STRATEGIC PERSPECTIVES

NAADSN
North American and Arctic Defence and Security Network

War in Ukraine dilutes Russia's Arctic successes and damages future plans

Sergey Sukhankin
NAADSN Postdoctoral Fellow

25 July 2022

Russia's unprovoked aggression against Ukraine – defined by the Russian side as a "special military operation aimed at liberation of the Donbass region"[1] –recommenced on 24 February and has already backfired in several ways. In addition to massive military casualties[2] and growing diplomatic-political isolation, Russia is entering tumultuous economic times caused by sanctions as well as the unwillingness of parties not directly involved in the conflict (such as, for instance, China and Kazakhstan[3]) to defy these sanctions, leading to additional economic losses as well. Russia is putting in serious jeopardy its gains (and ambitious plans) in the resource-endowed and strategically vital Arctic. In spite of Russia's previous violations of international law – such as the wars in Chechnya (1994), Georgia (2008), the annexation of Crimea and the fuelling separatism in the Donbass (2014), and war crimes in Syria (after 2015) – the Arctic used to be perceived by Western academic and policy-making communities as a no-conflict-zone. Now it is rapidly turning into (yet another) area of tension between Russia and the West. This paper aims to discuss the initial impact of the Ukraine invasion on Russia's ability to meet its Arctic goals. This paper will first summarize key points constituting Russia's Arctic strategy and then reflect on actual losses and limitations faced by Russia as a result of Western economic sanctions. The paper will conclude with speculation on which future Arctic scenarios appear to be most realistic for Russia and its Arctic-related plans.

The essence of Russia's Arctic strategy

Since the dissolution of the Soviet Union, Russia has made some notable achievements in the Arctic. Despite backlashes such as the infamous Arktika-2007 expedition,[4] the military buildup in the Arctic,[5] and numerous environmental incidents,[6] Russia managed to restore its image as the dominant regional power. This status was weakened in the 1990s, when the Arctic lost its former place in Russia's policy priorities. Russia's past gains in and future ambitions for the Arctic can be sub-divided into four categories, described below.

International legitimization through participation in Arctic-related fora

When Soviet General Secretary Mikhail Gorbachev delivered his famous the Murmansk Speech on October 1 1987, he outlined six strategic goals of the Soviet Union's Arctic foreign policy. They included establishing a nuclear-free zone in Northern Europe; reducing military activity in the Baltic, Northern, Norwegian and Greenland Seas; cooperating on resource development; forming an international conference on Arctic scientific research coordination; cooperating in environmental protection and management; and opening the Northern Sea Route.[7] The Arctic fell off the agenda with the collapse of the Soviet Union and did not return to Russia's political agenda until the mid-2000s. After the mid-2000s, the situation started to change with Moscow demonstrating a greater determination to restore its former status of an Arctic power and assume the key role in Arctic-related initiatives and developments. One of Russia's key objectives was the intensification of contacts with other Arctic nations to be able to play a greater role in political-diplomatic processes, economic cooperation, and soft power-type initiatives taking place across the region. This goal was achieved through Russia's participation in the following platforms:

The major platform is the Arctic Council. Since its inauguration in 1996 – Russia joined the AC under convenient terms of accession – it has been the premier regional forum dealing with matters of governance and cooperation across the Arctic. For Moscow the recognition of its status of a dominant Arctic power and real window of opportunity to further increase its influence came about in May 2021, when Russia took the two-year Chair of the forum, pledging to strengthening regional cooperation initiatives to reduce greenhouse-gas emissions, attract investment, and improve the condition of Indigenous peoples. However, as a result of Russia's most recent aggression, on 3 March 2022, Canada, Denmark, Finland, Iceland, Norway, Sweden and the United States declared that they will not attend meetings of the Arctic Council under Russian chairmanship and will not interact with Russia on any of AC-related projects.[8]

The Arctic Five coastal states boast some of the most advanced, prosperous, and innovative economies in the world and wield significant expertise in the economic/business side of Arctic affairs. Specifically, this ad hoc international platform deals with maritime issues, fisheries management, and competing claims to the continental shelf (one of the most controversial sides of Russia's Arctic policy since 2007, which was marked by the Arktika-2007 expedition that de-facto manifested emergence of Russia's territorial claims in the Arctic shelf zone).

The Arctic Economic Council (AEC) is an independent international business membership organisation inaugurated in Iqaluit, Canada, in 2014. The AEC represents companies that work with and within the Arctic. It advocates for sustainable economic development in the region, representing a business perspective on sustainability. Importantly, the AEC is the only regional business organisation in the Arctic and has members from all eight Arctic states.[9] Russia's membership in the AEC enabled Novatek, Sovkomflot, Rosatom, Gazprom Neft, and Nornickel to benefit from cooperation with foreign partners.

The International Arctic Science Committee (IASC) is a non-governmental organization which is composed of international groups participating in arctic research – which consists of the eight Arctic countries (Canada, Denmark, Finland, Iceland, Norway, Russia). Aside from previously mentioned international platforms and groupings, where Russia acquired membership status after 1991, in case of IASC it was the USSR that joined the organization.[10]

Participation in the aforementioned international platforms and organizations helped Russia to become a key stakeholder in Arctic-governance, R&D, economic, and humanitarian-cultural affairs. This allow Russia to share its achievements with other actors but also encouraged it to adopt best foreign practices in Arctic-related areas. Also, Russia's perpetual prestige seeking agenda was completely satisfied.

