

# Staying the Arctic Course

## An Offer for Cooperation That Russia Cannot Refuse

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Two years after the sensational expedition that planted the Russian flag on the North Pole, and a year after the peak in world oil prices, international attention to Arctic geopolitics has visibly dissipated. Russia, however, continues to prioritize the Arctic, which is mentioned several times in its May 2009 National Security Strategy. It is also the main focus of an ambitious document on the “Fundamentals of State Policy in the Arctic to 2020,” issued in September 2008. All that is needed is a legal claim to add vast underwater territories to Russia’s Exclusive Economic Zone (EEZ) in the Arctic Ocean, a document that was to be submitted to the United Nations Commission on the Limits of the Continental Shelf (CLCS) in 2008, but is still not ready.

### **Is Arctic Oil Worth the Bother?**

The main justification for Russia’s interest and policy in the Arctic is the imperative to secure exclusive control over the Arctic’s natural resources. The most frequently cited estimate (the U.S. Geologic Survey’s “Circum-Arctic Resource Appraisal”) suggests that the Arctic basin may contain 20-25 percent of the world’s undiscovered oil reserves.

Most Russian commentators are so hypnotized by the thought of 90 billion barrels of oil in the Arctic that they fail to recognize that this quantity is, in fact, three times less than Saudi Arabia’s proven reserves and that the bulk of the resources are located in the Barents and Alaskan shelves, not subject to significant maritime claims or counter-claims. As for the areas it could explore, Russia is in no rush to conduct preliminary explorations in the East Siberian or Chukchi seas, and it remains nowhere near launching its first offshore project in the Prirazlomnoye oilfield south of Novaya

Zemlya.

Russian natural gas production in the Arctic is making marginally better progress. The Shtokman project, in cooperation with Total and StatoilHydro, signifies a real breakthrough in offshore production for Gazprom. However, Russia's onshore gasfields in Yamal constitute the main resource base for Gazprom in the medium-term; beyond these, it is far more important for Russia to explore the rich promises of East Siberia than to try to tap into the undiscovered riches of the Arctic shelf. Precluding access for fast-moving competitors may be a rational goal, but it is one that must be weighed against the uncertainty of future gas demand.

It is understandable that the Russian leadership (which takes Gazprom's interests to heart) and many in society (who expect oil revenues to trickle down) continue to see the future in terms of a global "struggle for resources." Nonetheless, as the prospect of another protracted stagnation of oil prices looms, the notion that high demand for hydrocarbons can be taken for granted is finally losing ground, and the message that Russia will not be able to function as a "petro-state" is at last being heard.

## **The Risks of Virtual Militarization**

This, however, has not diminished Russia's fixation on the Arctic. It was probably a coincidence that Vladimir Putin, as president of Russia, announced the resumption of "strategic patrolling" by Russian long-range aviation soon after the North Pole expedition. Combined with increased activity by the Northern Fleet, however, the timing gave the impression that Russia was seeking to build up and exploit its military superiority in the so-called Arctic theater to establish a position of political strength. This impression was further reinforced by a plan, outlined in the "Fundamentals of State Policy in the Arctic," to deploy to the North a grouping of conventional forces "capable of ensuring military security in different military and political situations."

Russia's Arctic "militarization," however, largely amounts to a combination of self-deception and bluff. Its strategic aviation barely manages to perform a monthly patrol with a couple of unarmed bombers, providing easy training opportunities for Norwegian and Canadian interceptor-fighters. As the maintenance infrastructure on the Kola Peninsula deteriorates, the Northern Fleet is hardly able to sustain its Atlantic cruises. Murmansk fishermen are unable to rely on naval protection against alleged harassment by Norwegian inspectors, and sending a couple of submarines to show their periscopes near the U.S. coast was a far from impressive demonstration. The most humiliating setback in Russia's plans to modernize its strategic arsenal has been the series of Bulava missile test failures. Without the Bulava, Russia's new generation of Borei-class nuclear submarines cannot be commissioned.

The creeping trend of Russian de facto demilitarization is benign but not risk-free. It includes a reduction in strategic forces far below the limits currently being discussed with the United States, as well as deep cuts in conventional forces which make talk of any Arctic grouping completely surreal. Moscow has been lucky that no aging Tu-95MS *Bear* bombers have malfunctioned during Arctic patrols and that the failures of the Bulava have not produced any collateral damage. However, a further "degradation-defying" increase in Arctic military activity could be a disaster in the making.

Moreover, even after 17 years of U.S. Cooperative Threat Reduction (CTR) assistance, the northern Kola Peninsula remains an area with an extremely high concentration of nuclear weapons, reactors, and waste.

