Center for Strategic and International Studies

“The Arctic of the Future: Strategic Pursuit or Great Power Miscalculation?”

Panel I: The Arctic Superpower: Factors Shaping Russia’s Arctic Policy

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HEATHER A. CONLEY: Oh, hello. Thank you so much for your patience. This is when we sort of turn our tiles and get our seen change up.

So I think Admiral Zukunft gave us a wonderful framework for the next part of our conversation. And we’re just waiting for one more panelist, so we’re going to start and then when Professor Marlene Laruelle comes in, we’ll sneak her in the side.

But you really can’t talk about the future of the Arctic without talking about what I like to affectionately term the Russian Arctic superpower. Fifty percent of the Arctic coastline, obviously important economic ambitions. Admiral Zukunft talked about a growing security posture in the Arctic. And so we’re looking forward to diving into Russian ambitions economically and perhaps militarily and what that tells us about the future of the Arctic.

Let me begin by introducing my colleague Dr. Julie Wilhelmsen from NUPI, the Norwegian Institute for International Affairs. Julie is a senior research fellow. She has a longstanding research agenda looking at Russia from conflict resolution the North Caucasus, widely published and has been extremely thoughtful in thinking about Russia’s Arctic ambitions.

Many of you may be familiar with my other colleague Dr. Pavel Baev, the research professor at the Peace Research Institute of Oslo. If you have not seen Pavel’s Arctic blog, it’s certainly one that I commend to you. Pavel has written extensively on Russia’s military reform, again, conflict management in the Caucasus, Central Asia, energy, foreign security policy, Russia’s relationship with NATO, a prolific writer. And we’re so grateful that he also is on this research project.

So let me begin and turn this to Julie for some framing comments, and then to Pavel and then we will get into the discussion.

Welcome and thank you.

JULIE WILHELMSEN: Thank you very much.

I will actually – I will be talking specifically on Russian-Norwegian relations. And I should start by saying that I’m not actually an expert on Arctic politics, but on Russian foreign and security policy and on the conflict in Chechnya in particular.

And the trigger for the paper which this talk is based on is an increasing frustration following 2014 with the tendency to analyze and understand Russian politics and, in particular, Russian security policy in isolation from the outside world, from what other states do. Because when you study conflict, you study interaction between parties, not because you want to attach blame or guilt, but because you want to understand the same and how escalation happens.

So the question which my colleague Kristian Gjerde and I asked ourselves is, will the so-called new war triggered by the crisis in Ukraine metastasize to the High North and inform Norwegian-Russian relations there? For those of you who don’t know, those relations are characterized in excellent literature as particularly cooperative. The Arctic or the High North as we call it in Norway has been characterized by compromise and cooperation for over 20 years if you look specifically at Norwegian-Russian relations.
So our theoretical premise is that a state’s foreign and security policy, say Russia’s, is shaped through domestic relations, say, how important are the security voices or the hawks in Russia, but they’re also shaped through interaction on the international arena – how other states relate to Russia, what policy they pursue towards Russia. Even small Norway contributes to shaping Russia’s choice of policy in the High North.

So we have investigated the changing Norwegian-Russian interaction patterns in the High North from 2012 until 2017 by trying to pin down what kind of policy modes these two states have operated in. Is it basically what we call a realist policy mode which privileges security concerns regardless of policy area? Is it an institutionalist policy mode which privileges international regimes, institutions and even in security sphere prioritizes committed institutional collaboration? Or was it a diplomatic management mode characterized by careful adjudication between different courses of action within different policy areas?

So the method has been just to try to establish what kind of policy mode these two states have operated in, how they have changed in the course of those years and what kind of interaction between Norway and Russia it makes for.

And since the rest of this day I think is going to deal with Russia extensively, I will cover Norwegian policies just to try to show this interaction between the states.

So if we go back and look at it during the Cold War, despite policies from both sides being pursued predominantly in what we call the realist mode, there were also policies pursued in the diplomatic management mode. And from the Norwegian side, very consciously. For example, through the so-called self-imposed restrictions, which meant, amongst other things, that Norway did not have foreign bases on Norwegian soil to reassure the Soviet Union that there would be no attack from the Western side, from the NATO side, towards the Soviet Union.

And there was also very close bilateral cooperation for example in the fisheries. And this was a close cooperation which both sides pursued.

Now, after the Cold War, Norwegian policies were pursued predominantly in the institutionalist mode. Norway sought to strengthen multilateral structures and legal regimes and bring Russia in. So, for example, Norway initiated in 1993 the Barents Euro-Arctic region. And then from 2005, if you look at Norwegian policies, you see Norway seeking institutional collaboration with Russia across issue areas in the High North, across every area nearly.

However, Norway did not pursue committed institutional collaboration with Russia on security issues. Rather, Norway worked already from 2006, 2008 to bring NATO’s attention to the north and to give Norway a leading role in NATO.

If we take a look on the Russian side, what we could term policies of neglect, which characterized Russia in the 1990s, were substituted by policies actually pursued more in the institutionalist and diplomatic management mode in the 2000s. And I think the agreement between Russia and Norway on the delimitation line in the Barents Sea from 2012 was a manifestation of what can grow out of this type of regional state interaction imprinted by an institutionalist policy mode.
Now, if we zoom in on the Norwegian side from 2012 onward, Russia was talked about. And what we do is basically we’ve gone through hundreds of pages of Norwegian documents just to see how Russia is talked about and related to.

So Russia was talked about as a partner across all issue areas, and even in policy areas where Russia is represented as a challenge in Norwegian discourse, the solution is always collaboration. And Russia’s weak human rights or democracy credentials are not given much weight at all. Even Russian military modernization in 2012 in the High North is just represented as something normal, a return to normal, not a threat.