Non-renewable energy

When considering Russian Arctic economic plans, two issues need to be considered. First, the role of Arctic-based non-renewable energy resources as one of the key drivers of the Russian economy. A prominent consideration during Soviet times, this concern was highlighted in 2006 as part of the Kremlin's agenda to establish the country as an "energy superpower" and to justify its inclusion in the G8.[11] Secondly, the Arctic region now accounts for almost 11 percent of the Russian national wealth, securing up to 22 percent of the entire Russia's export of which major part are non-renewable energy resources.[12] Russia's plans to develop Arctic natural resources are even more ambitious: according to the "Energy Strategy 2035" (ES-2035) document,[13] Russia intended to emphasise development of three main non-renewable types of Arctic-based energy resources for export.

The first of these is liquefied natural gas (LNG), which was identified as a key priority for the Russian energy sector in the "Long-Term Program on the Development and Production of LNG" that was officially adopted on March 22, 2021.[14] The document highlighted the necessity to develop a strategic link between the Arctic region resource base and LNG-processing facilities (Yamal, Gyda Peninsula and the Arctic shelf deposits) and the Far East (Sakhalin) – both regions are under the purview of the Ministry for Development of the Russian Far East (Minvostokrazvitia) – as a major transportation hub and a logistical knot conveying Russia's LNG to India-Pacific markets. According to the document, matching Arctic resources with the Sakhalin transportation capabilities as well as development of other projects will result in an exponential growth of both export capabilities (up to 140 million tons), revenues ($150 billion USD) and Foreign Direct Investment (FDI) in Russian economy ($150 billion USD) until 2030. In terms of major infrastructural projects Russia clearly prioritized the Yamal and the Arctic LNG-2 as well as the Kamchatka-based LNG facilities.[15] With respect to LNG-related plans, Russia's mid-term goal was to become one of the world's top-3 LNG producers,[16] and Arctic-based gas deposits were supposed to play the key role in this.

Arctic oil development is anchored in the Vankor Field (a Rosneft-operated oil field frequently called "super cluster"[17]) located 130 kilometres west of Igarka (Krasnoyarsk Krai) next to the border with Yamalo-Nenets Autonomous Okrug – that occupied a special place in Russia's plans. According to the Russian estimates the oilfield was set to produce 50 to 100 million tons of oil per year.[18] Not only was it to become a source of direct budgetary revenues, but also a major factor of regional economic and infrastructure revitalization.

Coal production became less pronounced in general with the European energy crisis of 2021 that was further aggravated after the outbreak of war in Ukraine. Neither of these developments discouraged Russia from drafting an ambitious Program for the Development of the domestic coal industry until 2035.[19] In addition to old coal mines in Kemerovo, Russia is also increasingly concentrating on new mining centers located in the Far East at Khabarovsk Krai and Sakhalin, as well as the Arctic regions of Sakha-Yakutia and Buryatia.[20] According to the Russian plans, coal from these areas was to be primarily exported to Indian and Chinese markets. Even before the renewed war with Ukraine and toughened western sanctions, Russia was already making a strategic re-orientation of its LNG, oil, and coal production exports towards the Indo-Pacific.

Transportation and communication

Russia's ambitious plans to become the key transportation hub connecting Asia and Europe, two main lanes are frequently mentioned in Russian circles. First and foremost is the establishment of the long-dreamed of Northern Sea Route (NSR)[21] as a transportation artery connecting Asia with Europe. President Vladimir Putin stated that the use of the NSR would allow foreign actors to be able to transport goods twice as fast and at a considerably lower price than with existing sea routes.[22] Russia's plans regarding the NSR are not merely related to the use of this transportation artery for the purpose of collecting transportation fees and changes. Russia views the development of the NSR as a means of economic revitalization of its resource-endowed but economically stagnant and demographically-weakening Arctic. In addition to non-renewable energy resources, Russia is interested in development of locally-based mineral deposits, bio-marine resources, and tourism.[23] Russia also expects the NSR to carry 80 million of tons of cargo annually (by 2024) and 160 million by 2035 (it currently transports 26 million tons).[24] Moscow seeks to transform the NSR into a viable alternative to the Suez Canal,[25] which in turn would provide Russia's a competitive advantage in building ties with China.

Second, Russia also endorses land-based transportation arteries. These include further development of the existing Trans–Siberian Railway (a length of over 9,289 kilometres) and the Baikal–Amur Mainline (approximately 770 km),[26] as well as emphasis on relatively new initiatives such as the Belkomur Arctic Railway Project. This 1,160-kilometer north-south track is designed to link Perm in the Ural Mountains with the Arctic port city of Arkhangelsk.[27] When speaking about improvement and/or development of new land-based transportation routes in the above-mentioned areas, it is imperative to keep in mind Russia's Asia pivot, intended to strengthen diplomatic ties with India-Pacific region,[28] as well as the economic and demographic revitalization of Siberia. This is to be accomplished through so-called "Re-Exploration" of Siberia – an idea expressed by Russian Defense Minister Sergei Shoigu during the Sixth Eastern Economic Forum 2021 (EEF-2021) via creation of a number of cities and urban agglomerations in the region to attract foreign investors and solve daunting demographic challenges.[29]

Ambitious and potentially lucrative as these plans may be, their implementation would require Russia to invest hundreds of billions of dollars that – even before the outbreak of war against Ukraine and ensued economic sanctions – Moscow could not possibly divert to these projects. While completion of all the above-mentioned projects would most likely have been unrealistic even with participation of foreign financial capital, now the chances seem even less probable.

