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RUSSIAN POLICY OPTIONS IN THE ARCTIC

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ANALYSIS

Russia's Northern Policy: Balancing an 'Open' and 'Closed' North

By Elana Wilson Rowe, Norway

Abstract

This short introduction to Russia's northern policies examines Russia's historical and contemporary approaches to the North as a domestic space, the primary features of Russia's international cooperation in the North, and how Russia frames some key Northern issues, namely climate change, hydrocarbons and delimitation of maritime borders. Throughout, it is suggested that Moscow's approach to northern politics evidences a tension between the 'open' and the 'closed' North. In other words, Russia's northern policy encompasses both more outward oriented inclinations, exemplified by cross-border cooperation, and an emphasis on defending its national interests and national spheres of authority.

Many Norths

The North (and so-called areas equivalent to the North) as it is defined today encompasses more than 60 percent of the Russian landmass. The Russian North is seen by many as extending from Russia's Western land border with Norway to the Bering Strait off the coast of the Russian Far East. As a result, Russia has a key role to play in the international politics of the North—it is geographically the largest state in the Arctic and is an important regional and global player in Arctic energy markets.

Russia's engagement in the North, both domestically and internationally within the circumpolar Arctic, plays out against a regional background of change. In contrast to the Cold War period, in which the North was highly militarized, the immediate post-Soviet years witnessed high levels of cooperation on environmental, social and military issues. Although some of these cooperative efforts have floundered in recent years, others have grown in importance. Globally, the strategic significance assigned to the Arctic has grown, in part because the region is said to hold 25% of the world's undiscovered hydrocarbon reserves and because climate change is rendering the northern icescape less predictable in the short term, and more open in the long term.

Before proceeding to consider Russia's approach to the North, it is necessary to briefly clarify this article's use of terms. Firstly, although the terms 'Arctic' and 'North' are used interchangeably here, it is important to note that these terms are not exact synonyms and their usage varies across national discourses and international forums. Secondly, while this article discusses 'the Russian North' and 'northern policy' and broader features of Russian engagement in the region, it is necessary to bear in mind that the 'Russian North' is a complicated and nuanced concept. The Russian North is in fact many 'Norths', including the Russian northern mainland, undisputed Russian territorial waters and Russia's broader claims to further territory in the Arctic Ocean, including areas of unclear or contested status.

Domestic Policy

During the Soviet period, the North was primarily a closed nationalized space. While, it had long been a homeland to a multitude of indigenous peoples, the North, owing to its natural resources, became an important part of the Soviet planned economy, while the dramatic mastering/development of the North (*osvoenie Severa*) played a corresponding role in Soviet national identity. As a result, a pattern of settlement and transport developed in the North that was based on the principles of a planned economy and hence was ill-suited to the logic of a market. Following the collapse of the Soviet Union, Russian northern policy, during the transitional 1990s, is best described as haphazard and focused primarily on *ad hoc* measures in response to economic and social crises in the region.

The contours of a more clearly discernible policy emerged during the Putin presidency (2000–2008). As Blakkisrud (2006) argues in his comprehensive study of Russia's post-Soviet northern policy, this approach was initially based on principles of the free market, with an eye towards ensuring that the North became a profitable part of the Russian state that no longer required special policy attention. This included encouraging migration from areas of the North that no longer had prospects for viable economic activity.

However, the 2008 policy document, "Foundations of Russian Federation State Policy in the Arctic through 2020 and Beyond", marked the re-emergence of the North as a separate policy field. The policy itself is wide-ranging and similar in many ways to the northern policy documents of other Arctic states. It emphasizes soft issues, such as the environment and human security, and highlights common interests with other coastal Arctic states. The document also underlines the importance of the Arctic resource base (onshore and offshore) and of Arctic shipping routes for Russia's future economic development. The strategy also mentions issues of military security. However, as Trenin and Baev (2010) point out, Arctic sabre rattling remains limited to occasional

statements by individuals, rather than a state discourse. Russian President Dmitri Medvedev, Prime Minister Vladimir Putin and Russian Foreign Minister Sergei Lavrov all frequently emphasize that there is little basis for thinking of the Arctic as a potential conflict zone. Nonetheless, it appears that the North has been clearly re-established as intertwined with Russia's political and economic interests, and thus northern issues are likely to remain on the federal agenda.

International Engagement

Following the end of the Cold War, international cooperation in the Arctic increased dramatically. There has been a proliferation of activities aimed at promoting stable and ongoing northern cooperation. This is largely due to the region's status as a relatively secure source of non-renewable resources (oil, gas, minerals), the allure of Arctic shipping routes, the increased politicization of Arctic indigenous groups, and a heightened awareness of the impact of global environmental problems on the Arctic environment.

This focus on the North led to the creation of several international organizations and cooperative projects in the 1990s, such as the Arctic Council, the Barents Euro-Arctic Region and, later, the EU Northern Dimension initiative. Against this background, Russia has, at times, sought to restrict international collaboration on northern challenges that had come to be (re) defined as domestic issues. One example of an attempt to 'close' the Russian North was Moscow's change in attitude towards the Arctic Military Environmental Cooperation (AMEC), which was established by the military authorities of Norway, Russia and the United States in 1996. AMEC focused on spent nuclear fuel containment and remediation of radioactive pollution in the North, with particular attention paid to the Northern Fleet in northwest Russia. In February 2007, a Norwegian representative within the AMEC project was denied entry to Russia on a routine working visit and was accused of conducting illegal information gathering. This signalled a changing attitude in Russian political and security circles with regard to both being a recipient of 'aid' via capacity-building projects and the extent to which the Russian North (and the military North in particular) should be 'open' to other actors and multilateral activities.

In the cooperative settings that continue to flourish, Russia is not an active agenda-setter and remains primarily oriented towards the safest zones of low political cooperation and coordination. The reasons for this low-key engagement may be that these regional multilateral arrangements are not seen as prestigious forums in which Russian national interest should be pursued, and

more generally, because Russian representatives tend to be sceptical about the possibility of achieving desirable outcomes in any multilateral setting. Furthermore, such northern cooperative forums, more or less, explicitly exclude politically and economically problematic issues.

In general, such security and economic interests in the Arctic are primarily addressed in national decision-making, more informal and flexible multilateral and bilateral relations and the UN system. For example, the important issue of a delimitation line in the Barents Sea was resolved bilaterally by Norway and Russia. Furthermore, the five Arctic coastal states (USA, Canada, Russia, Norway, Greenland/Denmark) have taken to meeting biennially outside of the Arctic Council to discuss issues of shared concern, such as enhancing expert-level cooperation on the territorial claims process and mandatory shipping standards for polar waters. Russia also argues consistently, as do the rest of the 'Arctic 5' states, for the adequacy of the 1982 UN Convention on the Law of the Sea (UNCLOS) in addressing territorial claims and allocating responsibility in the maritime Arctic. This reflects the relatively positive view Russia has on the UN system and a desire to foreclose EU and NGO rumblings about the necessity of establishing a new cooperative regime in the Arctic, which could impinge on the political centrality of the Arctic coastal states.

Northern Concerns

How might Russia's political approach to the North change in the medium term? In the following section, the article outlines the central opportunities and challenges facing the region and potential consequences for Russia's northern policy.

