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## Putin's breakthrough in Arctic

*We're going to our efforts here (in the Arctic) build and work on many fronts.*

*V. V. Putin, July 30, 2012*



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### Abstract

Ecology, Economy, Security of Russian Arctic – are the strategic and important steps in 2012. It is the beginning of the general cleaning of the Arctic. The Arctic shelf of Russia, Prirazlomnoye. 'NK 'Rosneft': policy towards the strategic partnership with ExxonMobil, Eni and Statoil. To be strong – is the guarantee of the national security.

**Keywords:** Arctic, ecology, policy, Putin, shelf, modernization.

### Ecology, Economy, Security of the Russian Arctic: Strategically important steps of the Russian state in 2012

From Vladimir Putin in his current six-year term in being a president, many expect major breakthroughs in all spheres of life. Arctic zone of the Russian Federation in this regard is no exception. It is important to identify the significant events in 2012, as "Putin's Arctic breakthrough" in the environment, economy, and security<sup>1</sup>. Complicated geopolitical situation around the Arctic waited long to implement concrete steps, a kind of a real breakthrough in the Arctic Russian activities. Putin, even he was in the chair of the Government of the Russian Federation, visited April 29, 2010 the archipelago of Franz Josef Land, and even then he shortly formed the strategic tasks of the Russian state, "*Geopolitically, the deepest interests of Russia are related to the Arctic, because here provides security, defense capability of Russia*". Let us not forget that in the Arctic is our main base of the fleet, here are the patrol routes of the nuclear submarines and long-range aviation and economic interests ". [1] Region should be developed, and the more active, is the better. Answering on the question: "What should we do now?" Putin proposed a general cleaning in the Arctic, and invited everyone to participate in this process.<sup>2</sup>

<sup>1</sup> Breakthrough –is the most important stage of the attack, but it is only the beginning of a long and difficult way.

<sup>2</sup> The Prime Minister visited the archipelago of Franz Josef Land. Vladimir Putin proposed a general cleaning in the Arctic, to clear it from the rubbish. URL: <http://www.ntv.ru/novosti/191877/#ixzz22VGLrRJU>. Photo 29.04.2010. URL: <http://img.ntv.ru/home/news/20100429/pu1.jpg> (Date of access: 03.08.2012).



Putin repeatedly returned to the problems of the Arctic in the course of other appearances in 2011-2012. He believes that the environmental component should be a key leitmotif of human activities in the North, because, although the severity of the image of the Arctic, it has a very fragile ecosystem on our planet. The price of the inattentive, careless relation to it is very high, and the consequences are very serious, "- such statement of the Russian leader is not a tribute to fashion.<sup>3</sup>

Speaking in the Arkhangelsk sea port, at July 30, 2012 during a meeting with members of the expedition of eliminating the ecological damage in the spoiled areas of archipelago of Franz Josef Land, Putin again stressed: "Today we are sending scientific ecological expedition to the islands of Franz Josef Land. This is a significant event for Russia, because it is; firstly, confirm our growing activity in the Arctic. We're going to step up our efforts here and we will work on many fronts: we will develop new fields, build infrastructure, particularly ports, roads, bridges, and so on. Of course, we'll be here strengthening our military component. But the implementation of all of these activities, of course, we will strive for balance between development and nature ... Today's event - your expedition - we, in fact, begin a great start of a new project: The general cleaning of the Arctic ". [2]

These trips, meetings with people, performances can reveal not only Putin's Arctic policy, but also his personal attitude to the problems of the Arctic in the XXI century. Summary of the main concrete actions started earlier and continued in 2012 - the year of the Russian Arctic, is a pretty impressive list of the strategic steps for the Russian state.

<sup>3</sup> Russian Prime Minister Vladimir Putin discussed the future of the Arctic with scientists, businessmen, prince of Monaco and the president of the Iceland. URL: <http://www.ntv.ru/novosti/240006/>; <http://premier.gov.ru/events/news/Dcdj\vdscnegktyb\yfa\jhevt16536/> (Date of access 03.08.2012).

