols of the nuclear-powered guided-missile cruiser Peter the Great through the Mediterranean and Caribbean Seas, and the South Atlantic and Indian Oceans. In 2008, Russia confirmed that it was expanding operations in the Arctic. The Navy resumed its warship presence in the Arctic Ocean, with military ships patrolling near Norwegian and Danish defense zones. It also increased the operational radius of the Northern Fleet's submarines, and

frigates will not be enough to renew Russia's ocean-going surface ships.

Maintaining the Northern Fleet's nuclear deterrence capabilities is crucial for its future. Russia's older sea-based nuclear deterrent is in the process of extensive modernization. Behind is the fact that the Arctic Ocean, with its sea ice, has retained its strategic significance for the major nuclear weapon states being still the best sanctuary for strategic nuclear submarines to maintain the global deterrence by the capability for the revenge strike (Heininen 2013, 104). Presently, Russia has six operational Delta III and six Delta IV strategic submarines. According to the Russian Defense Ministry, there are no plans to modernize the older Delta III class submarines. They were built during the 1980s and will be decommissioned in the near future. Only the Delta IV submarines will receive upgrades, including a new sonar system and the new Sineva

RUSSIA DEMONSTRATES ITS MILITARY POWER AND REGIONAL PRESENCE IN THE ARCTIC MAINLY WITH STRATEGIC BOMBER AND NAVAL PATROLS, AS WELL AS LAND AND NAVAL EXERCISES

under-ice training for submariners has become a priority task.

Russia has ambitious plans to modernize its naval forces deployed in the High North. For example, after the Peter the Great's successful trip around the world in 2008–2009, the Defense Ministry announced that it would upgrade three other heavy nuclear-powered missile cruisers, the Admiral Lazarev, the Admiral Nakhimov and the Admiral Ushakov. Currently, the Admiral Kuznetsov, the only Russian aircraft carrier, operates with the Northern Fleet, hosting twenty fighters and ten anti-submarine helicopters on board. The recently repaired destroyer the Vice-Admiral Kulakov was integrated into the Northern Fleet in 2011. Naval aviation includes 200 combat aircraft and fifty helicopters.

Among the challenges facing the Northern Fleet is the need for coastal ships and frigates able to conduct rapid intervention operations. Several are currently under construction, but there have already been numerous delays. The project – routinely delayed – to build eight Admiral Gorshkov-class and six Krivak-class

intercontinental ballistic missile (ICBM) (Skiff SSN-23), which entered service in 2007. Sineva is a third-generation liquid-propelled ICBM with a range of 8,300 km and can carry either four or ten nuclear warheads.³² Russia is planning to equip its Delta IV class submarines with at least 100 Sinevamissiles, which are to remain on alert until 2030. The Sineva missiles can be launched from under the ice while remaining invisible to enemy satellites until the last moment (Lasserre et al. 2012, Laruelle 2014, 122).

Another class of Russian strategic submarines, the Typhoon – considered the world's largest – will be re-equipped with long-range cruise missiles. So far, only one Typhoon-class strategic submarine, the Dmitri Donskoy, has been modernized and deployed to the Northern Fleet. It conducts test firing for the Bulava system, a new generation solid-fuel SLBM with a range of over 9,000 km, designed to counter possible future U.S. anti-ballistic missile defense weapons.³³

Future plans call for the Typhoon-class submarines to be replaced with new Borey-



