

# The ongoing formation of Russia's Arctic policy: a new stage?

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*This paper provides an overview of Russia's Arctic policy with a focus on recent changes in the spatial development and legislative/institutional frameworks. It briefly explains the definition of the Arctic Zone of the Russian Federation (AZRF) and examines its basic consolidation mechanism, as well as socio-economic challenges to its development and some legislative gaps. The paper identifies the roles of various actors and institutions in decision-making processes. In doing so, it also investigates how both Western sanctions and oil prices affected the realization of the Arctic policy's main objectives. It argues that Russia will continue to promote the benefits of using the NSR and to attract all interested parties in the exploitation of the AZRF's natural resources, but there is a need to revise some strategies in order to do it effectively, considering new circumstances.*

## Introduction

The changes taking place in the Arctic, the main drivers of which are the climate agenda and globalization (Stephen, 2018), contribute to broadening the spectrum of political actors and create a state of “complex interdependence” (Byers, 2017: 375) in the sphere of international relations. The role of the state as the dominant political institution is declining, as more and more non-governmental players become involved in the development of the region. Issues of conservation of the Arctic's natural ecosystems, ensuring its sustainable development and preventing climate change, are becoming increasingly important. All Arctic states are forced to adopt the goals and objectives of their policy to the changing rules of the game.

For Russia, one of the major stakeholders in the Arctic, overcoming the separated isolated action and transition to the unity of economic, legal and institutional decisions (Pilyasov et al, 2015: 19) is the main objective of modern Arctic policy. We argue that although the paradigm of resource extraction is still prevailing, the changes that have occurred during the last 3-5 years are crucial and

need to be systematized and redefined. The understanding of its possible outcomes is extremely important, especially in light of Russia's future 2021-2023 Chairmanship of the Arctic Council.

Moscow has a long-term vision of the Arctic which can be summed up briefly in three words: *to extract* hydrocarbons, *to transport* them and *to protect* sovereignty over them. This is straightforward in principle but given the exceptional importance of the region for Russia's national interests, it is not surprising that Russia's Arctic policy quite often becomes a result of various bureaucratic "corridor wars" (Sergunin & Konyshev, 2019: 3) and clashes between influential players. It contributes to the insufficiently effective state management of the Arctic, which requires optimization based on geopolitical and geo-economic changes of recent years, as well as a critical understanding of Russian and foreign experience in the development of the Arctic.

In our work, we reviewed and examined the transformations in the Russian Arctic policy in three areas: spatial development, legislative framework and institution-building. Investigating spatial development includes determining an object of state policy in a geographical sense, figuring out how it forms, what it consists of and what the main challenges and issues present in its development are. The overview of the legislative framework is important for identifying the main gaps and possible solutions for filling them. Finally, institution-building refers to the examination of the institutional framework, through which government policy is implemented.

Our paper utilizes a doctrinal analysis of the law and policy documents on the Russian Arctic, as well as an overview of relevant studies. We start from the definition of Arctic Russia, and considering the substantive consolidation mechanisms, then proceed to assess how domestic law regulates Arctic development. We finish by explaining how the current institutional framework of Russian Arctic policy is shaped.

## **Spatial development**

The object of Russian Arctic policy is the Arctic Zone of the Russian Federation (AZRF). It includes, either fully or partially, the territories of the Murmansk and Arkhangelsk regions, the Nenets, Chukotka and Yamal-Nenets autonomous districts, Karelia, Komi and Sakha (Yakutia) republics, the Krasnoyarsk Krai and the islands and lands specified in the Decree: *On the Proclamation of Lands and Islands Located in The Arctic Ocean as Territory of the USSR* (Putin, 2014). However, the boundary of AZRF is not defined once and for all. Since 2014, there have been inclusions of several territories of the Karelia and Sakha (Yakutia) republics (Arctic.ru, 2017a; Arctic.ru, 2019a).

