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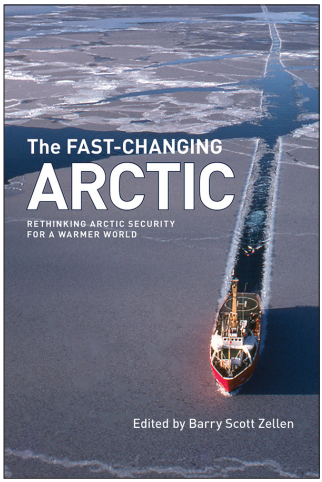

THE FAST-CHANGING ARCTIC:
RETHINKING ARCTIC SECURITY
FOR A WARMER WORLD
Edited by Barry Scott Zellen

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14. Russia Opens Its Maritime Arctic[1]

Lawson W. Brigham

As use of the Russian Arctic coastal seas expands and commercial interests drive marine transportation along the Northern Sea Route, the region is linked increasingly to the rest of the planet. Natural-resource developments in these northern onshore and offshore areas are closely tied to the future of the Russian Federation, as higher global commodity prices spur exploration and new investments in Russia's Arctic infrastructure. The nation has developed a program for strategic development of the region, in recent pronouncements promoting Arctic cooperation as a central theme. Diplomatic developments and marine operations during 2010 have also aroused worldwide attention to this formerly remote and closed region of the Soviet era.

Barents Sea Agreement

After forty years of negotiating, Norway and Russia announced in April 2010 that a preliminary agreement had been reached on maritime delimitation and cooperation in the Barents Sea and Arctic Ocean.[2] The differences in boundary lines between the two Arctic states in the Barents Sea (and by extension north into the Arctic Ocean) had remained problematic, but broad Norwegian–Russian fisheries cooperation in the region has existed since 1975. Recent pressures for expanded oil and gas exploration in and near the disputed areas made the lack of a boundary agreement more vexing.

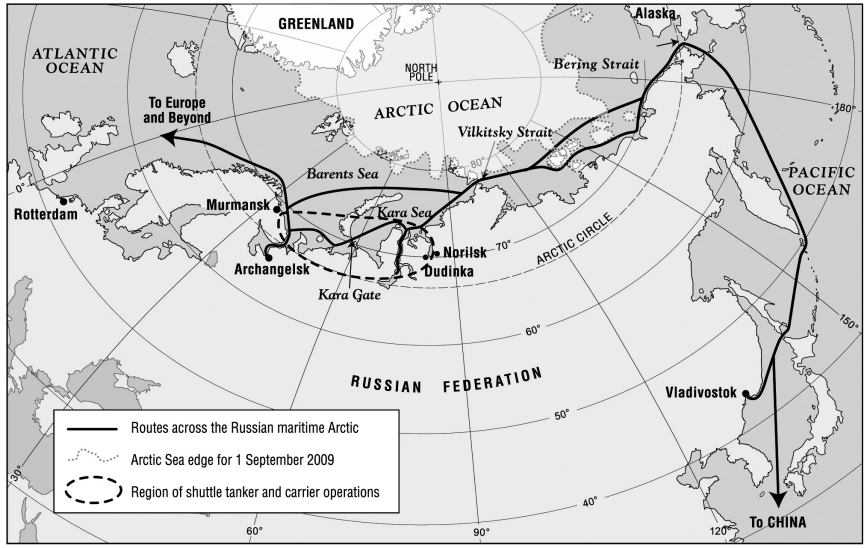

Fig. 1. Ice-capable Russian as well as foreign-flag ships may soon be making greater use of the new summer maritime trade route.

The new treaty concerning "Maritime Delimitation and Cooperation in the Barents Sea and the Arctic Ocean" was signed September 15, 2010, in Murmansk by Russian and Norwegian foreign ministers Sergey Lavrov and Jonas Gahr Støre. It is historic in several ways. Not only does it establish a stable and secure Arctic boundary, it also includes detailed annexes addressing fisheries and trans-boundary hydrocarbon deposits. Both nations noted the importance of close Arctic fisheries cooperation and agreed that the Norwegian–Russian Joint Fisheries Commission will continue to handle the negotiation of total allowable catches and quotas, while considering measures such as monitoring and control related to jointly managed fish stocks.

