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CONTENTS

INTRODUCTION

The value of the Arctic is determined by its rich natural resources and geographical location: the shortest sea route from Asia to Europe runs through it. However, due to the harsh climate, the Arctic region remained on the periphery of the development of the world economy for a long time. Now, global climate change is bringing fundamental changes to the processes of international cooperation and development in the Arctic. The Arctic is "opening up" and is, therefore, rapidly taking an increasingly important place on the international agenda. Due to the warming, the increasing availability of natural resources and transport routes is fueling interest from the international community in the region. In the context of the confrontation between the United States and Russia and China, the opening Arctic region turns into another arena of intense rivalry between the great powers.

As a result of climate change, environmental risks in the Arctic are rapidly increasing: the permafrost is thawing, which creates colossal threats to infrastructure, the risk of man-made disasters increases, coastal erosion occurs, floods are more frequent, threats to life for the indigenous population are increasing, and much more.

From the point of view of international relations, the "opening" of the Arctic from ice leads to at least three very unfavorable and dangerous consequences for Russia.

First, the "opening" of the Arctic attracts non-Arctic countries to the region, which are beginning to compete not only to participate in economic and transport projects, but to participate in the governance of the region. Increasingly, there is a demand to abolish the current governance system for the region, according to which the management of the Arctic is in the hands of the Arctic countries. This aggravates international competition in the region, and also qualitatively increases environmental risks: if the Arctic becomes "the property of all mankind," in which any country can do whatever it wants, the latter will increase massively.

Second, the "opening" of the Arctic from ice has led to the fact that it has ceased to play the role of a natural buffer between the great powers. As a result, the general rivalry between the United States and Russia and

China is spilling over into this region, and the militarization of the region is intensifying. In 2019, 2020 and 2021 The United States published three military Arctic strategies in a row (the Department of Defense, the Department of the Air Force and the United States Army, respectively), in which it claimed the region was one of the most preferential for building up its military presence. This militarization and, in general, the spread of a confrontational agenda to the region cannot but threaten the economic development of the Russian Arctic and international cooperation to stimulate this development.

Third, the "opening" of the Arctic from ice poses a threat to the current international legal regime of navigation in the region, which secures the exclusive rights of the Arctic countries. This, in turn, leads to an even greater increase in military-political and environmental threats to security. This regime is provided for in Article 234 "On Ice-Covered Areas" of the 1982 UN Convention on the Law of the Sea[1], which gives coastal states the right to exercise non-discriminatory control over shipping in ice-covered areas within the exclusive economic zone (200 nautical miles) in order to protect the environment. The participating countries, including Russia, take advantage of this, and due to the strategic importance of the Arctic for the security and economic development of the country, Moscow considers maintaining its control over shipping along its Arctic territories, including the Northern Sea Route (NSR), as a matter of national security.

The melting of ice today leads to a substitution of concepts: instead of building up and combining efforts to protect the Arctic as an increasingly climatically vulnerable region of the world, the United States and a num-

[1] Article 234 of the Convention: "Coastal states have the right to enact and enforce non-discriminatory laws and regulations to prevent, reduce and control pollution of the marine environment from ships in ice-covered areas within the exclusive economic zone, where especially severe climatic conditions and the presence of ice covering such areas, for most of the year, create obstacles or increased danger to navigation, and pollution of the marine environment could seriously harm the ecological balance or irreversibly disrupt it. Such laws and regulations take due account of shipping and the protection and conservation of the marine environment on the basis of the best scientific evidence available."

ber of other countries insist on "averaging" the legal status of the Arctic — which is directly opposite to the climatic processes taking place in it.

As a result, one of Russia's top priorities in the Arctic and the task of the Russian agenda of international cooperation in the region, including within the framework of the Arctic Council, is the preservation of the international legal regime of Article 234 of the UN Convention, despite the melting of the Arctic ice. To this end, an expanded interpretation of this article should be proposed and promoted within the Arctic Council, and then at a wider international level. Namely: the exclusive rights of the Arctic states must be preserved not only and not so much because of the ice cover in the waters of the Arctic Ocean, but because of the particular fragility of the Arctic ecosystems — in exchange for the increased responsibility of the Arctic countries for the preservation of these ecosystems. **This means there is a need for a qualitative increase in the priority of environmental issues and environmental cooperation, nature protection in the Russian agenda for the Arctic, and above all in the agenda of the chairmanship of the Arctic Council.**

Indeed, in the context of the growing international importance of the Arctic region and the acceleration of climatic changes, the freeing of its water areas from ice not only does not reduce, but increases the susceptibility of Arctic ecosystems to negative economic impact. The lack of legal arguments in Russia and other Arctic states for non-discriminatory control over navigation in the Arctic waters is fraught with a critical aggravation of environmental problems in the region.

Thus, the promotion of the climate and environmental agenda with an emphasis on the fragility of the region's ecosystem and the need to intensify the interaction of the Arctic countries to protect it, including from the actions of non-Arctic players, is one of the main tools for realizing Russia's foreign policy interests in the Arctic. The Arctic Council, especially in the light of Russia's chairmanship in 2021–2023, can and should become the main platform for consolidating the interests of the Arctic countries interested in the peaceful and sustainable development of the region, minimizing environmental and military-political risks. At the moment, Russia cannot be interested in eroding its role as the main institution of governance in the Arctic.

At the same time, the promotion of a new interpretation of the 234 regime of Article 234 of the UN Convention on the Law of the Sea and the consolidation of the Arctic countries around the idea of "increased ecological responsibility" is impossible without demonstrating real steps towards solving the environmental and climate problems, and, therefore, should not be limited to diplomatic efforts only. There is a need for serious scientific research on environmental changes in the Arctic and large-scale work to improve the environmental situation in the regions of the Russian North. Due to the length of the Russian Arctic, Russia should diplomatically insist on the role of a leader in protecting the environment and a "fighter on the front line," which will consolidate the status of an Arctic country that, like no one else, understands the scale of threats in the region and bears effective responsibility for its future.

Initiating a new working group at the Arctic Council site, aimed at coordinating actions and developing comprehensive solutions for adaptation to climate change in the Arctic, can be the confirmation of commitment to these goals. An approach based on the importance of adaptation measures aimed at mitigating climate risks is more in line with Russian interests than an approach that presupposes measures to self-restrict greenhouse gas emissions. This manifests itself especially clearly in the Arctic — the accumulated volume of greenhouse gas emissions has already made many climatic processes occurring in the region irreversible. The Arctic is already too hot, so this is where adaptation takes precedence over emissions reduction.

With increasingly uncertain foreign policy and multiplying threats in the Arctic, the possibilities for the internal development of the Russian North are growing in a non-linear way. Compared to other countries, the role of the Arctic in the development of Russia is incomparably higher. The region accounts for about 10% of Russia's GDP and 20% of the country's total exports. The possibilities for the extensive development of the region are, however, increasingly constrained by economic, technological, environmental and social barriers.

Contrary to the point of view which prevailed in 2000s, global climate change does not turn the Arctic into a promising region for producing energy resources or international transit. The Arctic is indeed becoming more accessible. That said, the global energy transition and growing

environmental risks are increasing the requirements for expensive Arctic projects, the implementation of which is less profitable in the context of low energy prices. The transformation of the system of economic relations in Asia and the trend towards isolating European and Asian markets curtail the potential for a significant increase in transit shipping in the Arctic in the near future.

Russia's new Arctic policy should be based around new conditions: due to geography, Russia needs the Arctic incomparably more than the rest of the world. International interest in the region is growing, but it is hardly possible to count on the fact that it can become the main driver of its development. Russia needs a strong state policy for the development of the region, aimed at creating a competitive resource economy of an innovative type, taking into account both internal and external constraints on the development of the region at the institutional level.

External restrictions are largely related to the unstable situation in the world energy markets and foreign policy factors (in the form of economic sanctions limiting cooperation between Russian and foreign companies). Internal restrictions are related to the continuity of the development policy of the Arctic, which is considered as a "thing in itself," separated from other regions of the country, and struggling to rid itself of reliance on extensive methods of development.

The natural wealth and nature conservation of the Arctic should become the basis for generating added value through the localising high-tech and resource-intensive industries and the creating a segment of domestic service companies serving Arctic projects. The development of the Arctic should become a truly national project, but not simply through greater federal funding, but direct participation and involvement of industry, research centers and service industries in other regions of Russia — the Urals, Siberia, the Far East, etc. and the integrated use of their competitive advantages within interregional value chains covering all of Russia. The development of the Northern Sea Route and the restoration and development of meridian transport and logistics routes will, of course, play a key role in achieving this goal.

At the same time, building an innovative economy based on Arctic projects is hardly possible without using the resources of international cooperation. Therefore, **the second task of international cooperation in**

the Arctic, in addition to promoting a new understanding of the international regime of navigation in the region, is to attract technologies for their further dissemination in Russian production and to gain access to financial resources, primarily from non-Western international development institutions and non-Arctic countries interested in Arctic projects.

In particular, this formula should become the main way of cooperating between Russia and China in the Arctic. At the same time, Russian-Chinese cooperation in the region should be complemented by the intensifying relations with a number of other partners — Japan, South Korea, India, the countries of Southeast Asia, France, the countries of the Middle East, etc.

1. THE ARCTIC IN A CHANGING WORLD

1.1. The Arctic in international relations

The role of the Arctic in the general agenda of international relations is growing rapidly. Oran Young, one of the classics of the theory of international relations and leading experts in the Arctic, states that the Arctic **is moving away from the periphery of international relations interest areas and becoming one of the main areas for the collision of strategic interests of the leading powers**. Over the past couple of years, Russia and the United States have adopted or updated their official Arctic strategies, including military aspects, in which the Arctic is viewed as a region vital to their security.

Climate change is at the heart of this process: due to the peculiarities of the northern ecosystems[2] the rise in surface temperature in the Arctic in the past few decades has been twice as fast as the world average — today the Arctic has *become the world's main laboratory for studying the processes of climate change on the planet.* In the XXI century temperature records are recorded almost every year[3].