According to our estimates, the land area of the territories of AZRF is 4,969,391 million km<sup>2</sup>, which is about 29% of the entire territory of the Russian Federation. The Russian Arctic is home to about 2.4 million people – about half the population of the entire Circumpolar region (Gassiy, 2018: 1). Significant hydrocarbon deposits, rich stores of mineral ores, rare earth metals and gems are located in the Russian Arctic (Bird, 2008), accounting for more than 11% of the Russian GDP (Konyshev et al, 2017: 6). Additionally, if the UN Commission on the Continental Shelf approves the sub-commission's positive decision, the Lomonosov and Mendeleev ridges will become part of the Russian Arctic by the summer of 2020 (Financial Times, 2019) and increase Russia's exclusive economic zone by 1.2 million square kilometers.

The concept of the AZRF was established in 1989 (The Western Arctic Seas Encyclopedia, 2017). Previously referred to as the Arctic "Extreme North", the term was traditionally associated with a

system of state subsidies and benefits that stimulate the economy in special conditions (Konyshev & Sergunin, 2011: 15). However, after the collapse of the USSR, considering cardinal socio-economic, political and financial challenges of the transition period, it became clear that the Arctic needed to be developed as a separate entity. Some external and internal reasons contribute to the gradual emergence of the Russian Arctic as a political term (Krivorotov & Finger, 2018: 46). Among the latter: the high concentration of strategic interests and the need for the elimination of infrastructure restrictions on the growth of mineral production in the Russian Arctic (Konovalov, 2011: 124), as well as the need for a conceptual interconnection of implemented program activities (Ivanter, Leksin & Porfiriev, 2014: 15).

The main tasks of the Russian Arctic spatial development policy is therefore the integration of available production capacities and facilities and connecting the mainland and port infrastructure into a single logistics system (Orlov, 2018). Oil and gas extraction in the Arctic will help to compensate for the depletion of the country's mature fields (Kontorovich, 2015: 217). It is noteworthy that early Soviet discourse empowered ideas of acquisition of the North and made it indistinguishable from the rest of the country, but costly exploitation coupled with slowing economic growth led to a paradigm inherited in the post-Soviet times focused on resource exploitation (Petrov, 2018: 7).

There is an opinion that the *Northern Sea Route* (NSR), being a solely domestic route for a long time, served as a major consolidation mechanism (Pilyasov et al, 2015: 21) of the Russian Arctic. The national legislator has noted the particular importance of having access to the seas of the Arctic Ocean when specifying the composition of the AZRF (Katorin, 2018; Konovalov, 2014). Moscow defines the NSR as a historical national unified transport line of communication (State Duma, 1998). In one of his speeches, Putin called the NSR "the key to the development of Russian Arctic and Far East" (The Barents Observer, 2018). It is widely known that diminishing sea ice can turn the NSR into a full-fledged international route, thus significantly reducing the distance between Asian and European markets. Traffic along the route increases almost every year and 20 million tonnes of cargo passed through the NSR in 2018, twice as much as the year before (Pigni, 2019).

The Asian states, primarily China, Japan, and South Korea, are actively interested in the possibilities of the route. Cargo ships from China have repeatedly made passes through the NSR (The Northern Sea Route Administration, 2019), and the country's authorities recently published a White paper on the Arctic, demonstrating that commercial interest is not the only reason for that (Drewniak et al, 2018). The Russian government thus seeks to take advantage of joining the Northern Sea Route with China's maritime Silk Road and opening it to international trade. The ambitious goal of reaching 80 million tons of shipping tonnage along the NSR by 2024 was set in 2018, although researchers are cautious in assessing such potential (Benedyk & Peeta, 2018; Kiiski et al, 2018; Yumashev et al, 2017).

The developing of the NSR also implies the installation of military and intelligence infrastructure throughout the whole region. Today, military facilities are already located on almost all major islands and archipelagos from the Kola Peninsula to Chukotka (Galimullin, 2017). The perception of increasing Russian military presence and large-scale exercises after the Ukrainian crisis was transformed from the interpretation of all of this as a legitimate behavior to protect the state border and strategic resource reserves, into fear of aggressive behavior in a potential conflict situation

(Mikkola & Käpylä, 2019: 157). Meanwhile, some authors argued that the Arctic is not remilitarized now because it was never demilitarized (Keupp, 2015: 24), and that Russia is still a long way from reestablishing the level of military capability it had in the Arctic during the Cold War (RAND, 2017: 14), undertaking just limited modernization (Konyshev & Sergunin, 2019: 192). Considering the importance of stability in the Arctic for Russia, its military activity is indeed more likely aimed at protecting an economic interest in the North and does not threaten existing cooperation.