So this Norwegian way of relating to Russia changed actually even before 2014, which is, of course, kind of an important point because it’s the annexation of Crimea, as you – as you all know.

With the new Norwegian government from 2013 onwards, Russia was spoken more about as a rule – as a rulebreaker. And the Russian military modernization in the north was no longer represented as normalization, but as a sign of rising Russian great-power ambition. And if we judge by MOD texts and initiatives, Norway’s main collaboration partner in the North should not be Russia, but rather NATO. And security became a national priority in the north already at this time, at the expense of the other issue areas.

So needless to say, this way of viewing Russia and relating to Russia was amplified after 2014 and the crisis in Ukraine. And even in the ministry of foreign affairs text, we find that, you know, the way of relating to Russia is more as if Russia is pursuing power politics, belonging to a different age, the parallels were drawn to we haven’t seen anything like this since the Second World War and so on.

And so a stronger NATO in the north is now constituted as a condition for good relations with Russia in the north. And Norway has modified its self-imposed restrictions from the Cold War. We now have 330 U.S. Marines at Vaernes. We have exercises actually going a bit closer to the Russian border and definitely expanding in terms of how many soldiers participate in these exercises. We even have talks of Norway becoming a part of the missile shield. Whether that is going to happen or not is a different question.

And importantly, I think, here, Norway also dramatically scaled down diplomatic contact with Russia on the top level from 2014 until March 2017. Bilateral cooperation in concrete issue areas such as fisheries, search and rescue, nuclear waste and so on, which are very important, continued. And I would say that this cooperation is now kind of bouncing back. But it was definitely affected after 2014.

And the sanctions regime, which had the kind of unintended effect of reducing collaboration between Norway and Russia in the business fare, into a tool and security-oriented conflict. And the interesting thing is to look back and see how it used to be considered as the kind of bridge-building mechanism in the High North for building trust and common interests between Russia and Norway, precisely the business – the business opportunities.

So does it matter that Norway pursues its policies towards Russia in the High North more through a realist mode these days? Does it affect Russia’s way of relating to Norway in the High North? I think it does. Although one should not underestimate the domestic drivers of Russian politics in the High North, I think – I think it does.
And just as shifts in Norwegian policy is towards Russia of course have been affected by the annexation of Crimea and the substantial military modernization, which play into this representation of Russia as a potential threat in the High North, Norway’s way of talk about and relating to Russia, prioritizing in the High North, affects Russian policies.

So if we go back to 2012 and look just shortly at it from the Russian side, Russian representations of the Arctic as an area of collaboration and as an area of opportunities for Russia were very distinct if you look at how Russia talked about the Arctic. At the same time, the clearest threat in this region was explicitly stated in 2012 to be that NATO would get involved. And that is, of course, precisely what Norway works for with increasing persistence since 2014. And this is not a moral judgment, it’s very – it’s very understandable that Norway works for that. But it has a certain effect.

And if you look at how Russia talks about Norway these days, it has – it has changed. Norway has changed from being the partner in the High North to be NATO in the High North or even the extended arm of the U.S. or even just a part of the U.S. military system. This is clearly expressed in a whole row of statements by, for example, Foreign Minister Lavrov and in comments by the Russian embassy in Oslo.

And a whole set of what Norway considers small events, be it these troops, these American troops in Vaernes, Norwegian contributions to military exercises in the Baltics and so forth, all of these small events are construed as part of a buildup of the Western threat in the High North. And Russia acts on these perceptions in the realist mode, privileging security concerns regardless of policy area.

So we have close to the Norwegian border not only an increasing number of snap military exercises, but we also have Norwegian businessmen who have worked in Russia for 20 years now thrown out allegedly for being spies. And we have lots of other examples.

So I would like to just conclude that the Cold War is metastasizing to the High North and relations between Norway and Russia and I think in a way which surprises many of us. Just three years ago, the verdict was more it’s happening in Ukraine, it’s not going to shape our relations up north and the Arctic and the High North is a particular space. But at least through the texts that we have been looking through, it looks as if this unfortunately is happening.

And the point of my talk is kind of just to say that we’re going to miss why this happened if we don’t look at the combination of policies on both sides. So for those of us who usually just study Russia, it has become important to look at also how Russia interacts with the states around.

Thank you.

MS. CONLEY: Julie, thank you so much. And you’re absolutely right, Norway is a – is a wonderful indicator of both patterns of cooperation, but potential tensions. I think I would probably respectfully submit that the High North low tensions should probably be substituted with High North potential tensions as Admiral Zukunft had mentioned.

OK, Pavel, we are very anxious for your insights as you have observed all of these small steps, as Julie said.

PAVEL BAEV: Thank you very much. I really appreciate the opportunity to share with you some of my analysis on these matters.
And I’m really glad to be a part of this research undertaking together with CSIS, which is coming to an end. It was a three-year-long project. Every project comes to an end. And I have to admit that at the end of the project, I do not have many firm conclusions. I have more questions than answers, I have more worries than recommendations. And that’s why I will try to cut my presentation short, kind of throwing at you my worries and doubts rather than concrete prepositions.

The bottom line is – and I am researching the Russian part of the whole complex Arctic puzzle – yes, Russia is an Arctic superpower and it is a very confused superpower. My bottom line is that Russia’s Arctic policy has stopped working. And it is probably a questionable proposition because so many – so many conclusions and recommendations take Russia’s might in the Arctic as a – as a point of departure. And we will proceed from there about how to address that.