The Peter the Great cruiser in the Strelok Gulf

MAINTAINING THE NORTHERN FLEET'S NUCLEAR DETERRENCE CAPABILITIES IS CRUCIAL FOR ITS FUTURE

class fourth-generation nuclear-powered strategic submarines. The first Borey-class submarine, the Yuri Dolgoruky – the first strategic submarine built in Russia since the collapse of the Soviet Union – has been in operation with the Northern Fleet since January 2013. Two other Borey-class submarines, the Alexander Nevsky and the Vladimir Monomakh, are undergoing sea trials, while the fourth, the Prince Vladimir, is under construction at the Severodvinsk shipyard.³⁴ These three submarines will be part of the Pacific Fleet. The rest of the Borey-class submarines to join the Northern Fleet will be based at the Gadzhievo naval base (about 100 km from the Norwegian border), where new infrastructure is being built to host them. This new generation of Russian strategic submarines is almost undetectable at great ocean depths. Furthermore, taken into account that it has several types of cruise missiles and torpedoes, it will be able to carry out multi-purpose missions, including attacks on enemy aircraft carriers and missile strikes on coastal targets. According to the Defense Ministry's plans, the building of eight Borey-class submarines (four for the Northern Fleet and four for the Pacific Fleet) should be

completed by 2020, which seems too ambitious to be achievable.

To provide logistical and administrative support to the Northern Fleet, the Arctic Center for Material and Technical Support with a staff of over 15,000 was created in 2012.

As for land forces, the 200th Independent Motorized Infantry Brigade, with specially trained soldiers and modern personal equipment for military operations in the Arctic, will be based at Pechenga close to the Norwegian border town of Kirkenes and be operational by 2016.

Along with the Army, Air Force and Navy, efforts have been made to strengthen monitoring by the Border Guards Service (subordinated to the Federal Security Service – FSS) in the region. An Arctic border guards unit was created as early as 1994. Its aim was to monitor the movement of ships and illegal fishing. The unit was reorganized in 2004–2005. In 2009, it was announced that new Arctic units had been established at border guard stations in Arkhangelsk and Murmansk to patrol the NSR for the first time since the collapse of the Soviet Union. Now border guards are tasked with addressing new, soft security threats and



The nuclear submarine (APL) «Vladimir Monomakh» before being launched into the water in Severodvinsk

challenges such as establishing reliable border control systems, introducing special visa regulations in certain regions, and implementing technological controls in fluvial zones and sites along the NSR. It is currently monitored from the air by border guard aircraft and on the land and sea by the North-Eastern Border Guard Agency. The Russian border guards further plan to establish a global monitoring network extending from Murmansk to Wrangel Island. In all, Moscow plans to build 20 border guard stations along the coast of the Arctic Ocean (Zagorski 2013).

All forces (army, navy, border guards and the Ministry of Emergency Situations) are charged with implementing the 2011 Arctic Council agreement to build a Maritime and Aeronautical Sea and Rescue System (SAR). Each country is responsible for its sector of the Arctic, with Russia's being the biggest. The SAR agreement's signatories undertake joint exercises on a regular basis. Many experts see the SAR activities as a clear sign of the shift from purely military functions to soft security missions.

According to numerous military analysts, Russian modernization programs do not affect the regional military balance. Other Arctic coastal states have also begun to upgrade their military equipment and military doctrines with

a view to a better monitoring of the Arctic, but this is far from an arms race. As the Canadian Standing Committee on National Defense concluded in its 2010 report,³⁵ "there is no immediate military threat to Canadian territories. [...] The challenges facing the Arctic are not of the traditional military type. [...] Rather than sovereignty threats we face what might best be termed policing threats. These do not require combat capability."

Given Moscow's military strategies in the region, it is safe to assume that Russian ambitions in the Arctic region may be high, but they are still far from being realized, and they do not necessarily imply intentions and proper capabilities of confronting other regional players by military means (Laruelle 2014, 128–129; Lasserre et al. 2012; Zagorski 2013). Russia may be eager to build a powerful military presence in the Arctic, but will encounter difficulties implementing plans to modernize its strategic air force, re-establish a strong navy, modernize its fleet of strategic submarines, commission new icebreakers and replace old ones, and establish new monitoring capabilities for FSS border control and SAR units. It is doubtful that Russia has the financial and technical capacities, as well as the managerial acumen, to meet these objectives in the foreseeable future.