Annex II addresses the complicated issue of a hydrocarbon deposit extending across the new boundary. A joint operating agreement will now be required to explore and exploit, as a single unit, any trans-boundary deposit. Norway and Russia also agreed to establish a joint commission for consultations, exchange of information, and as a means of resolving issues.

The culmination of this significant accord, once it has been ratified by the two parliaments, will strengthen Norwegian–Russian cooperation in a

key Arctic maritime region and remove a longstanding, disputed area from Arctic state concern. For the Russian Federation and Norway, this agreement provides a framework of cooperation and a stable political environment in which the Barents Sea's continental-shelf hydrocarbon resources can be increasingly exploited. The treaty also provides a unique and workable model for further circumpolar cooperation.

Trans-Arctic Voyages and Shuttle Operations

The Northern Sea Route, defined in Russian federal law as the set of waterways from Kara Gate (southern tip of Novaya Zemlya) to the Bering Strait, does not include the Barents Sea. The navigation season of 2010 for this route was notable, not for total tonnage carried or number of ships, but for several experimental trans-Arctic voyages involving diverse ship types. Four of the voyages took place during the summer, when sea ice is at its minimum in August and September; the fifth was a historic east-to-west escort of an icebreaking offshore vessel in December.

Sovcomflot's ice-class tanker SCF *Baltica* (Liberian flag) completed a voyage carrying gas condensate from Murmansk to Ningbo, China, in twenty-two days; a reduced draft and slower speeds were necessary through the shallow straits of the New Siberian islands.[3] SCF *Baltica* is the first tanker of more than 100,000 deadweight tons to sail the Northern Sea Route, testing its viability for high tonnage. Also testing the route was the *Nordic Barents* (Hong Kong flag), an ice-class bulk carrier, on a voyage with iron ore from Kirkenes, Norway, to China. This was the first foreign-flag ship to carry cargo from one non-Russian port to another through Russian Arctic waters.[4] The route has the potential to link northern European mines to markets in China, Japan, Korea, and other Pacific nations.

In a similar voyage, Norilsk Nickel's icebreaking carrier *Monchegorsk* sailed from Murmansk and Dudinka along the Northern Sea Route east to Shanghai.[5] However, the key difference in comparison with other full transits was that this one was conducted by an ice-capable commercial ship sailing the length of the route without icebreaker escort. With a change in federal regulations, such independent sailings could become more common during the short summer navigation season.

Two 2010 voyages were unique. On August 28, the passenger ferry *Georg Ots* departed St. Petersburg for Murmansk and a subsequent voyage under nuclear icebreaker escort along the Northern Sea Route, arriving in Anadyr, Chukota, on September 26. The ferry reached its new homeport of Vladivostok in October, for use during the 2012 Asian-Pacific Cooperation Summit and future local operations.[6] More challenging was the December 16–26 escort by the nuclear icebreaker *Rossiya* of the icebreaking offshore vessel *Tor Viking* from the Bering Strait to the northern tip of Novaya Zemlya across the Northern Sea Route.[7] This successful voyage indicates the sailing season may be extended for passage of ice-capable ships under close escort.

Arctic shuttle operations are the key to efficient marine transportation of natural resources in the Barents and Kara seas, encompassing the western end of the Russian maritime Arctic. Two innovative systems are fully developed and operate year-round. A five-ship Arctic icebreaking carrier fleet carries nickel plate from Dudinka on the Yenisey River to Murmansk; this fleet is owned and operated by Norilsk Nickel, the mining complex in western Siberia, and year-round navigation has been maintained since 1979.