The next consolidation mechanism is the building of large *integrated transportation networks* aimed at improving land accessibility of the region, since today there are practically no railways or paved roads in the Arctic (Volgin et al, 2018: 37). The Strategy for the Development of Railway Transport until 2030 (2008) indicated a few grand railway initiatives, such as the “Northern Latitudinal Passage”, “Bovanenkovo-Sabetta”, “Belkomur” and others. Russia is seeking to attract a total of €143 billion of private investments to implement these projects (Staalesen, 2019a), having a successful Yamal LNG example based on public-private partnership. However, implementation of some promising projects at the regional level is hampered by Western sanctions, which limit the possibilities of exploration and production of natural resources in hard-to-reach regions (Shirov et al, 2015: 321). The Nenets Autonomous District has faced this problem most acutely (APEC, 2018: 14).

A new version of the state program Socioeconomic Development of the Arctic Zone of the Russian Federation (2017) introduced a new concept/consolidation mechanism called *core development zones*. The goals of its establishment are creating favorable conditions for the rapid socio-economic development of the Arctic zone and fostering interaction between resource corporations, communities, civil society institutions and regional authorities (Government, 2017). It should be remembered that Russia already has such tools, like Special Economic Zones or SEZs (existing since 2005), operating in its European part and The Advanced Special Economic Zones or ASEZs (since 2014) in the Far East. But unlike both previous zones, the eight core Arctic zones (Kola, Arkhangelsk, Nenets, Vorkuta, Yamal-Nenetsky, Taymyr-Turukhanskaya, Chukotka, and North-Yakutian) are interconnected projects for complex development of not just separate areas, but the whole region (Arctic.ru, 2017b). It is expected to be based on concession agreements and agreements on public-private partnership (Lagutina, 2019: 36). Creating a strong interlinkage between different entities is crucial, since some researchers noted a lack of representation of Arctic zone interest as a single development entity (Glinskiy et al, 2017: 309), that is fueled by leadership struggles between some entities (Nazukina, 2013).

Among the main socio-economic challenges to the spatial development of the Russian Arctic are out-migration (Table 1) and related lack of manpower (Konyshev & Sergunin, 2011). Heleniak (2009) noted that the way the USSR developed the resources of the region, based on large permanent populations, has become unsustainable in Russia’s new market economy (55). It has thus led to a decrease in wage benefits (Volgin et al, 2018: 38) and the lack of jobs and opportunities for continuing education (Ivanova & Klyukina, 2017: 195). Although the government promotes the financial attractiveness of life in northern regions and supports educational institutes, forums and other initiatives, the expectations of the young population today seem incompatible with the actual economic possibilities (Nikulina et al, 2019). The outflow of population has even led to the idea of promoting temporary, rather than permanent, residence in the High North and encouraging companies not to invest in social infrastructure (Shchitinsky & Minina, 2018: 81).

**Table 1.** Population changes in the Russian Arctic

Subject	Year					
	2010	2014	2016	2017	2018	Overall (2010-2018)
Arkhangelsk	664 465	656 624	652 867	650 755	646 899	-17 566 (-2,64%)
Krasnoyarsk	229 392	228 493	227 546	227 220	227 972	-1 420 (-0,62%)
Murmansk	795 409	771 058	762 173	757 621	753 557	-41 852 (-5,26)
Nenets	42 090	43 025	43 838	43 937	43 997	1 907 (4,53%)
Karelia	51 634	47 432	45 070	44 301	42 799	-8 835 (-17,11%)
Komi	95 854	84 707	81 442	80 061	77 314	-18 540 (-19,34%)
Sakha (Yakutia)	28 325	26 488	26 147	26 210	26 063	-2 262 (-7,99%)
Chukotka	50 526	50 555	50 157	49 822	49 348	-1 178 (-2,33%)
Yamal-Nenets	522 904	539 671	534 104	536 049	538 547	15 643 (2,99%)