INDIGENOUS PEOPLES POLICY IN THE ARCTIC

Experts believe that “contemporary Russia is pursuing a less articulated and responsive policy toward its northern territories” (Ryabova 2010, 132). This has special bearing on the indigenous peoples who constitute a significant part of the population. Twenty seven indigenous groups, totaling about 200 thousand people, live in the High North of Russia, where they carry on ancient cultures and traditions (Savelyeva, Savelyev 2010, 75). Although “improving the quality of life of indigenous peoples and their economic activities” is mentioned as a strategic priority in The fundamentals of state policy of the Russian Federation in the Arctic in the period up to 2020 and beyond” (2008), it wasn’t until February 2009 that a special document was released, entitled “Concept for the Sustainable Development of Small Indigenous Peoples of the North, Siberia and the Far East of the Russian Federation” (Concept 2009). The document describes the measures undertaken by federal and regional authorities over the preceding 15 years, such as federal and regional target programs,³⁶ legislation providing government support (in the form of incentives, subsidies, quotas on the use of biological resources), and active participation in the International Decade of the World’s Indigenous People (1995–2004) and Second International Decade of the World’s Indigenous People (2005–2015). At the same time, it also recognizes the serious socioeconomic problems facing indigenous peoples (the incompatibility of their traditional way of life with current economic conditions, the low economic competitiveness of traditional occupations, increased incidence of diseases, elevated infant mortality rates, alcoholism, etc.³⁷). Implementing the Concept should foster favorable conditions for the sustainable development of indigenous peoples in the Russian Arctic, which entails raising their quality of life to match the average in Russia and cutting the infant mortality rate at least in half between 2007 and 2025.

In April 2009, two months after the release of the Concept, the 6th Congress of Indigenous

Peoples of the North, Siberia and Far East of the Russian Federation adopted a resolution that recognized that “some work has been done by the federal authorities” while also including a list of unsolved development problems facing indigenous peoples prepared by the Russian Association of Indigenous Peoples of the North, Siberia and the Far East (RAIPON). The list included such problems as ineffective management of development efforts; the absence of effective mechanisms to engage indigenous peoples in the decision-making process; flawed legislation lacking provisions guaranteeing some specific rights set forth in the Constitution of the Russian Federation; and the impossibility of upholding the right to use lands and other natural resources required for maintaining the traditional way of life, economy and occupations of indigenous peoples (RAIPON Resolution 2009).

Despite the apparent similarity of the approaches advocated by the government and RAIPON, the actions taken by the federal government following the adoption of the Concept were met with bewilderment among the representatives of Russia’s indigenous peoples of the North. In October 2009, Olga Murashko, RAIPON’s Information Center Director, posted an article criticizing the incoherence of government policy and its disregard for RAIPON’s positions and work (Murashko 2009). Years after the adoption of the Concept, the situation remains unclear. While executive authorities have introduced new documents emphasizing the importance of support for indigenous people, organized numerous activities within the framework of the Second International Decade of the World’s Indigenous People,³⁸ and transferred millions of rubles to the regional budgets for the support of indigenous peoples,³⁹ representatives of indigenous peoples do not believe these efforts have been sufficient. “The Concept – a very important document – has failed. The implementation measures for this Concept include only what the Ministry of Regional

Development finds relevant; and even those measures, to my deep regret, have not been met,” the former first vice president of RAIPON, Pavel Sulyadziga, said to Prime Minister Putin in July 2011.⁴⁰

RAIPON’s position echoes the position of the Public Chamber of Russia and the Upper House (Federation Council) of the Russian Parliament. In September 2011, the Public Chamber hosted the round table “Legislative development of the rights of indigenous peoples of the North, Siberia and the Far East: Issues and horizons.” The round table’s conclusions were rather pessimistic: federal legislation on indigenous peoples’ rights is moving backward (members of indigenous groups now have to prove their nationality in court to be able to hunt, fish and receive their pensions); the federal government is not developing its own proposals to the Forest Code, Land Code, and Water Code, nor does it support the legislative initiatives of the Federation Council; and there is still no progress in legislation on health, education and support of indigenous peoples’ languages.⁴¹ In April 2012 the Federation Council discussed the Audit Chamber’s report on the use of federal funds to support indigenous people in 2009 and 2010. The report concluded that the funds were not

spent efficiently, that the increased funds did not result in a noticeable improvement in the lives of indigenous people (living standards are lower than average in related regions; the unemployment rate is 1.5–2 times higher than the national average), and that the core problem is imperfect legislation that still has to be improved.⁴²

