

THE ARCTIC

A VIEW FROM MOSCOW

DMITRI TRENIN
and PAVEL K. BAEV



CARNEGIE ENDOWMENT

FOR INTERNATIONAL PEACE

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SUMMARY

THE ARCTIC
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The Arctic is emerging as the world's next hot spot for oil and gas development. The U.S. Geological Survey has estimated that the Arctic seabed could contain 20 percent of the world's oil and gas resources and Russia's Ministry of Natural Resources says the Arctic territory claimed by Russia could be home to twice the volume of Saudi Arabia's oil reserves. While accessing those reserves once seemed impossible, the melting ice cap now makes it more feasible and opens new shipping lanes for international trade. Countries around the world—particularly Russia—have noticed.

As the country continues to push for strong economic growth and geopolitical advantages, the Arctic has risen to the forefront of Russia's international agenda. Offering two views from Moscow and Oslo, respectively, Dmitri Trenin and Pavel K. Baev look at what opening the Arctic for energy exploration and development would mean for Russia.

With the scarcity of undeveloped and resource-rich areas in the world, the Arctic could easily be a source of conflict. Trenin, however, suggests that the region presents a chance for Russia to cooperate with fellow Arctic countries, notably Canada, Denmark, Norway, and the United States. As its relations with these countries improve as part of Russia's new policy of building "modernization alliances," Moscow can focus on the economic benefits the area offers, including new shipping routes. Adopting a "code of conduct" to help resolve all issues diplomatically and legally rather than with force will allow the Arctic countries to coexist peacefully—and avoid turning the area into another conflict zone.

In a separate analysis, Baev concludes that Russia sees the Arctic through a patriotic rather than an economic lens. With the global recession and lingering questions about the actual oil and gas reserves in the area—the estimates are only the best guesses available—Russia has put some of its production plans on hold. Russia's intent to develop Arctic

resources quickly has given way to seeking maximum claims for territories, but this approach could leave Moscow isolated with its Arctic partners uninterested in Russia's power games. Fulfilling Moscow's Arctic ambitions, then, may offer more risks than rewards.

Whether Moscow adopts an approach that favors cooperation or conflict in the Arctic is not yet clear. But as countries around the globe continue to rely on a dwindling number of oil and gas reserves to serve their energy needs, the territory—parts of which remain unclaimed—will continue to be an area of intense geopolitical interest. Russia's role in fostering either goodwill or rivalry will have implications for countries far from the Arctic's icy waters.

THE ARCTIC
A FRONT FOR
COOPERATION NOT
COMPETITION

Dmitri Trenin

The Earth's active geopolitical space is expanding before our very eyes. For hundreds of years the Arctic was little more than a destination for scientific expeditions and home to limited economic activity. During the Cold War it became a base for strategic missile cruiser and aircraft patrols, and Soviet and American ballistic missiles would have crossed paths at the North Pole on the way to their targets (fortunately, they never did). Today, however, geopolitical players are increasingly viewing the Arctic as a treasure trove of minerals and its waters as a new shipping route.

GLOBAL ENERGY AND CLIMATE CHANGE

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This turn to the north comes just as twenty years of rapid economic growth within the framework of globalization have brought energy resources to the fore. It is not only the price of oil and gas that matters but also access to fossil fuel reserves. While the volume of known reserves is increasing, the extraction of their resources is becoming more complicated, labor intensive, and expensive. With few unexplored but potentially resource-rich territories in the world today, competition between countries and companies for them is unavoidable.

Global climate change is shrinking the Arctic ice cap and melting ice around the world more rapidly than expected. Exploring and exploiting the Arctic Ocean's natural resources, which once seemed impossible, is now feasible. Government agencies in influential countries, including the U.S. Geological Survey, have suggested that about 20 percent of the world's oil and gas resources could be located in the Arctic. Russia's Ministry of Natural Resources has calculated that the territory claimed by Russia could contain twice the volume of Saudi Arabia's oil reserves. The accuracy of these assessments is far from certain, however.

Although the 2008–2009 global financial crisis slowed the rate and quality of economic growth and lowered energy prices, it is unlikely to lead to a protracted recession and an extended period of "cheap oil." Meanwhile, as temperatures in the Arctic rise, and the polar ice cap shrinks, the issue of who actually owns these potentially vast resources is quickly moving to the top of the international agenda.

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THE ARCTIC'S STATUS

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Unlike Antarctica, which was the subject of a multilateral agreement concluded in 1959, the only legal framework governing the Arctic until recently consisted of the national laws of the Arctic countries and a handful of international agreements, such as the 1920 Paris Treaty on the Status of Spitsbergen (the Svalbard Treaty). In 1909 and 1925, Canada,¹ followed by the Soviet Union² in 1926, passed laws fixing the borders and status of their polar territories, which stretched from their Arctic coastlines to the North Pole. Other countries, in particular the United States, denounced these unilateral acts as attempts to stake "territorial claims." This did not stop the United States from making its own claim to Arctic territory in 1924.