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[2] The peculiarities of the Arctic climate are due to the presence of a number of positive feedback mechanisms. For example, snow and ice reflect about 80% of the incoming solar radiation, while the open ocean surface — only 20%. The gradual melting of ice leads to a decrease in the reflectivity of the earth's surface, which increases its temperature faster than usual. For details see *Goosse, H., Kay, J.E, Armor, K.C, Bodas-Salcedo, A., Chepfer, H., Docquier, D., Jonko, A., Kushner, P.J., Lecomte, O., Massonnet, F. and Park, H.S.* Quantifying climate feedbacks in polar regions // Nature communications. 2018. 9 (1). P. 1–13. Available at: https://www.nature.com/articles/s41467-018-04173-0 (accessed 10.04.2021).

[3] IPCC. Climate change 2013: The physical science basis. Contribution of Working Group I to the Fifth Assessment Report of the IPCC. Cambridge: Cambridge University Press, 2013; *Overland, J., Hanna, E., Hanssen-Bauer, I., Kim, S.J., Walsh, J.E., Wang, M., Bhatt, U.S., Thoman, R.L. et al.* Surface air temperature (Arctic Report Card 2017). Available at: https://arctic.noaa.gov/Report-Card/Report-Card-2017/ArtMID/7798/ArticleID/700/Surface-Air-Temperature (accessed 10.04.2021).

Climate change processes in the Arctic will continue to progress at an accelerated pace[4]. On the one hand, they lead to greater accessibility of the Arctic territories in terms of resource development and transport development. On the other hand, they lead to a rapid increase in climatic risks, the manifestations of which are not limited to the Arctic region[5]. Among other things, permafrost is thawing, which poses threats to infrastructure and increases the risk of man-made disasters, coastal erosion occurs, floods are more frequent, and threats to life for the indigenous population are increasing.

But what's more important is that under the conditions of the Arctic, the climatic threat is changing from being an non-traditional security challenge for the Arctic countries to being a completely traditional one. In the context of an increasing rivalry between the US, China and Russia, as well as a more active foreign policy of Beijing, climatic changes increase interest in the region from non-Arctic countries and become a prerequisite for the spread of their common rivalry to the Arctic and an increase in the degree of military-political tension in the region, which is a risk to stability of the Arctic region as a whole.

First, the "opening" of the Arctic from ice, its increasing accessibility, as well as the dependence of the whole world on climatic processes in the region, are used by non-Arctic countries to get involved in the Arctic agenda. The European Union and individual European countries (including France and Great Britain) have issued a number of documents in recent years aimed at promoting their interests in the Arctic, while France periodically

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[4] *Pörtner, H.O., Roberts, D.C., Masson-Delmotte, V., Zhai, P., Tignor, M., Poloczanska, E., Mintenbeck, K., Alegría, A., Nicolai, M., Okem, A. and Petzold, J.* IPCC Special Report on the Ocean and Cryosphere in a Changing Climate (SROCC). 2019. Available at: https://www.ipcc.ch/site/assets/uploads/sites/3/2019/12/SROCC_Citations.pdf (accessed 10.04.2021).

[5] *Whiteman, G., Hope, C. and Wadhams, P.* Vast costs of Arctic change // Nature News and Comment. 24 July 2013. 499: 401–403; *Hope, C. and Schaefer, K.* Economic impacts of carbon dioxide and methane released from thawing permafrost // Nature Climate Change. 21 September 2015. 6: 56; *Yumashev, D., Hope, C., Schaefer, K., Riemann-Campe, K., Iglesias-Suarez, F., Jafarov, E., Burke, E.J., Young, P.J. et al.* Climate policy implications of nonlinear decline of Arctic land permafrost and other cryosphere elements // Nature Communications. 23 April 2019. 10: 1900.

(albeit unsuccessfully) tries to obtain the status of an Arctic country, using the rights to the archipelago Saint Pierre and Miquelon. In 2013, China, Japan, the Republic of Korea, India and Singapore became observers to the Arctic Council. Of all the non-regional countries, China plays the most active role in the Arctic. Against the backdrop of a relatively rapid recovery of the Chinese economy, the protracted recovery from the crisis in several regions of the world creates an opportunity for Beijing to expand its global influence by increasing its presence in or near the Arctic, as well as through strengthening cooperation with the northern countries.

Although Chinese ambitions in the Arctic should not be overestimated (the PRC monitors and invests much more closely in the development of infrastructure and transport routes in Southeast and Central Asia and Africa, and spends significantly more on the Antarctic program than on Arctic initiatives), by adopting the White Paper in 2018, the PRC clearly indicates its interests in using Arctic spaces and resources, as well as participating in the management of the region. The main tool for promoting Chinese interests in the Arctic is building a network of bilateral economic partnerships with Iceland[6], Norway[7], Greenland (and Denmark)[8] and of course Russia[9]. Although today Russia is not the only or an uncontested partner of China in the Arctic, China's economic expansion in other Arctic countries (Iceland, Denmark, Canada) is under growing political pressure amid the conflict with the United States. It can be expected that as this conflict deepens, the value of Russia as a partner of the PRC in the Arctic will increase.

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[6] Sino-Icelandic Economic and Trade Relationship, Embassy of the People's Republic of China in the Republic of Iceland, 04 October 2019. Available at: http://is.china-embassy.org/eng/zbgx/jmgx/t1653166.htm (accessed 10.04.2021).

[7] Companies from China, Norway voice hope for more economic, trade cooperation // Xinhua. 17.05.2019. Available at: http://www.xinhuanet.com/english/2019-05/17/c_138066300.htm (accessed 10.04.2021).

[8] Presence before power // Clingendael Report. June 2020. Available at: https://www.clingendael.org/pub/2020/presence-before-power/4-greenland-what-is-china-doing-there-and-why/ (accessed 10.04.2021).

[9] NOVATEK agreed to sell 20% of Arctic LNG-2 to Chinese companies // RBC. April 25, 2019. Available at: https://www.rbc.ru/business/25/04/2019/5cc176b99a79473082e419f9 (accessed 10.04.2021).

Chinese military interest in the Arctic is in its infancy. It is known that the Chinese shipbuilding industry is working on designs of nuclear icebreakers and large supply ships with an increased ice class and a nuclear power plant. So far, however, the work seems to be of an initiative and exploratory nature, in contrast to the very real work on floating nuclear power plants.

Secondly, the melting of the Arctic ice intensifies the "spillover" of the rivalry between the United States and Russia and the United States and China to the Arctic. American policy in the Arctic is purposefully anti-Russian and anti-Chinese. The Arctic Strategies of the Department of Defense, the Department of the Air Force and the United States Army adopted in 2019, 2020 and 2021, respectively, openly state that the period when the Arctic remained primarily a region of international cooperation is now in the past. It is pointed out that the opening of the Arctic from the ice turns it into a "corridor of rivalry between great powers," providing rival powers (that is, Russia and China) with quick access to American territory and critical infrastructure. Russia is officially declared an adversary of the United States in the Arctic, and its policy in the region as a threat to US national security and a challenge to the international order.

The military dynamics in the Arctic is determined not only by the actions of Russia and individual NATO countries, but also by the direction of the US-Chinese rivalry. The Chinese fleet is gradually expanding the geographic scope of its operations and has already visited the North Atlantic several times.

This creates the risk of further militarization of the Arctic, the arms race and military incidents, and the overall development of the situation in the region in a similar way to the model of the South China Sea. Namely, the regular presence in the Arctic seas of warships, and in the airspace — the aviation of the United States and NATO countries, as well as China, under the pretext of ensuring freedom of navigation. The general military and political tension in the Arctic will qualitatively increase.

Thirdly, the melting of the Arctic ice raises the question of the gradual transformation of the Arctic Ocean from a zone of exclusive interests of the Arctic countries into "ordinary" international sea waters, which at first glance may not be covered by Art. 234 of the UN Convention on the

Law of the Sea "On Ice-Covered Areas," which gives the Arctic countries exclusive control not only over 12-mile territorial waters, but also over a 200-mile exclusive economic zone. If this happens, traditional practices of interstate relations and competition would spread to the Arctic. Expert discussions on revising the status of Article 234 are already underway in the United States both within the framework of government commissions and at think tanks, incl. Wilson Center[10].

The erosion of the current legal regime in the Arctic based on Article 234 of the UN Convention and its transformation into an "ordinary sea" is fraught, first of all, with the acceleration of the militarization of the region, increased military and political tensions and the exacerbation of the risk of direct military confrontation. The United States openly declares in its official Arctic strategies that it does not recognize Moscow's claims to exclusive control over its Arctic waters and intends to challenge these claims by regularly identifying its presence under the slogan of "protecting freedom of navigation." A more active Chinese presence in the Arctic waters will give this US policy a special dynamic. Due to the strategic importance of the Arctic for military security and economic development, Russia cannot but react to such a development by building up its own military presence in the region further, transforming it into a "military fortress."

In addition, the erosion of the current regime of control over shipping in the Arctic and the uncontrolled presence of anyone in it will lead to a critical increase in the pressure on the fragile Arctic ecosystems. In fact, there is already a substitution of concepts: instead of strengthening cooperation to protect the increasingly fragile Arctic, other countries insist on its increasing "commonality." In this situation, Article 234 of the UN Convention on the Law of the Sea is the most important instrument for protecting marine ecosystems in the waters lying along the coastline of the Arctic countries within their exclusive economic zone. Freeing Arctic ecosystems from ice does not make them less vulnerable in the face of

[10] *Schreiber, M.* Russia and Canada may lose their legal claim to Arctic seaways as ice melts, experts say // ArcticToday. April 4, 2019. Available at: https://www.arctictoday.com/russia-and-canada-may-lose-their-legal-claim-to-arctic-seaways-as-ice-melts-experts-say/ (accessed 10.04.2021).

increasing economic activity in the region and requires the development of new preventive solutions, aimed at avoiding an environmental crisis in the region that would have global consequences.