Besides that, there is a significant disparity within the northern regions, have only grown following the reduction of government services in the already disadvantaged regions (Duhaime, 2010: 53). Merging is one of the tips for reducing such an inter-regional disparity (Vityazeva & Kotyrló, 2007: 64), undertaken by combining large regions with national autonomous districts of the North. This practice has affected the Krasnoyarsk Territory (merged in 2007 with its constituent Taimyr (Dolgano-Nenets) and Evenki autonomous districts). Possible projects for the merger of the oil-rich Nenets Autonomous district with the poorer Arkhangelsk Region were also discussed for a long time (Harzl & Protsyk, 2013). In addition to it, two Arctic regions - Chukotka and Yakutia - participate in the Far Eastern hectare program (MINVR, 2016), which aims to attract people for the commercial or personal use of empty land.

Environmental pollution, especially a number of nuclear hotspots, is also a big concern of Arctic spatial development. Although the Russian government takes measures for cleanup in the Arctic (TASS, 2019), melting ice could trigger the release of accumulated harmful substances and thus poses a risk to human health (Bock, 2013: 49). The greatest difficulty is presented by solid household waste, for the disposal of which the Russian authorities are planning to apply plasma gasification technology. The resulting heat will be used to get what the Arctic lacks: heat and energy (The Arctic, 2019a). Additionally, there is the problem of air pollution that transcends national boundaries and has already provoked some international cross-border incidents (Nilsen, 2019).

## Legislative framework

The current legislative framework of the Russian Arctic policy is represented by three documents:

- Fundamentals of the State Policy of the Russian Federation in the Arctic for the Period up to 2020 and Beyond (2008);
- Strategy for Development of the Arctic Zone of the Russian Federation and the National Security up to 2020 (2013);
- State programme Socioeconomic Development of the Russian Arctic Zone up to 2025 (2017).

The Fundamentals of the State Policy document (2008) lists the features of the Russian Arctic that distinguish the macro-region as a separate object of state policy, determining the national interests, goals, objectives and strategic priorities of Russia in the Arctic. The Strategy for Development document (2013) indicates the main mechanisms, methods and means of achieving goals and realizing national interests. The tasks of coordinating the activities of state authorities and all other stakeholders in the implementation of Arctic state policy, as well as conducting socio-economic development of the Russian Arctic, are assigned to the State programme document (2017). Its implementation deadlines have been extended up to 2025 in 2017 (Staalesen, 2017). In one of his speeches, Dmitry Medvedev noted the “rather analytical nature” of the previous version of the document and highlighted the lack of funding as the main problem (Medvedev, 2017). In the new version three subprograms have been introduced, target indicators have been updated and the amount of budget allocations has been specified – 190,451,982 million rubles (Government of the Russian Federation, 2017). It is worth noting that the program approach to public administration in Russia has gained popularity and is used everywhere to solve the problems of socio-economic development and national security (Leksin & Porfiriev, 2016: 418).

Among other documents defining the modern Russian state policy in the Arctic, we can highlight:

- Development Strategy of the Railway Transport till 2030 (2008);
- The Concept of Sustainable Development of Indigenous Peoples of the North, Siberia and the Far East of the Russian Federation (2009);
- Energy Strategy of Russia for the period up to 2030 (2009);
- Maritime Doctrine of the Russian Federation (2015);
- The Russian Federation's National Security Strategy (2015);
- The Strategy of Ecological Security of the Russian Federation for the period until 2025 (2017);
- Fundamentals of the State Policy of the Russian Federation in the Field of Naval Operations for the Period until 2030 (2017);
- Decree No. 296 of the President of the Russian Federation dated 2 May 2014 “On the Land Territories of the Arctic Zone of the Russian Federation (last modified – May 13, 2019).

However, the Arctic legislative framework is incomplete without the *Federal law on the Russian Arctic* (Zhuravel, 2016: 6). Attempts to adopt such a document have been made since 1998 when its first version was presented, but all of them remained unsuccessful. Among the causes for the failures is a lack of detailed knowledge of the problem and abstraction from the previous experience of each new team (Zhukov & Krainov, 2008: 4), as well as the lack of ideological basis for the basic law (Pilyasov et al, 2015: 15). It is expected that this law should prescribe the status of the macro-region as a special object of state regulation (Konovalov, 2012: 22) and introduce a system of preferences and benefits for investors (Lukin, 2016).