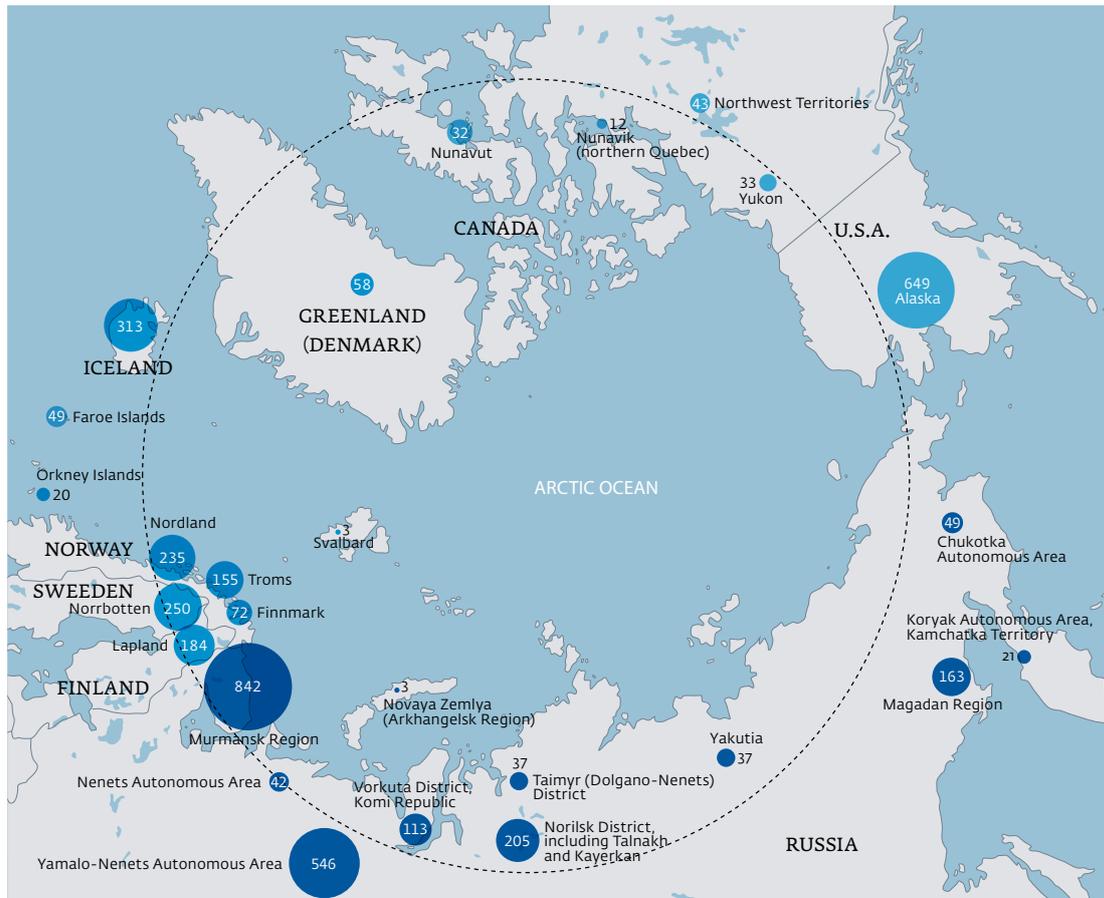
The dispute over Russia’s policy toward indigenous peoples intensified with the Russian Ministry of Justice’s attempt to close down RAIPON in 2012–2013. The directive from the ministry was received a month after RAIPON submitted the report to the United Nations Human Rights Council criticizing the Russian authorities for neglecting the rights and problems of indigenous people.⁴³