I see that might as a very problematic proposition. In a sense, when I started doing research on the Russian Arctic policy – and for me, kind of the, as for many others, the point that triggered my interest was Chilingarov’s flag-planting expedition, so I wrote my first report soon after that in the year 2007. A lot of things have changed. But even back then, I thought that there is an interesting combination in the Russian Arctic policy, there is an emphasis on developing an international cooperation and particularly in economic ties, and there is a different track of militarization, of increasing Russian military activities, presence, infrastructure and so on.

And these tracks were never really perfectly coordinated and never in harmony, very often in conflict with one another. Nevertheless, it was possible to proceed along both, generally achieving results on each of them. And that’s no longer the case. You cannot proceed on both, neither path is actually working, is yielding you the profits and results you would expect.

And in a sense, this situation is somewhat similar to Putin’s famous address to the – to the parliament on March 1st, which also consisted of two parts: the economic and the missile part, and the compatibility between the two parts was nonexistent, but that was not the most striking part. Probably for me, the most interesting was that neither part has any chance of being implemented, that economic breakthroughs he was kind of describing, in this economic situation and with this economic policy, is impossible. And all these fancy missiles, wonder missiles, cannot be produced and built on this economic foundation.

A bit of the same happening in the Russian, you know, Arctic policy. And we will be discussing why exactly the economic situation and the international cooperation is not yielding any more the profits and results, in the second part of the seminar. I will concentrate more on the hard security, on the military part of the – of the equation in which you can distinguish three different elements, all the Russian military – there is probably more, three is just a convenient number.

And one is the strategic nuclear capabilities very much concentrated on the – on the Kola Peninsula. There is a lot of investment in their modernization, a sustained program focused on the introduction of a new generation of nuclear submarines, which as the single-most-expensive project in the whole armament program, which is now coming to an end. And it will continue to be the single-most-expensive project in the new one which, after a long delay, is recently approved over the year 2027. Not everything is going well with this big project, particularly with the missile, with the Bulava missile, which is the main weapon system for this new generation of submarines.
Nevertheless, it is a generally rational and well-established track, you need to modernize your sea leg of your nuclear triad simply because the old submarines have to be taken out, have to be retired, have to be out of circulation. For some of them, the time is very ripe, they are long past the expiration date. And there is a great deal happening probably slow as another sub-risk assessment would prescribe. Nevertheless, this is a part of the – of the military activities for which there has been little question. Yes, it has to be done, these investments need to be sustained. You are somewhere halfway through this very huge and expensive project, you cannot stop now, whatever the resource shortages.

The second element it the militarization of the Northern Sea Route which was mentioned by the commander, and it is really something new. Because for that matter, the Russian Northern Fleet, mighty as it was in the Soviet days, never had any capabilities of going east or working in the icy waters, it never had any ice-class ship for that matter. It was always going west into the Atlantic.

Now they are experimenting with the – with the (crews is ?), you know, the eastern directions, which is very hard for these – for these ships, always have to be accompanied by icebreakers. And the program of building the ice-class ship is not going very well. And the new bases which are appearing along the Northern Sea Route are not very mighty bases. Yes, a combination of military capabilities and search and rescue is at least one good thing about them, but overall you can look at the rationale of that part and you cannot avoid the conclusion. It is about meeting the nonexistent threats, it is about asserting your sovereignty in the “what if” scenarios, which, yes, sometimes makes some sort of sense, but probably not in the situation Russia is presently in.

Investing in the “what if” scenarios is a luxury you can sometimes afford, but not when your economy is in that situation and not when you have that many real challenges facing you, probably North Korea being the best example in this regard. The North Korean test site is closer to Vladivostok than to Pyongyang. And what is Russia doing in meeting this very real security challenge? The short answer is nothing. Russia is not a part of these talks. Russia is not building up military capabilities there, it is not doing anything of any significance in meeting this threat. It is investing in their military bases along the Northern Sea Route, which is not threatened in any meaningful way by anybody.

To what degree this is sustainable? Yeah, it is, again, possible to argue back and forth. I am not particularly worried about that part of the Russian military preparation. I am more worried about the third element, which is increasing, you know, military capabilities of various – of conventional type on the Kola Peninsula, building in fact a position of strength and military dominance in that area, including their anti-access/area denial bubble. That concept is nonexistent in the Russian military strategy. It is very often invented for the Russians by the Western military analysts very successfully. But nevertheless, the capabilities are there.

Russia cannot build any more as a strategic bastion in the Barents Sea. It is not in fact – is not strong enough for that. But what it can build is this very particular bubble and building up conventional capabilities supporting that.

That is where –

MS. WILHELMSEN: There is a picture of that in back of you.

MR. BAEV: Very good. Yes. (Laughter.) Those naval bastions were a really great part of the Soviet blue-water strategy. Gorshkov was a big enthusiast of that. It required so many ships that were never really convincingly built, even in the Soviet times. And now the Northern Fleet is so
overstretched, performing some missions even in Syria, that, no, nothing resembling a bastion could be build there.

And we have also to say that the navy is generally, by and large, a designated loser in the new rearmament program. And the shipbuilding isn’t going well at all, even if there is hardly any admission of that in their official discourse. But nevertheless, too much evidence has accumulated to show that there are deep problems there. And part of them are related – partly related to sanctions, partly to many other issues in the – in the shipbuilding. It is not really a significant threat.

But nevertheless, this is the picture of these three elements. And the main question is, what now? Where from here? Or to put this question in an academic way, is Russia going to be a status quo or a revisionist power in the – in the High North?

And generally from a very big power in decline, you would expect status quo policy. You would expect trying to cling to the situation which benefits it institutionally and in many other respects. And Russia is very often, in my opinion, is an exception from this rule: a power in decline which has very pronounced revisionist tendencies.