## **Beyond Realpolitik**

Although no Arctic resource rush or arms race is on the horizon, it is difficult to persuade the realists in Moscow of this fact. For the Russian leadership, military force remains the ultimate instrument in the geopolitical competition over natural resources. Every exercise in Norway or Iceland by the North Atlantic Treaty Organization is seen as an encroachment upon Russian positions. Russian Security Council secretary Nikolai Patrushev has asserted with deep conviction that “the United States, Denmark, Norway, and Canada are conducting a common and coordinated policy to deny Russia access to the riches of the [Arctic] shelf.”

This self-perpetuating perception is fueled by more than remnants of old thinking and recycled propaganda clichés. Russia’s assertion of “natural” ownership rights over a large part of the Arctic waters and shelf has deep roots in national identity. While Kremlin-directed attempts to construct a national idea generally have failed, one of the few premises to resonate strongly with the public is that Russia, by its very nature, is a Northern state and, as such, is entitled to particular privileges in deciding the Arctic’s fate. Russia’s Northern identity does not have that long a history, but this vision of a Russia belonging in the North, one existentially connected to the Arctic, is still remarkably strong.

It was Joseph Stalin who first tapped into this political resource, inventing the “conquest of the North.” He managed to keep this romantic notion separate from the enormous tragedy of the Gulag, largely made up of the northern “archipelago” of prison labor camps stretching from Solovki to Magadan. In the autumnal years of the Soviet Union, the so-called “Siberian curse” (a phrase coined by Fiona Hill and Clifford Gaddy) made it extremely difficult to supply northern cities like Norilsk or Vorkuta, as demand and transit challenges increased beyond dwindling state capacity. Prime Minister Putin believes that this curse can be beaten by channeling Russia’s new oil rent; to his credit, he has managed to revive public enthusiasm to “go North.” However, such enthusiasm has yet to translate into meaningful mobilization. Today, Putin loyalists, like Patrushev and first deputy prime minister Sergei Ivanov, freely exploit a discourse of Nordic identity and Arctic belonging, a contrast with their usual self-proclaimed pragmatism.

## **The Arctic Dimension of the Obama-Medvedev “Reset”**

The real importance of the Arctic may lie in the opportunities it holds for strengthening U.S.-Russian cooperation. The much-advertised “reset” was not quite accomplished at the July 2009 Moscow summit; the easing of tensions did not resolve problems like Iran or Georgia, and it did not lay the groundwork for any joint efforts beyond nuclear arms control. The reduction of strategic nuclear arsenals was the logical focus for an initial breakthrough, even if the aim of replacing START I with a new treaty by the end of 2009 turns out to be unrealistic. With regard to the Arctic, new joint projects to manage

nuclear risks are badly needed; building confidence and setting lower ceilings would at least help demilitarize its Russian sector.

Cooperation, however, must extend beyond the very narrow sphere of arms control. Climate-related issues, a high priority for U.S. President Barack Obama, could be one area for further cooperation. Beyond empty rhetoric, though, Russia has shown little interest in cutting emissions or developing alternative energy sources. The growing debate over the agenda of the UN Climate Change Conference in December is unlikely to change this indifferent attitude. With pollution in Norilsk recognized as a major health hazard, a broader environmental agenda might be more promising, but Moscow is unlikely to give much attention to the question of damage done, for example, to the West Siberian tundra by oil and gas production. It is also questionable to think that Moscow would be interested in an in-depth discussion of the well-being of indigenous peoples. For Gazprom, the idea that native Nenets and Khanty could have rights to a share of Yamal resources is absurd.

A range of joint scientific projects in oceanography, volcanology, and, especially, shelf exploration could serve as promising starts to a cooperative U.S.-Russian Arctic agenda. Although Russia has strong scientific schools in various relevant disciplines, some crucial capabilities are missing, especially in deepwater drilling. One advantage of Russia's Arctic research (as well as commercial shipping in the Arctic seas) is a premier fleet of icebreakers, including the new nuclear giant *50 Let Pobedy* and the diesel icebreaker *St. Petersburg*; a new research ship (Project 22280) is also under construction and scheduled to make its first voyage in 2011. As maritime trade has shrunk due to the global recession, these ships are mostly serving tourists. They could be even better employed by scientists.

What would greatly expand avenues for cooperation, as well as lessen geopolitical tensions, is the long-overdue ratification by the U.S. Senate of the UN Convention on the Law of the Sea (UNCLOS). Moscow suspects that Washington has particular maritime ambitions that are incompatible with UNCLOS; it has not forgotten that Russia's claim for expanding its Arctic EEZ was turned down in 2002 by the UN Commission on the Limits of the Continental Shelf due not only to insufficient data, but also to a demarche from the U.S. State Department. A new Russian claim incorporating results from joint research would signify a new tenor in bilateral relations and help move Russia and the United States from "reset" to a real political breakthrough.

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