Although former president of the organization, Sergey Kharyuchi, has managed to keep RAIPON open, the indigenous peoples saw it as the government’s attempt to squeeze them and their rights in the Arctic. As the organization’s first vice president, Rodion Sulyaudziga, said, “there has been a considerable increase in the level of industrialization in the north, and the indigenous peoples are among the last barriers against the companies’ and state’s pursuit of its resources.” He also said that the authori-

Herders with their harnessed sled at the event



POPULATION IN THE ARCTIC REGIONS OF THE WORLD, THOUSAND PEOPLE



Population of Arctic regions

Russian Arctic	European Arctic	American Arctic
2 089 000	1 280 000	827 000

Arctic as a whole: 4 238 000 people

ties strongly disapprove of RAIPON's extensive international engagement.⁴⁴ That said, RAIPON was able to send a representative to the Ministerial Meeting of the Arctic Council in May 2013 in Kiruna, Sweden.

RAIPON received permission from the Ministry of Justice to resume its activities only in mid-March 2013. Two weeks later, President Putin welcomed the participants of the seventh Indigenous Peoples of the North, Siberia and the Far East conference, organized by RAIPON, with the following statement: "I emphasize that the implementation of large-scale territorial development programs in Russia should be carried out in continuous dialogue with the representatives of national communities

and other public organizations so that their position, opinion, and interests are taken into account".⁴⁵

In short, so long as the interests of the indigenous peoples of the Arctic clash with the interests of big business, as well as with Russia's national interests – access to the region's natural resources, which support the country's political and economic stability – the government will side with business. This could complicate Russia's relations with a number of the Arctic inter-governmental and other international organizations, from the Barents Secretariat in Norway to the Arctic Council and even the UN, not to mention Russia's relations with indigenous organizations such as RAIPON.⁴⁶

CONCLUSIONS AND
SCENARIOS FOR
THE FUTURE

3.

CONCLUSIONS

The Russian Federation has important economic, societal, environmental and military-strategic interests in the Arctic region. These interests include the access, exploration and development of Arctic natural resources (especially hydrocarbons). Russia is seeking to modernize and further develop the industrial base of the RAZ, which makes a significant and valuable contribution to the country's economy. Moscow is also interested in opening up the Northern Sea Route for international commercial traffic and developing circumpolar air routes. Moscow is deeply concerned about the acute ecological situation in the RAZ and trying to stop and reverse negative trends on this front. Russia still has considerable military-strategic interests in the region as well, which have not faded since the end of the Cold War. This continuity can be clearly seen in Russia's security views on the Arctic as a region of both challenges and opportunities.

Despite the continuing prevalence of the schools of thought of realism and classical

geopolitics in Russia's Arctic discourse, it has become much more diverse, creative and interesting. A number of alternative schools have emerged, namely neo-liberalism, globalism and social constructivism. Russian decision-makers, facing a rather diverse intellectual landscape, now have access to expertise on Arctic issues from different schools and groups.

The conceptual/doctrinal basis of Russia's Arctic strategy has turned out to be less ambitious and aggressive, and more realistic and cooperative in spirit, than many might have expected. Russia's most recent Arctic strategy (2013) is more inward-looking than expansionist. Regarding the international dimension, Moscow's Arctic policy calls for international cooperation, multilateral diplomacy and peaceful resolution of existing disputes.

Russia's geo-economic and geostrategic ambitions in the Arctic are considerable, and, contrary to the 1990s, there is now the political willingness and financial resources to launch ambitious investment projects and increase



Franz Josef Land Federal wildlife reserve. Hall Island, Cape Tegethoff

defense spending. Currently, Russian political, military and economic interests in the region are being pulled in the same direction. The increase in Russia's economic and military activities in the High North as well as Moscow's assertiveness and sometimes confrontational rhetoric on the Arctic are most probably only the beginning of a greater presence in the region. Whether this new Russian activism will be positive or negative for regional developments remains to be seen.