And when I am spelling this message in the Arctic conferences, very often it’s a strong rejection of that proposition from many stakeholders in Arctic policies. There are – there is a very strong lobby which is really committed to developing cooperation in the High North, which is – which is principally a good thing. You know, cooperation and building cross-border ties is a – is a goal worth pursuing.

The tradition in that – in that milieu is generally bracketing out, ignoring completely what is happening on the – in the hard security domain. In every institution, from the Arctic Council to the Barents Cooperation, people are saying all the military matters are none of our concern, that’s somebody else’s business. And my worry is that it’s not possible to ignore that anymore because Russia has invested so much in building up its military might in the High North and is able to harvest so little dividend from that that this position is not any more kind of luxury you can afford, it is something you really have to change.

Yes, you can scale back your military preparations. You can cut down on the – on these expenditures which are not really necessary, whatever your threat assessments are, whatever your imagination can put as far as kind of NATO capabilities and U.S. intentions. And the Russians are very good at that. But the moment you become real with your threat assessment, you discover that your position of strength on the Kola Peninsula is invincible, nobody can possibly threaten that. And building further that position of strength means, as you are acquiring capabilities well beyond what is necessary for kind of defending and protecting your interests, you are kind of now building capabilities for projecting power.

What forms and shapes would that take? Whether Svalbard, which is in the dark part of that – of that bastion defense, is the lowest-hanging fruit, is a target of opportunity? Yes, there is a lot of need to think about this. It is a very peculiar international-law phenomenon, Svalbard with its kind of old treaty with its – with Russia being able to maintain presence there, demilitarized for that matter, which makes it all the – all the more attractive as a target of various hybrid operations by the polite green men, or not particularly polite for that matter. That’s kind of one part of my concern.

My most serious concern is about that Russia has invested so much in its nuclear capabilities that it cannot afford this investment to remain idle. It needs to bring its nuclear might somehow into
political – into political gain, to make it a useful instrument of policy, probably not by staging a nuclear 
strike, but somehow increasing the prominence of that – of that element of its power, making it kind of 
account for more. Because you have all this power and it’s not working for you and it’s remaining idle.

One way to bring that into political frame is, again, in my varied dark thoughts, is resume 
nuclear testing. And there is a nuclear test site on the Novaya Zemlya which has remained out of use 
since the last nuclear test more than 30 years ago.

Novaya Zemlya, by the way, on this map is not exactly right. It consists of two islands, not one 
very long one.

But still, the nuclear test site is not completely shut down. There are some tests going on there. 
One of Putin’s – one of the missiles in fact was tested on that – on that site. Staging there kind of a 
small nuclear explosion will not violate international law because the Comprehensive Test-Ban Treaty 
is in force as yet, partly because the United States has not ratified by the way. It’s not only an issue 
with the Law of the Sea Convention.

And that probably is kind of the dark part of my – of my worry. And I am spelling it out with 
the hope that it’s not going to happen. And that’s the rest of my – of my worries and concerns. Thank 
you very much for your attention.

MS. CONLEY: Pavel, thank you. That’s a lot of darkness to unpack, I think. (Laughter.) But we’re going to take our – take our opportunity.

I was struck with both of your comments thinking about Svalbard and putting Svalbard back 
into some context. And I want to get to that in a moment.

Julie, let me – let me start with some questions and then bring you both into the conversation. 
You know, what’s striking to me about Russian-Norwegian relations, this incredible moment of 
promise in 2010 when the maritime border, the demarcation of the maritime border, which really 
encouraged energy production, seismic work, activity, things like that. When sanctions were imposed 
– and, of course, Norway is not a member of the European Union, but Norway is following that 
sanctions regime – a lot of Norwegian economic activity was what we call grandfathered, meaning it 
was still allowed to proceed, but new investment.

Help us understand on the energy spectrum in particular, what is the relationship today between 
Norwegian energy industry and Russian energy industry because energy, Arctic energy is so important 
for Russia to eventually, if it can – and Pavel’s quite pessimistic about their economic aspirations, but 
it’s going to be energy that’s going to – and mineral resources that’s going to pull them out. What is 
the status of the energy economic relationship between Norway and Russia today?

MS. WILHELMSEN: I don’t know if I’m the right person to answer. I think I might, you know –

MS. CONLEY: You give it a shot.

MS. WILHELMSEN: I can give it a shot. Well, of course, the great optimism which I was 
describing, which actually starts long before 2010, is related to the fact that we are going to find a lot of 
energy resources in the Arctic and that Norway and Russia would cooperate on that and that Norway
has the technology, Russia needs the technology and a lot of expectations, for example, relating to the Shtokman field.

But that was, you know, that was one of many aspects where Norway and Russia were going to collaborate and where they have mutual interests in addition to the classical fields of fisheries and so on.

And, of course, even if the Shtokman field did not – that cooperation did not work out – and that was clear long before 2014 – there was still – it still didn’t affect, you know, Norwegian-Russian relations negatively.

And then, I think when you come to 2014 and Norway decides to just in fact, in a way, copy the sanctions regime from the EU without considering, you know, how will it affect energy relations or business relations, you had a consensus that this is the right thing to do because it was considered kind of a soft response to Russia’s actions in Ukraine. And I gave some talks together with people who do work in this field at the time and I know they were very unhappy because it would affect, you know, the possibilities of collaborating on energy issues. But they still very loyally kind of followed suit.

As I have understood now, not only in terms of energy, but in business relations in general, people are finding ways of – and in the fisheries, for example, importantly – ways of kind of moving around the sanctions and that some of it, you know, some of it stays in tact actually. But still, the result is that these economic relations have been – security is prioritized on top of those economic relations. And that remains the same.