In 1982, the Soviet Union signed the United Nations Convention on the Law of the Sea, which gives coastal states exclusive rights to develop natural resources in a 200-nautical mile zone extending from the border of their territorial waters (12 miles from the coast). Under this agreement the Russian Federation retains the rights to a large part of the Arctic, although the area is considerably smaller than the Soviet Union's "polar domains."

But if some expanses of territory have been claimed over the years, others have remained "ownerless," forming a "common zone" in which various international corporations claim the right to prospect, develop, and extract natural resources. The United States, which did not sign the UN convention, supports the idea of "internationalizing" the Arctic as "humanity's common heritage." Russia, for its part, told the UN Commission on the Continental Shelf in 2001 that the underwater Lomonosov and Mendeleev ridges, which reach the North Pole, are a continuation of its continental shelf. International recognition of this claim could increase Russia's exclusive economic zone by 1.2 million square kilometers. In 2006, after the American company United Oil and Gas Consortium Management sent a letter to the Russian president claiming an exclusive right to explore, develop, and extract oil and gas resources in the Arctic's common zone, authorities in Moscow decided it was time to act.

Many saw Russia's actions as a sign that it was preparing to make a new show of force in the Arctic, but these snap judgments proved mistaken.

In 2007, a Russian Arctic expedition sent bathyscaphs, one of them carrying deputy speaker of the State Duma Artur Chilingarov, to the seabed beneath the North Pole, where he planted a Russian flag made of titanium alloy. Set against the backdrop of a general worsening of Russia's relations with the West, this event inflamed public opinion in North America and Europe, prompting authorities to take action, such as enhancing air patrols, expanding icebreaker fleets, and beefing up the light military presence in the High North. Many saw Russia's actions as a sign that it was preparing to make a new show of force in the Arctic, but these snap judgments proved mistaken.

RUSSIA'S ARCTIC STRATEGY

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According to the document, “Foundations of Russian Federation State Policy in the Arctic through 2020 and Beyond,” which the Russian president approved in 2008, Russia views the Arctic as a strategic resource base that it can expand by delimiting the Arctic waters. The strategy is based on international law and reaching agreements with the other Arctic countries.

At the same time, Moscow intends to establish optimal conditions for operating there by being able to “guarantee military security in various military-political situations.” Although this statement sounds ominous, it refers to Cold War–era forces deployed on the Kola Peninsula, Novaya Zemlya, and other Arctic locations—forces that have been scaled back substantially since the end of the Cold War. The Russian Defense Ministry has made no request to beef up these contingents. Isolated statements by officials like Russian Security Council Secretary Nikolai Patrushev and paratroop commander General Vladimir Shamanov have remained just that—isolated. Indeed, in other statements Patrushev has “ruled out” the possibility of war in the Arctic, and Foreign Minister Sergei Lavrov has said there are no grounds for “seeing the Arctic as a potential conflict zone.” The Russian authorities will defend their national interests in international bodies.

Russia plans to document its claims to territory lying beyond its current economic zone before the end of 2010 and to establish the outer borders of its Arctic zone by 2015 in order to “exercise on this basis Russia’s competitive advantages in the production and transport of energy resources,” according to the Russian Arctic strategy paper. If Russia’s diplomatic efforts succeed, by 2020 the Arctic will become “one of the Russian Federation’s leading strategic resource bases.”

Much of Russia’s gas production already comes from areas that border the Arctic: the Yamal Peninsula and the northern part of the Arkhangelsk region. The rich Shtokman field, estimated

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to contain 3.8 trillion cubic meters of gas, lies 550 kilometers from Murmansk in the Barents Sea. Officials expect production to begin there after 2011. However, Russia needs Western technology and investment to develop these fields, which will supply energy resources to the European and eventually North American markets. This shifts the focus to cooperation and energy sector integration between Russia and the West, an emphasis reflected in ownership: Gazprom has a 51 percent stake in the Shtokman project, France's Total has 25 percent, and Norway's Statoil 24 percent.

Future development in the Arctic will be determined in large part by the big oil and gas companies' plans and capabilities. So far, these companies have proceeded cautiously, making it more likely that the Arctic will become an active shipping route rather than an oil and gas production zone. So Russia must consider what practical steps it can take in the medium term to develop supporting infrastructure for the Northern Sea Route.

In April, Russia announced its willingness to resolve the long-standing maritime border dispute with Norway in the Barents Sea—half of the 155,000 square kilometer-wide area would go to Russia, the other half to Norway. This is more than a gesture. It points to the “reset” in Russia's relations with the United States and Europe, which are now seen less as geopolitical competitors and more as external sources of Russia's technological modernization drive. This is certainly good for the Arctic, but also for the wider relationship between Russia and the West.

Future development in the Arctic will be determined in large part by the big oil and gas companies' plans and capabilities.

FUTURE OUTLOOK

History shows that, when it comes to drawing borders, governments view scientific evidence through the lens of their specific national interests. No matter what arguments or evidence Russia marshals for its claims, other countries will not simply accept them. Other voices have already claimed, for example, that underwater ridges run from Greenland to the North Pole. The coming battle will be difficult, contentious, and no doubt protracted, and it will play out in various courts and commissions. Until it is settled, the Arctic will remain stuck in a conflict-prone state of limbo.