War damage: counting losses

These ambitious plans seem to have progressed well – even in the face of Western economic sanctions imposed on Russia after 2014– until February 24, when Russia renewed its invasion of Ukraine. How this action has affected its Arctic ambitions can divide onto three segments: economic implications; geo-political and security-related challenges; and image/credibility losses.

Economic implications

In terms of economic cost of the war against Ukraine – in addition to military-related expenses and the actual cost of Western economic sanctions – the following aspects should be highlighted. First, in January 2022, Russia's Novatek signed a long-term deal with China's ENN Natural Gas and Zhejiang Energy, committing to supply 1 million tons of LNG per annum to the Chinese market over the next 15 years. In February 2021, Novatek had signed another LNG contract with the Chinese Shenergy Group.[30] Yet, the outbreak of war is likely to hurt Russia's LNG ambitions in at least four main ways.

On the one hand, Russia is likely to lose access to most up-to-date LNG technologies. Specifically, the European Union's fifth sanctions package specifically bars EU producers from supplying Russia with LNG-producing technologies, which severely affects the implementation of the strategic Arctic LNG2 mega-project, especially its second and third production lines. It is openly admitted by Russia's top officials that import substitution is unlikely to become a solution: as of now Russia does not have the necessary technologies to replace West-delivered LNG-producing components. Russian analogues have multiple technological flaws.[31]

At the same time, the worst news for Russia is that technology imported from China is unlikely to substitute for Western know-how. China does not have all necessary technologies and is increasingly reluctant to invest in Russia. According to Russian sources, at least five large Chinese engineering companies – Bomesc Offshore Engineering, Cosco Shipping Heavy Industry, Penglai Jutal Offshore Engineering, Wison Offshore Engineering and Qingdao McDermott Wuchuan – might stop collaborating with Novatek on its Arctic LNG2 project.[32] While no official decision on this has yet been made – Chinese corporations have refrained from any comments on the subject – these developments suggest that Chinese investors, businesses, and technology providers are becoming increasingly hesitant of strengthening cooperative ties with their Russian counterparts,[33] even in such potentially profitable spheres as energy. Russia cannot rely on China to compensate for its loss of access to Western LNG-related technologies.

Russia also faces critical strategic shortages in LNG delivery infrastructure. For instance, Daewoo Shipbuilding & Marine Engineering (DSME), one of the "Big Three" shipbuilders in South Korea and a key partner for Russian LNG producers, recently canceled its a 2020 contract worth $872 million with Russian Sovkomflot for the construction of LNG carriers (Arc7 class). These vessels are essential for transporting LNG across Arctic waters. Reportedly due to financial sanctions, Sovkomflot was unable to make payments on the contract. The Korean side was additionally motivated by opposition to Russia's actions in Ukraine as well as a fear of coming under secondary sanctions. Consequently, Russia will not receive at least six modern LNG carriers designed for Arctic conditions. Yet the actual scope of this challenge might be even greater. Russia was also hoping to build an additional 15 such vessels in collaboration with another South Korean shipbuilder Samsung Heavy Industries (SHI) but this plan has likely been derailed.[34]

Russia's LNG Arctic-based projects are most likely bound to lose major foreign investment. For instance, Japanese Mitsui and JOGMEC as well as French TotalEnergies recently declared their withdrawal from the already-mentioned strategic Arctic LNG2 mega project due to the "inability to carry out financial transactions, stemming from economic sanctions"[35].

It is important to underscore that in his recent comments delivered during the St. Petersburg international economic forum in Russia (June 2022), Leonid Mikhelson (executive chairman of Novatek), did not provide any ideas or potential solutions to these daunting issues. While the reason for this is unknown, it is possible that the Russian side does not have – at least as of now – solution(s) to these challenges.[36]

In addition to Russian Arctic LNG, Western companies are continuing to walk away from Russia's oil projects. For instance, Shell decided to pull out of its 50 percent stake in the Gydan Energy joint venture (JV) with Gazprom Neft. Notably, Shell and Gazprom Neft had previously planned to use this JV as a foundation for creating a new energy cluster in the Arctic region (the onshore Leskinsky and Pukhutsyayakhsky areas), with the commercialization phase of this proposed project starting in 2028.[37] Also, one of the world's largest commodities traders, Singapore-based Trafigura Group Pte. Ltd., announced its decision to pull out from Russia's strategic oil project in the Arctic Vostok Oil (located in the northern part of the Krasnoyarsk krai). Importantly, this decision was taken despite a positive history of collaboration between Rosneft and the trader as well as the existence of several lucrative contracts.[38] Moreover, it was reported that as of late May 2022, Russia was unable to sell approximately 62 million barrels of oil, attributed to a lack of customers willing to deal with Russian commercial entities.[39] In practical terms, this trend suggest that Russia's oil is becoming "toxic" and in the future the number of foreign buyers will be decreasing – this is now openly admitted by leading Russian economists and energy experts.[40] This, however, is merely a part of a bigger problem. According to (still available) information coming from Russia, the output of the country's leading petroleum producer, Rosneft, plummeted by 28 percent since the beginning of the year.[41] If this trend continues, oil production could drop dramatically.[42] Given its cold climactic conditions, however, Russia cannot easily throttle down and conserve oil-producing facilities without potentially damaging them. This also means that older oil-producing areas along the Komi-Perm-Tatarstan-Udmurtia-Bashkiria-Orenburg line will be affected. These areas are heavily populated by ethnically non-Russian peoples, which, in the case of a deepening economic crisis, could lead to the development of anti-Moscow moods there.