But if you look at the Norwegian debate, I would say that what I characterized as more realist-oriented policies, that the debate is changing a bit in the sense that these other voices in the Norwegian – in Norwegian society are coming back. And also, the voices that say, OK, so we used to have both deterrence and reassurance in our relations with the Soviet Union and it actually gave us security, we need to find back to that balance between yes, deterring, but at the same time pursuing policies in other issue areas and pursuing diplomatic contact so that we have – we can, you know, build and continue our good bilateral relations in these other spheres.

MS. CONLEY: Yeah. We had an event yesterday afternoon on four years of Russian sanctions and its impact on Russian foreign policy and the Russian economy. Actually, one notable quote was – and to your soft answer – you know, we impose sanctions before we send soldiers. And in some ways right now, we have, you know, Norway, sanctions and soldiers. And I have to say, speaking of darkness, there was not a lot of optimism in the room that sanctions will be lifted any time soon. So we’re going to be, I think, in this period.

Pavel, let me ask you – and this gets back to your – what really caught my attention in your comments was about the power projection capabilities on the Kola Peninsula that go well beyond what we would normally see. And this gets to a question on Russian claims to extend the Outer Continental Shelf.

And I’m always the first one – and I don’t know, I’m sure you all – how many journalists have phoned and said, oh, my goodness, you know, the claimant process. And I’m always the first one to say, no, no, Russia is following the international legal framework of UNCLOS. This is exactly what we do. We submit claims, they’re adjudicated and then bilateral or trilateral talks have to proceed.
But I have this suspicion, concern, that if this process does not unfold and there is concern and anxiety about Russia’s claims to extend the Continental Shelf, could some of that Kola power projection capabilities be used as intimidation for that?

Now, I’m falling into Pavel Baev’s darkness – (laughter) – but if you want to – just help me understand these claims which are absolutely being followed appropriately, correctly, nothing wrong with that. But is there a dark side that we should be thinking about as well?

MR. BAEV: Yes, it is an interesting question. But let first take half a shot at your first question.

And I think it is quite remarkable that the whole and a large part of the energy connection between Russia and Europe is exempt from sanctions. Russian oil and gas keeps flowing through Ukraine, despite all the troubles there, into Europe with no interruptions. There were all sorts of worries about Russian gas weapon, weaponization of energy. And through that period of confrontation, you know, the energy area, energy connection, energy experts functions just fine with the single exception of the High North. It is exactly there where energy ties and projects are affected by the sanctions.

So it is somewhat a paradoxical contrast with eight years of bracketing the north out of the confrontation, keeping the cooperative ties in the High North there, making that as an exception of the general confrontation. So there is a bit of a clash between these two things.

And your point about sanctions and soldiers, it is still sanctions are imposed on Russia and still they are not soldiers on Russian soldiers or soldiers in Norway. You are not sending soldiers together with sanctions. It is a different – a different story.

But as far as Russian power projection capabilities and the Russian claim is concerned, yes, claim is perfectly legitimate. If there is one point where I disagree with the commander, it’s about the analogy with the Nine-Dash zone. That is a unilateral declaration that goes against every point in the Law on the Sea Convention.

Russia is following international law by the book. It has submitted its claim to the U.N. Commission on the Limits of the Continental Shelf. It’s awaiting patiently for the verdict. The verdict is not going to come anytime soon because there is a clash with a Danish claim and possibly also with a Canadian claim which has yet to be submitted this year probably and the commission cannot take any – make any recommendation on the overlapping claims. It generally tells the claimants go out and sort out your differences and then come back.

And Russia is not generally doing anything to demonstrate that it’s going to proceed unilaterally. It’s not showing any revisionist behavior in this regard. And the capabilities for power projection are mostly in that part – you see on the map – on the western – essentially, the ice-free territory, while the claim is way east between the Lomonosov and Mendeleev Ridge and the Arctic is not a small region. Your power projection capabilities here are not very useful there and they are not particularly suitable for operating in the – in the really icy claims because of what they consist of partly is the new capabilities for long-range cruise missile strikes on very small naval platforms that can operate only in the ice-free waters.
Also, of the strengthened capabilities in terms of amphibious operations, again, you can do that only in the – in the ice-free waters, even if you trained for fighting in the snow. And the Russians are not really hiding this particular part of their training, advertising is very strongly how tough their marines and the new Arctic brigades are in this respect.

You can stage – it was staged, a very high-risk jump from the high altitude to the North Pole, which is proof this is a crazy operation to perform, really taking risk way, way beyond acceptable by Western standards. But, you know, really that is essentially a show, a show which tells that you can perform these sort of operations where it really matters, not always the North Pole. But again, Svalbard, maybe even Greenland, maybe northern Norway are far more attractive targets than doing anything there where there is nothing except underwater ridges which you can claim only symbolically because you cannot do anything there. You don’t have technology, you don’t have infrastructure, you don’t have platforms which can operate there. If you are going to make use of your accumulated power already being projected, it is somewhere much more in this region and not out there.

MS. CONLEY: So two questions and then I want to turn to our audience. I know they will have lots of questions for both of you.

The first one – President Putin has put an enormous amount of prestige on the Arctic. He speaks about it often. He witnesses both, you know, economic opportunities, like in Yamal and military exercises. He’s deeply involved in this. What happens if this project fails? Or can it fail because he’s put so much prestige to it?

And then I know we’re going to talk about this in the second panel, but I want to – China’s entrance – and certainly, we’ve seen an enormous amount of Chinese diplomatic and economic activity across the Nordic countries. Certainly, China’s investment, both financial and technology, at the Yamal LNG project has been substantial. How has that changed the dynamic or at least perhaps changed Russia’s interaction, either economically or in security?