Given this situation, countries have fallen quite naturally into one of two unequal groups. The first, larger group includes the United States (which, again, has not signed the Convention on the Law of the Sea), Sweden, Finland, Britain, China, and many other countries with no direct access to the Arctic. These countries want the region to be declared a common zone. The second, smaller group includes the Arctic countries (Russia, Canada, Denmark, and Norway), which want to settle on a formula for dividing up the region.

One possible solution would be for all countries to agree to follow a particular code of conduct in the Arctic. This code could include the following provisions:

- Pledging to use diplomatic and legal means to settle differences and forswearing the threat or use of force as a means of defending one's claims.
- Activating political dialogue within the Arctic Council, Barents Euro-Arctic Council, and other multilateral forums, as well as at the bilateral level (especially between Russia and the United States, Canada, Denmark, and Norway).
- Conducting international scientific studies to obtain the most objective picture possible of the configuration of the Arctic countries' continental shelves.

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- Strengthening international cooperation in areas such as search and rescue, the environment, telecommunications, and transportation, and establishing common regional systems uniting the resources of all of the Arctic countries.
- Increasing international cooperation to improve living conditions for the Arctic region's indigenous peoples.

The Arctic countries have taken several practical steps over the past two years that testify to their goodwill. The Arctic Council and other forums have hosted multilateral talks. In 2008, the Arctic countries signed the Ilulissat Declaration on the principles for cooperation in the region, and they are conducting intensive bilateral negotiations among themselves. Russia's relations with Denmark have warmed considerably, as have its ties with Norway. It has also begun building closer relations with Canada, and the "reset" of U.S.–Russian relations announced in 2009 has started to bear real fruit.

Seen in this context, declarations from Russia, Canada, and other countries in 2007–2008 concerning the need for an increased military presence in the Arctic no longer seem relevant. The Arctic countries' agendas are now focused on issues like the cost of servicing ships along the Northern Sea Route and payment for transit through territorial waters.

As we saw when the volcanic eruption in Iceland in April threw European air traffic into chaos, the globe's northern regions have become a new area requiring close geopolitical cooperation, above all between countries such as Russia and Canada. If we were to see the Arctic instead as an arena for global rivalries, all sides would lose.

Notes

1 Canadian law on the Northwest Territories.

2 Order of the Presidium of the USSR Central Executive Committee.

RUSSIAN POLICY IN THE ARCTIC

A REALITY CHECK

Pavel K. Baev

The Arctic, once a topic of heated debate, has disappeared lately from Russia's foreign policy agenda. Geopolitical analysts who had previously rushed to construct balances of "polar" interests now find themselves wondering whether the brief explosion of debates in 2007–2008 about dividing up Arctic riches was a one-time event or part of a larger trend.¹

Arctic fever began to dissipate in the spring of 2009, after the Arctic Council's April ministerial meeting in Tromsø, Norway, an event that participants claimed took place in a spirit of "complete mutual understanding." Journalists, however, felt differently. Newspaper headlines like "Kremlin keeps up James Bond theme with talk of Arctic war"² or "NATO prepares for 'cold wars'"³ hinted that understanding was nowhere near what the meeting's participants had suggested. Russian Security Council Secretary Nikolai Patrushev confirmed this when he declared that "the U.S., Norway, Denmark, and Canada are carrying out a concerted policy designed to prevent Russia from gaining access to the shelf's riches."⁴ Russia's National Security Strategy, approved in May 2009, did not go that far, but even its more diplomatic statements offered little hope for developing the Arctic in a spirit of cooperation.

Despite these unmistakable messages, other official Russian pronouncements have been silent on the matter. Russia's Military Doctrine, approved in February 2010, does not make a single reference to threats arising from the Arctic. Even the extraordinary congress of the Russian Geographical Society, whose Board of Trustees is chaired by Prime Minister Vladimir Putin, seemed to forget the issue.⁵ Nevertheless, suspicions in the West concerning Russia's Arctic ambitions persist, and the Russian expert community should not dismiss them as malicious insinuations but address them with due care.

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THE TURNAROUND IN WARMING POLITICAL RELATIONS

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What caused the five Arctic countries to reverse the previous trend of depoliticized and slow-moving cooperation? Many people see a direct link between renewed geopolitical interest in the Arctic and the melting polar icecap.⁶ The far north, however, is still closed to development: Not a single resource deposit of any kind has been discovered there, and plans to expand shipping in the region have been dashed by shipping's overall decline caused by the global recession.