A three-ship icebreaking tanker operation services the offshore oil terminal at Varandey in the Pechora Sea (southeast corner of the Barents Sea). The three Panamax-size shuttle tankers can annually deliver nearly 12 million tons of oil to a floating tank farm in Murmansk.[8] The terminal and marine shuttle system represent a prime example of Arctic globalization: the Russian company Lukoil teamed with the American firm ConocoPhillips for investment and development of the offshore terminal; the tankers were built in Korea by Samsung Heavy Industries using Finnish icebreaking technology; and the ships are operated by Sovcomflot.

A third shuttle system came into full operation in 2011; a two-ship fleet began delivering oil to Murmansk from the Prirazlomnoye offshore oil production platform in the Pechora Sea.[9] Both tanker shuttle fleets have significant potential to provide year-round service to other projects and thereby optimize regional marine operations.

China and Finland Alliances

As hydrocarbon exploration and transportation development of the Russian maritime Arctic have rapidly evolved, Russia has been quick to forge strategic

commercial alliances with China, as well as Finland and other western companies. Early in the operation of the Varandey terminal, Lukoil signed an agreement with Sinopec (China Petroleum and Chemical Corporation) to supply 3 million tons of oil to China.[10]

Sovcomflot Group reported on November 22, 2010, that it had signed a long-term agreement with China National Petroleum Corporation regarding seaborne carriage of hydrocarbons from the Arctic to China. The cooperative agreement envisions using the Northern Sea Route, not only for moving oil and gas from Russia's developing offshore, but also for trans-Arctic shipments in the summer navigation season. It includes a provision for Sovcomflot to assist in the training of Chinese mariners in Arctic navigation.[11]

A new venture was created between Russian and Finnish commercial interests in December 2010. STX Finland Oy and the United Shipbuilding Corporation (composed of 42 shipyards in Russia) formed a joint venture that will focus on Arctic shipbuilding technology. The newly named Arctech Helsinki Shipyard Oy will build specialized icebreaking vessels for key operators throughout the Russian maritime Arctic, and likely also for foreign buyers.[12]

Arctic Hub and Infrastructure

The ice-free port of Murmansk has long been viewed as a critical economic component of the Russian maritime Arctic. Recent reports in Russia confirm a strategy to fully develop Murmansk as the major oil, gas, and container port, as well as a transportation hub for the entire Russian Arctic. Tax and customs benefits from a new port economic zone will facilitate investment, as Murmansk is increasingly tied to offshore development in the Barents Sea.[13] Companies such as BP, for its potential Kara Sea venture, and others such as Gazprom, planning the offshore Shtokman gas field, look to establish bases for Arctic operations (including response and emergency services) in Murmansk.

Northern Sea Route headquarters of the western sector may be moved from Dikson, on the remote Kara Sea coast, to Murmansk. As well, it is clear that new port and construction activities along the Russian Arctic will be serviced from a modern hub in Murmansk. More new marine infrastructure has been planned. New Arctic rescue centers, Russian-built satellite systems

Fig. 2. The nuclear icebreaker *Rossiya* escorted the *Tor Viking* across the Northern Sea Route from 16 to 26 December 2010, indicating a potential extension of the sailing season for ice-capable ships under close escort. Russian nuclear icebreakers would be used for escorting convoys, scientific expeditions, and summer sealift. (Photo: RIA Novosti)

for the North, and a new Arctic research vessel were all discussed in 2010 by several federal ministries. Some of this critical Arctic infrastructure may come about through investment by public-private partnerships, including foreign capital.

The Russian nuclear-powered icebreaker fleet under the state-owned Atomflot (part of Rosatom) is a legacy of the Soviet Union but retains near iconic status in the Russian North and the polar world. There are plans to modernize the fleet by building dual-draft ships that can operate along the coastal waters of the Northern Sea Route and in the Siberian estuaries and rivers. It is apparent that shuttle fleets in the Barents and Kara seas do not intend to operate with icebreaker support or in convoys. However, the nuclear icebreakers would be used to escort Russian and foreign ships along the Northern Sea Route during extended navigation seasons and to conduct

scientific expeditions, support Arctic oil and gas offshore development, and support summer sealift to Arctic communities. Most certainly the nuclear icebreakers remain a visible and tangible presence of the Russian Federation in the Arctic Ocean.