Climate Change

At the present time, it remains unclear to what extent the consequences of climate change, such as the impact of melting permafrost on infrastructure and settlements, are being incorporated into Russia's northern policy-making and planning. There are indications, however, that the climate change issue is becoming more integrated into the broader Moscow policymaking agenda, albeit somewhat indirectly. The 2009 Russian 'Climate Doctrine', for example, encourages the relevant governmental bodies to take into consideration the need to adapt to and plan for the potential economic and social impacts of climate change. Furthermore, reducing greenhouse emissions dovetails nicely with an important policy aim in Russia, which is to increase energy efficiency domestically, as part of the wider modernization effort, and in order to free up more oil and gas for export to lucrative foreign markets. This incrementally

increasing national awareness may lead to the devotion of greater attention to the specific problems of climate change in the Russian North.

Oil and Gas

The rising global demand for oil and gas render the Arctic an important feature of future oil and gas production. Already today, the Arctic produces one-tenth of the world's crude oil and a quarter of its gas. Of this production, 80% of the oil and 99% of the gas comes from Russian Arctic areas (AMAP 2007).

The tension between an 'open' and 'closed' North has been manifest in debates around the development of Russia's northern hydrocarbons. Since 2005, growing attention has been paid to the question of how to promote private investment (both Russian and foreign), while maintaining a high level of state control over the development of, and profits from, new oil and gas developments in the Arctic. The tussle over the Sakhalin II oil and gas field and the resulting entrance of Gazprom into a consortium, previously dominated by Shell, was one example of this tension. Of late, the rules of engagement for foreign companies seem to have become somewhat clearer, both in legislation and practice. In 2009, Putin explicitly invited foreign companies to team up with Rosneft and Gazprom to develop the Yamal peninsula, an Arctic region that is seen as a key area for petroleum development in the medium term. The financial crisis and the spectre of shale gas as a new and more widely available source of energy has placed somewhat of a dampener on expensive, technically challenging projects in the high North. Nonetheless, some joint Russian-multinational consortiums continue to plan for Arctic petroleum development (primarily in the Barents Sea and on the Yamal Peninsula), despite delays resulting from legal, political and profitability concerns.

Maritime Claims

The circumpolar states, including Russia, remain keen to settle their claims on northern territories. In the Soviet period, a huge sector covering about one-third of the Arctic Ocean was designated as Soviet territorial waters and Russia's 2002 UNCLOS claim was of similar proportions. The August 2007 planting of a Russian flag on the seabed at the North Pole was perceived by many as

a vivid example of such attempts to stake out—if only symbolically—such a claim. It is worth noting that the Russian political leadership applauded the effort as a scientific feat, but assiduously emphasized that all such claims would be resolved in the appropriate international setting. More recently, Russia and Norway agreed to a delimitation line in the Barents Sea by dividing the area to which both countries had laid claim rather neatly in half. The settlement of this issue bilaterally with Norway may have been part of an effort to put Russia in good stead for delimiting its broader claim about the outer continental shelf in the Arctic. The agreement also served to emphasize the peacefulness of the Arctic and the ability of the circumpolar states to resolve their conflicts peacefully, either bilaterally or within UNCLOS (Moe 2011). Again, there is an interesting twist on the open/closed dichotomy. Here Russia remains international in orientation, but not to an unlimited extent and only within a familiar and preferred body of international law.

Concluding Thoughts

While the open/closed dichotomy is a simplistic conceptualization, it serves to draw attention to some of the long-term trends that have shaped Russia's northern policy over the last two decades. In sum, one could say that impulses towards openness and towards closure overlap and compete with one another in Russia's northern politics. The increased level of strategic attention being given to northern issues may complicate international cooperation—with higher stakes and less free flow of information and personnel. For example, environmental problems, once the mainstay of cooperation with Russia in the Arctic, are increasingly being presented as strategic issues and are therefore less open for cross-border cooperation than in the 1990s. The question of what comes to be defined and accepted as within the remit of international cooperation and what remains within the field of domestic politics is an interesting one to consider. Examining the overlaps and tensions between these two modes for governing the Arctic space may be more fruitful than debating the often overdrawn caricatures of the Arctic, as either a zone of intense geopolitical competition over resources or a region of exclusively seamless international cooperation.

About the Author

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Suggestions for further reading are overleaf.

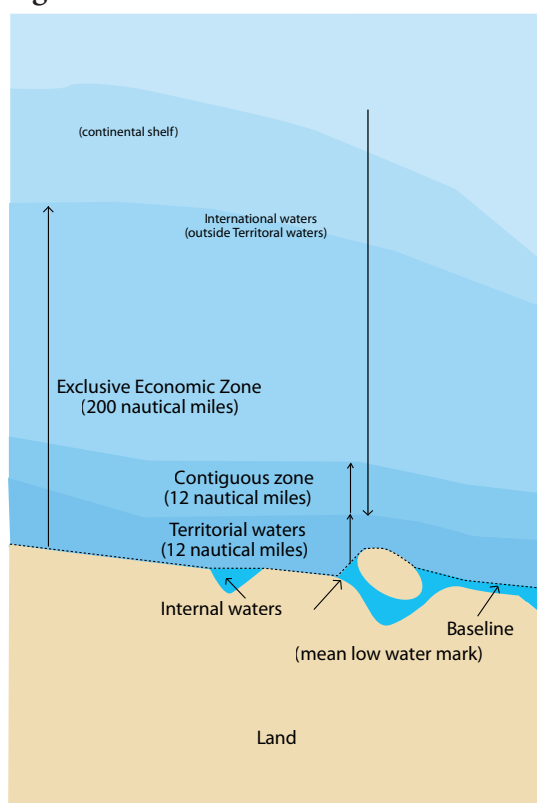
Further Reading

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DOCUMENTATION

International Law of the Sea

Figure 1: Sea Areas in International Law



Source: <http://en.wikipedia.org/wiki/File:Zonmar-en.svg>. This file is licensed under the Creative Commons Attribution-Share Alike 3.0 Unported license.

United Nations Convention on the Law of the Sea (Excerpts)

Full Text: http://www.un.org/Depts/los/convention_agreements/texts/unclos/closindx.htm

Article 2

Legal status of the territorial sea, of the air space over the territorial sea and of its bed and subsoil

1. The sovereignty of a coastal State extends, beyond its land territory and internal waters and, in the case of an archipelagic State, its archipelagic waters, to an adjacent belt of sea, described as the territorial sea.
2. This sovereignty extends to the air space over the territorial sea as well as to its bed and subsoil.
3. The sovereignty over the territorial sea is exercised subject to this Convention and to other rules of international law.

Article 3

Breadth of the territorial sea

Every State has the right to establish the breadth of its territorial sea up to a limit not exceeding 12 nautical miles, measured from baselines determined in accordance with this Convention.

Article 55

Specific legal regime of the exclusive economic zone

The exclusive economic zone is an area beyond and adjacent to the territorial sea, subject to the specific legal regime established in this Part, under which the rights and jurisdiction of the coastal State and the rights and freedoms of other States are governed by the relevant provisions of this Convention.

Article 57

Breadth of the exclusive economic zone

The exclusive economic zone shall not extend beyond 200 nautical miles from the baselines from which the breadth of the territorial sea is measured.

