CHAPTER 7

Russian Arctic Policy, Petroleum Resources Development and the EU: Cooperation or Coming Confrontation?

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1 Introduction

The Arctic is a place of immense natural resource wealth, both onshore and offshore. Yet it is also an environment with extreme conditions, therefore presenting particular challenges to the development of the resources, especially offshore oil and gas resources. Whilst the melting of the Arctic sea ice poses a significant opportunity for the development of these resources (and the focus at present is the offshore oil and gas resources), the technical and environmental aspects of an operation, combined with the high costs, make such exploitation of resources difficult. However, as sea ice recedes, and technologies improve, there has never been a more opportune time to develop such resources. Such a coalescence of conditions has meant that some of the Arctic States, as well as other States with an interest in these vast resources, are seeking to develop them and advance national interests. In particular, the exploration of

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3 The Arctic States include the Arctic coastal States, (Russia, Norway, Greenland (and therefore Denmark), the United States and Canada), Iceland (whose EEZ extends into the Arctic Ocean), as well as the non-coastal Arctic States of Iceland, Sweden, and Finland.

4 In particular a number of major Asian States, including China, Japan and South Korea) have exhibited a huge interest in arctic (and Antarctic) resources. In addition, China has become an observer to the Arctic Council. For Asian nation's interest in the Arctic see Sanna Kopra, 'China's Arctic Interests' (2013) Arctic Yearbook 107–124; Fujio Ohnishi, 'Does the sun also rise in the Arctic? Three pillars of Japan's Arctic Economy (2015) Arctic Yearbook, 410–412.
abundant Arctic petroleum resources (oil and gas) has been on the agenda of Arctic States, giving rise to a perception of intense competition for petroleum resources of the Arctic.

To date there has already been some development of the mineral and petroleum resources. Regarding petroleum development, which is the focus of this chapter, the Snøhvit gas field and Goliat oil field in the Norwegian sector of the Barents Sea are operational. In the Russian Arctic the Yamal gas field, where its LNG terminal is under development, while the Prirazlomnoye oil field in the Pechora Sea is operational. There are also vast known, but as yet undeveloped petroleum resources in the western Russian Arctic, led by the mega Shtokman gas field in the Kara Sea. Russia sees its economic future tied to the Arctic. In an interview in September 2016, First Deputy foreign Minister Vladimir Titov noted that the Arctic zone of the Russian Federation accounts for over 15% of Russia’s GDP, and 20% of its exports, with this expected to rise.

As part of this rush to harness the Arctic petroleum resources, there is a perception that there has been an overt drive by the Russian Federation to remilitarize their Arctic areas in order to drive the resource exploitation in the Arctic. Such militarization has been met with varied reception in the media, with headlines ranging from “Russia is Wrapping the Arctic in a Loving, Militarized Embrace” , and “Russia Prepares Militarization of Arctic Ocean after Huge Oil and Natural Gas Strike”, to the fearful headline of Defensetech which proclaims “Russia’s Arctic Militarization ‘Disturbing’, US lawmakers

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6 First Deputy foreign Minister Vladimir Titov’s interview with the ITAR-TASS news agency, September 19, 2016 http://www.mid.ru/en/foreign_policy/news/-/asset_publisher/cKNonkJEozBw/content/id/2450934.