Currently, there is no generally accepted methodology for the inclusion of territories in the Arctic zone of the Russian Federation (Bezrukov, 2015: 358). Existing legislation provides the possibility of clarifying its borders “in accordance with the regulatory legal acts of the Russian Federation and the norms of international treaties and agreements to which the Russian Federation is a party” (Government, 2008). Some experts note that the inclusion of certain territories into the Russian Arctic is determined not only by physical and geographical characteristics, but also by priorities of state regulation and management (Konovalov, 2012: 22), as well as by the mismatch of interests of various ministries, the Federal centre and the Arctic regions (Pilyasov, 2016: 233). In addition,

the draft law on privileges for Arctic investment, which should set tax rates for development projects, was not submitted to the government before June 10 as originally planned (Arctic.ru, 2019b).

### Institution-building and decision-making

The discussions on the way the Russian government should run the vast northern areas have continued since the collapse of the USSR. Several attempts to create a single body responsible for Arctic development have been taken but none of them can be described as successful. Having won over regional elites in the early 2000s (Pilyasov, 1998) and dissolving the State Committee for the North (GOSKOMSEVER), Moscow had started actively searching for a new institutional framework of its Arctic policy. Founded in 2004, the *Ministry of Regional Development* was responsible for implementing state policy regarding socio-economic development of regions, including the Arctic. However, even though the Ministry has been appointed as an executor of the state program Socioeconomic Development of the Russian Arctic Zone, it was abolished (PortNews, 2014) in the same year in which the program had been adopted. The establishment of specialized ministries for North Caucasus, Crimea and the Far East has made the Regional Development Ministry superfluous (The Barents Observer, 2014).

But there was still no separate Ministry for the Arctic region. *The Ministry of Economic Development* of the Russian Federation was the one that has become responsible for it. However, considering the limited, primarily socio-economic, scope of its activity and the significantly increasing number of governmental bodies engaged in Arctic issues (Table 1), *The State Commission for Arctic Development* was founded in 2015. Its main function was coordination for the work of federal and regional authorities. Rothem (2016) claims that the appointment of a former representative of the national patriotic movement, Dmitry Rogozin, as its head was a signal of Russia's irritation with the West's unwillingness to recognize its status as an Arctic superpower (Rotnem, 2016: 10). Nonetheless, as a purely coordinating body it did not have the authority to address the problems. And in the absence of a well-designed institutional framework, there was no coordination.