Article 76

Definition of the continental shelf

1. The continental shelf of a coastal State comprises the seabed and subsoil of the submarine areas that extend beyond its territorial sea throughout the natural prolongation of its land territory to the outer edge of the continental margin, or to a distance of 200 nautical miles from the baselines from which the breadth of the territorial sea is measured where the outer edge of the continental margin does not extend up to that distance.
2. The continental shelf of a coastal State shall not extend beyond the limits provided for in paragraphs 4 to 6.
3. The continental margin comprises the submerged prolongation of the land mass of the coastal State, and consists of the seabed and subsoil of the shelf, the slope and the rise. It does not include the deep ocean floor with its oceanic ridges or the subsoil thereof.
4. (a) For the purposes of this Convention, the coastal State shall establish the outer edge of the continental margin wherever the margin extends beyond 200 nautical miles from the baselines from which the breadth of the territorial sea is measured, by either:
 - (i) a line delineated in accordance with paragraph 7 by reference to the outermost fixed points at each of which the thickness of sedimentary rocks is at least 1 per cent of the shortest distance from such point to the foot of the continental slope; or
 - (ii) a line delineated in accordance with paragraph 7 by reference to fixed points not more than 60 nautical miles from the foot of the continental slope.(b) In the absence of evidence to the contrary, the foot of the continental slope shall be determined as the point of maximum change in the gradient at its base.
8. Information on the limits of the continental shelf beyond 200 nautical miles from the baselines from which the breadth of the territorial sea is measured shall be submitted by the coastal State to the Commission on the Limits of the Continental Shelf set up under Annex II on the basis of equitable geographical representation. The Commission shall make recommendations to coastal States on matters related to the establishment of the outer limits

of their continental shelf. The limits of the shelf established by a coastal State on the basis of these recommendations shall be final and binding.

Article 77

Rights of the coastal State over the continental shelf

1. The coastal State exercises over the continental shelf sovereign rights for the purpose of exploring it and exploiting its natural resources.
2. The rights referred to in paragraph 1 are exclusive in the sense that if the coastal State does not explore the continental shelf or exploit its natural resources, no one may undertake these activities without the express consent of the coastal State.

Article 193

Sovereign right of States to exploit their natural resources

States have the sovereign right to exploit their natural resources pursuant to their environmental policies and in accordance with their duty to protect and preserve the marine environment.

ANNEX II. COMMISSION ON THE LIMITS OF THE CONTINENTAL SHELF

Article 1

In accordance with the provisions of article 76, a Commission on the Limits of the Continental Shelf beyond 200 nautical miles shall be established in conformity with the following articles.

Article 2

The Commission shall consist of 21 members who shall be experts in the field of geology, geophysics or hydrography, elected by States Parties to this Convention from among their nationals, having due regard to the need to ensure equitable geographical representation, who shall serve in their personal capacities.

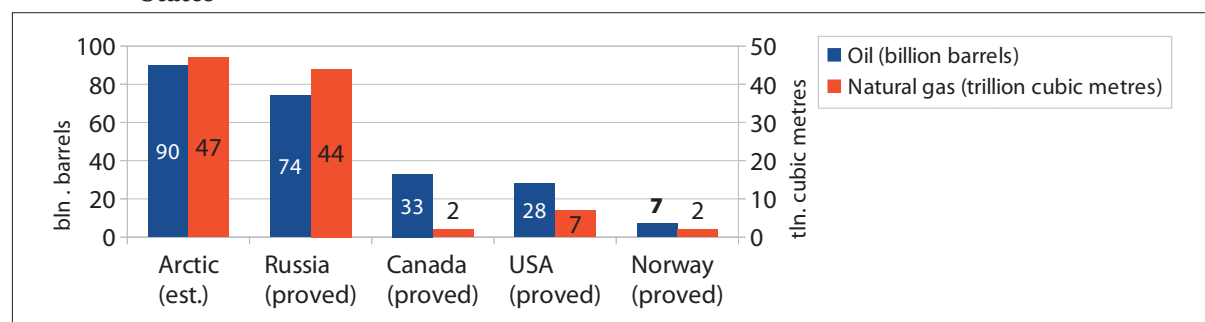
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Article 3

1. The functions of the Commission shall be:
 - (a) to consider the data and other material submitted by coastal States concerning the outer limits of the continental shelf in areas where those limits extend beyond 200 nautical miles, and to make recommendations in accordance with article 76 and the Statement of Understanding adopted on 29 August 1980 by the Third United Nations Conference on the Law of the Sea;
 - (b) to provide scientific and technical advice, if requested by the coastal State concerned during the preparation of the data referred to in subparagraph (a).

Oil and Gas Resources of the Arctic

Figure 1: Undiscovered Oil and Gas Resources of the Arctic and Proved Reserves of the Littoral States



Source: United States Geological Survey, July 2008, <http://pubs.usgs.gov/fs/2008/3049/fs2008-3049.pdf> (undiscovered resources of the Arctic); BP Statistical Review of World Energy June 2010 <http://www.bp.com/statisticalreview> (proved reserves of littoral states)

ANALYSIS

The Demographic Challenges of Russia's Arctic

By Marlene Laruelle, Washington

Abstract:

As Russia seeks to develop its arctic regions economically, it must address its broader demographic challenges. In particular, greater resource extraction in the arctic will lead to an influx of migrants, mainly Central Asians and Chinese. Such population shifts will challenge key aspects of Russia's current identity.

Two Arctics

As it tries to shape the economic development of its Arctic regions, Moscow must address larger trends affecting the country, such as the population crisis and challenges to the way the central government manages its far flung provinces. Russia is currently the only country in the world to be undergoing a dramatic demographic crisis in peace time—the population dropped from 148.5 million in 1992 to 141 million in 2009. It is the only developed country that is desperately short of educated personnel despite extensive inbound migration flows. How is it possible to exploit subsoil riches when the majority of Arctic regions are depopulating? Where is the labor force, required for everything from handling construction tasks to managing complex technological processes, going to come from? How will Moscow reshape the human geography of a country in the process of economic and cultural fragmentation?

In contrast to the other Arctic countries, for Russia the major population issue in the North does not pertain to indigenous groups, but instead to the Russian population (which also includes numerous Ukrainians and Belarusians): more than 80% of Russia's Arctic population is European and urban. The collapse of the centralized Soviet system has had an immense impact on the Arctic settlements. Between 1989 and 2006, one out of every six people emigrated from the Arctic. Between the censuses of 1989 and 2002, the regions of Magadan and Chukotka lost more than 50 percent of their populations, the Taimyr autonomous district 30 percent, Nenets 25 percent, and even the Murmansk region, despite being much better endowed, lost more than 20 percent. Yakutia has escaped relatively untouched with a depopulation of only 12 percent. The reduction of federal salaries, which once offered bonuses sometimes as high as 250 percent of the base salary for spending five years in the High North, accelerated the departures. The absence of work prospects, few opportunities for the children, the exorbitant prices of basic goods, the chronic shortage of heating, gas, and electricity, and the poor links with the rest of the country have pushed millions of Russians to relocate from the arctic since the fall of the Soviet Union.

Examining things on the micro scale, however, makes it possible to trace more subtle trends. All the

towns linked to hydrocarbon or mineral extraction had positive migration rates during the 2000s. As such, the Yamalo-Nenets autonomous district registered positive figures, with a population increase of 4 percent, largely due to the natural gas boom. Migrations between Arctic regions have also been considerable. Small towns or rural settlements have been abandoned and the inhabitants have moved to larger towns, able to provide a greater range of services. Ghost towns have grown in number, creating pockets of poverty in which the populations, dependent mainly on barter trade, do not have enough revenues to migrate. In the second half of the 2000s, the migration figures steadied somewhat, even if the region remains one of Russia's most "in motion," with young generations seeking better educational or professional opportunities and ready to move if necessary to pursue them. In cooperation with the World Bank, the Russian government organized resettlements to some more southern towns for Chukotka's non-working populations, however the logistical success has been limited and resettlers have experienced difficulties adapting. Indeed place-specific social capital is not easy to rebuild and many people refused to leave the region where they have built their lives despite the deterioration in living conditions.