Instead, one could argue that Russian polar explorer and State Duma Deputy Artur Chilingarov's expedition to plant a Russian flag into the Arctic seabed led to the trend's reversal. But while he brought a certain theatricality to the event, he cannot take credit for others' emotional reactions.⁷

By this time, the world had come to expect that Russia would pursue an aggressive "revisionist" policy, beginning with Putin's speech at the Munich Security Conference. Russia's every political-military move—from its resumption of strategic bomber patrols to its war with Georgia—seemed to confirm these expectations. The Arctic merely provided Russia with a new front on which to express its brash self-assertion. Moscow's behavior came as a shock in this context; in the past, the various Arctic forums had been sleepy venues in which the several Arctic countries traditionally played well-defined roles. Canada, for example, tends to focus on indigenous peoples' rights (including the rights to resources and mineral wealth), while Denmark emphasizes climate issues and Norway prioritizes fishing. Each country, however, has its own sensitive issues related to sovereignty (the Northwest Passage for Canada, sovereignty over Greenland for Denmark, and sovereignty over Svalbard for Norway). Touching these raw political nerves always evokes a pained reaction.⁸

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The United States, which is not a superpower when it comes to the Arctic, stands alone. Washington's Arctic policy is essentially paralyzed by two conflicting priorities: protecting the environment and extracting the oil resources in Alaska's extensive nature preserves. America's long-overdue ratification of the UN Convention on the Law of the Sea is an important issue in this respect, but so far the Obama administration has not decided whether to proceed.⁹

When Moscow declared "we cannot rule out the use of force to resolve problems that arise in the competitive battle for resources," it went far beyond the bounds of the usual Arctic diplomatic niceties to remind its neighbors that—whether the balance of power in the Arctic is measured in combat capability or the number of icebreakers—Russia can best all of them combined.¹⁰ But Russia's military supremacy brings few and diminishing returns as its weapons systems age, becoming less usable and barely useful instruments. Moscow officially declares goals like "establishing a Russian Federation Armed Forces group of conventional and other forces, military formations, and bodies (above all border guard forces) in the Russian Federation's Arctic zone, capable of guaranteeing military security in various military-political situations," only to subsequently have to clarify that it only means more border guards.¹¹ In other words, militarization is not in the cards. The whole situation, however, leaves a bad taste in the mouths of Russia's Arctic neighbors.

As for its icebreaker fleet, Russia appears to be in an unassailable position after commissioning the nuclear-powered 23,500 displacement ton 50 let *Pobedy* in 2007 and the diesel/electric-powered icebreaker 10,000 displacement ton *St. Petersburg* in 2009. Commemorating the latter event, Putin said, "We need an icebreaker fleet, we need these kinds of ships, in the Arctic, and here, in the Baltic[s], to serve the growing volume of shipping."¹² But a closer look reveals that Arctic shipping is not growing at all. The 50 let *Pobedy* is only paying off its operating costs by taking Western tourists to the North Pole to admire solar eclipses.¹³ In fact, when Russia began planning to develop the continental shelf, it discovered that it had already leased many of its geological exploration vessels to Norwegian and Canadian companies under long-term charters.¹⁴ Even Chilingarov's sensational expedition was put together using money from Western sponsors.

Washington's Arctic policy is essentially paralyzed by two conflicting priorities: protecting the environment and extracting the oil resources in Alaska's extensive nature preserves.

While Moscow assumes that its “position of strength” grants it flexibility in opting for cooperation or competition with Arctic neighbors, its awkward experiments with showing force bring the risk of isolation. This was unaffordable in the late 2000s and has become unacceptable in the present time of economic troubles.

THE VIRTUAL BATTLE FOR NONEXISTENT RESOURCES

The idea that increased competition for newly accessible Arctic natural resources—above all oil and gas fields—is inevitable has established such a strong hold over Russia's political circles that calling this idea into question means risking one's reputation. But in this case we must nevertheless proclaim that the emperor has no clothes: Competition in the Arctic would be for the sake of something that does not even exist.

One publication after another has quoted estimates prepared by the influential U.S. Geological Survey that Arctic oil and gas deposits could contain 20–25 percent of the world's undiscovered reserves.¹⁵ One does not have to be a specialist to understand that estimates of unexplored reserves are at best only approximations, yet surprisingly few specialists have noted that the supposed Arctic treasure trove (90 billion barrels of oil) is roughly one-third of Saudi Arabia's explored reserves and less than the explored reserves of Iraq, Iran, Kuwait, and the United Arab Emirates, all of which also have unexplored reserves.¹⁶ The same estimates put natural gas reserves somewhat higher but it makes little difference since the main point is location. American geologists are certain that the main oil and gas fields in the Barents and Kara seas in Alaska, and potentially in Greenland, are on the continental shelf near the shore, and barely extend beyond the relevant countries' exclusive economic zones (figure 1).

The top of the globe does not promise much in the way of oil and gas, even if the entire icecap were to melt. Extracting oil from the valley between the Lomonosov and Mendelejev ridges is not possible since there is no oil to extract. Paradoxically, the only place where oil producers could battle it out among themselves is the Beaufort Sea, since the United States—by not ratifying the UN Convention on the Law of the Sea—has not formally established its exclusive economic zone.

The top of the globe does not promise much in the way of oil and gas, even if the entire icecap were to melt.