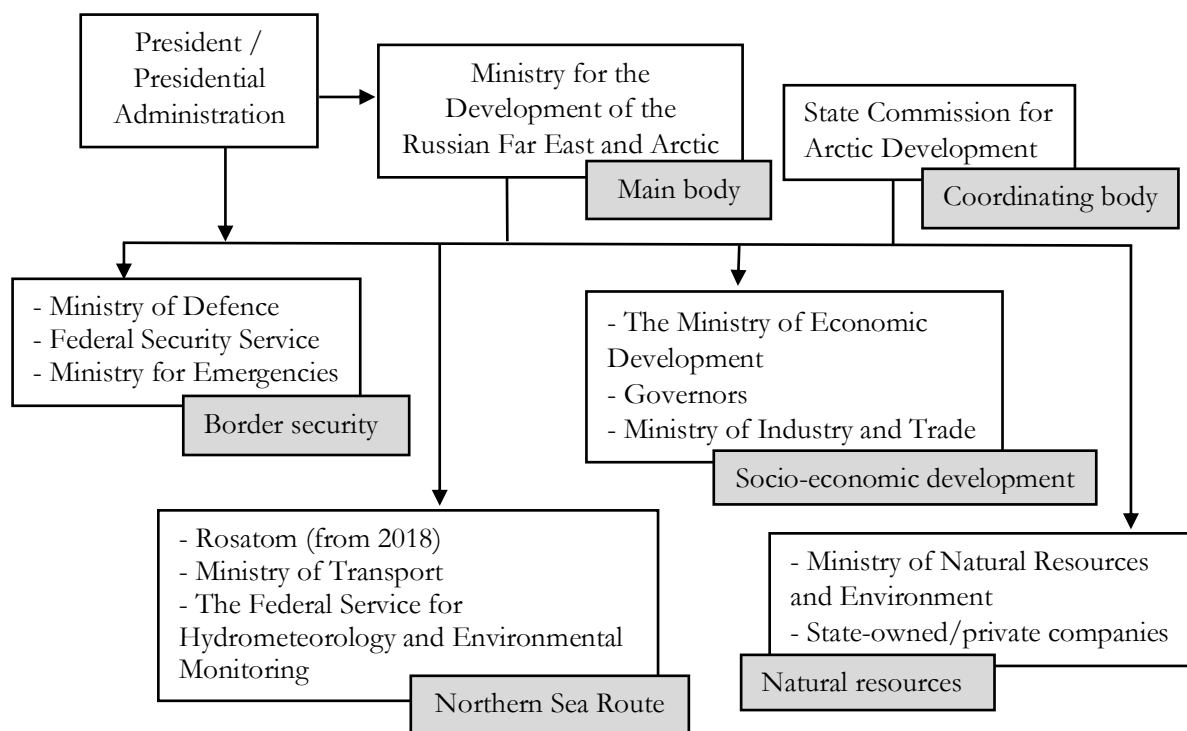
**Table 2.** The governmental bodies responsible for Arctic policy

Program	The executor of the program	Co-executor	Participants of the program
State program Socioeconomic Development of the Russian Arctic Zone up to 2020 (2014)	Ministry of Regional Development	-	- Ministry for the Development of the Russian Far East; - Ministry of Transport; - Ministry of Industry and Trade; - Ministry of Foreign Affairs.
The new version of state program Socioeconomic Development of the Russian Arctic Zone up to 2025 (2017)	Ministry of Economic Development	Ministry of Industry and Trade	- Ministry of Transport - Ministry of Emergency Situations - Ministry of Construction Industry, Housing and Utilities Sector - Ministry of Natural Resources and Environment - Ministry of Defence - Federal Service for Hydrometeorology and Environmental Monitoring - Federal Service for Supervision of Natural Resources - National Guard of Russia - Federal Biomedical Agency - National Research Center «Kurchatov Institute»

It speeded up the search for a unified center of accountability for the implementation of Arctic policy. As Putin said, it should be not a burdensome bureaucratic body, but a flexible, fast-working structure (The Moscow Times, 2014). But first, in 2018 the State Commission’s lineup was renewed in order to make it more compact and “business-like” (The Arctic, 2018). The Presidential Envoy to the Far Eastern Federal District, Yury Trutnev, was appointed as a head of the revised body and the next year the additional authorities were given to the Ministry of the Russian Federation for the Development of the Far East, which is now the *Ministry of the Russian Federation for the Development of the Far East and the Arctic*. The choice has been made not in favor of establishing a separate ministry of the Arctic because, according to Prime Minister Medvedev, it would be too costly both in terms of financial and administrative resources (Staalesen, 2019b).

The reformed Ministry is now responsible for the establishment of a proper labour division between different state agencies, which could be clustered depending on the area they managed (Table 4). The Ministry of Transport (MT) along with the Russian State Corporation on Atomic Energy (Rosatom) developed the NSR on the principle of “two keys”: the MT is responsible for statutory regulation and Rosatom is responsible for commerce and economy (Rosatom, 2019). The Federal Service for Hydrometeorology and Environmental Monitoring provides authorities and ships with meteorological information and forecasts. The Ministry of Defence, Federal Security Service (including Coast Guard) and the Ministry for Emergencies are charged with building military presence in the Arctic and with border security. The Ministry of Natural Resources and Environment and its agencies oversee natural resource management and monitors environmental protection, while state-owned corporations and private oil and gas companies are engaged in hydrocarbon production. The Ministry of Economic Development, Ministry of Industry and Trade (MIT) and Arctic governors have responsibility for socio-economic development, with MIT’s particular obligation being the implementation of large industrial projects. This framework seems balanced and there is no obvious overlap of authorities which should provide harmonization of the decision-making process.