Given these dynamics, it is necessary to distinguish between two Arctics: regions in crisis that have a declining Russian population and in which Russians and indigenous populations live in difficult social conditions; and regions in full economic boom whose populations are more educated, younger, more prone to migrate, and with more foreign migrants.

As shown in Timothy Heleniak's works, migrations in the Arctic zones are much more about labor market turnover than a one-way exodus. Indeed the development prospects for the Arctic presume a labor force that, in view of the country's negative demographic dynamics, is lacking today. The average age in Russia will go from its 2005 figure of 40 years to 46 years by 2030, which is a mere 15 years less than male life expectancy and 10–15 years less than the legal retirement age (55 years for women and 60 for men). This demographic situation impacts directly on the workforce. A study conducted by the Russian Regional Policy Institute revealed

that by 2020, the country is expected to create 7 million new jobs thanks to the industrial projects underway, but it will lose a million working-age individuals per year. The rate of replacement of Soviet generations entering retirement is thus by no means guaranteed, threatening the creation of new jobs.

Migration Inflows and Outflows

Although the figures on migration are difficult to collect and interpret, all the experts agree that Russia has become the second-largest receiving country of migrants in the world, after the United States. According to Russian statistics, between 1992 and 2006 3.1 million persons emigrated from Russia and 7.4 million immigrated there, giving the country an increase of 4.3 million inhabitants. UNDP and Census Bureau figures are higher and, depending on the calculations used, Russian statistics show a migration increase of about 6 million people in the first fifteen years after the Soviet Union's collapse. The majority of Russian emigrants left for Western Europe, Israel, Canada and the United States, while the majority of immigrants came from among the 25 million Russians of the Near Abroad who left their republics to settle in Russia.

However, the prevailing pattern of "repatriation" or "ethnic return" of Russians in the 1990s changed in the 2000s: fewer ethnic Russians from the Near Abroad immigrated, while the number of post-Soviet citizens belonging to the titular nationalities increased. Estimates vary from 5 to 15 million persons, but a range between 7 and 10 million seems most likely. The majority of these migrants are from Central Asia (Tajikistan, Uzbekistan, and Kyrgyzstan) and the Caucasus (mainly Azeris), speak Russian more or less well, and organize their migration through family and regional networks. Migrants from other countries require a visa to enter the country: the Chinese in particular (but also the Vietnamese), who reportedly number about half a million, and are for the most part situated in the Far East.

Today the Russian Arctic is experiencing a double pattern of massive net in-migration from foreign countries and net out-migration to the rest of Russia. The oil and gas regions of Tiumen and Khanty-Mantsy have become privileged destinations for Central Asian migrants, in particular the Tajiks and Uzbeks seeking employment on extraction and construction sites. Already at the start of the 2000s, half the workers on some construction sites in the Far East were foreigners, as were from 70 to 90 percent of salaried workers in the Tyumen region. Russia's thirst for labor is only going to increase. Developing the Yamal megaproject, for instance, will require about 50,000 workers. There are reportedly already close to 20,000 foreigners work-

ing there on infrastructure construction sites. The state nuclear agency Rosatom has been criticized for employing illegal migrants in its nuclear power plants, for not only do these migrants work in unsafe conditions for low salaries, but are untrained and so threaten the safety of the plants. Lastly, the city of Norilsk reportedly has a population of 50,000 migrants, mainly from Azerbaijan, Dagestan, and Central Asia. The Arctic's difficult working conditions, and in particular the increase of shift-work (short-term rotations spent on extraction sites while living at a base city), will necessitate the use of migrants—undemanding populations that come for the financial incentives on offer and not for the quality of life.

Russia also lacks qualified labor. The country combines two contradictory patterns: a high level of schooling, but a low level of human capital. It is the only country in the world where the population has a high percentage of college graduates, but low levels of GDP per capita, declining labor productivity, few new patents, and weak "social capital" (participation in voluntary associations, trust in society, subjective well-being, and strong levels of self-assessed personal control over one's own life). In 2009, a group of top businessmen led by Severstal Group CEO Aleksey Mordashov launched an appeal to President Medvedev requesting more skilled workers. According to their surveys, 54 percent of Russian CEOs view staff shortages as the biggest impediment to growth. This tendency will only intensify when large deposits such as Shtokman and Yamal are under production, and it thwarts the development potential of the Arctic regions, which necessitate advanced technologies and highly specialized know-how.

The large Russian industrial projects of the years to come will require a highly-skilled population. These people could come from Ukraine, where there is high unemployment among graduates, especially in engineering sectors; Azerbaijan, where the oil-related professions have been developed for a long time; or the "Far Abroad," that is, Asia or the Middle East. The arrival of graduate engineers from Central Asia is unlikely, since there are few of them and when they emigrate, they target neighboring Kazakhstan because it is closer geographically and culturally. The competition between Moscow and Astana to harness Central Asian graduate labor will continue to grow in the coming decade.

Policy Changes Needed

In 2010, Moscow relaxed migration requirements for CIS countries, which are the main providers of migrants, but this alone will not be enough to fulfill the needs of the economy. Large Russian companies, for their part, have begun lobbying in favor of a pro-active migration

intake policy, while keeping a low profile on the topic to avoid arousing xenophobic tendencies within Russian society. In any case, a favorable migration policy for CIS countries will not be enough to compensate for the shortages of cadres, as such migrants are mainly unskilled. In coming years the Russian economy will require a targeted policy, as in Canada and Australia, of enticing graduates from Asia, the Middle East, or maybe Central and Southern Europe, with attractive living conditions and salaries. The need to adopt policies aimed at training engineers and management staff at Russian universities is also making itself felt in the growing urgency of offsetting the departure of older workers educated during the Soviet era.

Within the country's demographic trajectory, it remains difficult to determine the long-term role that migratory populations will play, particularly their ability to permanently settle in Russia. If the Arctic extraction and shipping projects become reality, they will draw labor into previously sparsely populated areas. Voluntary migration in response to demand is less destabilizing than uncontrolled large-scale shifts in population, but it will drastically change the ethnic composition in urban areas. Although, for the moment, a large share of the migrants either wish to stay in Russia only for a few years, in order to build up enough capital to return home, or to adopt seasonal strategies (working from March to November), the European and U.S. patterns show that a large share of the migrants eventually settle in the host country and build their lives in it. These migrants are therefore destined to form a growing share of the Russian population, and indeed of its work force.

About the author

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Suggested Reading

Timothy Heleniak, "Changing Settlement Patterns across the Russian North at the Turn of the Millennium," in M. Tykkyläinen, and V. Rautio (eds.), *Russia's Northern Regions on the Edge: Communities, Industries and Populations from Murmansk to Magadan* (Helsinki: Aleksanteri Institute, 2008), pp. 25–52.