The international trends outlined negatively impact the activities of the key international organization in the region and the main institution of international governance of the Arctic — the Arctic Council, the chairmanship of which will be transferred to Russia for a period of two years in May 2021. Traditionally the range of issues discussed and the flexible format of interaction within the Arctic Council have been the key to productive cooperation, in which "big politics" did not play a part. Now, **the growing competition of the leading Arctic powers and the desire of non-Arctic countries to play a more significant role in the region are curtailing the potential for cooperation in areas looked after by the Council**[11]**.** The outcome of the 2019 ministerial meeting of the Arctic Council was indicative, when the parties, for the first time in the entire history of its existence, were unable to adopt a final declaration. The reason for this was the disagreement over the mention of the climate change problem in the final version of the declaration, which the American delegation insisted on deleting. The same meeting was remembered for the speech of the then US Secretary of State Mike Pompeo, who, in addition to traditional criticism of Russian Arctic policy, accused China of expansion and aggression in the Arctic.

The Arctic Council in its current state is less and less able to act as the sole platform for coordinating actions and cooperation in the region. A new system of institutions of international interaction is being formed around the Arctic, which is less and less connected with the Arctic Council and equally encompasses both the Arctic and non-Arctic states. Among them, for example, are the Polar Code adopted in 2017 by the International Maritime Organization to regulate shipping in the Arctic[12], International Governmental Scientific Forum of 20 Countries Interested

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[11] *Balton, D., Zagorskiy, A.* Marine Resource Management in the Arctic Ocean. RIAC. 2020. No. 56. Available at: https://russiancouncil.ru/papers/Arctic-Marine-Report56.pdf (accessed 10.04.2021).

[12] International Maritime Organization. Available at: http://www.imo.org/en/MediaCentre/HotTopics/polar/Pages/default.aspx (accessed 10.04.2021).

in Arctic Research (held since 2016)[13] and the Agreement on the Prevention of Unregulated Fishing on the High Seas in the Central Arctic Ocean signed by Russia, the USA, Canada, Norway, Denmark, Iceland, Japan, the Republic of Korea, China and the EU in 2018[14].

Without increasing flexibility in the decision-making process and taking greater account of the place of non-regional actors in the Arctic agenda, while maintaining the central role of the Arctic states, effectiveness of the Arctic Council as an international institution will inevitably decrease.

1.2. The Arctic in the world economy

An image of an increasingly commercially attractive Arctic, possessing 13% of all undiscovered oil resources and 30% of natural gas, was largely formed in the 2000s against the backdrop of a rapid rise in energy prices. The melting of the Arctic ice really expands the resource and transport potential of the Arctic region. However, in recent decades, changes in the global economy have hindered the possibilities of large-scale development of the region, in particular the development of new offshore oil and gas fields.

First, the transformation of world energy markets is increasingly calling into question the feasibility of developing hydrocarbons on the continental shelf. In the coming decades, the demand for gas in both Europe and Asia will be fully covered by production from traditional onshore fields, and this includes the production of LNG.

Secondly, in the last decade, there has been a rapid reduction in the cost of technologies and the expansion of renewable energy capacities[15], capitalization of green finance markets is growing rapidly[16]. The trend

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[13] 3rd Arctic Science Ministerial. URL: https://asm3.org/ (accessed 10.04.2021).

[14] On approval by the Government of the Russian Federation of the draft Agreement on the prevention of unregulated fishing on the high seas in the central part of the Arctic Ocean. Available at: http://government.ru/docs/33861/ (accessed 10.04.2021).

[15] Global Energy Review 2020 // IEA. Available at: https://www.iea.org/reports/global-energy-review-2020 (accessed 10.04.2021).

[16] Green Bonds Global State of the Market 2019 // Initiative Climate Bonds. Available at: https://www.climatebonds.net/resources/reports/green-bonds-global-state-market-2019 (accessed 10.04.2021).

towards "greening" national economies is becoming more and more pronounced: the policy of reducing greenhouse gas emissions is becoming a tool for increasing efficiency, strengthening energy security and ensuring economic growth for an increasing number of countries[17]. The ambitious European Green Deal program adopted in the EU, which sets the goal of achieving carbon neutrality by 2050, is associated with measures to restore the economies of the Union member states in the context of the current crisis. At the end of 2020, China also announced plans to achieve carbon neutrality by 2060.

Thus, **even in the case of a radically greater availability of Arctic energy resources (due to warming and the development of technologies), the dynamics of demand for them on a global scale will no longer be the same**. If in the 2000s demand for fossil fuels in the world grew at an average rate of 2.4% per year, then in the 2010s it was 1.4%[18]. The fastest growing demand for energy resources will continue to grow in Asia, but peaks in energy consumption is predicted to be passed there too in the coming years[19]. In Western European countries, further reductions in energy consumption, especially fossil fuels, will take place, and the current crisis is likely to accelerate these processes. While there are still opportunities to increase the export of natural gas — primarily due to growing Chinese imports (although they are constrained by the intensification of competition in the market), the goals of the implementation of new oil and even more coal projects that require significant investments in infrastructure, logistics and administrative tax support, in the current environment, may not justify the investment, with a high degree of confidence.

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[17] European Comission. Climate strategies & targets. Available at: https://ec.europa.eu/clima/policies/strategies_en (accessed 10.04.2021); *Dolata-Kreutzkamp, P.* Canada-Germany-EU: Energy security and climate change // International Journal. 2008. Vol. 63. No. 3. P. 665–681; *Schmitz H.* Who drives climate-relevant policies in the rising powers? // New Political Economy. 2017. 22:5, 521–540. Available at: https://www.tandfonline.com/doi/full/10.1080/13563467.2017.1257597 (accessed 10.04.2021).

[18] IEA. World Energy Statistics and Balances. Available at: https://www.iea.org/subscribe-to-data-services/world-energy-balances-and-statistics (accessed 10.04.2021).

[19] CNPC Economics and Technology Institute. Clean China Energy Outlook 2050. 2018. Available at: https://eneken.ieej.or.jp/data/8192.pdf (accessed 10.04.2021).

The development period for Arctic projects (especially the most capital-intensive offshore projects) — from exploration to sales of products — lasts on average at least ten years. Therefore, the strategy of large-scale development of the energy resources of the Arctic shelf is fraught with a decrease in the profitability and investment attractiveness of the economic processes associated with it.

Commercial opportunities for the development of international shipping in the Arctic, despite their competitive advantages in terms of distance compared to southern sea or land routes, are also often exaggerated in current conditions. The NSR is the most important transport artery for Russian Arctic and Siberian exports, a necessary channel for strengthening the interconnectedness of the Russian Arctic. However, the real prospects for the development of international transit in the Russian Arctic are largely limited by external factors.

First, structural shifts in the Chinese economy are leading to the transformation of the system of international relations in the Asia-Pacific region (APR). It is increasingly described by the "Asia for Asia" model, in which the Asia-Pacific countries[20] orient their foreign trade specialization to the demands of China[21]. Where in the late 1990s and early 2000s only 40% of foreign trade of Asian countries took place within the region, now it is about 50%[22]. The slowdown and transformation of the Chinese economy is holding back the growth of world trade, in particular, trade between Europe and Asia. If in the period 2001–2009 it increased by 125%, then in the period 2011–2019 — only 15%[23].

Secondly, in European countries, apparently, there is a long-term economic downturn taking place. There is a general systemic slowdown

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[20] The countries of the Asia-Pacific region are understood as China, Japan, the Republic of Korea, the ASEAN countries, as well as India, which, although geographically does not belong to the Pacific basin, is considered by many to be part of this macro-region.

[21] *Bordachev, T.V., Likhacheva, A.B., Zhang, S.* What Asia wants: consumption, interconnectedness, capital and creativity // Russia in global politics. 2015. Vol. 13. No. 1. P. 82–96.

[22] Tradfe Map. Trade Statistics for International Business Development. Available at: https://www.trademap.org (accessed 10.04.2021).

[23] Ibid.

in the development of world trade. The coronavirus pandemic and the global economic crisis triggered by it only accelerate this trend.

As a result, the development of international shipping in the Arctic, with all its advantages (including potential savings on costs and transportation time), is not as optimistic as previously thought. Numerous assessments of the international competitiveness of the NSR indicate a very limited potential for its development as a new transport artery connecting Europe and Asia[24]. Low bunker fuel prices do not provide sufficient savings to force carriers to switch from the long southern routes from Southeast Asia to Europe to a relatively shorter route through the NSR.

The absence of large markets along the NSR, as well as the peculiarities of Arctic navigation, which do not allow for guaranteed delivery time with sufficient accuracy, postpone the transformation of the NSR into a competitive transport artery, if that is at all possible, by at least a few decades[25]. In general, the NSR remains an important domestic and export route for Russia, and potentially a transit route in the long run or, as is the case with China, a doomsday transport route in the event of a sharp militarization of southern transport routes.

Such assessments are reflected in Russian strategic planning. Despite the political rhetoric, about 2.3 million tons are "reserved" for the share of international transit in 2024 — out of the planned 80 million tons of cargo[26] (prospects of which also look very vague). According to the forecasts of Rosatom State Corporation, which manages the NSR, the internationalization of the route is a prospect after 2030, and until that time the main priorities are related to the exploration of its export potential.

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[24] *Zhang, Y., Meng, Q. and Ng, S.H.* Shipping efficiency comparison between Northern Sea Route and the conventional Asia-Europe shipping route via Suez Canal // Journal of Transport Geography. 2016. 57. P. 241–249; *Pierre, C. and Olivier, F.* Relevance of the Northern Sea Route (NSR) for bulk shipping // Transportation Research Part A: Policy and Practice. 2015. 78. P. 337–346.

[25] *Makarov, I.A, Sokolova, A.K. and Stepanov, I.A.* Prospects for the Northern Sea Route Development // International Journal of Transport Economics. 2015. Vol. 42. No. 4. P. 431–460.

[26] Government of the Russian Federation. Meeting on the development of the Northern Sea Route. 21 October 2020. Available at: http://government.ru/news/40660/ (accessed 10.04.2021).

2. RUSSIAN POLICY IN THE ARCTIC AND THE MAIN RISKS

2.1. Russia's current Arctic policy

The Arctic has historically played an important role in the development of Russia, and today it has colossal economic, military-strategic, humanitarian and natural significance. The strongest of the Russian fleets (the Northern) is based here, as well as the largest bases of Russian nuclear missile and multipurpose submarines, which account for a significant part of the Russian strategic deterrence potential. The Arctic region has a colossal resource value. The Arctic produces 80% of all natural gas and 17% of Russian oil, 90% of Russian nickel and cobalt, 60% of copper and almost 100% of diamonds, rare and rare earth metals. The region accounts for about 10% of Russia's GDP and 20% of the country's total exports.