**Table 3.** Russia’s Arctic state policy main authorities: the executive branch

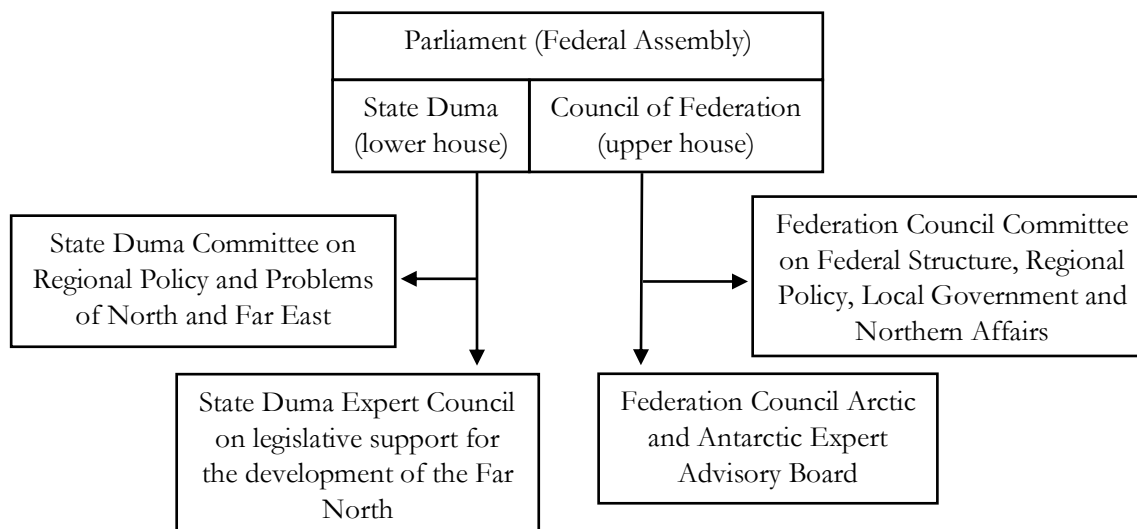




There are also some specific sub-national Arctic institutes, like Polar Commission (2015) in Krasnoyarskiy Krai and The Ministry of Development of the Arctic and the peoples of the North (2018) in the Republic of Sakha (Yakutia). The main challenge, however, is still the reduced potential of northern regions to have an independent solution for socio-economic problems. Arctic policymaking is a highly centralized process (Sergunin & Konyshev, 2019: 4) and the Kremlin remains a key player. All Arctic governors are closely linked with the ruling party “United Russia” and therefore must usually wait for an order from Moscow for action. But the absence of strong opposition is not the only problem – it is mainly the changing distribution of tax payments from natural resources (Pilyasov et al, 2015: 19) which have resulted in undermining the regional initiative. There are various proposals for increasing financial activities of economic entities of the AZRF, such as establishing a special “Arctic” bank (Tatarkin et al, 2017: 21) and earlier mentioned core zones, which is intended to put into practice the mediating role of the state. But given that 6 out of 9 Arctic governors began their current five-year terms in 2018 and 2019, the question here is whether the Federal authorities will be able to get them to work effectively.

It is worth noting that the Russian Parliament, though possessing significantly less potential for participating in decision-making (not even in the Arctic, but in general), has its own institutional framework for conducting Arctic policy (Table 4). It has some voice in the budgeting process and is able to cut/increase appropriations for executive agencies (Sergunin & Konyshev, 2019: 9)

**Table 4.** Russia’s Arctic state policy main authorities: legislative branch



The presence of national security objectives a priori narrows the scope for participation of non-governmental organizations, although they have obtained much more influence in the post-Soviet era. But instead of using the resources of these players in a creative way, Moscow tries to control them, thus making them passive, both domestically and internationally (Sergunin & Konyshev, 2018: 140). For example, RAIPON, The Russian Association of Indigenous Peoples of the North, operates under tight state control (IWGIA, 2019: 44).