Polar Islam

The best symbol of these changes is Norilsk's Nurd Kamal Mosque, the northernmost Muslim house of worship in the world which was inaugurated in 1998 for the town's growing Muslim community. Given that the numbers of indigenous peoples and ethnic Russians are shrinking in the north, the future of Arctic Russia is probably that of a "Polar Islam." It can also be supposed that Chinese migrants already based in the Far East might be looking to settle further to the north. Two migration spurts, one of Chinese and another of Central Asians, might thus enter into competition with one another. This is already the case in the large towns of the Far East, where Central Asians have taken over construction sites once worked by Chinese in recent years. The capacity of Russian society to reformulate its identity and to build a new citizenry is therefore going to be crucial. If Russia's Arctic develops economically, it would mean a rapid increase in Russia's Muslim and Central Asian population, an identity dilemma that Moscow is currently unable to resolve.

The famous "modernization challenge" evoked by Dmitry Medvedev is therefore at play here. Stuck in an unprecedented demographic crisis, which has a decisive impact on Russia's workforce, particularly the educated workforce, Russia cannot envision an Arctic future without a major migratory policy based on an American or Canadian model. But implementing such a policy presumes that the Kremlin keeps the lid on the Pandora's box of Russian nationalism and takes up the fight against rising xenophobia.

ANALYSIS

Russia's Arctic Security Strategy

By Dmitry Gorenburg, Cambridge, MA

Abstract

During most of the late 20th century, the Arctic region was primarily a zone of military interests, used by both NATO and Soviet strategic forces as bases for their nuclear submarines and as testing grounds for intercontinental ballistic missiles. With the end of the Cold War, the Arctic initially lost its strategic significance. This has changed in the last decade thanks to a combination of accelerating climate change and a rapid increase in energy prices. As a result, Russian leaders now primarily see the Arctic as a potential source of economic growth for the country, both as a strategic resource base for the future and a potential maritime trade route.

The Russian Arctic's Economic Potential

A 2008 US Geological Survey estimates that 13 percent of the world's remaining oil and 30 percent of its natural gas reserves are located in the Arctic. A relative increase in energy prices compared to the historical average has made the exploitation of these remote and technically difficult resources more cost-effective. Russia's natural resources ministry has stated that the parts of the Arctic Ocean claimed by Russia may hold more petroleum deposits than those currently held by Saudi Arabia. The same US Geological Survey estimated total Russian offshore oil reserves at 30 billion barrels, while natural gas reserves were estimated at 34 trillion cubic meters (tcm), with an additional 27 billion barrels of natural gas liquids.¹ Because most of these deposits are located offshore in the Arctic Ocean, where extraction platforms will be subject to severe storms and the danger of sea-ice, the exploitation of these resources will require significant investment and in some cases the development of new technology. This means that extraction will only be economically feasible if prices for hydrocarbons remain high.

However, Russian natural resources in the Arctic are not limited to hydrocarbons. According to the secretary of Russia's Security Council, Nikolai Patrushev, the Arctic currently supplies more than 90 percent of Russia's nickel, cobalt, and platinum, as well as 60 percent of Russia's copper. Ninety percent of Russian diamonds and 24 percent of its gold is mined in the Arctic region of Yakutia. One of the world's largest phosphate mines is located on the Kola Peninsula. In addition, Arctic Russia has significant deposits of silver, tungsten, manganese, tin, chromium, and titanium. The extraction of these natural resources provides Russia with 11 percent of its GDP and 22 percent of its export earnings.² In the relatively near future,

Russia is likely to develop the significant deposits of rare earths, which are found on the Kola Peninsula and in Yakutia.

The future economic potential of the region is not limited to the extraction of natural resources. In recent decades, it has become clear that climate change is leading to the rapid melting of the polar ice cap, which has already improved access to the Russian Arctic. In the future, Russian planners hope to see the development of a northern sea route that might compete with the Suez Canal route for commercial maritime traffic. The route is attractive because it is a significantly shorter path from Asia to Europe than via the Suez Canal or around the Cape of Good Hope. Furthermore, the route avoids the risks posed by pirates operating in the Straits of Malacca and in the Indian Ocean off the coast of Somalia. However, these benefits are offset by the added expense of having to hire icebreakers and the potential for delays due to unexpected ice or severe storms.

While analysts differ on how quickly the Northern Sea Route will become commercially viable, the consensus seems to indicate that while the passage will be largely ice free during the summer by 2015, regular commercial traffic may not be feasible for another 20–30 years. Finally, the region represents one of the world's most significant fishing areas. While the Arctic's share of global fisheries has been stable at four percent for the last 30 years, it is likely to increase as the result of overfishing in other parts of the world.

Russia's Regional Strategy

Russia's main goal in the Arctic is developing the region's energy resources. Russia has already put in place plans to exploit resources in this region — most significantly the Shtokman natural gas deposit in the Barents Sea, which contains 3.8 tcm of natural gas. The Leningradskoe and Rusanovskoe deposits, located in the same general area contain an additional 6.2 tcm of natural gas. The Kharasaveisk, Kruzenshtern, and Bovanenkovo depos-

1 Kenneth Bird et al., *Circum-Arctic Resource Appraisal: Estimates of Undiscovered Oil and Gas North of the Arctic Circle*, US Geological Survey Fact Sheet 2008-3049.

2 V. Sosnin, G. Ryzhkov, "Vosstanovlenie kontrolya za vozdushnoi i nadvodnoi obstanovkoi v Arktike—vazhneishiaia zadacha

Rossii," *Morskoi Sbornik*, July 2010, pp. 32–37.

its located in the Kara Sea near the Yamal peninsula contain over 10 tcm of natural gas and gas condensate.³

Because of limitations on Russia's ability to conduct offshore drilling in extreme climate conditions, Russian firms have sought partners for their operations in the Arctic. The development of Shtokman is to be carried out by a consortium involving Gazprom, France's Total, and Norway's Statoil. However, because of the current oversupply of natural gas to Europe, due to the global recession, development of the field has been postponed until at least 2016. Nevertheless, the need for international cooperation on energy extraction has increasingly come to shape Russian Arctic policy, leading to a noticeable shift from confrontation to cooperation over the last three years.

Prior to 2008, Russia pursued a fairly confrontational strategy in the region, as it sought to maximize its claims to potential seabed resources in the Arctic. The UN Convention on the Law of the Sea (UNCLOS), which came into effect in 1994, allows countries to claim a 200 nautical mile (nm) exclusive economic zone that extends beyond their twelve-mile territorial boundaries. Large parts of the Arctic Ocean could thus be claimed by more than one country. Furthermore, UNCLOS grants states exclusive rights to extract mineral resources on their continental shelves up to a distance of 350 nm from shore. This has led to disputes over whether various underwater mountain ranges should be considered extensions of the continental shelf.

Moscow has long claimed that the Lomonosov and Mendeleev Ridges are not ridges *per se*, but actually extensions of the Russian continental shelf. Denmark (via its sovereignty over Greenland) and Canada also claim the Lomonosov Ridge as extensions of their respective continental shelves. The adjudication of these claims is particularly significant as the ridges pass very close to the geographic North Pole and would dramatically expand the mineral extraction zone for whichever state had control of extraction rights on them. In December 2001, Russia submitted a claim to the UN Commission on the Limits of the Continental Shelf, arguing that a large sector of seabed under the Arctic Ocean, extending to the North Pole, was an extension of the Eurasian continent. According to the claim, Russia should have the exclusive right to explore for natural resources in this area. The Commission ruled the following year that additional research was necessary to substantiate the claim, and thus the claim remains unresolved.