First, the strategic paradigm for the implementation of plans for the economic growth in the Arctic is the search for a reasonable balance with the environment, taking into account the most stringent environmental standards. Gentle, civilized attitude to nature - it is a prerequisite of all the development programs. Turbulent economic activity in the Arctic will only benefit if the economy between the interests of



nature conservation and the task will be provided with a reasonable, competent balance, is not for ten, fifteen, twenty years, but really in the long term. According to Putin, the environmental component should be a key to the leitmotif of human activities in the North, because, although the severity of the image has a very fragile Arctic ecosystem on our planet. Price inattentive, careless attitude to it is very high, and the consequences are very serious.

In 2012, in reality and not only in the words the general cleaning of the Far North and the Russian Arctic began. Among the first projects - cleaning of Franz Josef Land from the accumulated barrels of oil. For this purpose from the federal budget by 2015 allocated 2.3 billion rubles. Similar works are expected by Wrangel Island, and by Russian settlements on Svalbard. There will also be conducted a evaluation of the



ecological status in seven major regions of the Arctic zone. The implementation of these initiatives will not only improve the environment in the Arctic, but will develop unique technologies for the rehabilitation of polluted territories.

Vital importance for Russia is playing the national park "Russian Arctic" in the northern part of Novaya Zemlya, where nature is preserved in its natural state and the birds are not afraid of human.<sup>4</sup> Creation of the national parks in the Russian Arctic in general should be a priority of the national policy that will strengthen Russia's sovereignty over the Arctic islands, create conditions for the development in the future Arctic tourism, transport and social infrastructure.

*Secondly*, It is creating a system of warning, monitoring and emergency situations of natural and man-made disasters in the Arctic zone of Russia, on the base of creating ten complex emergency - rescue missions, the specialized regional centers that will appear along the Arctic coast of Russia. The ministerial meeting of the Arctic Council in May 2011, signed the first legally binding instrument *pan-Arctic - Agreement* on the cooperation in the aviation and maritime search and rescue in the Arctic. Pursuant to this agreement and the implementation of its FTP Russia and establish an effective system of protection against the effects of natural and man-made disasters in the Russian Arctic. As part of the federal program "Risk reduction and mitigation of natural and man-made disasters in the Russian Federation up to 2015" in

<sup>4</sup> The national park «Russian Arctica». URL: <http://www.rus-arc.ru/> (Date of access 26.08.2012).

Dudinka such center opens up in 2012 in Murmansk - in 2013. As part of the federal program in the Far North to 2015, a total of ten will be equipped with modern complex rescue centers.

Thirdly, the real fact of the growth of the economic activity in Russia in the Arctic was the installation of a platform "Prirazlomnaya" in the waters of the Pechora Sea and the start of oil production in the Arctic shelf in 2011-2012. According to various experts hydrocarbon deposits in Russia, located on the ground, mostly exhausted their resources, their production is up 60%. Currently Russia oil producer competes with oil-producing countries in the Middle East. However, the problem arises as to preserve Russia's competitive advantages in the coming decades, while there is a dynamic demand for oil and gas. The main hope for Russia in the growth of hydrocarbon production, to avoid a sharp decline in oil production, it is the continental shelf, particularly in the Arctic. Only here you can expect the most significant additions to reserves, opening and commissioning of large and giant fields. In the Arctic, known 61 major oil and gas field to the reserves of over 500 million barrels of oil equivalent (2009), 43 of these deposits are in Russia, 6 - in Alaska, 11 - in Canada and 1 - in Norway<sup>5</sup>. In the strategies and policies of the Arctic states, the key motivating factor in the development of the Arctic is the interest in the extraction of hydrocarbon resources. In September 22, 2011, Vladimir Putin said, that in Arkhangelsk during the second International Arctic Forum "The Arctic - Territory of Dialogue", Russia really starts to develop the Arctic shelf opens a new chapter in the history of the Arctic exploration and the economic activity here will increase [3].

Fourthly, the qualitative expansion of opportunities for a peaceful solution to the economic problems en-



countered in the transition from opposition to the Arctic on the principle of solidarity "The Arctic is for Russia and the world," is the conclusion of the strategic agreements with leading Russian companies oil companies with advanced technology and experience implementing large projects in seas. In April-May 2012, the state-owned company OAO "NK"

Rosneft "with the active participation of Vladimir Putin, signed a strategic agreement with American, Italian and Norwegian oil companies ExxonMobil, Eni and Statoil to develop the resources of the Russian continental shelf.