Third, Russia placed huge hopes on becoming a key transportation artery between Indo-Pacific region and the EU. However, Western sanctions and the Eastern hesitance[43] to violate these could pose a serious threat to these this aspiration. While NSR-related volumes of transportation remain unclear, it is already visible that China –the main beneficiary of the NSR lane – has already begun to circumvent Russia when planning its cargo transportation to Europe. In early May, it was announced that the first multi-modal (rail and sea) container route from China (Chongqing) to the EU – known as the Trans-Caspian International Transportation Route ("Middle Corridor") would avoid Russia, traversing Kazakhstan, Azerbaijan, Georgia, Romania into Central Europe.[44] This said, at least based on current situation, it appears to be very dubious that China would shift its priorities to the NSR as a key transportation artery to link its goods producers with the European consumers. This thesis has been backed by China's other measures in the realms of transportation and communication. Specifically, the Chinese side prohibited Russian air companies iFly and Aviastar-TU Airlines from conducting flights to the country as long as they continue to operate illegally seized Boeing and Airbus airplanes (left behind after their Western operators abruptly pulled out of Russia). According to Russian sources, China has canceled all flights that these companies had booked to China.[45] Furthermore, the Chinese have additionally announced the decision to disallow Russian air companies to employ foreign-produced planes when making flights to China.[46] This is primarily due to Russia using illegally sized planes that were leased to the country by foreign providers – which means that from now on, Russia will only be able to maintain aerial communication with China by using Russian produced planes. In case the EU decides to sanction all goods and products delivered to Europe through Russian territory – both via land- and sea-ways – China's interest in utilizing Russia as a transportation corridor for its goods will completely collapse, and it is highly unlikely that China would violate Western sanctions.[47] In effect, the first step in this direction has already been made, when Brussels – as a part of the sixth sanctions package – prohibited EU-based companies from providing insurance services to Russian vessels carrying oil.[48] In case this step expands to new areas, Russia's problems will increase dramatically.

Fourth, Russia will not be able to succeed without foreign financial assistance (loans and Foreign Direct Investment programs). This, however, is unlikely to materialize, since major Russian banks – including Sber, Gazprombank, VEB.RF, and Otkrytie FC Bank – already reported to Novatek that Western financial inflows for Arctic-based projects, including the Arctic LNG2, will be severed due to sanctions.[49] It is also important to note that in addition to Russia's Western creditors, players from Indo-Pacific region have also demonstrated reluctance to provide Russia with credits: notably, the loan agreement signed last November between the Russian natural gas project and the Japan Bank for International Cooperation (JBIC) is suspended, meaning that "the lack of Japanese share puts the entire project deeper into jeopardy."[50] Tough as they are, Western financial sanctions were somewhat predictable. What might become a huge upset for the Russian side is de-facto unfriendly position of Beijing. In early March, the China-led Asian Infrastructure Investment Bank (AIIB), frequently viewed as an institution rivaling the World Bank, took a decisive step: having referred to the events in Ukraine as the "war in Ukraine,"[51] the AIIB subsequently suspended all transactions and financial operations related to Russia and Belarus. In its statement, AIIB also announced it was putting all financial functions related to Russia and Belarus under review – no further explanation was provided.[52] On top of that, Russian sources have claimed that Sber (a Russian majority state-owned banking and financial services company) has "temporarily ceased to conduct operations in Chinese yuan."[53] While no further details were given by Russian nor Chinese sides – as well, no clarity about the duration nor the nature of the issues has been provided – it may very well be the case that China is tacitly reducing the amount of its national currency in Russia's financial sector, which in many ways resembles policies of the EU, the UK and the US that have already severed supply of their currencies to the Russian market.

Russia's economic losses – already visible and quite painful – are likely to produce even greater effect in the future. Perhaps worst news for Moscow is the fact that Russia's hoped for economic ties with non-Western partners (essential for completion of Arctic-based economic projects) are unlikely to overcome sanctions and restrictions.

Geo-political and security-related challenges

For almost two decades the eastward "expansion" (*ekspansiya*) of NATO has been one of the cornerstones of Kremlin's anti-Western propaganda and a means of mobilizing domestic support.[54] This thesis was used by Moscow as a pretext for Russia's unprovoked war of aggression against Ukraine. This action has ironically motivated an increasing number of countries to join NATO, whereas Ukraine has indeed turned into a country adverse to Russia in each and every way possible. Meanwhile, Russia's actions are likely to result in the Arctic region – which for decades has remained Russia's safe frontier – transforming into a serious security problem for Russia. This is reflected in the following four main ways.

The first geopolitical setback for Russia is Sweden and Finland joining NATO. Motivated by Russia's invasion of Ukraine, both countries simultaneously submitted their official letters of application to join NATO on May 18.[55] Neither state supported membership to the alliance prior to February 24, but opinions changed dramatically after the outbreak of war in Ukraine. Also, it is important to remember that Sweden officially held neutral status from 1812 until 2009, after which it continued to behave as a neutral and non-aligned country. However, Russia's annexation of Crimea in 2014 and the war in the Donbass region resulted in public opinion for the first time in history favoured joining NATO.[56] Finland, a neutral state beginning in 1956, set a unique precedence for international relations: being a part of the capitalist world the country managed to maintain exceptionally lucrative economic ties with the USSR, serving as a *de facto* "bridge" between East and West.

It is likely that both countries will join NATO in the near future. If this happens, in addition to extending its border with NATO by another 1,340 km, Russia will end up with having a NATO member located in strategic proximity to Russia's "second capital" Saint Petersburg. At the same time, NATO membership would mean that two more Arctic states would start a rearmament programs, likely to be accompanied by a growing number of military exercises conducted in the region. This will increase the level of tension in the Arctic. On top of that, the situation in the Baltic Sea – which has been aggravating since the fist half of 2000s due to Russia's partial re-militarization of Kaliningrad oblast – is likely to deteriorate even further.