For more than ten years, the development of the Arctic has been designated at the highest level as a priority task for economic development and ensuring national security. Over the years, a regulatory framework for the development of the region has been created, a number of large projects have been implemented.

Despite some clear success of the policy in the Russian Arctic over the past few years, a number of unsolved problems and challenges of a socio-economic nature remain. These include the lag of the northern regions in terms of the quality of life of the population from the all-Russian level, a steady migration outflow, a low level of development of transport and information and communication infrastructure, critical environmental problems, a shortage and lag in construction of the infrastructure of the Northern Sea Route (including the construction of an icebreaker fleet), a decrease in the share of added value of high-tech and knowledge-intensive sectors of the economy in the GRP of the northern regions, etc.

Following the expiration of a number of documents laying the regulatory framework for the development of the Russian Arctic in 2020, a new wave of strategic planning was launched. At the end of 2019, the Plan for the Development of the Infrastructure of the Northern Sea Route for the

period up to 2035 was approved; in March 2020, the Fundamentals of State Policy of Russia in the Arctic for the period up to 2035 were approved. In October 2020, the Strategy for the Development and National Security of the Arctic Zone of the Russian Federation until 2035 was adopted.

One of the main tasks outlined in these documents is "ensuring sovereignty and territorial integrity," "preserving the Arctic as a territory of peace, stable and mutually beneficial cooperation." In the context of the spillover of the confrontational policy of the United States towards Russia and China into the Arctic and the militarization of the region as a whole, the priority tasks for Moscow in the Arctic are to improve the composition and structure of the armed forces, the development of the base infrastructure, the implementation of measures for the operational equipment of the territories, the improvement of the logistics systems of the armed forces, etc.

On the foreign policy front, the priority for Russia remains to defend its rights to expand the boundaries of the continental shelf within the framework of the application submitted in 2015 to the UN Commission on the Limits of the Continental Shelf.

The internal policy of the region's development is also gaining a new dimension. The competencies of the Ministry for the Development of the Far East have been expanded, its activities, after being renamed at the beginning of 2019 into the Ministry for the Development of the Far East and the Arctic, are now largely aimed at the development of the Russian North, in particular at improving the standard of living and the quality of social services. Among other things, the development plans envisage the launch of a number of new oil and gas projects, the construction of ports and infrastructure facilities focused on these projects, and the implementation of a set of measures for the development of the continental shelf.

A much larger social bias is becoming a hallmark of Russia's new official Arctic policy. In particular, it is planned to modernize the primary health care system, transport and technological equipment of medical organizations, financial, social, regulatory, and communication support for the health care system in the regions of the Arctic zone. A number of priority tasks in the field of social development of the Russian Arctic also include the implementation of a set of measures to develop the education system, preserve and popularize cultural heritage, develop culture (including indigenous languages), sports, etc.

In addition to social support measures, tax incentives and business support, including those implementing industrial and infrastructure projects, have been declared a priority in the Arctic policy. The economic development of the Arctic, together with other measures of state policy, following the outlined goals, will lead to an increase in life expectancy, an end to population outflow, and the creation of jobs in the region.

The economic development plans imply the launch of a number of new oil and gas projects, construction of ports and infrastructure facilities focused on these projects, and implementation of a set of measures for the development of the continental shelf. There are also plans for the navigation and logistics equipment of the Northern Sea Route, the cargo traffic along which should, according to the May 2018 presidential decrees, amount to 80 million tons by 2024. Among other things, new pieces of equipment are meant to be built: 1 lead and 3 serial universal nuclear icebreakers of project 22220, 16 vessels of the rescue and auxiliary fleet, 13 vessels for navigation and hydrographic support by 2024. The development of port infrastructure will continue within the framework of construction and reconstruction work in the seaports of Murmansk, Sabetta and Pevek, etc.

Russia's international cooperation in the Arctic is being actively developed. Russia participates in a number of international agreements and initiatives in the Arctic. These include both agreements and initiatives of the Arctic Council and other regional organizations (the Barents / Euro-Atlantic Council, the Northern Forum, the Conference of Parliamentarians of the Arctic Region), as well as international agreements on the regulation of shipping[27], fishing[28], environmental protection[29], scientific and environmental initiatives[30].

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[27] International Maritime Organization. Available at: http://www.imo.org/en/MediaCentre/HotTopics/polar/Pages/default.aspx (accessed 10.04.2021).

[28] On approval by the Government of the Russian Federation of the draft Agreement on the prevention of unregulated fishing on the high seas in the central part of the Arctic Ocean. Available at: http://government.ru/docs/33861/ (accessed 10.04.2021).

[29] Official Site of Climate and Clean Air Coalition. Available at: https://www.ccacoalition.org/ (accessed 10.04.2021).

[30] MOSAiC Expedition Official Site. Available at: https://mosaic-expedition.org/ (accessed 10.04.2021).

The development of the Russian Arctic in recent years has been constrained by the aggravation of relations with Western countries, increased military security risks and sanctions policy towards Russia including — as a consequence — the breaking of corporate ties that are important for the implementation of technologically complex and capital-intensive oil and gas projects. Along with the fall in oil prices in 2014, the growth of foreign policy tensions negatively affected the interest of international carriers in the NSR: despite the progressive growth in total cargo traffic due to the increase in Russian Arctic exports, the number of transit flights since 2013 has more than halved, and the growth in freight traffic is mainly provided by the Yamal LNG project[31].

This project, implemented by PJSC NOVATEK, has become a positive exception in this new reality. It became possible largely thanks to timely Chinese support at a time when access to European and American financial resources was limited by anti-Russian sanctions. The success of Yamal LNG has largely laid the foundation for the accelerated development of the liquefied natural gas industry in Russia and the implementation of new projects (Arctic LNG-2 and Obskiy LNG) on the basis of international cooperation, incl. with Chinese, French and Japanese companies. Important from the point of view of ensuring Russian interests was the four-way agreement between PJSC NOVATEK, PJSC Sovcomflot, the Silk Road Fund and the Chinese COSCO Shipping on the creation of a fleet of Arctic-class LNG tankers for servicing gas projects[32].

Since 2014, with the exception of some intensification of economic cooperation with Finland and France, bilateral Arctic cooperation between Russia and Western countries has sharply decreased, both in terms of planning and implementing joint projects. On the contrary, cooperation with Asian partners, especially with China, is intensifying, although, as in the case of Korea and Japan, it is constrained by the extraterritorial application of US anti-Russian sanctions.

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[31] Transit statistics 2018 // Arctic-lio. 20.02.2019. Available at: https://arctic-lio.com/transit-statistics-2018 (accessed 10.04.2021).

[32] Sovcomflot, Novatek, COSCO and the Silk Road Fund to create a joint venture to develop the tanker fleet // SCF official website. Available at: http://www.scf-group.com/press_office/news_articles/item101694.html (accessed 10.04.2021).

In recent years, the relationship with Finland has been developing quite actively. Thus, at the Saint-Petersburg International Economic Forum - 2019 (SPIEF-2019) site, an agreement was signed between JSC "First Mining Company" and the Finnish company Outotec for the joint development of the Pavlovskoye polymetal deposit on the Novaya Zemlya archipelago[33]. In addition, an agreement to create a consortium for the construction of a new underwater high-speed optical line along the bottom of the Arctic Ocean was signed between PJSC MegaFon and the Finnish infrastructure operator Cinia Oy[34]. The countries are cooperating in the field of decontamination of the Krasny Bor hazardous waste landfill near St. Petersburg[35]. Cooperation in the field of science and culture is strengthening[36].

Russia and Finland interact in areas of environmental protection, hydrometeorological support of navigation on the Northern Sea Route and aviation flights on cross-polar routes, Arctic shipbuilding, security at nuclear power plants, in the protection of the Russian-Finnish border (in 2016, more than 8.8 million people crossed it), processing of food raw materials, mainly berries and deer antlers. Companies from the north of Russia and Finland have launched a project for the processing of rein-

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[33] The First Mining Company and the Finnish Outotec signed a cooperation agreement on the fields of SPIEF-2019 // Official website of ROSATOM. 6.07.2019. Available at: https://rosatom.ru/journalist/news/ao-pervaya-gornorudnaya-kompaniya-i-finskaya-outotec-podpisali-soglashenie-o-sotrudnichestve-na-polya/ (accessed 10.04.2021).

[34] MegaFon and Finnish infrastructure operator Cinia Oy announce the creation of an international consortium for the construction of an oceanic fiber-optic route connecting Europe and Asia along the Arctic route / Vedomosti, 6.06.2019. Available at: https://www.vedomosti.ru/press_releases/2019/06/06/megafon-i-finskii-infrastrukturnii-operator-cinia-oy-obyavlyayut-o-sozdanii-mezhdunarodnogo-konsortsiuma (accessed 10.04.2021).

[35] *Panov, P.* "Krasny Bor" is awaiting reclamation // Izvestia. 26.9.2018. Available at: https://iz.ru/793576/pavel-panov/krasnyi-bor-zhdet-rekultivatciia (accessed 10.04.2021).

[36] The Russian Geographical Society and the Arctic Society of Finland conclude a cooperation agreement // Russian Geographical Society. 5.04.2019. Available at: https://www.rgo.ru/ru/article/rgo-i-arkticheskoe-obshchestvo-finlyandii-zaklyuchat-soglashenie-o-sotrudnichestve (accessed 10.04.2021).

deer and wild berries under the Kolarctic program with a budget of about 2.5 million euros, which involves the creation of new processing technologies[37]. Despite the deepening of cooperation in these areas, the anti-Russian sanctions by the US and the EU have forced the termination or postponing of a number of joint projects in the field of technological cooperation in offshore and shipbuilding[38].