Currently, Russia's Arctic strategy represents a mixture of expansionist/revisionist and soft power/status quo policies. On the one hand, Moscow is quite assertive about defending its claims to the Arctic continental shelf as well as demonstrating its sovereignty over the Russian part of the Arctic and military presence in the region. Russia's military modernization programs in the High North are also seen by other Arctic players as worrisome and destabilizing to the regional strategic balance. Russia's international partners are also concerned about the lack of serious progress in Russia's environmen-

tal strategies (for example cleanup of the Franz Josef archipelago is predominantly seen as a cosmetic rather than systemic effort) and its policies toward indigenous populations, which became even more antagonistic and oppressive as the case of RAIPON demonstrated.

There have also been a number of positive changes in Russia's Arctic policies. Moscow now realizes that most of the threats and challenges to its positions in the Arctic region originate from inside rather than outside the country. These problems are caused by several factors such as the degradation of Soviet-era economic, transport and social infrastructure in the region, the current resource-oriented model of Russian economy, the shortage of funds and managerial skill to develop the RAZ, etc. Therefore, Russia's strategy aims to solve existing problems through domestic rather than external means. Moscow understands that the success of its Arctic strategy, to a larger extent, depends on how effective its socio-economic policy in the region is. The course toward modernization and innovation charted by the

Russian government should move from making declarations to the implementation phase involving specific and realistic projects in the RAZ.

Russia's political leadership seems to understand the need for constructive dialogue and deeper political engagement with Russia's Arctic regions, municipalities, indigenous people and NGOs. Moscow encourages these actors to work with international partners (unless it takes the form of separatism or attempts to challenge federal foreign policy prerogatives). The main problem here is implementation again. In reality, the federal bureaucracy's policies are not always conducive to the initiatives of local and civil society institutions.

Moscow is also demonstrating a growing willingness to solve the environmental problems of the RAZ and cooperate with international bodies (e.g., AC, BEAC, NDEP, etc.) in this sphere. Hopefully, this will result in a more systemic approach to Russian environmental policies in the region, backed by considerable financial support.

Elements of "new political thinking" are evident even in Moscow's military strategies in the region. Russia's military modernization programs are rather modest and aim to upgrade the Russian armed forces in the High North rather than provide them with additional offensive capabilities. Given budgetary constraints, these programs have recently become less ambitious

and more realistic, and are now comparable with the military modernization programs of other Arctic players (especially naval programs). The Russian military increasingly seeks to defend the country's economic interests in the region and control the huge RAZ territory rather than expand its "sphere of influence."

To conclude, the overall "balance sheet" of Russia's Arctic strategy is quite positive. It is safe to assume that in the foreseeable future Moscow's strategy in the region will be predictable and pragmatic rather than aggressive or spontaneous. In contrast to the widespread stereotype of Russia around the world as a revisionist power in the Arctic, we believe that Moscow will continue to pursue a dual-track strategy in the region: defending Russia's legitimate economic and political interests, while remaining open and willing for cooperation with foreign partners willing to contribute to exploiting Arctic natural resources, developing sea routes and solving the numerous socioeconomic and environmental problems of the region. To achieve this, Russia will employ peaceful diplomatic, economic and cultural methods, and act through international organizations and forums rather than unilaterally. This brings Russian behavior (at least regionally, if not necessarily globally) closer to the so called soft power model, though there is a long way to go before Russia fully adopts this framework.

SCENARIOS FOR THE FUTURE

There are two major competing geopolitical discourses or scenarios regarding the future development of circumpolar international relations in the globalized Arctic:

The first scenario assumes that the Arctic region is stable and peaceful, and that disputes over the delimitation of the Arctic will cease in 10 to 15 years thanks to the efforts of international institutions (e.g., UN, BEAC, AC) and bilateral diplomacy, allowing mutually beneficial cooperation to bloom (e.g. Voronov 2010: 64; Heininen 2012). In the alternate scenario, emerging conflicts will worsen, leading to remilitarization and greater muscle-flexing by Arctic states and non-Arctic actors. Currently, the circumpolar macroregion remains a source of competing interests rather than only a smooth cooperation between states (Konyshov and Sergunin 2010: 53), although any military conflict between Arctic littoral states is almost impossible to imagine (Khramchikhin 2011: 14). Politicians are also rather contradictory on prospects for Arctic cooperation.⁴⁷ In addition of these two scenarios a dualist approach points out that based on this high stability and keen international cooperation there is a growing global interest towards the Arctic region and its natural resources, which easily means more economic and other activities, and competition (Heininen 2014). All this indicates that the Arctic is global.