In order to press its claims to the Lomonosov Ridge, Russia launched a scientific expedition in 2007 that

included a State Duma deputy, who placed a titanium Russian flag on the bottom of the sea near the North Pole. Around the same time, Russian officials openly began to discuss increasing their military presence in the Arctic. These actions prompted concern in other countries that Russia was prepared to defend its claims by force. In the end, these concerns proved unwarranted, as Russian rhetoric quieted down and its leaders began to focus on negotiated solutions to territorial disputes in the region.

A Shift to Negotiation

The Russian government has recently focused on reaching agreements with neighboring Arctic states to delimit maritime boundaries. The goal is to ensure control of the maximum amount of seabed natural resources, while creating conditions that will allow for international cooperation in the development of these resources. In order to achieve this goal, the government believes it must resolve all remaining maritime territorial disputes with the four other states that claim sectors in the Arctic: Norway, Denmark, Canada, and the United States.

Norway was particularly important in this regard because of a long-standing bilateral dispute over a 175,000 square kilometer area in the Barents Sea. The area was originally disputed because of conflicts over fishing rights, though it became more significant in recent years because of the probability that there are significant oil and gas deposits in the region. According to Russian estimates, the recoverable resources stand at 39 billion barrels of oil and 6.6 tcm of natural gas. Russia was particularly keen to resolve this dispute because of its need for Norwegian assistance in natural resource exploration throughout its Arctic sector, since Norway has the greatest expertise in offshore natural gas drilling in similar climatic conditions.

In an accord reached in September 2010, the two sides decided to divide the disputed territory more or less equally. In addition, both countries agreed to cooperate in developing the region's natural resources and to share any mineral deposits that cross the delimitation line. Both sides plan to begin exploring for natural resources in the region once the treaty is ratified by their respective parliaments, something that was impossible while the dispute was unresolved.

At the same time, the two sides still disagree about fishing right in waters around the Spitsbergen/Svalbard archipelago. Norway argues that it has exclusive fishing rights in the 200 mile exclusive economic zone around the archipelago, whereas the Russian position is that the archipelago's unique status excludes the possibility of the surrounding waters being part of Norway's EEZ. Over the last decade, conflicts over fishing rights have led to the arrest of Russian fishing vessels by the Norwe-

3 V. Bogoiavlenskii, "Uglevodorodnye bogatstva arktiki i Rossiiskii geofizicheskii flot: sostoianie i perspektivy," *Morskoi Sbornik*, September 2010, pp. 53–62.

gian Coast Guard and the initiation of frequent Russian naval patrols in the area in response. There is some hope that the resolution of the border dispute may provide an impetus to negotiations of the fishing dispute as well.

The location of the maritime border between Russia and the United States also continues to generate some tension. Although the two states agreed on a border treaty in 1990, this treaty has never been ratified by the Russian State Duma. Most Russian politicians believe the treaty was unfair to Russian claims and was signed at a time when the collapsing Soviet Union was at its weakest. As a result, they claim that Russia has lost a significant amount of fishing revenue and would like to see the treaty's terms renegotiated. Russia and the United States also disagree about the status of the Northern Sea Route, with the United States claiming the right of free navigation, while Russia argues that the route goes through Russian territorial waters and all passing ships must request permission and pay fees.

The settlement of the border dispute with Norway, long considered the most serious in the Arctic, has given impetus to other bilateral negotiations. In the days after the signing ceremony, Canada and Russia jointly announced that they will abide by the decisions of the UN in solving their dispute over the Lomonosov Ridge. This has engendered optimism that various

territorial claims that have been (or will soon be) filed with the UN by all five Arctic states can be resolved in an orderly and peaceful manner.

Conclusion

Though Russia remains keenly interested in the Arctic, it will pursue its regional ambitions via negotiations and peaceful dispute resolution. Unilateral posturing and talk of building up a Russian military presence — which featured prominently in Russian Arctic policy just three or four years ago — have now fallen by the wayside, in part because the authorities regard a cooperative approach as more conducive to exploration of and investment in Arctic natural resources. While disputes over fishing and navigation rights among the five Arctic maritime states remain unresolved, in recent years all sides have agreed to resolve competing claims through international institutions. The Arctic is thus unexpectedly becoming a venue for strengthening international cooperation, rather than the potential zone of military confrontation that it had been since the start of the Cold War. The major unknown for the near future is the role of growing non-Arctic powers such as China and Korea, who are increasingly eager to play a role in the exploitation of Arctic resources.

About the Author

Dmitry Gorenburg is a Senior Analyst at CNA, a non-profit think tank, where he conducts research on Russian security and military issues. He is also the editor of the journal *Russian Politics and Law* and a Fellow of the Truman National Security Project. His blog on Russian military affairs may be found at russiamil.wordpress.com.

DOCUMENTATION

The Russian Flag Below the Arctic (2007)

According to the UN Convention on the Law of the Sea, the five states with territory inside the Arctic Circle and having access to the sea – Russia, Canada, USA, Norway and Greenland (Denmark) – are allowed to claim control over the Arctic. In general, the territories which are further from the baseline than 200 nautical miles are defined as international waters. However, the states are allowed to submit claims to the UN Commission of the Limits of the Continental shelf to take control of the land. To do so, it must be proven that the shelf is the underwater prolongation of the land mass of the coastal state. For this purpose, two Russian research submarines travelled to the North Pole on August 2, 2007 to take soil and fauna samples on the seabed. They also planted a Russian flag on the ocean ground, though the UN Commission has not ruled on their claims.

Press Review 2007 ...

RIA Novosti, Moscow

*Both Russian mini subs surface after symbolic North Pole dive
August 2, 2007.*

“The goal of this expedition is not to stake Russia’s claim, but to prove that our [Lomonosov] shelf spreads to the North Pole.” The expedition will “allow us to acquire additional scientific proof” of this claim, Russian Foreign Minister Sergey Lavrov explained.

Source: <http://en.rian.ru/russia/20070802/70229618.html>

CNN

*Russia plants flag on Arctic floor
August 4, 2007.*

“I’m not sure of whether they’ve put a metal flag, a rubber flag or a bed sheet on the ocean floor. Either way, it doesn’t have any legal standing or effect on this claim,” State Department deputy spokesman Tom Casey stated.

The New York Times

*Eyeing Future Wealth, Russians Plant the Flag on the Arctic Seabed, Below the Polar Cap
August 3, 2007, C. J. Chivers and Andrew C. Revkin.*

The dive was a symbolic move to enhance the government’s disputed claim to nearly half of the floor of the Arctic Ocean and potential oil or other resources there.

Source: <http://www.nytimes.com/2007/08/03/world/europe/03arctic.html>

Rossiyskaya Gazeta (Moscow)

Shelfless

August 4, 2007, Darya Yurieva

As soon as the vessels of the Russian scientific expedition, which made the first dive to the seabed of the Arctic ocean in history, came home, the US and Canadian authorities almost simultaneously issued harsh statements about our scientists’ activities in the Arctic. [...] All the “powers that be” will participate in the “struggle for the Arctic” and try to agree to a compromise in the course of backdoor negotiations. It is vital in this situation to prevent a situation in which Russian interests remain outside of these agreements.