Russian-Swedish cooperation in the Arctic is mainly limited to interaction within the framework of multilateral formats — at the sites of the Arctic Council, the Northern Council, the Council of the Barents Euro-Arctic Region, the International Maritime Organization, etc.

An important area of cooperation with Finland and Sweden is the support of the indigenous small-numbered peoples of the North (SIM) and contacts between them, both on a bilateral basis and within the framework of various interstate forums, where the Sami peoples of the Northern European countries and the Kola Peninsula are represented.

Russian-Norwegian cooperation in the Arctic is largely aimed at mutual consideration of interests in the border areas of the two countries — both on the mainland and in the Barents Sea. Since 1975, Russia and Norway have not been able to agree on the division of the boundaries of the Barents Sea, which has created difficulties in the issues of hydrocarbon exploration and fishing. The contradictions were resolved in 2010, when the Treaty on the Delimitation of Maritime Spaces and Cooperation in the Barents Sea was signed. It laid the foundations for deepening border cooperation between the two countries, including in terms of collection and exchange of seismic data in the Barents Sea near the boundary line. Also in 2010, Moscow and Oslo entered into an agreement on local border movement, according to which residents of border areas were allowed to enter the territory of a neighboring state in a 30-kilometer zone.

At the same time, the issue of the continental shelf of the Spitsbergen archipelago remains unresolved. The Norwegian government claims to

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[37] *Kairo, I.* Arctic Food Raw Materials Processing Project Started in Russia and Finland // Finnish-Russian Chamber of Commerce FRTP. November 13, 2018. Available at: https://www.svkk.ru/novosti/startoval-proekt-po-pererabotke-arktitseskogo-syrja/ (accessed 10.04.2021).

[38] *Poteeva, K.* How Finland Will Capture the Arctic // Fontanka.ru. March 14, 2018. Available at: https://www.fontanka.ru/2018/03/11/010/ (accessed 10.04.2021).

have exclusive rights to the shelf around the archipelago in accordance with the UN Convention on the Law of the Sea. The Russian side does not dispute Norway's sovereignty over Svalbard, which was enshrined in the Svalbard Treaty of 1920, but insists that the Treaty establishes special rights for Norway's control over the territories of the archipelago that do not extend to the waters around it.

In recent years, tensions in Russian-Norwegian relations have grown due to the general aggravation of relations between Russia and NATO and periodic military exercises by Russia and Norway near each other's borders. Opportunities for economic cooperation were seriously limited due to the introduction of anti-Russian sanctions. In particular, projects of cooperation between OJSC NK Rosneft and the Norwegian Equinor (formerly Statoil) were canceled.

Nevertheless, the countries continue to work closely on joint operations to prevent and remediate oil spills and protect vulnerable ecosystems in the Arctic, as well as measures to protect the environment, manage the marine environment and regulate fisheries. Certain success in cooperation has been achieved in tourism, fishing, telecommunications, shipbuilding. Moreover, there is cooperation in healthcare, culture, education, emergency response, including at the level of cross-border interaction between the Murmansk region and the Norwegian district of Finnmark.

Cooperation with Iceland is largely limited to participation in multilateral formats of interaction on issues common to the Arctic countries. At the beginning of 2010, interaction with it intensified somewhat — a number of agreements were signed in the areas of geothermal energy and tourism development. With a few exceptions (including an agreement on increasing cooperation in education and the fishing industry between Iceland and the Murmansk region), there has been no deepening of cooperation between the parties since then.

Bilateral interaction with Denmark and Canada was largely suspended after 2014. In addition to multilateral formats, the Russian side continues bilateral dialogues on the academic and expert lines and exchange information with Canadian and Danish scientists on issues related to the filing by all three countries of overlapping applications for the extension of their continental shelves in the Arctic Ocean. There is no official interstate dialogue on this issue.

Russian-American relations in Artic are directly dependent on their relationship in the global political arena. The imposition of US sanctions against Russian energy companies has had a serious impact on the cooperation between Rosneft and the American ExxonMobil: projects for geological exploration and development of hydrocarbons on the Russian Arctic shelf were curtailed. The American side is constantly accusing Russia of implementing aggressive policies in the region. However, despite the growing confrontation, cross-border cooperation between Russia and the United States in the Bering Sea continues. In particular, the coast and border services of both countries conduct joint patrols[39] and oil spill response exercises[40]. In early 2021, Moscow and Washington agreed to cooperate on environmental protection in the Arctic.

China is Russia's main Asian partner in the Arctic. The countries cooperate in the production and transportation of LNG (the Yamal LNG and Arctic LNG-2 projects), the construction of a coal terminal in Murmansk. Chinese companies are also involved in providing Russian gas projects with the necessary equipment and vessels for LNG transportation.

However, the Chinese Arctic strategy is inherently not completely complementary to the approaches of the Arctic countries, including Russia. Diplomatically, China insists on the global role of the Arctic as the property of all mankind, which contrasts with the position of the exclusive rights of northern states to the Arctic region. Offering an inclusive system for managing the Arctic, China, given its weight in the world economy, indirectly and unobtrusively claims one of the leading roles in the governance of the region, which is at odds with the interests of the northern countries.

The French energy company Total also actively participates in Russian gas projects in the Arctic, which since the initiation of the Yamal LNG

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[39] *Misnik, L.* Forget about enmity: how Russia and the United States work in the Bering Sea Crews of Russian and US ships conducted joint patrol // Gazeta.ru. 11.06.2019. Available at: https: //www.gazeta.ru/army/2019/06/11 /12408505.shtml (accessed 10.04.2021).

[40] Russia and the United States conducted joint exercises on oil spill response in the Bering Strait // World Wildlife Fund (WWF). 11.08.2018. Available at: https://wwf.ru/resources/news/bioraznoobrazie/rossiya-i-ssha-proveli- sovmestnye-ucheniya-po-reagirovaniyu-na-razlivy-nefti-v-beringovom-prolive/ (accessed 10.04.2021).

project has been one of the main shareholders, and is now also part of the approved list of owners of the new Arctic LNG-2 project.

In the LNG production and transportation industry, there is also cooperation **with Japanese and Korean companies**, which are involved in the construction of ships and the transportation of gas. In summer 2019, it became known that a consortium of Japanese companies Mitsui & Co and JOGMEC will enter the Russian Arctic LNG-2 project with a 10% share. At the same time, the deepening of financial and technological cooperation with Japanese and Korean companies is largely constrained by the sanctions factor.

With this background, **cooperation with India** is developing relatively actively. Indian companies (ONGC, Indian Oil Corporation Limited and Bharat Petro Resources Limited) have been involved in the development of the Vankor oil and gas field in the north of the Krasnoyarsk Territory since 2016, and also own licensed areas of oil and gas fields in Yakutia.

2.2. Risks for Russia in the Arctic

2.2.1. Legal, environmental and military risks

Erosion of the legal status of the Arctic. While the water area of the Arctic is subject to Article 234 of the Convention, UNCLOS is the main legal instrument for ensuring Russia's exclusive control over the adjacent Arctic areas. However, if a number of areas of the Arctic Ocean (AO) are recognized as not covered by this article and are perceived as a "normal sea," Russia and other Arctic states run the risk of facing an increased potential for conflict in the region and a critical increase in the environmental load in the water areas lying in their exclusive economic zones.

Russia's attempts to justify its right to control the Arctic waters outside the framework of the UN Convention and its instruments (an appeal to history, etc.) will be perceived extremely negatively by all other countries, both Arctic and non-Arctic, and will damage the cooperation that remains in the Arctic, both bilateral and within the framework of the Arctic Council. Most importantly, they will not yield the desired result: Russian claims to exclusive control will be challenged, while other countries — primarily the United States — will defiantly navigate, including

military, within the Russian EEZ. As a result, Russia will be forced to build up its military presence in the region and enter into an even greater confrontation. The prospects for the economic development of the Russian Arctic and the Northern Sea Route will be called into question.

The speed of climate change demonstrates that the Arctic may become truly ice-free no earlier than in a few decades, or even later. But in modern conditions, it is not so much the fact of the complete disappearance of the ice cover that is important, it is just its disappearance in specific months or in certain parts of the Arctic Ocean. A comprehensive understanding of the dynamics of climate change *is becoming the basis for the interpretation of the norms of international maritime law*, and, in the future, for specific actions in the Arctic.

Own scientific data about the Arctic — including the dynamics and distribution of ice cover, the susceptibility of Arctic ecosystems to anthropogenic impact, etc. — is the main tool in discussions on the legal basis for the regulation of international shipping by Arctic countries at international scientific symposia. This tool is currently very rarely used by Russia. State decision-making in Russia is mainly based on secondary information from Western scientists about the dynamics of climatic processes in the region.

The lack of Russia's own Arctic research (in the fields of glaciology, oceanology, climatology, etc.), as well as the lack of channels for obtaining primary data on the Arctic (including due to weak satellite constellation) *reduces Russia's ability to scientifically substantiate its claims for exclusive control over the Arctic waters*.

The Russia-USA-China Triangle in the Arctic. Serious risks for Russia in the Arctic are posed by the confrontational policy of the United States towards both itself and China, coupled with the PRC's desire to expand its presence in the region.

First, the threat of an arms race and unintentional conflict is growing.

In the event that the United States and Russia deploy medium-range ground-based missile systems, some Russian Arctic territories may acquire additional significance as the only areas from which weapons of this class are capable of reaching the main territory of the United States (in fact, weapons of this class were based in Chukotka, including, at the final stage of the Cold war, missiles RSD-10 Pioneer).

The collapse of the arms control system and the growth of tensions between Russia and the United States could lead to an intensification of the naval confrontation in Arctic waters. An additional factor in exacerbating the confrontation may come from the ongoing work in the leading military-industrial powers of the world on large autonomous submarines for combat and reconnaissance purposes.

Secondly, there is a possibility that the United States will impose new anti-Russian sanctions on Arctic projects. The potential of American sanctions here has not yet been exhausted: new restrictions may be introduced against LNG projects, which will complicate further interaction with at least French, Japanese and Korean companies in this area (Yamal LNG, Arctic LNG-2 projects).