## Overview

Russia's Arctic policy, much like the late Soviet policy in the High North, has resource extraction as its cornerstone. However, the Arctic Zone of Russian Federation is a relatively new political phenomenon, which has arisen over the past several decades and mostly implies issues of national and energy security. Not least, the growing accessibility of the Northern Sea Route, though still remaining a subject of many debates, contributed to the allocation of AZRF as a separate object of state policy.

Although the main goals of Russia's Arctic policy have been outlined, it isn't yet clear how to achieve them. Is it necessary to prevent out-migration and attract new citizens, or focus on using predominantly temporary-basis manpower in order to exploit the Arctic's natural resources? Is it a better option to break-up the monopoly of state-owned Rosneft and Gazprom and allow the private oil and gas firms to explore Russia's Arctic shelf or is it too risky? These and other questions remain unanswered, while 2 of 3 Arctic laws (2008 *Fundamentals* and 2013 *Strategy*) expire in 2020 and therefore need to be updated as soon as possible, and the adoption of Basic Arctic law has been repeatedly postponed.

Western sanctions and low oil prices are hampering the realization of Russia's interests in mostly the resource geography dimension (Aalto & Forsberg, 2016: 223) which has resulted in delaying production for such giants as the Kruzenshternskoye and Shtokmanovskoye fields. It created further confusion among the governing elite, provoking the need to re-assess the oil and natural gas development prospects from the long-term perspective (Morgunova & Telegina, 2019: 481). Both sets of sanctions (US and EU) target, among other things, the offshore petroleum industry and have forced Russian authorities to create more favorable tax conditions to encourage the development of Arctic resources. On the other hand, economic restrictions have contributed to the emergence of additional motivation for the development and implementation of domestic innovations, which is mainly manifested in the policy of import substitution (Sergunin & Konyshchev, 2018: 140). Given these two different aftermaths, it remains unchanged that the hydrocarbon-driven economy of Russia is highly dependent on the exploitation of new production fields.

Is there a new stage to Russia's Arctic development? To sum up, the establishment of the Ministry for the Development of the Russian Far East and Arctic, though finalizing its reform will still take some time, is a great step toward the coordination of various activities and allocation of the Arctic as a separate, integrated object of the state policy. Along with the new role of the state company Rosatom, it definitely enhances Russian management systems in the Arctic, though tensions remain. However, there are still no specific mechanisms of public-private partnership in the Arctic on the state level, without which it will not be possible to significantly increase investments. The concept of sustainable development has also not been adapted to the Russian Arctic, maintaining an apparent imbalance in favour of economic development (Maximova, 2018: 12).

## Concluding remarks

It seems that a contradiction of modern Russia's Arctic policy is the fact that the region of strategic importance could not be effectively developed without cooperation with the international community. The modern Arctic strategy of Russia is a mixture of expansionist/revisionist and soft power/status quo policies (Heininen et al, 2014: 89). Thus, it depends on how Moscow will

continue to pursue its dual-track strategy. The extremely powerful Russian military has a strong skepticism toward the West, but it is not even economic weakness and a lack of technology that creates a need for cooperation and foreign investment. There are at least four other Arctic littoral states in the same room, and considering the fragile ecosystem with associated risks, it is crucial to take into account their interests.

What are the main outcomes? We think that Russia will continue to promote the benefits of using the NSR and to attract all interested parties in the development of Arctic resources. While the estimates of the U.S. Geological Survey may be proven incorrect, Russia has an inadequate institutional environment (Kryukov & Moe, 2018: 49) for the profitable production of unconventional oil as a fallback too. Moreover, it is more than just a rational-action approach already. It has symbolic value under sanctions, demonstrating the dignity of Russians and their adherence to the commitments that have been undertaken. Additionally, calling the idea of an inevitable competition for Arctic resources into question means risking one's reputation (Trenin & Baev, 2010: 21). Thus, considering that sanctions have strengthened the elite's consolidation and have boosted patriotism in the country, all proposals like liberalization of the continental shelf (Neftegaz, 2019) will be made cautiously. But from the other side, the main players must act quickly because hesitation could fail the "May Decrees" in 2024, which would probably be an even greater threat to political reputation.

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