Second, Russia's renewed aggression against Ukraine will most certainly lead two other Arctic states and close allies – Canada and the US – top strengthen their military presence in the Arctic region. In addition to previous steps in the realm of defence and security, Canada has announced an ambitious $4.9 billion continental defence program with Arctic dimensions,to help detect and track military threats[57] emanating from its strategic competitors Russia and China. Canada is also planning to allocate funds for "satellite-based radar that can spot incoming bombers or missiles 'over the horizon,' as well as a network of sensors with 'classified capabilities' to monitor Arctic air and sea approaches to the continent".[58]

Third, the UK's Armed Forces sent six Royal Navy ships and 2,000 personnel to join the largest Arctic exercise in 30 years.[59] "Cold Response" brought together around 30,000 troops from 27 countries from Europe and North America[60] to the shores of Norway. As noted by UK Defence Secretary Ben Wallace, "the Arctic is becoming an area of increasing military competition and the security of the region is directly linked to our national security. Exercise Cold Response is a demonstration of NATO's ability to both operate and compete in one of the harshest environments in the world and is demonstration of how a multinational force would defend Europe's northern flank." It is important to add that the recently released document entitled "The UK's Defence Contribution in the High North"[61] does not only sharpen UK military focus on the Arctic, but also clearly demonstrates London's commitment to increase its involvement in Arctic security-related developments.

While none of the above-mentioned factors pose an existential threat to Russia on its own, taken together these developments suggest that the perception of Russia amongst the Arctic states are drastically changing. Even traditionally peaceful Denmark,[62] Iceland,[63] and Norway[64] are strengthening their rhetoric, raising awareness of Russia-associated threats and challenges in the Arctic region and beyond. This means that Russian propaganda that has been actively promulgated by both top military as well as civilian officials since at least 2014 – about "growing conflict potential"[65] in the Arctic region is finally materializing.

Image losses

Between 1991 – 2022, Russia violated international law abroad on numerous occasions (Georgia, Ukraine, Syria) as well as basic human rights at home (the two Chechen wars and prosecution of the opposition). However, many foreign experts, public figures and politicians – some acting out of genuine sympathy and solidarity with Russia– kept defending the Kremlin's actions under various pretexts. Since Russia's renewed invasion of Ukraine and the accompanying reported war crimes and atrocities committed by Russian military personnel against civilians (the cities of Bucha[66] and Irpin[67] have become symbols of despicable atrocities), hardly any Western expert/public figure could openly speak in Russia's favour and/or try to justify its actions in Ukraine with previously employed narratives. Moreover, Russia's domestic policies not only include de-facto expropriation of foreign private property but also further repressions against domestic political opposition. Foreign policy blunders (for instance, Russian foreign minister Sergey Lavrov's anti-Semitic commentaries[68]) have also contributed to Russia's worsening public image in the eyes of the international community.

Russia's poor reputation will probably have a negative impact on Russia in the Arctic as well. The Arctic – despite the remilitarization launched by Russia after 2014 – was still viewed by many Western policymakers and subject experts as a region of low tension, one Moscow did not intend to turn into a zone of geopolitical confrontation. In affect, many Western experts admitted that Russia was not to be denied its right to pursue its own agenda in the region. Now, after the renewal of the Russian aggression against Ukraine and its accompanying atrocities, there is every reason to believe that Russia's image as a "responsible Arctic player" is tainted. Having trampled international law in Ukraine twice, Syria (2015) and Sub Saharan Africa (after 2019) there is no guarantee Russia would not do this again elsewhere.

What is left for Russia in the Arctic?

The unprovoked war on Ukraine and the subsequent diplomatic and economic isolation of Russia will halt its major Arctic plans. However three developments should be expected. First, Russia's stagnating image and a loss of international credibility will result in all major international actors turning away from Moscow. Neither Western nor Indo-Pacific actors are likely to continue concrete and meaningful cooperation with Russia in the Arctic, bringing Russia to even greater isolation. Despite the rhetoric and some positive developments for Russia – such as India and China increasing purchases of coal and oil – foreign actors will continue economic and business cooperation with Russia exclusively on their terms purchasing of Russian resources at a considerable discount. This cooperation will continue as long as this does not provoke additional economic sanctions. As China has demonstrated (none of the countries are willing to put their economies at risk by openly siding with Russia.

Second, Russia's non-renewable energy sector had hoped to preserve a competitive edge through exploitation of the Arctic-based projects. However Russia now encounter serious challenges to continuing exploitation of already existing and developing of new energy deposits. Technological weakness coupled with growing international isolation are likely to pose a serious far-reaching challenge to Russia's economic strategy in the Arctic.

Third, while the hoped for an "economic miracle" in the Arctic is unlikely to materialize for Russia, its media and governmental agencies will not be able to openly admit to this. This will further strengthen media censorship and government opaqueness. Certain steps in this direction have already been made. For instance, some branches of the Ministry of Energy of the Russian Federation have decided to classify energy data regarding consumption, export, and internal distribution.[69] At the same time, the Duma will soon address laws on classifying information on gold and foreign currency reserves.[70] Thus it would be prudent for Western experts and analysis, when assessing Russia-supplied economic on the Arctic to be extremely cautious about credibility of this information.