So, Julie, I’ll let you take a whack at both those questions, and then Pavel and then we’ll turn to our audience.

MS. WILHELMSEN: I think I will concentrate on the first one and the perception that – which Pavel also, in a way, spoke about in his talk – that if, you know, if you have all these ambitions, if you have invested so much, then inevitably, you will – you will use it.

And I think I would like to question that perception. And the point of my point was, in a way, to say that – the point of my talk was to say that, you know, to start out with, both sides really looked at the Arctic as this collaborative space of opportunity where it is in both our interests to cooperate and actually did not speak of the other party as a threat at all.

And there is no – there is – to start out with then, nonexistent – that’s the word you used – but how – I think the interesting question is, how are we getting into this kind of dynamic in the Arctic that actually there is a threat that, you know, Russia is not only protecting its national interests, but they might have offensive intentions.

And on our side, Russia is not normalizing with this modernization in the Arctic, but it is potentially becoming a threat. So I think I would – I would rather, to continue the analysis, I would rather focus on that. You know, how is this dynamic developing? How do we get there? And I think
the importance of looking at the less-tangible aspects of the relations, not just counting capabilities, but really whether the relation is moving is extremely important. Because it is a fact that the way that we have viewed Russia in Ukraine is now affecting our way of viewing Russia in the north. And that’s, in a way, the big problem.

And on the Russian side, I don’t think, necessarily, that is only because they want to use the capabilities they now have, but it is the fact that they didn’t see us as a threat in the north before. But they are starting to. They are starting to see, to focus on NATO and just forget about this other part of Norway, which is actually still there. So I think that’s my main concern, is not so much that Russia has ambitions to govern that space, to protect its sovereignty so much and has the capabilities to do that in the north, but that we’re getting into this conflictual relation. And how then suddenly you have rationale for putting those capabilities into offensive action. And both parties seem to – seem to be getting there, you know, they’re relating to the other party as a threat. So that’s, you know, the game which I think is the big challenge here. It’s the interaction, the way of viewing each other and the lack of trust.

And for me, very importantly, I mean, good that we have, like, the Arctic Council and the Barents Cooperation where we can still talk. But if you look at what happens even in those councils, the talk is becoming much more of a just, you know, presenting your stand and not really moving towards cooperation. Yeah, so I think that would be – that’s a twisted answer to your question, but that’s my main worry. It’s the interaction here, it’s the relational thing.

MS. CONLEY: Well, I think as we focus on the security, less the economic and the environment, which, of course, the Arctic Council can do, security is out of the realm of all of these institutions. We have no place to go with this conversation to increase transparency, increase confidence-building measures. This doesn’t fit nicely into anything.

And all we keep hearing is, well, we can’t deal with this. I agree with Pavel. We risk now of enhancing that cycle of conflict because we simply do not have a venue to do this. The NATO Russia Council is not a venue, it’s not going to be the Arctic Coast Guard. We don’t have a place to do this, and so we’re continuing to slide into this.

And we’ve got NATO’s major exercise this fall, Trident Juncture, which will be a Norway-centric exercise, you know, a NATO exercise. So we keep going, but there is no place to talk about this.

Pavel, your thoughts? And then I hope you can express some views on China.

MR. BAEV: Yes, I will come to China, but I want to address another part of your question about Putin’s personal feelings about the Arctic. And it is a question open to interpretations because I very often feel that Putin is personally interested, has some sort of, again, Arctic feeling, which many experts for that region cherish.

And for that matter, there was a series of these kind of international conferences, Arctic, a territory of dialogue, one year after another and they stopped in the year ’14 and there was no conference in the year ’15 and no conference in the year ’16. What we were hearing in that period, not from Putin, but from the Russian top brass, was that the Arctic is one of the key priorities in our strategic planning. Not the Far East, not the Caucasus, not Central Asia, the Arctic.
And then suddenly in the year ’17, it is again a conference and Putin is speaking there again and saying international cooperation and let’s keep the dialogue going, which is probably a better message than emphasizing strategic priorities for the – for the Arctic. But nevertheless, you cannot really put much trust in these feelings. After all, Putin had a lot of personal interest in the Shtokman project, was really following it very closely, and then Norway decided to pull out because it didn’t make economic sense. And what was the consequence? Nothing, Putin forgot about the project, which might tell you about his interest, to what degree that is a factor here.

And now to China. Russia’s attitude towards China’s ambitions in the Arctic has always been very ambivalent. Russia was very unhappy about China’s claim to become an observer in the Arctic Council, and it was blocking it for many years, and then finally agreed.

I think what changed that attitude somewhat was this Yamal LNG project, which, again, had extremely weak economic rationale, much as Shtokman, and needs heavy subsidies from the Russian state and even these subsidies were not enough until China stepped in and saved the whole project and, you know, provided money and agreed to buy the gas if the Russian subsidies continue. The economics of the whole enterprise continues to be very shaky.

And even from China, my reading it was much more a political gesture than real interest in this LNG, which is abundant on the market. For China, it’s an interesting experiment. For Russia, it is really a matter of crucial importance. This asymmetry doesn’t bode well for this relation.

And, you know, after rescuing the project, China feels much more confident vis-à-vis Russia in its Arctic ambitions issuing now the new white paper and to pursue making those ambitions known and not expecting any sort of response from Russia, not expecting any objections or anything else. Because for Russia, now the cooperation with China in the – in the High North is the only thing that really works and the only hope they might have, despite China having no technology, no experience in working in this water. The only thing China has is funding.