Another project of JSC "Gazprom" – is the Stockman field - moving very slowly and is in crisis due to a number of reasons, analyzed and summarized by me on the basis of a study of multiple sources, including:

I. Due to the unstable economic situation in the world gas markets, changes in market conditions in connection with the ongoing European financial crisis, the trend of falling demand for gas and the price reduction

<sup>5</sup> The Arctic holds about 22% of unresolved global resources of oil and gas. URL: <http://www.neftegazexpert.ru/neftegazline/neftegaztext71482.html> (Date of access 26.08.2012).

- II. For braking Stockman used widely publicized increase in costly and environmentally dangerous shale of gas production in the USA and similar dubious projects in other countries.
- III. Discovery of promising new natural gas fields on the offshore warm Mediterranean (Cyprus, Israel), and other Caspian Sea, where exploration, drilling, production is less expensive than in the harsh conditions of the Arctic, and plan for their development and logistics based on the latest technologies.
- IV. Technical complexity of the project, selection of gas liquefaction in the Arctic, which has led to disputes between the partners.
- V. Choice of cost-effective model for the development of the Stockman field, investing significantly more expensive project in the design process.
- VI. Underestimation of modern production technologies with the use of liquefied natural gas, LNG floating plants, technological backwardness of Russia in general.
- VII. Gazprom's lack of experience in the implementation of the development of hydrocarbon fields in the Arctic Ocean.
- VIII. There are legal and tax regime in Russia, according to foreign partners, not helped to facilitate the development of mutually beneficial agreements and strategic partnerships.

Stockman project - is, firstly a business project aimed at making a profit. It is only normal, that foreign partners of Gazprom so thoroughly consider the cost, calculate the risks, seeking relaxation in the tax regime. Who would benefit from the decision to suspend the Stockman project? The answer is obvious - competitors. Gas demand in the world does not decrease, but increases, new market niches for additional gas supplies in connection with the closure of nuclear power plants in Japan and Europe. Gazprom's competitors today are actively promoting their new projects in mining and processing of liquefied gas, really ahead of Russia. Russian Gazprom once again postponing the decision on Stockman certainly loses its competitive edge, dynamic and open those niches that are still affordable. This is a matter not only of the Stockman project, but other projects carried out in cooperation with international partners, to strengthen competition in the global hydrocarbon markets, the gradual, slow ousting Russia from the market. Russian Arctic rate in such a situation will increase manifold.

*Fifth*, the Russian government has taken on the 2 of August 2012 a decree "About the program of exploration of the continental shelf of the Russian Federation and the exploitation of its mineral resources for the long term" (2012-2030 years). The aim is to maintain a competitive advantage in the global market of the Russian Federation of hydrocarbons and energy security of the national economy and the social sphere<sup>6</sup>. Main tasks of the program are the details and the structure of the assessment of hydrocarbon resource base by increasing the degree of geological knowledge of the continental shelf and the formation of the industrial and the social infrastructure for the pilot projects on the continental shelf in order to fill the advanced oil and gas.

*Sixth*, July 3, 2012 the State Duma of the RF adopted in the final version of the Federal Law № 608695-5 «On Amendments to Certain Legislative Acts of the Russian Federation in the state regulation of

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<sup>6</sup> About the program of exploration of the continental shelf of the Russian Federation and the exploitation of its mineral resources in the long term. URL: <http://government.ru/docs/19888/> (Date of access: 02.08.2012).

commercial navigation in the waters of the Northern Sea Route," submitted by the Government of the Russian State Duma on 4<sup>th</sup> of October 2011, which establishes the status of the SMP as the national transport route and introduces a concept of "waters of the Northern Sea Route," in defense of the national interests of Russia. Multiplied by the volume of cargo the Northern Sea Route. Began a long-awaited update of the atomic icebreaker fleet. August 3, 2012 LLC "Baltic Shipyard - ship" declared the contractor for the construction of the head of the atomic icebreaker new generation capacity of 60 MW, which will be commissioned before 30 December 2017.