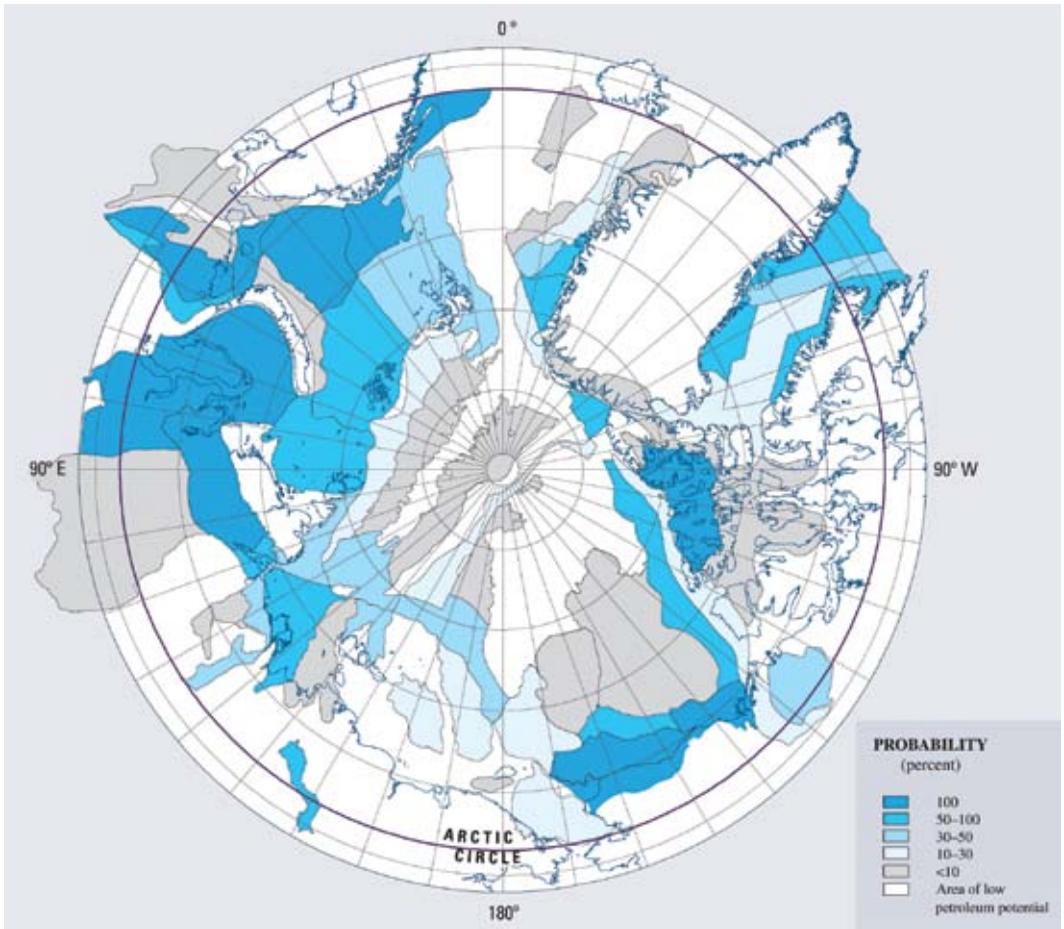


FIG. 1 Map of probable location of unexplored hydrocarbon deposits. Source: USGS Circum-Arctic Resource Appraisal (<http://energy.usgs.gov/arctic/>).

It is worth noting that neither Gazprom nor Rosneft—which under Russian law are the only companies that can carry out production activity on the continental shelf—has been swept up in the feverish “battle for resources” and shows no interest in exploring the Eastern Siberian and Chukotka seas. They have done little more than quote exorbitant cost estimates to give officials an honest idea of the price tag that exploring such an inhospitable environment would involve.¹⁷ The economic crisis pushed even these cost figures into the realm of fantasy, and state companies all but ceased exploration activities. Despite these hard facts, however, political debates about the fight for Arctic energy resources continue.

Speaking at the beginning of 2010, Russian Minister of Natural Resources and Ecology Yury Trutnev concluded that “the amount of money the two companies are investing in exploring

and developing offshore fields [in the Arctic] is not sufficient to develop them in the foreseeable future.”¹⁸ The continental shelf can wait perhaps, but in mid-2009, Gazprom, after calculating the losses from its “gas war” with Ukraine, decided that the Bovanenskoye field—a central part of its strategic plan for the coming decade—cannot be developed at the pace initially announced. Following up on this decision, Putin took the unprecedented step of inviting potential investors to put their money into gas production in Yamal, saying that “we are ready to expand our partnership and want you to feel that you are part of our team.”¹⁹ Energy “champions” from neither East nor West rushed to take Putin up on his offer, recalling their earlier experiences of “teamwork” with Russia on Sakhalin.

The fate of the Shtokman gas field, an experimental offshore project in the Barents Sea, is even more unclear today. Investment has been postponed for at least a year, with the most optimistic deadline suggesting that production will begin around 2017.²⁰ The problem is not only guessing how much future European demand will exist for gas, but also the conditions offered to Total and Statoil, Gazprom’s partners in the project. These conditions—which make the two companies subcontractors in the work but do not give them a share of the reserves—look a lot less attractive now than they did three years ago, when the seemingly lucrative deal was made. In hindsight, it appears clear that in the mid-2000s, Putin had made a serious miscalculation in postponing the Shtokman project, which now not only sets gas production in Russia on a declining trajectory—due to falling production on the depleting Urengoi fields—but also creates a weak point in the country’s Arctic policy.