Notes

[1] "Obrashenie Putina o nachale 'vojennoj operacii'" (Video), February 24, 2022, https://www.bbc.com/russian/media-60504094

[2] Data about military casualties suffered by the Russian armed forces is vague. While the Russian side has been refraining from any comments on the subject since March, the Ukrainians and Western intelligence assess Russia`s military casualties in the tens of thousands.

[3] "W Kazakhstane poobeshali ne pomogat Rossii obhodit sankcii", April 1, 2022, https://www.rbc.ru/politics/01/04/2022/62471e679a794776c1ae407e

[4] "Arkticheskii triumph ekspedicii Chilingarova", August 3, 2007 https://web.archive.org/web/20070927000414/http://www.edinros.ru/news.html?id=122356

[5] Sergey Sukhankin, "Russia's Two-Pronged Approach to Militarizing the Arctic", Eurasia Daily Monitor Volume: 16 Issue: 70, May 14, 2019 https://jamestown.org/program/russias-two-pronged-approach-to-militarizing-the-arctic/

[6] Sergey Sukhankin, "Russia's "Green" Agenda in the Arctic Council: Words, Deeds, and Implications for the West", NAADSN, Policy Brief, July 8, 2021 https://www.naadsn.ca/wp-content/uploads/2021/07/21-july-8-Sukhankin-Russia-Green-Agenda-Policy-Brief.pdf

[7] Mikhail Gorbachev, "Rech w Murmanske na torzhestvennom sobranii", 1987, https://search.rsl.ru/ru/record/01001374381

[8] "Joint Statement on Arctic Council Cooperation following Russia's Invasion of Ukraine", March 3, 2022 https://via.ritzau.dk/pressemeddelelse/joint-statement-on-arctic-council-cooperation-following-russias-invasion-of-ukraine?publisherId=2012662&releaseId=13645015
[9] The Arctic Economic Council, About https://arcticeconomiccouncil.com/about/
[10] Rogne, O., Rachold, V., Hacquebord, L., Corell, R, "IASC after 25 year - A Quarter of a Century of International Arctic Research Cooperation. International Arctic Science Committee", 2015.
[11] "Byt' li Rossii 'energeticheskoy sverkhderzhavoy'?", Izvestia, January 17, 2006, https://iz.ru/447741/byt-li-rossii-energeticheskoi-sverkhderzhavoi
[12] "The Arctic: ekonomika", https://ru.arctic.ru/economics/. Geological exploration in the Russian Arctic was effectively stalled in the 1980s, thus only one percent of the area has been explored in terms of natural resources potential.
[13] "Energeticheskaya Strategiya: 2035", June 16, 2020, https://vc.ru/u/433123-rusenergonews/134455-energeticheskaya-strategiya-2035
[14] "Pravitelstvo utverdilo dolgosrochnuyu programmu razvitiya proizvodstva SPG", March 22, 2021, https://b-port.com/news/250897?utm_source=yxnews&utm_medium=desktop
[15] Tikhonov, Sergey. "Ledyanoy pereval." Rossiyskaya Gazeta, June 8, 2021. https://rg.ru/2021/06/08/reg-dfo/zachem-nuzhen-terminal-dlia-szhizhennogo-prirodnogo-gaza-na-kamchatke.html.
[16] Ministerstvo Energetiki. "Aleksandr Novak: 'V perspective dolya Rossii na globalnom rynke SPG mozhet dostignut chetverti ot obshchemirovogo pokazatelya'."
[17] According to various estimates recoverable resources of the Vankor field as of January 1 stood at 361 million tonnes of oil and condensate and 138 billion cubic meters of gas. For more information see: https://economictimes.indiatimes.com/topic/Vankor-oil-field
[18] "Vostok Oil", https://arctic-russia.ru/en/project/world-class-cluster/
[19] "Mikhail Mishustin utverdil Programmu razvitija ugolnoj promyshlennosti Rossii do 2035 goda", June 14, 2020 http://government.ru/news/39871/
[20] Sergey Sukhankin, "Coal Strategy 2035: Is Russia Preparing for the Last War?", Eurasia Daily Monitor Volume: 17 Issue: 109, July 27, 2020, https://jamestown.org/program/coal-strategy-2035-is-russia-preparing-for-the-last-war/
[21] Boris Likhanov, "Tam, gde stoyala Mangazeiya", Sibirskii Meridian, 1983.
[22] "Putin ocenil wazhnost Sevmorputi", September 2, 2021, https://ria.ru/20210902/putin-1748342307.html
[23] Sergey Sukhankin, Troy Bouffard & P. Whitney Lackenbauer. "Strategy, Competition, and Legitimization: Development of the Arctic Zone of the Russian Federation". In: "Defining and Mapping the Arctic: Sovereignties, Policies and Perceptions", Arctic Yearbook, 2021.
[24] Sergey Sukhankin, "Russia's Arctic strategy melts under scrutiny", Riddle, May 8, 2020, https://ridl.io/russia-s-arctic-strategy-melts-under-scrutiny/
[25] Sergey Sukhankin, "The 'Suez Jam': A Window of Opportunity for Russia's Northern Sea Route?", Eurasia Daily Monitor Volume: 18 Issue: 51, March 30, 2021, https://jamestown.org/program/the-suez-jam-a-window-of-opportunity-for-russias-northern-sea-route/
[26] "Putin utverdil porucheniya po razvitiju Transsiba I BAMa", June 21, 2022 https://aeconomy.ru/news/economy/putin-utverdil-porucheniya-po-razvitiju-transsiba-i-bama.html
[27] Sergey Sukhankin, "Russia's Belkomur Arctic Railway Project: Hope, Illusion or Necessity?", Eurasia Daily Monitor Volume: 16 Issue: 102, July 17, 2019, https://jamestown.org/program/russias-belkomur-arctic-railway-project-hope-illusion-or-necessity/
[28] Sergey Karaganov, Oleg Barabanov, Timofey Bordachev, "K Velikomy Okeanu, ili novaja globalizatsiya Rossii", July 5, 2012 https://ru.valdaiclub.com/a/reports/k-velikomu-okeanu-1/
[29] Sergey Sukhankin, "Russia's 'Re-Exploration' of Siberia and the Far East: Tools, Plans, Ambitions (Parts One and Two)", Eurasia Daily Monitor Volume: 18 Issue: 161, October 25, 2021, https://jamestown.org/program/russias-re-exploration-of-siberia-and-the-far-east-tools-plans-ambitions-part-one/
[30] "Novatek dogovorilsia s dwumia kitajskimi kompanijami o postavkah SPG s Arctic SPG-2", January 11, 2022 https://www.oilexp.ru/news/world/novatehk-dogovorilsya-s-dvumya-kitajskimi-kompaniyami-o-postavkakh-spg-s-arktik-spg-2/256931/
[31] "Nad gazom szizzalis tuchi", April 11, 2022, https://www.kommersant.ru/doc/5304289?utm_source=twitter.com&utm_medium=social&utm_campaign=amplifr_social