To be sure, there is a crucial need for more transparent, predictable and consistent Arctic policies of circumpolar states insofar as global sustainable development, at least for the foreseeable future, depends on the Arctic. The Arctic now probably needs a kind of updated form of Gorbachev's "new thinking." The problem is that Russia considers itself the loser in the Cold War (partly because of Gorbachev's policies), thus we have to speak about the wider Arctic new thinking, namely desecuritization in the Arctic, which is actually not impossible (see Åtland 2008), or to redefine the importance of the Arctic in world politics, which has been growing in the last two decades. In Russia, this idea has gained some support in

academic circles; some scholars advocate a "code of conduct" for Arctic states (Trenin, Baev 2010: 10–11), while others propose an International Arctic Union and Arctic solidarity, which is destined to replace "anti-Russian" Atlantic solidarity (Lukin 2010: 111–113). Russia has officially responded to these proposals in the form of its national policies on the Arctic, Arctic economic forums,⁴⁸ various polar projects, such as "The Arctic –Territory of Discovery", and Arctic expeditions, such as Arctic 2007, which were funded by foreign capital (Trenin, Baev 2010: 17), as well as participation in bilateral and multilateral Arctic cooperation.

Weighing the pros and cons, it becomes clear that, at least for Russia, wide-ranging circumpolar cooperation is more appealing than exclusive ownership of the Arctic's resources.⁴⁹ As with many other issues in modern Russia, Arctic strategy and the prospects of Arctic policy depend significantly on the political will of the president.⁵⁰ Former president Dmitry Medvedev was set to become the "Arctic Gorbachev" by signing the Barents Delimitation Treaty with Norway, in contrast to "new old" President Putin, who has far more Realpolitik views on international relations, and who sees Russia as the leading Arctic power.

Should Russia's leadership in the region rely on technological, rather than military prowess, and the will to achieve consensus or at least mutually beneficial agreements in conditions of complex interdependence, this could give rise to a new system of international relations in the Arctic.

Russia should work to ensure that Arctic players interact with each other on the basis of the following principles:

- preserving peace, predictability and stability in the Arctic region;
- ensuring environmental protection, sustainable management and development of natural resources;
- international cooperation to meet common challenges in the Arctic;
- developing national and international legal mechanisms to promote Arctic governance.



The Novaya Zemlya Archipelago, Severny Island. Russkaya Gavan. A lighthouse

Considering the region's strategic importance to the country, Russia's Arctic policy should be part of the broad modernization process announced by the former President Medvedev (Medvedev 2009). *(In his article "Russia Forward!" he identified three main problems in Russia: centuries of economic backwardness, centuries of corruption, and widespread paternalistic attitudes in society. To cope with this miserable and dangerous situation, he proposed five dimensions of modernization. All of them are limited to economic development, and the first priority is to become a leading country in production, transportation and utilization of energy resources. However, political modernization, including foreign policy, was mentioned as well. "It is not nostalgia that should determine our foreign policy, but strategic long-term goal of*

modernizing Russia", he wrote.) That means internationalization, not nationalization of the Arctic. The focal point of internationalization is broad cooperation in the Arctic, involving not only Arctic states (the "A8+" model instead of the "A5" model), but also trans-national actors, such as international organizations (both inter-governmental and non-governmental), international business, and local actors, primarily indigenous people, who should have a voice in Arctic decision-making.

For Russia, this would bring not only international investments and technology for both economic development and a "general cleanup" of the Arctic region and the entire North. Internationalization of the Arctic can serve as an important impetus for institutional modernization, beginning in Russia's Arctic policy and then extending outward from there.

