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SWP Comment

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Russia's Arctic Strategy through 2035

Grand Plans and Pragmatic Constraints

Janis Kluge and Michael Paul

Russia has adopted a development strategy for the Arctic for the period from October 2020 to 2035. Reflecting hopes and perceived threats associated with the successive warming of the Arctic, it aims to advance development of the region's abundant resources, first and foremost oil and gas, and improve living conditions for the population. In the longer term, the Kremlin hopes to establish the Northern Sea Route as a new global shipping artery. Moscow also worries that an increasingly ice-free Arctic could create new territorial vulnerabilities in its Far North, and is responding by rebuilding its military presence there. Finally, Moscow also wants to preserve the region's ecological balance. The indications are, however, that the interests of the energy sector and the military will be served, while funding to improve environmental protections and living conditions will remain inadequate.

On 26 October Vladimir Putin formally adopted the new "Strategy for Developing the Russian Arctic Zone and Ensuring National Security through 2035". It is based on the "Basic Principles" for Arctic policy adopted in March and succeeds the Arctic strategy 2020 dating from 2013.

The political significance of the Arctic in Russia has grown steadily since the end of the 2000s, as reflected in various strategies, programmes and presidential speeches, as well as the reactivation and modernisation of military bases in the region. The Arctic region will also occupy the limelight in May 2021, when Russia is due to assume the chair of the Arctic Council for two years.

While the new strategy is largely built around continuity, shifts in Russian domestic and foreign policy since 2013 are also

visible between the lines: The strategy does discuss the possibilities for international cooperation, but more space is devoted to threat scenarios. And where the 2013 Strategy named civil society organisations as implementation partners, they are now absent. Additionally, the assessment of climate change has also changed.

Arctic Problems

Improving living conditions in the Arctic is a prominent priority of the new Strategy. By 2030 it aims to end the population decline that has affected the entire Arctic region since the collapse of the Soviet Union. Every year the Russian Arctic suffers a net outflow of about 18,000 of its approximately



2.4 million residents. It is no longer financially attractive to settle in this cold region with its long, dark winters. Although the average income exceeds the Russian mean, the cost of living is also considerably higher.

Apart from the hostile climate, the biggest problem for the region's population and economy is the lack of infrastructure and its poor condition where it does exist. Climate-related thawing of the permafrost is already having devastating effects, and is expected to affect 70 percent of the infrastructure in the coming years. At the same time, many regionally proposed road-, rail- and port-building projects remain unrealised due to lack of state funding. From Moscow's perspective, the Arctic is just one of many problematic and structurally weak regions across the Federation. A state programme for socio-economic development in the Arctic was launched in 2014, but the federal budget provides it with just 17.6 billion roubles (€190 million) for 2021 – 23. By comparison, the programme earmarks more than 300 billion roubles (€3.2 billion) for Crimea.

The absence of adequate state funding for the lofty goals of past Arctic strategies leaves Russia's powerful energy sector driving developments in the Far North today. The Arctic accounts for more than 90 percent of Russian's natural gas production and 17 percent of its oil. Major new projects like Novatek's LNG terminals on the Yamal and Gydan Peninsulas form the driving force behind local infrastructure expansion. This applies not only to private investment in road and rail construction in the western part of the Russian Arctic, on the basis of state concessions or public-private partnerships, but also to the ports of the Northern Sea Route (NSR) and their connection to Russian's industrial regions. President Putin's National Goals of 2018 set a target of quadrupling the annual cargo volume on the NSR to 80 million tonnes. There is currently disagreement in Moscow over that target, which is now considered unrealistic. The Russian state is to shoulder one-third of the investment required for the NSR, which Rosatom estimates at US\$11.7 billion; the

rest is to be contributed by Rosatom, Rosneft, Novatek, Gazprom Neft, Gazprom, Nor Nickel, banks and future users of the route.

Moscow hopes that commercial projects to develop offshore oil and gas will also spur development. Western sanctions have to date largely blocked such initiatives. China is courted as a substitute, but its ability to supply the technology (including for seismic exploration in the Barents Sea) and the necessary capital is limited. It is also questionable whether future oil prices will justify the development of these remote reserves. A price of at least US\$80 per barrel is required to make the Arctic offshore fields profitable; the current price is about US\$48. Progress on the planned development of new coalfields is also slow. The window for extracting these remote fossil resources is likely to successively close, as international climate protection efforts cause demand to decline.

New Threat Scenarios

Historically, extreme climate conditions have acted as a natural barrier protecting Russia's long Arctic coast. The melting of the "eternal ice" is therefore cause for concern. The new strategy speaks of growing conflict potential in the Arctic, requiring a permanent expansion of Russia's military presence there.

In a sense Russia is acquiring new external borders that need to be protected from potential aggressors. A naval threat could theoretically come from the east, through the Bering Strait, or from the west via bases in Greenland and Norway. The shrinking of the ice therefore creates new vulnerabilities to attack. From the Russian perspective, its oil and gas terminals are also prime targets requiring defence. In response, many of the Soviet-era bases that had been closed since 1990 have been reactivated and new ones constructed – including ten search and rescue bases, sixteen deepwater ports, ten new air bases (out of fourteen in all) and ten air defence installations.