And for many Russian projects in the High North, that is a crucial matter. Sustaining all these bases in the eastern part along the Northern Sea Route is a very expensive proposition. They are maintenance-heavy, even if they are small bases. And there is no supporting civilian infrastructure. So you start carving your defense budget as it is already happening, you start economizing on that. And you can expect that these bases will really suffer. Thank you.

MS. CONLEY: Fantastic.

All right, we’ve got so – I see the hands shooting up. This is exciting. We have – let’s bring our audience in. We’ll start in the back please, Matt or Max.

And if you could introduce yourself and then we’ll take two or three questions and then I’ll return to you.

Yes, thank you.

Q: Thank you very much. And thank you for a remarkable two sessions here. Thank you. My name is Anita Parlow and I worked on a – I was the team lead actually for the launching project at the Wilson Center on the Polar Code in the Bering between Russia, Canada and the U.S. And I recently was on a Fulbright in Iceland looking at offshore petroleum development between Iceland and Norway,
which was to be with CNOOC, not going to happen, and finished recently a large article on distributive justice and offshore and natural resources development, and just finished a project on villages sliding into the sea in Alaska.

So my question, not to sound a bit – a teensy bit contrarian in terms of a question, it relates ultimately to China and Russia and the questions of U.S. What is the U.S. policy that’s driving some of this ship? For example, as mentioned, the U.S. is not a signatory to UNCLOS, yet likes to think in terms of an area the size of Texas, which it hasn’t exactly been demarcated as a scientific matter or brought to the proper authorities. What about the Northern Sea Route, as also was mentioned, and the Northwest Passage where the views as international waters, which the nations of record or concern view as internal?

And what about icebreakers? We’re talking about domain awareness in a region. And we have, you know, one and another one on the way. Somebody once made a comment that the way the U.S. talks about icebreakers, it’s as though we are a landlocked country in Latin America or Sub-Saharan Africa. And we’re pretty good on way below the water and way up in the sky, but on the top of the water we don’t seem to be that good.

And sanctions are going on – I’ll get there, I promise – and we have, as a result, or it would have happened anyway, relations between China and Russia economically and the development that is occurring in China, viewing itself as a near-north nation.

My concern and question is, down the road as we look at these things and have been discussed in somewhat pessimistic terms – though I think the Norwegian model, Norwegian-Russian model is the model to go by – is, when does the U.S. or would the U.S. start to view the transiting up through the Northern Sea Route and the Bering in military terms as a threat in some manner and suddenly view a trade situation that would be growing and evolving in a – in a manner that would threaten U.S. interests?

And forgive my time. Thank you.

MS. CONLEY: Thank you. Thank you.

We have a question up here. Steve? Yeah, please – the microphone – microphone is coming. Thank you. Please introduce yourself.

Q: Stephen Blank, American Foreign Policy Council. My question is to both members of the panel.

Given the importance of energy, oil and LNG in the Arctic to Russia, I’d like you to go out a few years because all the analyses I’m reading tell me that the price of energy over the long term is going to go down as renewables become more available and cheaper.

And to the extent that renewables supplant demand for energy, what then happens to Russia’s Arctic enterprise?

MS. CONLEY: Thank you.
I think we have one up here. Matt, just one more and then we’ll pause here and take a – yes, hey, Charlie.

Q: Charlie Ebinger with the Atlantic Council.

I was wondering what degree Norway does any kind of coordination with its neighbors in Sweden and Finland vis-à-vis the Russian military buildup. And also, to what degree Russia perhaps uses differences among the Scandinavian nations to its advantage.

MS. CONLEY: All right.

Pavel, I’ll start with you and then we’ll work our way down to Julie.

MR. BAEV: I would probably leave the first questions to you, Heather. (Laughter.)

MS. CONLEY: Now, I was waiting for you to talk about U.S. policy, Pavel.

MR. BAEV: I think you are a legitimate member of our panel. And as far as U.S. policymaking on the Arctic is concerned, I am not really – not really an expert on that.

MS. CONLEY: OK, I’ll take that.

MR. BAEV: I was going to – very hopeful about U.S. chairmanship of the Arctic Council that I think where, you know, has done a pretty good job. But I’m worried about after that is done, about a diminishing a declining interest. And I hope it will not happen.

Let me touch up on the issue of energy, which is one of the, as far as Russian-Arctic discourse is concerned, that is very often perceived as an axiom, that the Arctic is a treasure chest of energy resources and there is a lot over there. And in many ways, it is mythology for which the only real bit of data, very often misinterpreted and presented in entirely surrealistic terms, is the estimate of U.S. Geological Survey from the year 2007, long overtaken by the shale revolution, but still in circulation. There is no other reference point in all the – in all the Russian discourses.

And yes, in that estimate, there is a nice figure about undiscovered resources which really cannot be estimated with any precision. Nevertheless, that is seen as the – as proof positive of the richness of the Arctic in the – in energy resources.

And my reading is that these resources, not just in the near term, but also in the midterm and we know nothing about long term, will not be accessible, available, in any way useful for exploitation, exploration and development.

Russia’s kind of future as an energy superpower, which it is, is much more onshore and not even with new discoveries, but with old Soviet exhausted oilfields which were exhausted with Soviet technology, but nevertheless contained a lot if you apply new technologies there. And the infrastructure is there and kind of it’s far easier and cheaper and economically rational. Only Russia needs access to this technology, which is presently banned by sanctions.

In the kind of middle term, let’s kind of try to break it out, the present confrontation. If that is lifted, Russia has a generally bright future as an energy producer and exporter without any offshore
Arctic dimension, which is always – will always remain cost inefficient, very risky and entirely unnecessary. So that is my – that is my take.