2.2.2. Social and economic risks associated with an extensive approach

With growing foreign policy risks, the economic opportunities for the development of the Russian Arctic change by no means linearly. The transformation of world markets and changes in the system of international relations hinder the possibilities of economic development of the Russian Arctic by purely extensive methods — through the development of new deposits of natural resources. In the last decade, the development of the Russian Arctic has already been hampered by the rupture of important technological ties with external partners, a lack of financial resources and interest from private business required for the implementation of new projects.

Plans for the development of the NSR and the Arctic were largely formulated before March 2020, when the Russian economy faced the need to mobilize financial and administrative resources to combat the spread of COVID-19 and the consequences of a sudden long-term recession in the global and Russian economies. The crisis of 2020, even if it is successfully overcome in the foreseeable future (2–3 years), will most likely postpone plans for the development of infrastructure projects and risks slowing down the construction of icebreakers for several years, or even more.

Russian programs for the development of the Arctic have already been revised several times, and their funding has been cut. Most of the plans for the construction and modernization of the transport and logistics

infrastructure of the Arctic, including the development of ports, equipment and ships of the Northern Fleet, were postponed to the mid-2020s. The commissioning of the nuclear-powered icebreaker Arktika, the lead icebreaker of a new series of Russian nuclear-powered icebreakers, was originally planned for 2017, but only took place in October 2020. It cannot be ruled out that the goal set by the President is to increase cargo traffic along the NSR up to 80 million tons per year will remain unrealized.

The progress of the Russian Arctic is traditionally understood as its development — through the discovery of new fields, implementation of new infrastructure and energy projects but *further development of the region by exclusively extensive methods is fraught with the aggravation of three groups of risks*.

First, capital-intensive Arctic projects, designed to last decades and requiring colossal costs, risk not paying off in the future. Initially, plans for the development of Arctic deposits were formed in the late 2000s, when the oil price reached $130 per barrel. Development of Arctic offshore fields at prices below $80 per barrel are commercially possible only with substantial government support in the form of tax incentives. At the current price level of $60 per barrel the plans for the development of the shelf are unaffordable for the state budget and apparently counterproductive.

Secondly, increasing production and export of primary energy resources is fraught with the aggravation of the technological dependence of the Russian economy. Now 70% of the equipment for the flagship Arctic project Yamal LNG is produced in China, and the gas itself is transported on ships built in the Republic of Korea and China. In this scheme, *Russia is mainly needed only for resources, and their production — for taxes and fees*. It almost does not create multiplier effects for industry, science, human capital development, especially in the non-Arctic regions of Siberia and the Far East, where all prerequisites for this are present.

Thirdly, the expansion of economic activity in the Arctic can lead to negative environmental consequences or even man-made disasters (comparable to the spill of diesel fuel at CHPP-3 in the Norilsk region in May 2020), especially in the context of accelerated climatic changes. Tens of thousands of spills of liquid hydrocarbons that pollute soils, river basins and seas of the Russian Arctic occur annually due to corrosion of pipelines and a decrease in the carrying capacity of infrastructure due to

thawing of permafrost. With the current level of coverage of problems in the media and in social networks, attempts to develop the Arctic using the "old" methods create not only environmental, but also internal political risks, as well as undermine the country's international prestige, making it an "environmental scarecrow."

Modern state policy in the Arctic is largely reduced to the provision of large-scale economic benefits for companies that are potentially ready to implement resource projects, including on the Arctic shelf. This approach could have worked when the situation on the world markets was favourable, and there were still opportunities to strengthen cooperation with Western companies with competence in the North. Now this approach looks risky; the proposed measures will probably not be sufficient for a noticeable increase in the investment attractiveness of the Russian Arctic.

It is likely that, as before, these benefits will largely go to support large companies already holding a monopoly position, if not at the industry level, then at least at the level of individual Arctic regions. Lobbying the interests of large resource companies is largely based on their role in generating tax revenues for the federal and regional budgets and supporting the social sphere of underfunded Arctic cities. However, in the absence of competition and the one-sided dependence of Russian regions on them, environmental risks from economic activities in the Arctic will increase many times over, simultaneously causing serious internal and external political reputational damage.

The situation is aggravated by the approach to project support, which does not take into account environmental costs, as well as the spatial and technological consequences of these projects. By default, the principle of supporting everyone who is ready to invest in the Arctic prevails, regardless of the role of the investor in the spatial and technological value chains. This approach to a greater extent supports the most profitable projects that, with government support, can bring profit to the investor. In modern conditions, however, the greatest profitability is provided by Arctic projects that purchase production components from foreign suppliers, which can often supply the necessary equipment cheaper and faster than Russian ones.

Insufficient consideration of the downside of economic activity growth when building institutions to support Arctic projects further expands technological and environmental risks.

3. PRIORITIES OF RUSSIA'S NEW POLICY IN THE ARCTIC

Russian international goals in the Arctic can be divided into two main groups: first, it is the provision of military and environmental security in the region; secondly, the development of the Arctic region and other regions of the country (primarily Siberia and the Far East) through Arctic projects. Each of these goals includes a number of tasks, which require international and domestic Russian measures to be solved. For each block, below are the main recommendations.

The first block of international tasks is associated mainly with the relief of common threats faced by the Arctic countries, and involves both intensive interaction at the Arctic Council and parallel international tracks within the framework of bilateral and multilateral formats. A prerequisite for solving these problems successfully is increased support for science and the introduction of advanced environmental standards and practices. The block of international tasks related to the development of the Russian Arctic predominantly presupposes bilateral cooperation, or an appeal to international development institutions with Russian participation.

Finally, the internal development objectives imply the transformation of the Arctic development model from an extensively operational model to an "innovative resourse" one based on the principles of environmentally friendly development of the Arctic together with other regions of Russia, primarily Siberia and the Far East.

3.1. Priority group № 1: ensuring safety

3.1.1. Preservation of the regional international navigation regime in the Arctic in the new conditions

The most optimal way to preserve the regulatory framework for the protection of marine ecosystems and ensure security in the northern waters of Russia and other Arctic states in the face of melting ice and the "opening" of the Arctic *is the development and adoption at the interna-*

tional level of a new understanding of Article 234 of UNCLOS, on which the current regional international navigation regime is based. *This understanding should consist of the preservation of the exclusive rights of the Arctic states, not only and not so much because of the ice cover, but because of the particular fragility of the Arctic ecosystems — in exchange for the increased responsibility of the Arctic countries for the preservation of marine ecosystems — "234+ mode"*[41].

This is not about changing the content, but about a new interpretation of this article of the Convention. This principle includes two arguments: the assertion of the priority of the fragility of the Arctic ecosystems over the criterion of ice cover and the expansion of the international responsibility of the Arctic states (including the protection of the marine environment and its biological resources from damage caused by various activities, including shipping) due to changes in external conditions (accelerated climate change in the Arctic compared to 1994).

The proposed interpretation is fully consistent with the spirit and letter of the UN Convention. Thus, specifying the general goal of protecting the marine environment, Article 194 UNCLOS specifically indicates the need to take measures to prevent damage to rare and vulnerable ecosystems, one of which is the Arctic ecosystem. Hence, the special purpose of Article 234 UNCLOS is precisely to prevent the pollution of the marine environment in ice-covered areas. Thus, *the provisions of Article 234 UNCLOS should be interpreted precisely as aimed at preventing pollution of the rare and vulnerable ecosystem of the Arctic, regardless of the degree of ice coverage of this area and other characteristics of the ice.*

A possible justification for this interpretation can be the consolidation in international law of the principle according to which *responsibility for all activities in the Arctic, including for the activities of legal entities and individuals, including harm caused to the Arctic ecosystem, is assigned to the Arctic states that have the rights provided for in Article 234 UNCLOS*. It should

[41] The issues of regulating the sea passage and economic activity in the open part of the Arctic Ocean are also on the agenda, but should be considered separately, and so far seem to be secondary for Russia. Here we are talking about a fundamentally different legal framework — in the open part of the Arctic Ocean, Russia risks not losing its positions, but not realizing the economic and geostrategic potential, which creates greater physical accessibility of the open part of the Arctic Ocean.

be emphasized that only *capable responsibility* can bring real results, and only the Arctic states have such responsibility in the Arctic. Accordingly, the philosophy of the Arctic conservation should be based on **the formula "preferential rights in exchange for preferential responsibility."**

Creating this regime is possible only on the basis of *the consensus of the Arctic countries*. The only platform suitable for building such a consensus is the Arctic Council (AC). At the same time, it is the AC that provides an opportunity for a broad discussion of the environmental and adaptation agenda with the observer countries — the main revisionists of the positions of the Arctic countries.

3.1.2. Agenda for Russia's chairmanship of the Arctic Council

Russian chairmanship in the Arctic Council in 2021–2023 should be used to launch within its framework a discussion on the proposed regional international regime of "*increased climate responsibility*," as well as to revitalize and revive this institution as a whole by promoting climate and environmental issues, disaster prevention, elimination of their consequences, etc. It is also important to overcome the institutional crisis — a return to the practice of adopting joint declarations, implementation of previously assumed obligations[42], audit of the activities of the AC, a clear formulation of the climate agenda of the Council by the Arctic countries.

The work on the development, negotiation and international legal consolidation of this international regime (a new interpretation of Article 234 of UNCLOS) will take more than one year and is unlikely to be completed by the time the Russian chairmanship of the Arctic Council ends. The chairmanship seems to be the optimal moment just to start this work, while with each subsequent year the international political conditions to advance the new regime will be less and less favorable.

An effective step in terms of promoting in the Arctic Council a new interpretation of Article 234 of UNCLOS and the principle of "increased

[42] Incl. definition by the Task Force on Arctic Maritime Cooperation of the AU, "terms of reference for a possible new subsidiary body" on the management of the marine environment of the Arctic Ocean, which could not be prepared in two years and submitted in 2019 in accordance with the mandate of the group

climate responsibility" of the Arctic countries would be the *launch under the Russian chairmanship in the AC a new working group aimed at developing comprehensive solutions for adapting to climate change in northern latitudes*. Opportunities for cooperation in the field of adaptation to climate change lie not only in the field of scientific cooperation (for example, in the field of studying the processes of melting permafrost), but also in the areas of construction, education, support of indigenous peoples, etc.