[32] "South China Morning Post: piat kitajskih kompanii mogut wyjti iz Arctic SPG-2", May 22, 2022 https://www.kommersant.ru/doc/5358737?query=%D0%B0%D1%80%D0%BA%D1%82%D0%B8%D0%BA%D0%B0

[33] For example, since the outbreak of war, Chinese export of smartphones has dropped by 60 percent; notebooks by 82 percent; vehicles by 83 percent "SHA orezhut ot tekhnologii podderzhivajushije Rossiju strany", June 27, 2022, https://www.moscowtimes.eu/2022/06/27/ssha-otrezhut-ot-tehnologii-podderzhivayuschie-rossiyu-strani-a21691

[34] "Tankery rasplylis", May 25, 2022 https://www.kommersant.ru/doc/5367711?query=%D0%B0%D1%80%D0%BA%D1%82%D0%B8%D0%BA%D0%B0

[35] "Japonia I Francija zamorazhivajut investicii w 'Arctic SPG-2', soobshili SMI", March 25, 2022, https://ria.ru/20220325/investitsii-1780059742.html

[36] Vladimir Afanasiev, "Sanctions-hit Russian manufacturers struggle to advance country's LNG ambitions", June 21, 2022, https://www.upstreamonline.com/politics/sanctions-hit-russian-manufacturers-struggle-to-advance-countrys-lng-ambitions/2-1-1242028

[37] "Shell pokinula ustavnoj kapital SP s Gazprom neftju", May 23, 2022, https://oilcapital.ru/news/companies/23-05-2022/shell-pokinula-ustavnoy-kapital-sp-s-gazprom-neftyu?utm_source=yxnews&utm_medium=desktop

[38] "Poslednee krupnoje mestorozdenije nefti w Rossii ostalos bez inostrannogo investora", June 10, 2022 https://www.moscowtimes.eu/2022/06/10/poslednee-krupnoe-mestorozhdenie-nefti-v-rossii-ostalos-bez-inostrannogo-investora-a21178

[39] Sergey Sukhankin, "Russia's Arctic Strategy Melting Under the Scorch of Sanctions (Parts One and Two)", Eurasia Daily Monitor Volume: 19 Issue: 80, June 1, 2022, https://jamestown.org/program/russias-arctic-strategy-melting-under-the-scorch-of-sanctions-part-two/

[40] "W budushem rossijskaja neft mozet okazatsia nikomu ne nuzna", June 14, 2022, https://www.rosbalt.ru/piter/2022/06/14/1961886.html

[41] "Cargoes of Russia's flagship crude oil at sea climb to record high", May 23, 2022, https://www.reuters.com/markets/commodities/cargoes-russias-flagship-crude-oil-sea-climb-record-high-2022-05-24/

[42] "Reuters: Rossii negde hranit neprodannyje barreli, wperedi – padenije dobychi", March 30, 2022, https://www.rosbalt.ru/russia/2022/03/30/1951159.html

[43] Alicia García-Herrero, "China's Contorted Response to Russia Sanctions", China Brief Volume: 22 Issue: 7, March 30, 2022, https://jamestown.org/program/early-warning-brief-chinas-contorted-response-to-russia-sanctions/

[44] "Finskii operator zapustil perwyii tovarnyj pojezd iz Kitaya w obkhod Rossii", May 10, 2022 https://1prime.ru/transport/20220510/836856969.html

[45] "KItay zapretil dwum aviakompaniyam RF wypolniat rejsy na ne proshedshikh test na 'chistotu' Boeing i Airbus", May 27, 2022, https://www.kommersant.ru/doc/5378781?utm=tw&utm_source=twitter.com&utm_medium=social&utm_campaign=amplifr_social

[46] "Kitay zapretil Rossii ispolzovat inostrannyje samolety dlia perevozki gruzov", June 22, 2022, https://lenta.ru/news/2022/06/22/zapret/

[47] "Tranzitnyj potencial RF postradal iz-za sankcij", April 10, 2022, https://www.ng.ru/economics/2022-04-10/4_8413_china.html

[48] "ES otkluchit ot SWIFT Sberbank RF I vvedet zapret na strakhovanije rossijskih korablej – fon der Liajnen", May 31, 2022, https://ru.interfax.com.ua/news/general/835938.html