To Moscow’s leaders, it seemed clear that Russia—holding a third or even a quarter of the world’s gas reserves—could dictate conditions on accessing this indispensable resource to the West (and to China) for decades to come, guaranteeing itself an inexhaustible source of income.²¹ They realized, of course, that prices might fluctuate, but they never imagined that trusted partners such as E.ON and ENI would suddenly lose interest in developing the Arctic gas fields. They are still getting over the shock.

Overall, there has been a noticeable shift in emphasis in Russia’s policy toward Arctic resources. Plans to develop resources as quickly as possible have given way to a desire to stake out maximum claims to territories as Moscow seeks to block competitors from oversupplying the market and ensure that its own capitalization keeps growing.

Plans to develop resources as quickly as possible have given way to a desire to stake out maximum claims to territories.

REALPOLITIK WITH A STALINIST FLAVOR

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Russia's official Arctic policy seems to perfectly embody the principles of political realism. A closer look, however, reveals a more surreal picture, in which nonexistent resources should be protected from imagined competitors using arms unfit for those purposes. The hard-line geopolitical discourse many politicians are cultivating with regard to the Arctic is increasingly shorn of any connection to the real situation in the region and the environmental changes taking place there.²²

The constant refrain one hears about the Arctic's "countless resources" is music to the ears of Russians, whose prosperity depends on the extraction of natural resources. But in reality this refrain simply camouflages the "lofty ideal" of Russian sovereignty over the Arctic. Stalin, the unsurpassed master at mobilizing public opinion, boldly embodied this idea by turning the accident that befell Chelyuskin into a popular epic.²³ The romantic calls to conquer the north were not the product of a mercantile spirit; rather the first revolutionary generation had been swept up by the idea of "storming the distant seas." While the lure of oil and gas wealth is no doubt attractive, the romantic idea of establishing a hold over new territory and possessing the ocean depths and icy expanses holds greater appeal. This model of "control for control's sake" is in line with a state organized around the hierarchy of presidential power.²⁴

The question of why Russian society is so receptive to such ideas on a subconscious level is better left to the specialists, but it is worth our while to take a closer look at two different "ideological" interpretations. First, Russia's "offensive" approach to the Arctic—in which the key words are "conquest," "subjugation," and "development"—stands in stark contrast to the West's concern for the fate of polar bears—in other words, its deeply felt passion for environmental causes. Second, there is a clear contradiction between ambitious plans to draw wealth from the Arctic's "treasure trove" and the strategy of "modernization," which Russian President Dmitri Medvedev

Pragmatism is a far from sufficient explanation for Russia's interest in the north. Instead, the patriotic desire to expand Russia's frontiers seems to be the more likely reason.

tries to elaborate in order to get Russia out of the crisis.²⁵ His key proposition for overcoming dependence on petro-revenues by developing innovations has many shortcomings, but it is clear that none of the five established priority areas (space technology, nuclear energy, information technology, energy efficiency, and pharmaceuticals) has anything to do with the Arctic. Hulking icebreaker ships and heavy bulldozers rather than cutting-edge nanotechnology remain the tools of trade in the far north.

Pragmatism, then, is a far from sufficient explanation for Russia's interest in the north. Instead, the patriotic desire to expand Russia's frontiers seems to be the more likely reason.

THE GOALS HAVE BEEN SET, BUT WORK HAS YET TO START

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As of mid-2010, the upsurge in Russia's activity in the Arctic from 2007–2009 has all but faded. Nonetheless, Russian involvement in the Arctic deserves a closer analysis than that provided in this report, which highlights just four of its main elements:

- Demonstration of military power, above all by increasing the Northern Fleet's forces;
- Accelerated development of new oil and gas fields (Yamal) and offshore fields (Shtokman, Prirazlomnoye);
- Expansion of Russia's exclusive economic zone beyond the standard 200-mile limit by obtaining approval from the United Nations Commission on the Limits of Continental Shelf (UN CLCS);
- Increased cooperation with the Arctic countries in environmental protection, in particular with regard to the UN Conference on Climate Change.

By 2010, serious problems had emerged in all four of these areas, which can only partly be blamed on the global economic crisis. The biggest blow to Russia's plans to establish a dominant position in the Arctic came from the Bulava project. The tests of this solid-fuel ballistic missile for a new generation of strategic submarines have been spectacularly unsuccessful but are set to continue due to the lack of an alternative. So the possibly dead-end project continues to consume the bulk of funds desperately needed for modernizing the navy.²⁶ In addition, Russia's Northern Fleet had to skip patrols in the Atlantic in 2009, monthly patrols by Russia's long-range aircraft have ceased to draw attention, and the serial production of the "stealth" bombers that Russia has supposedly designed is unlikely to compensate for an overall decline in its number of aircraft.²⁷ The Polish-Swedish initiative to reduce tactical

Medvedev has ample reason to conclude that the Arctic offers more potential risks than it does rewards. Each political maneuver in the region comes at a high cost, and the results are far from guaranteed.

nuclear weapons (in particular those on the Kola Peninsula) will inevitably add to the push for demilitarizing the Arctic that is driven by the Prague Treaty resolutely hammered out by presidents Medvedev and Obama.²⁸

The crisis hit the Russian energy sector, and Gazprom in particular, hard. Although the decline has abated for now, things are not the same as they were in 2007 given that the medium-term outlook for the global oil and gas markets has changed drastically. Developing the Yamal gas fields remains a necessity for Gazprom, but there are serious doubts about just how competitive they will be. One way to maintain demand for gas from the Yamal fields is to postpone the Shtokman project for several years and leave other Arctic “treasure troves” untouched until the middle of the century.