Source: <http://www.rg.ru/2007/08/04/kanada-usa.html>

The Guardian (London)

Flagging up the issue

August 6, 2007, Diana Wallis

The Arctic cannot be won or taken by nationalistic flag planting, either real or metaphorical, any more than these issues can be solved by the plethora of international legal cases already launched between the Arctic nations.

There needs to be some serious dialogue combined with real political will to reach an Antarctic-type solution.

Source: <http://www.guardian.co.uk/commentisfree/2007/aug/06/flagginguptheissue>.

... and an Appraisal Published in 2010

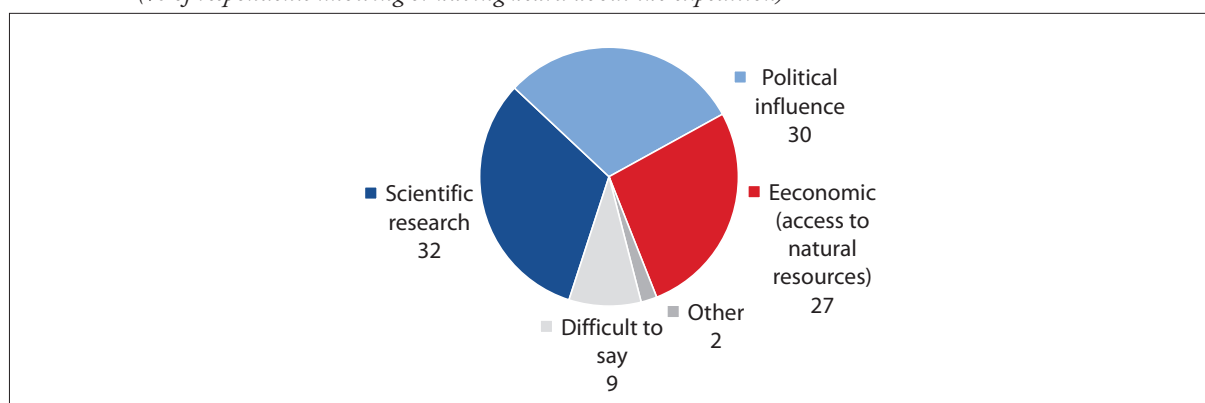
As of mid-2010, the upsurge in Russia's activity in the Arctic from 2007–2009 has all but faded. Nonetheless, Russian involvement in the Arctic deserves a closer analysis than that provided in this report, which highlights just four of its main elements:

- 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.

Source: Pavel K. Baev, "The Virtual Battle for Non-Existent Resources" in: Dmitry Trenin and Pavel K. Baev, *The Arctic: A View from Moscow*, Moscow: Carnegie Endowment for International Peace, 2010. <http://carnegie.ru/publications/?fa=41592>

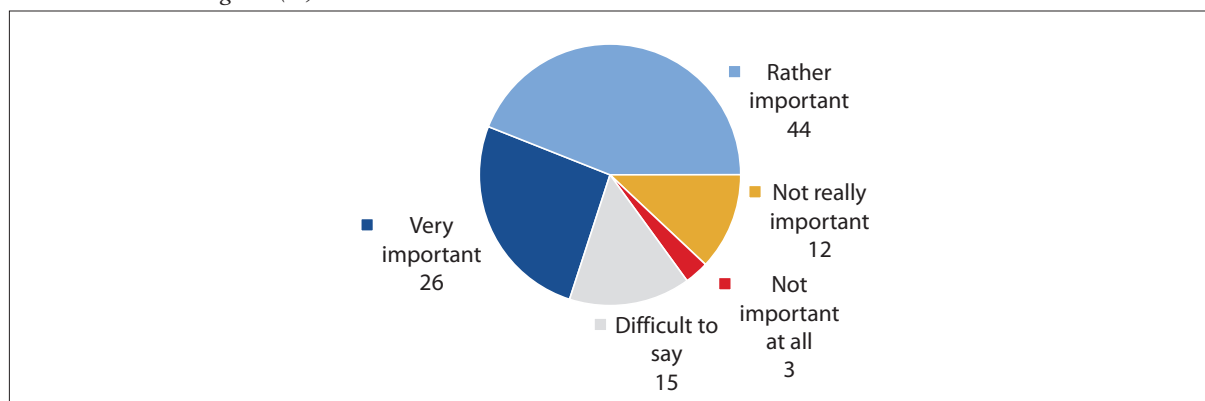
Russian Public Opinion on the Arctic Mission of the Research Submarines 2007

Figure 1: In your opinion, which goal was this expedition pursuing?
(% of respondents knowing or having heard about the expedition)



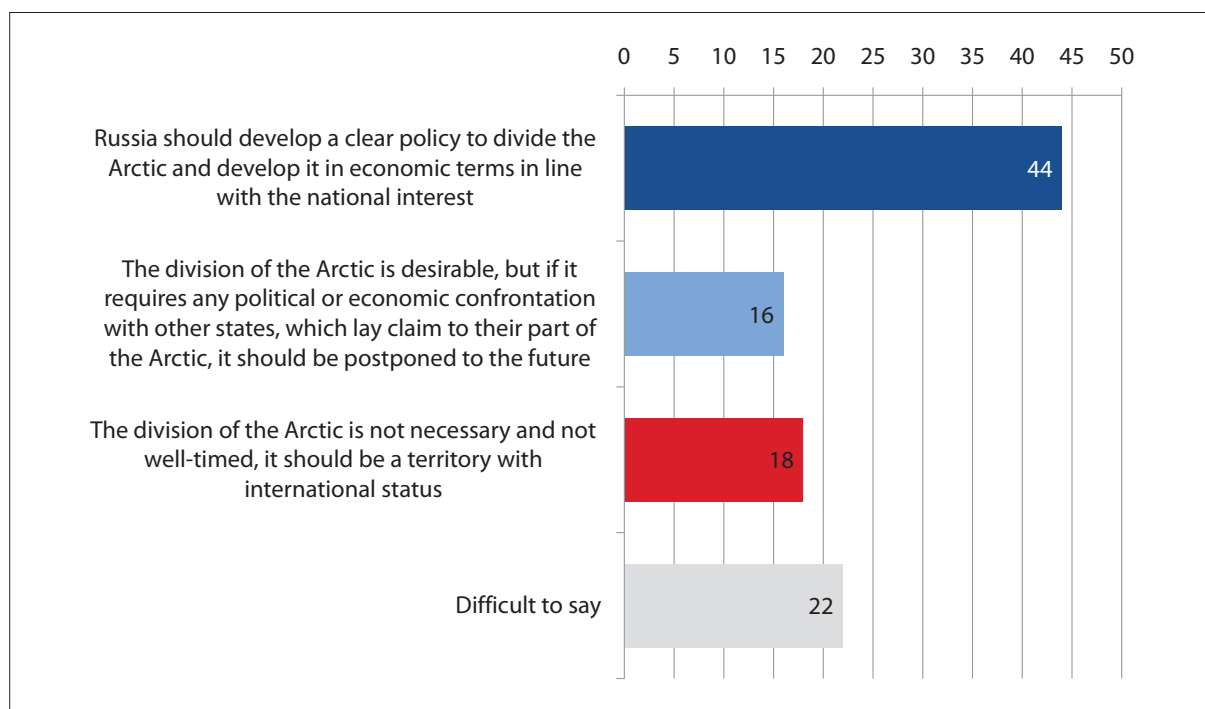
Source: representative poll of the Russian population by VTsIOM, 24 August 2007, <http://wciom.ru/index.php?id=268&uid=8664>