This formulation of the question will allow to consolidate the status of the Arctic states not only as "managers of the Arctic," but also as the main victims of climate change in the region — "fighters on the front line." However, for this, adaptation programs must be really active and large-scale.

The starting point for the group's work could be *organizating an Arctic intergovernmental symposium on adaptation to climate change in a broader sense*. Various issues can be raised at it: ranging from the problems of changing working conditions and social security for workers in the Arctic to issues of modernizing the construction and logistics infrastructure.

Such an approach is more in line with Russian interests than self-limitation by the agenda of reducing greenhouse gas emissions prevailing in the global climate movement: **the accumulated scale of climate change makes adaptation in the Arctic a priority for decades to come, even with the full and comprehensive fulfillment of obligations to reduce emissions in the world — The Arctic is already too hot.**

Moreover, Russia should not take a passive environmental position for fear of "incurring the wrath" of the world community for ineffective and often destructive economic practices used in the Russian Arctic. Over the past ten years, it is the United States and China, the two main sources of greenhouse gas emissions in the world and some of the most predatory "users of natural resources," that have sequentially declared global (!) climate and environmental leadership, starting, of course, with a change in the situation at the national level. Russia should not try to "conform" first and only then offer solutions. The importance of the Arctic for Russia allows us to come up with ambitious programs of changes in the region simultaneously with starting internal changes.

At any alternative interstate venues, for example, international conferences and forums, representatives of Russia should, whenever pos-

sible, actively present the agenda for nature protection and the development of clean technologies in the Arctic. For example, the international forum "The Arctic: Present and Future," organized on an annual basis, in the coming years should become a platform for promoting joint Russian and foreign developments in the field of clean technologies and pollution reduction, requiring investment and political support for commercialization and implementation.

3.1.3. Countering the spillover of military security issues into the Arctic agenda

One of Russia's important priorities in the Arctic, especially during its chairmanship of the Arctic Council, is to counter the "spill-over" of the US military-political and international-political confrontation with Russia and China onto the agenda of the Arctic Council and the Arctic agenda as a whole. It is necessary to clearly distinguish between traditional and non-traditional security threats from the point of view of counteraction channels: AC — for non-traditional, mainly climatic and environmental challenges requiring adaptive measures and intensive cooperation, prevention and elimination of future disasters; the discussion of traditional and strategic threats to security should be placed on bilateral tracks, in the Russia-NATO and OSCE formats. *Mixing agendas will not mitigate traditional threats, and will sharply reduce the chances of cooperation on non-traditional ones.*

It is important to reduce the scale of military-political confrontation in the Arctic region (arms race, provocative actions, etc.), preserving as much as possible the Arctic as a region where cooperation prevails. But the main Russian counterparts on military security issues should be the Arctic NATO countries — the United States, Canada and Norway, Iceland and Denmark, and not the Arctic Council. In a dialogue with them, Russia should promote the thesis that the rise in military tensions in the Arctic is not the result of regional differences, but a projection of the growing confrontation of great powers. Discussion of military issues and any military rhetoric within the framework of traditional formats of cooperation in the Arctic (including within the framework of the Arctic Council), which have proven their constructiveness, are unacceptable.

It is advisable for Russia to use the forces of the General Staff and research centers of the Ministry of Defense to conduct a deep military and military-economic analysis of the prospects and possible consequences of a possible Arctic arms race with the participation of Russia and the United States and with the likely involvement of the PRC and European NATO members in it in one form or another.

In the current conditions, the importance of constant channels of communication, predictability and efficiency in interaction on issues of military security and defense of the North, prevention of military conflicts increases. The problems of the strategic confrontation between Russia and the NATO countries must not be allowed to lead to military clashes in the Arctic by mistake or as a result of provocation.

So, in order to build confidence in the region, it is advisable to consider the possibility of regular meetings on military security in the Arctic with the participation of representatives of the foreign policy and military departments of the Arctic states. To ensure operational interaction, the possibility of creating a hotline for the exchange of information between the military departments of the Arctic countries, whose units are deployed in the northern latitudes should be worked out.

3.1.4. Domestic measures for Russia's new international policy in the Arctic

For Russia's international efforts to be effective, they need to be backed up by fundamentally new solutions within the country. First of all, it is necessary to strengthen support for Arctic science, develop advanced national environmental regulation in the Arctic and introduce the best and innovative environmental solutions.

A necessary and paramount condition for promoting the proposed new understanding of Article 234 of UNCLOS and the international regime of "increased environmental responsibility" of the Arctic countries is *advanced research of the region, the melting of Arctic ice and the state of Arctic marine ecosystems by Russian scientists using predominantly Russian equipment* — of course, with the involvement of foreign colleagues from the Arctic and non-Arctic countries to legitimize the results of such projects.

Russia should become an international scientific donor in the field of Arctic research, and not a recipient, when domestic scientists use every opportunity to receive a foreign grant in order to have a chance to continue research or access equipment. The internationality of Russian Arctic science, in addition to the goals of intellectual exchange, is needed to legitimize research in the scientific community, as it happens at international scientific forums in the Atlantic and Pacific Oceans, and the coordination of such efforts for researching the open section of the Arctic Ocean is discussed.

Individual instruments can be discussed and varied, but on the basis of existing projects, this can be an expanded Target Competition of the Russian Science Foundation, Arctic Development Institutions, joint competitions of scientific foundations and businesses operating in the Arctic. The key here is not so much the formats (they exist), but *the long-term and sustainable nature of financing* such projects, the introduction of separate grants for conducting longitudinal research.

It is also necessary to introduce advanced environmental practices in the Russian Arctic: it is unlikely that it will be possible to convince third countries of the meaningfulness of the principle of "increased environmental responsibility" only by diplomatic arguments without a noticeable change in the situation inside Russia. We need advanced internal Russian environmental regulation in the Arctic and active introduction of tools for marine specially protected natural areas (PAs) and reserves — as, for example, Chile is already doing today. The rights of indigenous peoples and their vulnerability to climate change in the Arctic should remain a special and regular theme.

3.2. Priority group № 2: development of the Russian Arctic

The new development of the Arctic, which is so rich in natural resources, can be a powerful catalyst for the development of not only the Arctic zone as such, but also other regions of the country, especially Siberia and the Far East, the north-western regions in terms of R&D, mechanical engineering, development, a source of welfare, reduction depopulation, complication of production. *Instead of an unpromising ap-*

proach to the Arctic as an increasingly accessible oil and gas storehouse, even in the medium term, the Arctic should become a platform for "innovative resourse" development of the entire country.

This will require a revision of the current paradigm for the development of the Arctic as a "thing in itself," albeit a very valuable one, which needs to be protected, populated and sold for export. In part, this vision of a "self-sufficient" region is enshrined in the new Strategy for the Development of the Arctic Zone of Russia and Ensuring National Security until 2035, approved on October 26, 2020 — all goals in it are formulated strictly "Arctic," without mentioning the effects for other regions, the quality of the economic growth in the region, the role of innovation in the development of the Arctic. The stated goals, of course, need to be realized. But an expanded and potentially more effective understanding of the tasks of Arctic development requires a different balance of international and domestic instruments of Arctic policy.

In contrast to national security issues, the importance of international cooperation for the development of the Russian Arctic is generally lower than that of domestic Russian measures (although in this case international cooperation is more diverse in terms of countries and instruments). *It should address the issues of reducing technological dependence, providing sales markets for Arctic exports and attracting investment in Arctic projects*. At the same time, the Arctic specifics mainly concern international cooperation in the field of technology transfer to Russia — increasing exports and foreign investment in the Arctic do not fundamentally differ from the tasks of internationalizing the Far East.

However, the role of the domestic Russian strategy is much more important here: the involvement of Russian suppliers of technological equipment in raw materials projects, financing of the relevant R&D in Siberian scientific centers, the creation of an infrastructure for the physical interface between the Arctic and Siberia, and the development of the NSR.

3.2.1. International cooperation as a development tool

The main task of international cooperation for the sake of development of the Russian Arctic is access to the technologies of Arctic work, which Russia currently imports in 70% of cases, incl. critical technologies.

The import of foreign technology should form the basis of a more comprehensive industrial and technological policy. *The priority of the technological and spatial development of Russia should become the main policy of "managed cooperation" with foreign countries*. The main goal of this policy is to reduce foreign policy risks and strengthen cooperative relationships with foreign companies at all levels of high-tech production, but the localization of these links should be within Russia. First of all, the localization of high-tech resource-intensive industries and the formation of a pool of domestic service companies and industrial production focused on the needs of Arctic projects, not only in the Arctic regions, but also located in Siberia and the Far East, are important here.

Non-specific tasks for the development of the Arctic, which are universal for any export-oriented region of Russia, *are attracting investments and providing sales markets*. In both cases, a combination of international efforts and domestic Russian decisions is also required.

From the point of view of *investments*, it is advisable to concentrate international cooperation on the following areas:

- international development institutions (non-Western, if possible) with Russian participation (AIIB, BRICS NBR), incl. through targeted projects for sustainable development of the Arctic;
- cooperation with non-Arctic countries without giving them the authority to manage the region, the main focus is on China and other Asian countries (Japan, India, Korea, ASEAN countries), Middle East countries interested in diversifying assets;
- ice bonds as a special financial instrument of green financing for the Arctic;
- encouraging the integrated development of the NSR as a way to attract investments not only in the raw materials sector, but also in the infrastructure and logistics complex of the region, the development of tourism, Arctic cities.

To attract foreign investment, *the issue of dual-use infrastructure* is extremely important — if only because practically all infrastructure in the region has historically been exactly like this. Coordination with the Ministry of Defense on the Arctic dual-use infrastructure probably does not always have to be formal, otherwise it will be much more difficult to

attract foreign funding and implement large-scale projects in the field of Arctic infrastructure. International cooperation in terms of *sales markets* for the Arctic differs little from the approaches used in the Far East — the whole range of efforts is important here: regulatory, logistics, insurance, information — internal and external.