Events have taken an interesting turn with regard to Russia’s attempts to expand its exclusive economic zone.²⁹ Russia submitted its bid for expansion to the UN CLCS at the end of 2001; it was swiftly rebuffed in mid-2002. (Although many attributed Moscow’s failure to “malicious intrigues” by competitors, others focused on the poor quality of the Russian submission by international legal standards.) Putin declared his intent to send a new “rock-solid” bid to the commission immediately after Chilingarov’s 2007 expedition (which supposedly gathered all the necessary evidence to support its claims). But the map that was to have served as the new proposal’s main appendix shows one reason why that hasn’t happened (figure 2).³⁰

A close look at the map shows how basic its information is. Moscow’s more detailed maps are secret, making efforts to put together another bid for the UN commission problematic. Even though the UN commission had received 52 applications and issued decisions on thirteen of them by the middle of this year, Russia’s was not among them.³¹ It appears plans to expand Russia’s territory to the north have been quietly laid aside.

Another problem complicating Russia’s attempts to support its claims with evidence is the lack of geological samples from the Lomonosov and Mendeleev ridges. No one has been able to collect rock samples, even from a depth of just a few meters. Geophysical and seismological methods—as well as numerous samples of sediment from the seabed—provide no conclusive evidence of the continental origin of

these ridges, and Russia does not have the technical capability for deep drilling.³² The only way to resolve this problem would be to join international programs studying the ocean floor. This would seem to be the best option within Russia's diminished "cooperation-competition" model for the Arctic. Russia's oceanography and glacier studies programs are recognized internationally. In a situation in which Gazprom has its mind on issues other than Arctic gas exploration and Russia's military might is increasingly feeble, science remains the main instrument that Russia can use to assert its sovereignty in the Arctic.

After many years of struggle for survival, Russia's research institutions are finally starting to receive funding that approaches a level one could characterize as decent, but at a price: Scientists are expected to provide evidence backing up Russia's claims to 1.2 million square kilometers of polar shelf. There will never be much trust in scientific results collected to fulfill a specific political agenda. Furthermore, Russian scientists will be in no hurry to give away their newfound funding and political influence by disproving myths about the Arctic's "countless treasures." And if Russia does complete work on a new application and submit it to the UN commission, any decision by the commission will be accompanied by major reservations on account of the obvious political dimensions to this issue.³³

Medvedev has ample reason to conclude that the Arctic offers more potential risks than it does rewards. Each political maneuver in the region comes at a high cost, and the results are far from guaranteed. Opportunities for making use of Russia's "position of strength" are limited not so much by its unbalanced nature as by its Arctic partners, who are not interested in power games. Russia's modernization plans might not sound very convincing, but the deep slump brought on by the global financial crisis has highlighted the urgent need for a Russian breakthrough. Such a breakthrough would require the country to concentrate its resources and efforts. That would render projects aimed at fulfilling its Arctic ambitions a luxury that Russia simply cannot afford.