[49] "Sankcii dobralis do eksporta gaza", March 3, 2022, https://www.kommersant.ru/doc/5239547?from=doc_vrez

[50] Thomas Nilsen, "Japan government bank extends freeze of loan to Arctic LNG 2" https://www.rcinet.ca/eye-on-the-arctic/2022/06/10/japan-government-bank-extends-freeze-of-loan-to-arctic-lng-2/

[51] Finbarr Bermingham, "China-backed AIIB puts Russia and Belarus lending 'on hold' over war in Ukraine", March 3, 2022, https://www.scmp.com/news/world/russia-central-asia/article/3169147/china-backed-aiib-puts-russia-and-belarus-lending

[52] "Osnovannyj Kitaem bank zajavil o prekrashenii raboty s Rossijej", March 4, 2022 https://www.rosbalt.ru/world/2022/03/04/1947048.html

[53] Georgii Peremitin, Sergey Mingazov, "Sberbank priostanovil raschety w yuaniakh dlia uchastnikov vneshenekonomicheskoj dejatelnosti", June 8, 2022, https://www.forbes.ru/finansy/468217-sberbank-priostanovil-rascety-v-uanah-dla-ucastnikov-

vnesneekonomiceskoj-deatel-nosti?utm_source=twitter.com&utm_medium=social&utm_campaign=sberbank-vremenno-priostanovil-raschety-v

54 Sergey Sukhankin, "The Western Alliance in the face of the Russian (Dis)Information Machine: Where Does Canada Stand?", School of Public Policy (University of Calgary), September 9, 2019.

55 "Finland and Sweden submit applications to join NATO", May 18, 2022, https://www.nato.int/cps/en/natohq/news_195468.htm

56 "More Swedes are for joining NATO than against", May 6, 2016, https://sverigesradio.se/artikel/6426670

57 Legere Hope, "Canada to Invest Billions in Military Spending to Counter Russia, China Threat in Arctic", June 24, 2022, https://www.visiontimes.com/2022/06/24/canada-to-invest-billions-in-military-spending-to-counter-russia-china-threat-in-arctic.html

58 "Canada Announces New Arctic Air, Missile Defenses With US", June 21, 2022, https://www.thedefensepost.com/2022/06/21/canada-us-arctic-defenses/

59 "UK Armed Forces join largest Arctic exercise in 30 years", March 15, 2022, https://www.gov.uk/government/news/uk-armed-forces-join-largest-arctic-exercise-in-30-years

60 "Exercise Cold Response 2022 – NATO and partner forces face the freeze in Norway", March 25, 2022, https://www.nato.int/cps/en/natohq/news_192351.htm?selectedLocale=en

61 "The UK's Defence Contribution in the High North", Ministry of Defence, 2022, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1063855/The_UK_s_Defence_Contribution_in_the_High_North.pdf

62 "Denmark, Faroe Islands agree to establish air surveillance radar to bolster gaps in Arctic surveillance", June 10, 2022, https://www.rcinet.ca/eye-on-the-arctic/2022/06/10/denmark-faroe-islands-agree-to-establish-air-surveillance-radar-to-bolster-gaps-in-arctic-surveillance/

63 "Updated: Arctic security discussed at Reykjavik Northern Group meeting", June 10, 2022, https://www.rcinet.ca/eye-on-the-arctic/2022/06/10/arctic-security-discussed-at-reykjavik-northern-group-meeting/

64 Atle Staalesen, "Defence Minister goes from Ramstein to Kirkenes, says Norway must get stronger in the North", April 27, 2022, https://thebarentsobserver.com/en/security/2022/04/defence-minister-goes-ramstein-kirkenes-says-norway-must-get-stronger-north#:~:text=According%20to%20Defence%20Minister%20Gram%2C%20Norway%20must%20get,protection%20of%20sovereignty%2C%20surveillance%20and%20presence%2C%E2%80%9D%20he%20added.

65 "Shoygu prognozirujet narastanije konfliktnogo potenciala w Arktike", August 31, 2016 https://www.militarynews.ru/story.asp?rid=0&nid=489578&lang=RU

66 Simon Gardner, Zohra Bensemra and Abdelaziz Boumzar, "Russian retreat leaves trail of dead civilians in Bucha, a town near Kyiv", April 2, 2022, https://web.archive.org/web/20220402232057/https://www.reuters.com/world/europe/russian-retreat-leaves-trail-slain-civilians-town-near-kyiv-2022-04-02/

67 Violetta Orlova, "'Ubitykh davili tankami': w Irpene pogibli do 300 mirnykh zhiteley – mer", March 30, 2022, https://www.unian.net/war/novosti-irpenya-v-irpene-pogiblo-do-300-mirnyh-zhiteley-novosti-vtorzheniya-rossii-na-ukrainu-11766112.html?_ga=2.163879359.1450876032.1645341929-636860819.1638044083

68 "'Istoricheskaja oshibka'. Lavrov otlichilsia skandalnym zajavlenijem o evrejakh I Gitlere: reakcija mira", May 3, 2022, https://www.rbc.ua/rus/news/istoricheskaya-oshibka-lavrov-otlichilsya-1651579235.html

69 "CDU TEK zakrylo dannyje po gzu, ulu, neftepererabotke I bureniju", June 23, 2022, https://www.interfax.ru/business/847657

70 "W Rossii zakhoteli skryt ot Zapada dannyje o zolotom zapase", June 10, 2022 https://lenta.ru/news/2022/06/10/eto_secre/