Cooperation with Asian countries. Under current conditions, opportunities for reliable international cooperation are opening up primarily in the east. Now the strengthening of interaction with China, Japan, the Republic of Korea, a number of ASEAN countries and India is largely constrained by the closed nature of Russian Arctic policy and the lack of an agreed strategy for relations with them. A separate recommendation in the eastern direction is to attract funds from non-Western development institutions created with the participation of Russia, perhaps in a consortium with companies from China, India and other founding countries.

The main partner of Russia in economic development projects in the Arctic among Asian countries today is China. Despite differences in the strategic vision of the future of the Arctic and its governance, the tactical potential of Russian-Chinese cooperation in the region is enormous. First of all, that holds in the field of resource development, development of transport and logistics infrastructure and more active use of the NSR, the development of Arctic tourism. In addition, a significant, but so far almost unnoticed potential for the development of cooperation lies in such areas as Arctic agriculture, the development of settlements in the Russian Arctic zone and the electric power industry of the region.

The policy of cooperation with China in the Arctic should be accompanied by a set of measures that strengthen confidence that the implementation of joint projects is carried out in accordance with the principles of sustainable development. Lack of such confidence in the eyes of the local population and government officials in Russia has sometimes become an obstacle to the implementation of projects with the participation of Chinese companies. Environmental control over joint projects should be strengthened by measures *of additional environmental expertise, as well as a general increase in the effectiveness of expertise, including stricter requirements for the completeness and transparency of the information provided*. Information on joint projects and their impact on the environment should be available to the general public. This includes environmental

organizations and the population of the regions where these projects are being implemented.

The development of the Russian Arctic should become a part and continuation of the strategy of Russia's Turn to the East in foreign policy, which has been implemented in recent years. In this regard, cooperation with China should be complemented by strengthening partnerships on Arctic issues with Japan, the Republic of Korea, India and the ASEAN countries, which also show interest in this region.

Intensification of cooperation with **Korean and Singaporean** companies is in demand in terms of exchange of experience and knowledge in the field of shipbuilding and port infrastructure management, and tourism development. The development of dialogue with **India and Japan** is promising in terms of LNG projects, joint scientific Arctic research related to the study of the dynamics of processes and the consequences of climate change.

It is useful to study joint investment projects with the countries of the **Middle East**: the latter, within the framework of the policy of raw materials and geographic diversification, may be interested in a wide portfolio of Arctic projects in Russia.

Cooperation with Western countries. Despite the sanctions restrictions and the "green protectionism" of the EU, a number of promising niches of technological and economic cooperation with traditional Arctic partners remain for Russia. It is undoubtedly important to preserve and support existing projects in border areas, encourage micro-entrepreneurship and cross-border trade, and implement joint projects by small and medium-sized businesses. An important priority of Russia's cooperation with the Scandinavian countries, especially Norway, is the development of the NSR.

To popularize clean bonds and loans as instruments for financing Arctic projects, under the chairmanship of the Arctic Council, the Russian side could put forward a proposal *to create an interstate operator of Arctic projects focused on attracting "clean" financing* to the Arctic with the possible branding of Arctic green bonds as ice bonds.

Such an initiative can bring not only reputational advantages, but also become a really demanded financing tool, since in the Russian Arctic there is a huge potential for cheap reduction of greenhouse gas

emissions by increasing the energy efficiency of equipment, switching to "clean" energy, reforestation, etc. Russia's active position in the issue of combating climate change should be publicly built on the principles of rationality and efficiency: *one dollar invested in improving energy efficiency or building treatment facilities (for instance) in northern Norway will have ten times less positive effect than in the Russian Arctic.*

A great potential for cooperation can be realized with the Nordic countries in terms of projects *in the field of development of renewable energy sources* (RES). Because of the critical inefficiency of northern fuel delivery, projects for the development of renewable energy sources in isolated territories of the Russian North can become commercially attractive with minimal government support.

3.2.2. Priorities of Russian domestic policy for the development of the Arctic

The goals and objectives of the development of the Arctic as a distinctive region of Russia are highlighted in sufficient detail and enshrined in the recently adopted Strategy for the Development of the Arctic Zone of Russia and Ensuring National Security until 2035. Many of the priorities of the strategy are already being implemented, a regulatory and legal framework is being created for the new ones. These efforts certainly need to be continued. Therefore, the recommendations in this paragraph mainly relate to those issues that were not explicitly included in the adopted strategy.

In the current conditions, any project decisions in the Arctic cannot but take into account the criteria of financial efficiency. But, more importantly, they should also include requirements for maximizing positive effects for the environment, population, improving technologies and spatial development of Russia, including the pairing of the development of the Arctic with the development of Siberia and the Far East.

Some positive examples are already noticeable — the next NOVATEK Arctic LNG-2 project, according to plans, compares favorably with the Yamal LNG project in terms of the degree of localization of the production of the necessary equipment. It is important that the declared goals for localization do not remain only on paper, and that the

principle of multiplying positive effects for the development of technologies and the utilization of domestic industrial capacities is scaled up to other Arctic projects.

Given the specifics of the economy of Arctic projects that require large-scale state support, projects cannot work only for themselves, and the state has significant leverage over them. The approach to the development of the Arctic through the implementation of the most profitable projects is, if not wrong, then at least insufficient. Arctic domestic policy should proceed from the need to prioritize the promotion of projects that have significant added value for Russia as a whole, i.e. stimulating R&D, localization of production of high-tech products, development of related industries in other regions of Russia. Such projects may by no means be the most profitable, but on the other hand, they will most contribute to the tasks of high-tech development and environmental protection in Russia.

New priorities: added value and innovation. The natural wealth of the Russian Arctic (fossil fuels, diamonds, nonferrous, ferrous and rare earth metals, forests, etc.) should become the basis for the reproduction of added value — the foundation for the modernization of all of Russia. The tasks of environmental protection are the main driver of the transition from extensive methods of the development of Arctic resources to intensive ones. *The Arctic can claim the role of a pilot region for the formation of a highly innovative resource and nature-preserving economy.* But this requires completely different institutional approaches to its development. The most advanced research in this area is carried out in Russia by the Novosibirsk school under the direction of V.A. Kryukov[43], Professor A.N. Pilyasov[44], promising developments were initiated on the basis of

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[43] The Economy of the Modern Arctic: The Basis of Success is Effective Interaction and Management of Integral Risks: monograph / edited by V.A. Kryukov, T.P. Skufina, E.A. Korchak. Apatity: FRC KSC RAS, 2020; *Kryukov, V.A.* New mechanisms and modes of subsoil use in the Russian North and in the Arctic — the main link in the use of the best foreign management practices in high latitudes // The Russian Arctic: a modern development paradigm. SPb .: Nestor-History, 2014. P. 184–187.

[44] *Pilyasov, A.N.* Contours of the Development Strategy of the Arctic Zone of Russia // Arctic. Ecology and Economics. 2011. No. 1. Available at: http://www.ibrae.ac.ru/images/stories/ibrae/arktika_magazine/38-47-pilyasov.pdf (accessed 10.04.2021).

the M. V. Lomonosov Northern (Arctic) Federal University and REC "Russian Arctic."

Without an active technological policy, Arctic projects run the risk of remaining dependent on the import of foreign equipment, which is fraught with an increase in foreign economic and foreign policy risks. At the institutional level, conditions must be created for the deep integration of Arctic projects into high-tech value chains in the country. Otherwise, the development of the Arctic will be carried out to please a limited circle of individuals and companies and will not bring the country closer to solving the problems of modernization and technological development.

Environmentally friendly development. *The creation of a zone of an innovative resource and nature-preserving economy in the Arctic should be based on a revision of the hierarchy of threats at the level of the Security Council*. Such a high level is important not only as an objective indicator of the reassessment of the environmental component in Russian domestic and foreign policy, but also as a tool for building a new international regime in the Arctic "234+," since the priorities of nature conservation are still in direct conflict with the interests of extensive raw materials development in the Arctic. The transfer of these contradictions from a purely economic plane to the sphere of security (national, including environmental) is a separate "front" of internal Russian work.

National and spatial effects. Priority support should be given to projects that generate *maximum effects for the technological and, at the same time, spatial development of Russia*. This is largely due to the use of the competitive advantages of other regions of Russia — industrial enterprises of the Kola Peninsula, research centers in Novosibirsk, construction shipyards of Primorye and transshipment port facilities in Kamchatka.

Strengthening interconnections between Russian regions is impossible only through latitudinal transport routes, including the NSR (although its role remains a priority). The integration of the Russian north into the infrastructural and logistic fabric of the Urals, Siberia and the Far East will be facilitated by the restoration and development of meridional transport routes, including the use of railway and river transport.

From the point of view of the already stated goals of increasing exports, the internal strategy of connecting the Arctic with Siberia, the Far East, and northwestern regions of Russia is also very important. The

export of only raw materials from the Arctic zone can bring significant revenues to the budget, but will not be able to solve the tasks of the new paradigm of Russia's development. Already today it is necessary to expand the portfolio of "Arctic exports" at the expense of Siberia and the Far East. This approach will make the Arctic more in demand for the world, and will make it possible to realize the colossal potential of Siberia as an exporter and center of high-tech industries of the 21st century.

The development of horizontal ties between representatives of the regions, NGOs, the expert community, the indigenous peoples of the North, and other economic entities interested in the development of the Arctic is fundamentally important for the formation of a single consistent Arctic strategy, which implies the synchronization of foreign and domestic policy objectives. Especially in times of crisis, Russian Arctic policy should be based on minimizing conflicts of interest around a creative Arctic agenda.

The orientation of the Arctic development policy towards the Russian regions is important not only as a tool for restoring and creating new spatial and logistic ties and stimulating the economy, but also as an opportunity to consolidate regions around a single national agenda. **Considering that a significant part of the European part of Russia, Siberia and the Far East is legally located in the Arctic zone of the Russian Federation, the development of the Arctic can become an all-Russian project.** The development of the East of Russia, including Central Siberia, should become an all-Russian rather than a regional project.

It is fundamentally important to make it clear to the regions that the development of the Arctic does not drain resources, but takes place in their interests, including in order to overcome the "continental curse" of Central Siberia through the development of meridional logistics routes and the acceleration of the development of the Far East through the development of the Northern Sea Route.

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