The military frequently steps in where civilian capabilities in the region are lacking or prohibitively expensive; search and rescue would be one example. So a growing military presence need not necessarily indicate expansionism. Nevertheless, a significant increase in military activities is observed, including a mock aerial assault on radar installations at Vardø, Norway, GPS signal-jamming in Finland, and intensified submarine patrols. In October 2019 ten submarines passed through the Norwegian Sea en route to the North Atlantic, in the biggest such manoeuvre since the Cold War. And in August 2020 a Russian warplane pursued a US bomber into Danish airspace during NATO's Allied Sky exercise.

Following its naval doctrine, Russia seeks to bolster its position as a maritime power, in particular in the Arctic and Atlantic. The role of the NSR is to guarantee access to the Atlantic and Pacific. The Northern Fleet on the Kola Peninsula therefore enjoys absolute priority; in the event of conflict it is also expected to defend the ballistic missile submarines that represent two-thirds of Russia's naval nuclear deterrent. The re-activated Soviet-era bastion concept foresees a sanctuary extending from the Barents Sea to Iceland. In the event of conflict the Russian fleet would secure access to the Atlantic while denying hostile forces access to the Russian Arctic. Air patrols along the NSR to protect the bastion and its fleet resumed back in 2007. In 2019 new air defence missiles were stationed near Novaya Zemlya in the Barents Sea and a hypersonic missile was tested – also as a demonstration of Russian strength. In addition, mobile S-350 surface-to-air missile launchers embedded in an anti-access area denial (A2/AD) strategy protect the bases on Franz Josef Land, Severnaya Zemlya, the New Siberian Islands, Novaya Zemlya and Wrangel Island. The range of the system as a whole covers all islands and archipelagos along the NSR.

Russia exhibits a defensive stance in the Arctic, but is prepared for rapid escalation in the event of conflict. That could include offensive operations to defend the bastion,

including the occupation of parts of northern Scandinavia.

As well as perceiving new challenges at its external borders, Moscow also sees new domestic and foreign threats to its internal security. The effects are felt negatively by members of Russian civil society working on environmental issues in the Arctic and defending the rights of indigenous populations. Major economic development projects regularly provoke protests by local populations. Some civil society organisations have been coopted by the Russian state, others are subject to repressive measures. Those that receive funding from abroad are labelled “foreign agents” and subjected to strict surveillance and restrictions.

Half-hearted Environmentalism

The Kremlin's new Arctic Strategy reiterates its intention to protect the Arctic environment. Action is certainly urgently needed. Crumbling heavy industries, climate change effects like thawing permafrost, and local administrative failure create a toxic mix for the Arctic's fragile ecosystems. This was spotlighted in early June 2020, when more than 20,000 tonnes of diesel leaked into the Ambarnaya River after thawing permafrost subsided under a large storage tank. In 2019 – and again in 2020 – forest fires blazed out of control across the Russian Arctic.

The Arctic Strategy now proposes upgrading sensitive infrastructure to cope with climate change. It is also planned to designate new nature reserves and to direct state support to the refuse disposal sector. In a new development, pollution in Russian Arctic will be monitored regularly, including contamination for which North America, Europe and Asia could be made responsible.

While many states are stepping up their global climate protection efforts, the Kremlin increasingly avoids connecting global warming to carbon emissions. The 2013 Arctic Strategy still contained a reference to anthropogenic climate change. The new

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document makes no mention of the causes of global warming.

Moscow's climate policy thus remains ambivalent. It wields the issue in the United Nations arena to set itself apart from Trump's Washington and to appear as a responsible actor. Although legislation to regulate CO₂ emissions is under discussion, Russia's emissions targets under the Paris Agreement are in fact higher than the current levels. Phasing out oil and gas production is not contemplated. Quite the contrary: Moscow intends to further expand production and exports. The same also applies to coal, which is especially harmful to the climate; here annual production could increase to up to 668 million tonnes by 2035.

Cooperation in the Arctic

The door to international cooperation has not been slammed completely shut, even if the space devoted to threat perceptions has grown in the new Arctic Strategy. The sometimes contradictory interests – such as defending national sovereignty versus internationalisation of the sea route – are reflected in an ambivalent stance that contains both confrontational and cooperation-seeking elements, emphasising political competition or practical cooperation depending on the situation.

The new Arctic Strategy contains a separate section on international cooperation, where foreign investment plays a central role. Here, Moscow is principally interested in technologies for and investment in the energy sector – which fall under Western sanctions. Western firms could cooperate in infrastructure projects and in tackling environmental problems.

German-Russian cooperation in the natural sciences is less problematic for the Kremlin and remains successful. The new Arctic Strategy proposes developing a comprehensive plan for joint international research on ecosystems and the effects of

climate change. One example of successful German-Russian cooperation is the international Multidisciplinary drifting Observatory for the Study of Arctic Climate (MOSAiC), which would not have been possible without Russia's experience and support.

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