Figure 2: In your opinion, how important is it for Russia at the moment to engage in research on and development of the Arctic region? (%)



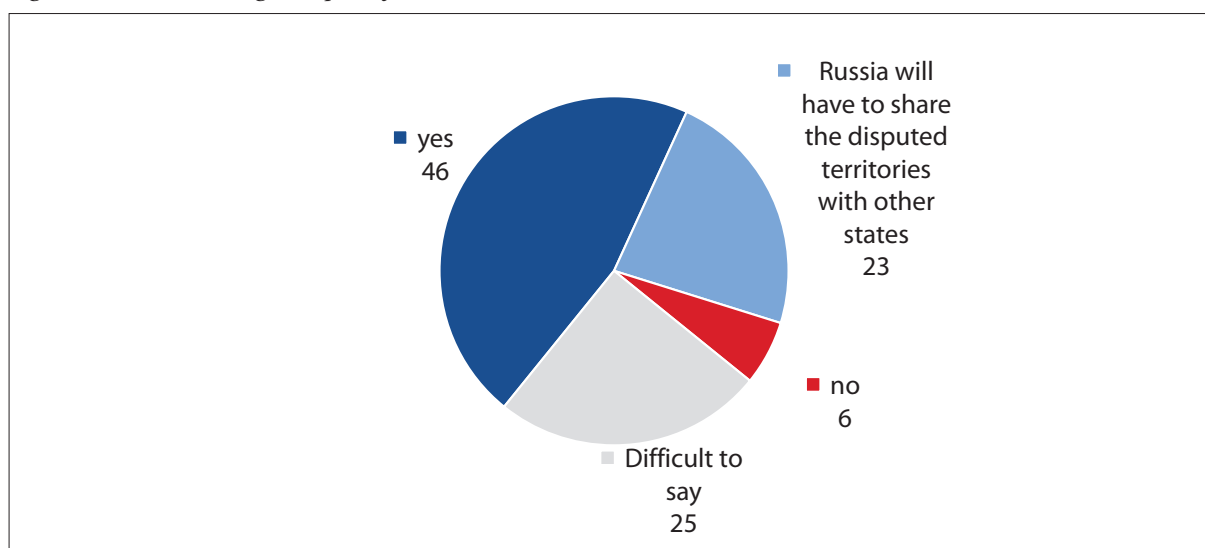
Source: representative poll of the Russian population by VTsIOM, 24 August 2007, <http://wciom.ru/index.php?id=268&uid=8664>

Figure 3: Apart from Russia, there are also other states (USA, Canada, Denmark etc.) claiming parts of the Arctic territories. In your opinion, what should Russia do? (%)



Source: representative poll of the Russian population by VTsIOM, 24 August 2007, <http://wciom.ru/index.php?id=268&uid=8664>

Figure 4: Will Russia get the part of the Arctic territories it claims? (%)



Source: representative poll of the Russian population by VTsIOM, 24 August 2007, <http://wciom.ru/index.php?id=268&uid=8664>

ABOUT THE RUSSIAN ANALYTICAL DIGEST

Editors: Stephen Aris, Matthias Neumann, Robert Orttung, Jeronim Perović, Heiko Pleines, Hans-Henning Schröder, Aglaya Snetkov

The Russian Analytical Digest is a bi-weekly internet publication jointly produced by the Research Centre for East European Studies [Forschungsstelle Osteuropa] at the University of Bremen (www.forschungsstelle.uni-bremen.de), the Center for Security Studies (CSS) at the Swiss Federal Institute of Technology Zurich (ETH Zurich), the Resource Security Institute, the Institute of History at the University of Basel (<http://histsem.unibas.ch/seminar/>) and the Institute for European, Russian and Eurasian Studies at The George Washington University. It is supported by the German Association for East European Studies (DGO). The Digest draws on contributions to the German-language Russland-Analysen (www.laender-analysen.de/russland), the CSS analytical network on Russia and Eurasia (www.res.ethz.ch), and the Russian Regional Report. The Russian Analytical Digest covers political, economic, and social developments in Russia and its regions, and looks at Russia's role in international relations.

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Research Centre for East European Studies at the University of Bremen

Founded in 1982, the Research Centre for East European Studies (Forschungsstelle Osteuropa) at the University of Bremen is dedicated to socialist and post-socialist cultural and societal developments in the countries of Central and Eastern Europe.

In the area of post-socialist societies, extensive research projects have been conducted in recent years with emphasis on political decision-making processes, economic culture and the integration of post-socialist countries into EU governance. One of the core missions of the institute is the dissemination of academic knowledge to the interested public. This includes regular email services with nearly 20,000 subscribers in politics, economics and the media.

With a collection of publications on Eastern Europe unique in Germany, the Research Centre is also a contact point for researchers as well as the interested public. The Research Centre has approximately 300 periodicals from Russia alone, which are available in the institute's library. News reports as well as academic literature is systematically processed and analyzed in data bases.

The Center for Security Studies (CSS) at ETH Zurich

The Center for Security Studies (CSS) at ETH Zurich is a Swiss academic center of competence that specializes in research, teaching, and information services in the fields of international and Swiss security studies. The CSS also acts as a consultant to various political bodies and the general public. The CSS is engaged in research projects with a number of Swiss and international partners. The Center's research focus is on new risks, European and transatlantic security, strategy and doctrine, area studies, state failure and state building, and Swiss foreign and security policy.

In its teaching capacity, the CSS contributes to the ETH Zurich-based Bachelor of Arts (BA) in public policy degree course for prospective professional military officers in the Swiss army and the ETH and University of Zurich-based MA program in Comparative and International Studies (MACIS); offers and develops specialized courses and study programs to all ETH Zurich and University of Zurich students; and has the lead in the Executive Masters degree program in Security Policy and Crisis Management (MAS ETH SPCM), which is offered by ETH Zurich. The program is tailored to the needs of experienced senior executives and managers from the private and public sectors, the policy community, and the armed forces.

The CSS runs the International Relations and Security Network (ISN), and in cooperation with partner institutes manages the Crisis and Risk Network (CRN), the Parallel History Project on Cooperative Security (PHP), the Swiss Foreign and Security Policy Network (SSN), and the Russian and Eurasian Security (RES) Network.

The Institute for European, Russian and Eurasian Studies, The Elliott School of International Affairs, The George Washington University

The Institute for European, Russian and Eurasian Studies is home to a Master's program in European and Eurasian Studies, faculty members from political science, history, economics, sociology, anthropology, language and literature, and other fields, visiting scholars from around the world, research associates, graduate student fellows, and a rich assortment of brown bag lunches, seminars, public lectures, and conferences.

The Institute of History at the University of Basel

The Institute of History at the University of Basel was founded in 1887. It now consists of ten professors and employs some 80 researchers, teaching assistants and administrative staff. Research and teaching relate to the period from late antiquity to contemporary history. The Institute offers its 800 students a Bachelor's and Master's Degree in general history and various specialized subjects, including a comprehensive Master's Program in Eastern European History (<http://histsem.unibas.ch/bereiche/osteuropaeische-geschichte/>).

Resource Security Institute

The Resource Security Institute (RSI) is a non-profit organization devoted to improving understanding about global energy security, particularly as it relates to Eurasia. We do this through collaborating on the publication of electronic newsletters, articles, books and public presentations.

Any opinions expressed in Russian Analytical Digest are exclusively those of the authors.

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