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NOTES:

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35. <http://www.parl.gc.ca/HousePublications/Publication.aspx?DocId=4486644&File=21&Language=E&Mode=1&Parl=40&Ses=3>
36. Federal and regional target programs (FTO and RTP) contain research & development, production, socio-economic, organizational, economic and other measures to ensure efficient resolution of structural problems in the public, economic, environmental, social and cultural development of the Russian Federation. FTPs are one of the most important means of implementing the federal government's structural policy. Although FTPs first appeared in the early 1990s, actual implementation of the FTPs began in the 2000s, when oil revenues started to grow. Since 2002, some 46 FTPs have been implemented, including Socioeconomic Development of Small Indigenous Peoples of the North to 2008, costing 2.744 billion rubles (<http://www.programs-gov.ru>).
37. According to statistics cited by First Vice President of RAIPON Rodion Sulyandziga, suicide accounts for 30% of deaths among indigenous peoples (See Sulyandziga's speech during the meeting with Prime Minister Putin on 19 July 2011 at <http://www.government.ru/docs/15972>). For an in-depth analyses of the causes of the problems facing indigenous populations, see e.g. Pika (1999).
38. The list of activities includes 37 items for the period 2011-2014, divided into four parts: 1) improvement of regulatory framework and development of effective economic mechanisms to maintain the traditional lifestyle of the indigenous peoples; 2) activities in the sphere of healthcare and education of indigenous peoples; 3) preservation and promotion of the cultural heritage and traditional culture of indigenous peoples; 4) holding international, national and interregional events (Decree of the Government No 2455-p. Moscow; adopted 28 December 2010, published in Rossiiskaya Gazeta on 11 January 2011 and at http://www.szrf.ru/doc.phtml?op=1&nb=00_00&year=2010&div_id=8&iss_id=273&doc_id=34763
39. In 2011, the Ministry of Regional Development transferred 240 million rubles in state subsidies to the 28 regional budgets under Concept 2009 (According to the Directive of the Ministry of Regional Development No 35 of 7 February 2011, published at <http://severcom.ru/officials/id326.html>).
40. See Sulyandziga's speech during the meeting with Prime Minister Putin on 19 July 2011 at <http://www.government.ru/docs/15972>
41. See "The legislation on the indigenous peoples rights was discussed in Russian Public Chamber", at <http://www.raipon.info/en/component/content/article/8-news/70-the-legislation-on-the-indigenous-rights-was-discussed-in-russian-public-chamber.html>

42. See “The problem of ineffective use of federal funds of indigenous small-numbered peoples support was discussed in the Federation Council”, at <http://raipon.info/component/content/article/1-novosti/2913-2012-04-03-13-33-34.html>
43. See: Russia stomps on human rights of its Arctic indigenous citizens: report, Nunatsiaqonline, November 26, 2012, at http://www.nunatsiaqonline.ca/stories/article/65674russia_stomps_on_human_rights_of_its_arctic_indigenous_citizens_report
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45. See: <http://www.raipon.info/home/arhiv-sobytij/vii-sezd-kmnss-i-dv-rf.html>
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47. Sergey Lavrov, Russian Minister for Foreign Affairs: “All problems existing in the North <...> can be solved politically and legally; the hand-wringing over a potential war over the resources is provocation.” (“Lavrov: Talk of possible war over Arctic resources is provocation”, at http://ria.ru/arctic_news/20110113/321042542.html, January 13, 2011). Admiral James G. Stavridis, Supreme Allied Commander for Europe: “For now, the disputes in the north have been dealt with peacefully, but climate change could alter the equilibrium over the coming years in the race of temptation for exploitation of more readily accessible natural resources” (Senior NATO commander: Climate change could lead to Arctic conflict, at <http://www.guardian.co.uk/environment/2010/oct/11/nato-conflict-arctic-resources>, October 11, 2010). Jonas GahrStøre, Norwegian Minister for Foreign Affairs: “Considering resources, transport routes and people, then we have a mixture which is needed for a potential conflict” (“Battleheats up for Arctic resources”, The Financial Times, <http://www.inosmi.ru/arctica/20110705/171619818.html>, July 4, 2011).
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