- 1 This chapter is based on the arguments presented at a seminar, "Contours of Russia's New Strategy in the Arctic," at the Carnegie Moscow Center on May 14, 2009, <http://www.carnegie.ru/ru/news/81649.htm>.
- 2 Bronwen Maddox, "Kremlin Keeps Up James Bond Theme With Talk of Arctic War," *Times*, May 14, 2009.
- 3 "NATO Prepares for Cold Wars," *Izvestia*, February 1, 2009.
- 4 Timofei Borisov, "No Combat Penguins," *Rossiyskaya Gazeta*, March 30, 2009.
- 5 Andrei Kolesnikov, "Who Is More Valuable for Mother-Geography," *Kommersant*, November 19, 2009.
- 6 The best known example is Scott B. Borgerson, "Arctic Meltdown," *Foreign Affairs*, March/April 2008.
- 7 One of Chilingarov's quotes seemed calculated to inflame female journalists in particular: "There is the Law of the Sea, the law of the so-called 'first night', and we used it." See Darya Yuryeva, "The Shelf Is Taken: To Moscow," *Rossiyskaya Gazeta*, August 8, 2007.
- 8 The long-running Russian-Norwegian dispute on the border in the Barents Sea created no problems for bilateral relations, as Norwegian Foreign Minister Jonas Gas Støre stressed in an Ekho Moskvy radio interview in February 2010: "And we, as good will work towards an agreement acceptable for both sides, and we will use the time that we have." The diplomatic breakthrough that produced an actual agreement nonetheless came as a big surprise; see I. Granik, "Rossia i Norvegia sygrali partiyu v shelf," *Kommersant*, April 28, 2010. On the background of this issue see Holstmark, "Toward Cooperation or Confrontation? Security in the High North," Rome: NATO Defense College, February 2010.
- 9 See "An Awkward Absence," *Economist*, May 14, 2009.
- 10 *Russian Federation National Security Strategy to 2020*, available on the presidential website, <http://president.kremlin.ru/text/docs/2009/05/216229.shtml>.
- 11 The document *Foundations of Russian Federation State Policy in the Arctic through 2020 and Beyond* is available on the Security Council's site <http://www.scrf.gov.ru/documents/98.html>. On the Russian Foreign Ministry's clarifications see Denis Telmanov, "Arctic Guards Are Watchful," *Gazeta*, April 20, 2009; and see also Alexander Slizhevsky, "The Arctic: One More 'Cold War?'," *Nezavisimaya Gazeta*, March 26, 2010.
- 12 See Nikolai Petrakov, "Russia Has Made a Step Forward in the Struggle for the Arctic," *Nezavisimaya Gazeta*, July 24, 2009.
- 13 Departing from Murmansk on July 21, 2008, the icebreaker set a record by reaching the North Pole on July 25; see the article in Wikipedia, http://en.wikipedia.org/wiki/NS_50_Years_Since_Victory.
- 14 See Lyudmila Podobedova, "Machinations on the Shelf," *RBK Daily*, April 29, 2008.
- 15 Selection of data from *Circum-Arctic Resource Appraisal*, available on the U.S. Geological Survey's site <http://energy.usgs.gov/arctic>.
- 16 One of the biggest sceptics is Vladimir Milov; see "Carving Out the Arctic Myth," *Gazeta.ru*, August 11, 2008, <http://www.gazeta.ru/column/milov/2807355.shtml>.
- 17 Rosneft president Sergei Bogdanchikov calculated with amazing accuracy that developing Russia's continental shelf within its current borders would require 61.6 trillion rubles of investment through 2050, and this sum would increase by 16 percent if Russia succeeds in obtaining recognition of the disputed continental shelf zones. See Natalia Skorlygina, "Sergei Bogdanchikov Took a Dive to the Golden Sea-Bed," *Kommersant*, April 21, 2008.
- 18 See Alexei Melnikov, "A Dog on the Shelf," *Gazeta.ru*, February 5, 2010, http://gazeta.ru/comments/2010/02/05_a_3320064.shtml.
- 19 See Vera Stepanova, "Better You Come to Us," *Ekspert-Ural*, October 5, 2009.
- 20 See Natalia Grib, "Shtokman Is Slowing Down," *Kommersant*, February 8, 2010.
- 21 See Mikhail Overchenko, "Miller Is Nearly the Champion," *Vedemosti*, January 21, 2010.

- 22 On this subject see Kirill Kobrin, "Nordialism! Horrible Word But ...," *Polit.ru*, December 29, 2008, <http://www.polit.ru/author/2008/12/29/kseverr.html>.
- 23 Andrei Kolesnikov made the analogy immediately; see "The Polar War Is Being Waged," *Grani.ru*, August 3, 2007, <http://grani.ru/opinion/kolesnikov/m.125502.html>.
- 24 See Fiona Hill and Clifford Gaddy, *The Siberian Curse* (Washington: Brookings Institution, 2003).
- 25 Alexei Mikhailov gives a serious analysis of Medvedev's modernization drive as "the only acceptable anti-Putin campaign in Russia today" in his article "Medvedevization of Russia," *Gazeta.ru*, February 1, 2010, <http://www.gazeta.ru/column/mikhailov/3318587.shtml>.
- 26 Categorical critics of the Bulava project include specialists from the Miassky Design Bureau; see Albert Dubrovin, "Bulava Might Fly Yet, But It Will Not Fly High," *Nezavisimoye voyennoye obozreniye*, December 11, 2009. On the new generation of strategic submarines see Viktor Litovkin, "The Fourth Submarine for the Non-Existent Bulava," *Nezavisimoye voyennoye obozreniye*, February 12, 2010.
- 27 See "Stealth Bomber for Russian Air Force," *Nezavisimoye voyennoye obozreniye*, December 25, 2009.
- 28 See Carl Bildt and Radek Sikorski, "Next, the Tactical Nukes," *New York Times*, February 1, 2010.
- 29 See Vasily Kashin and Alexei Bausin, "Under-Ice Part of the Country," *Vedemosti*, September 21, 2009.
- 30 Thirty years ago, Alexander Berlyant would have not hesitated to give the author of this text (and director of this seminar) a "fail" grade in the cartography class at Moscow State University's Geography Department for this kind of sloppy work.
- 31 See "Limits of Norway's Arctic Seabed Agreed," *Barents Observer*, April 16, 2009, <http://www.barentsobserver.com/limits-of-norways-arctic-seabed-agreed.4580729-116320.html>.
- 32 According to Robert Nigmatullin, director of the Russian Academy of Sciences Oceanography Institute, "Our specialists believe that without data obtained from deepwater drilling the UN commission will not meet us half way." See "Multipolar World Becomes Very Much a Polar World," *Nezavisimaya Gazeta*, June 24, 2009.
- 33 See Avraam Shmulevich, "Geopolitics of Space is Reviving by Melting Arctic Ice," *APN*, September 28, 2007, <http://www.apn.ru/publications/article17977.htm>.

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