State Policy and International Cooperation

Russian President Dmitry Medvedev approved a new Arctic policy statement on September 18, 2008, titled "The Foundations of the Russian Federation's State Policy in the Arctic until 2020." This document outlines the strategic priorities for the Russian Federation in the Arctic, noting unique features of the region including low population, remoteness from major industrial centers, a large natural-resource base, and dependence on supplies from other regions in Russia. One of the critical points is that Russia intends to use its Arctic regions as a "strategic resource base."

For the maritime world, the policy mentions use of the Northern Sea Route as a national, integrated "transport-communications system" in the Arctic, specifically an "active coast guard system" in the Russian Arctic under the direction of the Federal Security Service. Important for the Arctic states, the document notes Russia's interest in enhancing cooperation with other national coast guards in the areas of terrorism on the high seas, prevention of illegal immigration and smuggling, and protection of marine living resources. Russia, Norway, and the United States already cooperate in these pursuits, but more can be expected as marine activities expand throughout the Arctic Ocean.

On September 22–23, 2010, the Russian Geographical Society held a key conference in Moscow that focused on the importance of international cooperation. Appropriately called "The Arctic: Territory of Dialogue," this forum gave prominence to the roles of indigenous people, the need to protect the environment, the vast storehouse of Arctic resources to be developed, and the need to affirm the region as a "zone of peace and cooperation." Prime Minister Vladimir Putin addressed the conference in a wide-ranging speech, noting that 70 per cent of the country is located in northern latitudes, and that the issues of Arctic development are high on Russia's national agenda. He mentioned the importance of the Arctic Council to the "integration" of ideas and concepts.[14]

Fig. 3. In September 2010, Prime Minister Vladimir Putin spoke at the conference "The Arctic: Territory of Dialogue," focusing on indigenous people, the environment, natural resources, and the area as a "zone of peace and cooperation." Here, Putin inspects models of two Sovcomflot ice tankers, accompanied by chief company executive Sergei Frank (left) and shipyard director Vladimir Aleksandrov. (Photo: RIA Novosti)

Overall Implications

The Russian Federation is embarking on a long-term strategy to link its Arctic region economically to the rest of the globe. The drivers are clearly the development of natural resources and timely export of domestic production. The facilitators are innovative marine transportation systems that can move cargoes of hydrocarbons and hard minerals both westbound (year-round) and eastbound (summer season) along the top of Eurasia.

There will be opportunities for ice-capable, foreign-flag ships to gain access to Russian Arctic waters, as illustrated by recent operations in summers 2009 through 2012. For example, bulk carriers could increasingly link northern

European mines to Pacific ports during summer seasons of navigation. And foreign-flag ice-class tankers could compete with modern Russian-owned fleets of advanced carriers for this potential summer maritime trade route, especially linking China to Russian Arctic oil and gas.

For safety and security reasons, Russia is sure to manage tightly the opening of its Arctic waters to maritime trade. Similarly, the capabilities of its borderguard of the Federal Security Service will be enhanced for Arctic operations. There have been no announced changes in the regulations along the Northern Sea Route for mandatory icebreaker escort in certain straits, despite Norilsk Nickel's *Monchegorsk* full passage without escort in 2010. Commercial ships without ice classification have not yet sailed along the eastern reaches of the route.

Changes could come soon, with legislative action from the State Duma. All this new activity will require improved environmental observations, new marine charts, traffic monitoring, enforcement capability, and control measures. We are witnessing the cautious evolution of an Arctic region from a once-closed security bastion to a vast marine area more open for use and, potentially, integrated with the global economy.

Notes

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