*Seventh*, Russia began building a modern infrastructure of the NSR. This is a comprehensive transportation project designed to ensure a rapid development and the development of the northern territories of the Russian Federation, to address critical economic, social problems, creating new industries and jobs, and the integration of its support NSR harbors with other transport modes, modernization of river, road, and rail routes communications, the northern airfields, airports, upgrading polar aviation and Russian icebreaker fleet, the development of communication, navigation and hydrography in the Arctic, including Russia's global positioning system (GLONASS) and multi-purpose satellite system, "Arctic", the project of opening an ice-resistant platform observatory " the North Pole. " Begins modernization of existing Arctic ports and construction of new port facilities and terminals. On July 20, 2012, to commence construction of a sea port Sabetta on the Yamal Peninsula. Enlivened other infrastructure projects (the Northern latitudinal - Polar Transsiberian ", etc.), created coastal infrastructure.

*Eighth*, for the basis of the state policy in the field of naval activities prior to 2020 (05/29/2012).

"We believe - said Putin that our country needs to maintain and enhance its status as one of the leading



maritime nations of the world. Thus, our Navy should have all opportunities to effectively address a range of problems.

*First*. First of all we are talking about the development of the naval component of the strategic nuclear forces, participation in global naval parity. *Second* - is the formation of multi-purpose marine general groupings that can reliably counter military threats from the sea, to ensure the reliability of

transport, communications and security of merchant ships, to effectively combat piracy.<sup>7</sup>. The third task is directed to the use of the Navy as a tool to protect the national economic interests. In particular, in regions such as the Arctic, where lies the rich bio-resources, the reserves of hydrocarbons and other minerals. In order to create a new image of the Navy general purpose will be allocated very solid money - 4.44 trillion by 2020. [4]

*Ninth*, the modernization of the defense industry began, which includes 1,353 companies and or-

<sup>7</sup> Putin V.V. An opening speech at the meeting, "About the implementation of the state program of armaments to equip the Navy." URL: <http://президент.рф/выступления/16086> (Date of access:: 08.10.2012).

ganizations, with more than 2 million people, including Sevmash, "asterisk", "Arctic", etc.<sup>8</sup> On the state program of armaments and on the program of the modernization of the defense industry is investing an unprecedented means of Russia in the coming decade - almost 23 trillion rubles. The Council on 31 August 2012 Putin especially has emphasized that we have to improve the whole mechanism of defense, you need to make a powerful, comprehensive breakthrough in the modernization of the military, as it was in the 30's of the last century. You will need to master the high-tech, basic and critical technologies for the production of modern and competitive products. And on this basis, to provide advanced technological advance for the production of advanced systems of weapons and military equipment production in sufficient quantities and with high quality. [5] The potential of sea-based nuclear forces in 2020 will be significantly upgraded by entering the fleet of eight new nuclear submarine projects "Borey" built at Sevmash. In 2012, the first nuclear submarine "Yury Dolgoruky" final test, the second nuclear submarine "Alexander Nevsky" is factory tested, 30 July 2012 at the Sevmash shipyard in the presence of Vladimir Putin laid a new submarine - "Prince Vladimir".

*Tenth*, it was created twenty modernized border posts to monitor the northern border and the Northern Sea Route, under the federal program "The state border of the Russian Federation (2012-2020 years)." Part of the frontier of modern type with updated features will be located next to the nine rescue centers MOE and the Ministry of Transport, which is scheduled to open in the development of the Northern Sea Route, the rest - in remote islands in the Arctic Ocean.

The above and other measures of the Russian state will create a critical mass and improve the geopolitical situation in the Arctic. 2012 becomes, as the year of qualitative changes in the Arctic to Russia for the better site, it doesn't matter, what the skeptics are talking about, there is an opposition and named "friends of Russia." Problems here storage rings elk quite a lot and can only be addressed strategically calibrated steps of the Russian state in the years ahead. Such steps will be actively pursued. And I, like many other experts, perfectly aware that this is only the beginning. Without a proper political will in Russia, unfortunately, little is being done. If we are the opposition and many in the West demonized Putin's role in all the troubles of the Russian society, that's why then not mention his real positive contribution to the development of the Arctic, its ecology? Arctic breakthrough Putin - is a breakthrough Arctic Russia, strategic steps of the Russian state as the real beginning of the great work on the protection of national interests in the XXI century and continued to hundreds of years of the Arctic exploration.

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