As far as cooperation between the Nordic is concerned – again, looking from Russia – the most worrisome part of that cooperation, the darkest cloud is Finland and Sweden joining NATO. So every step in the Nordic cooperation is perceived through that particular lens and kind of Russia is watching very closely how suddenly the public opinion in Sweden, which is always so firmly neutral, is shifting very clearly in the direction that NATO membership is generally a good idea. It’s less so in Sweden – less so in Finland, but even there many kind of new initiatives, like the creation of the center of excellence for dealing with hybrid threats, are seen in Russia as Finland getting closer to NATO, which is a worry, which is perceived, again, as a part of the Western divisionism.

**MS. CONLEY:** Before I turn to Julie, it’s – Charlie, it’s interesting this week. The Swedish and Finnish defense ministers are meeting with Secretary Mattis as part of a trilateral defense dialogue between the U.S., Sweden and Finland. So just to echo Pavel’s view that, obviously, Russia’s activities in the region have propelled Sweden and Finland to think about embracing a more robust defense posture.

Sorry, Julie, I just want to caveat that.

**MS. WILHELMSEN:** Yeah. I think I’m going to leave the question on U.S. policy to Heather as well. (Laughter.)

But I would just like to make a comment tied to my own small intervention. Because what I was trying to shed light on is, what happens when everything seems to be assumed under this security logic? So the question when does the U.S. start to view trade routes as a threat is precisely when the entire national discourse is becoming so preoccupied by Russia as a threat that it sees absolutely everything that Russia does as a threat. And this is a social fact in a way, which you can – which I can observe in Norwegian society. And I’m sure you can observe it here. So I think that’s – you have to watch how Russia is talked about and related to here in the U.S. And then you, unfortunately, find this, that actions which should not be interpreted as actions of threat or assertive actions actually become interpreted as such simply because of the way we view Russia as an actor as a whole. So that’s a big part of the problem here.

Then secondly, if energy or oil, you know, is substituted and it’s not going to be so important any longer, is the Arctic going to be less important for Russia? Well, certainly, Russia will have, you know – its oil-dependent economy will have less capacity to act in the Arctic.

On the other hand, you have to look at the map, you know. The Arctic is an important part for Russia – of Russia, it’s always going to be in terms of sovereignty. Look at the bastion defense, you know, up there.

And also, it’s fair to say that Russian policies on the Arctic are very broad. They include whatever is going on there and whatever is said to be important up there. So I don’t think, even if energy is going to, you know, not be viewed as so important, the Arctic is still going to be important for Russia.

And then in terms of the change of the setup in the north, it is quite substantial and it’s a big part of the problem, yes, that if you look at those countries, it used to be, you know, with Norway’s
self-imposed restrictions during the Cold War. Yes, Norway had a border with Russia and Norway was a NATO member, but it was still kind of more of a neutral sovereign because we did not have nuclear weapons on Norwegian soil, we did not have American troops on Norwegian soil. And we had this very conscious policy of reassuring the Soviet Union.

And then, of course, you have the Swedish neutrality and Finland. So all the talk which is going on, could there be NATO membership, that’s one thing. But the other part is that, in practice, Sweden and Finland are already collaborating very closely with NATO. And you see it, you know, when there’s an exercise, like there just was. Then, you know, the point of the U.S. Marines in Norway, for example, is to be able to easily bring them over to the – what do you call this – (inaudible) –

AUDIENCE MEMBER: The Baltic Sea.

MS. WILHELMSEN: The Baltic Sea. You know, so it’s all actually already part of an integrated system, which includes these three states, to a much stronger degree than during the Cold War.

So the whole aspect of kind of a buffer zone between the U.S. and Russia here, of neutrality, you know, it’s not there any longer, seen from the Russian perspective.

MS. CONLEY: Two seconds on U.S. policy, and I promise I’ll hold a separate panel on this because it’s worthy of it.

You know, we have been largely missing. During the Cold War, we had an understanding of the geostrategic importance of the Arctic, both Alaska was for energy security for the U.S. and we understood it was the quickest way to get to the North Atlantic and the North Pacific. And that all went away at the end of the Cold War.

We largely, to use Julie’s term, have an institutional approach to the Arctic, using the Arctic Council and other multilateral forum because our identity as an Arctic nation is the weakest among the five coastal states. And we write strategies and hope that that will suffice for lack of budget and lack of policy action and direction.

The title of this panel actually was meant to provoke because you now have three countries that have very different visions of the Arctic. The U.S. does not see this as a strategic imperative, it just will not put the funding forward for that. Because if it would, it would do a lot of different things.

Russia, it’s a strategic imperative. China, for me, it’s growing into, to use Pavel’s term, an experiment in potential of strategic value and nature.

So what are the costs to the United States if our two, according to our national security strategy, our peer competitors’ view, the Arctic strategically, yet we do not. And that’s what decision-makers now have to understand. It’s no longer just OK to be status quo with the same policy we’ve had since the mid ’90s, which it’s largely had? Is there now a strategic consequence if our two peer competitors have an entirely different view of the Arctic, whether if China will invest in LNG infrastructure in Alaska, whether the militarization of Russian Arctic islands poses a potential to limit U.S. ability to operate in its Arctic? Those are the questions we have to discuss. So maybe, if we can’t get there – if
the U.S. can’t get to this policy decision by itself, perhaps it has to view it through the lens of being pushed out of the Arctic. So more to come on that.

But we have a couple of minutes and I knew there were some questions over here, if we can take them quickly. And then I promise, coffee is in your future.

Yes, ma’am.

Q: Hi, thanks. I’m Neela Banerjee with InsideClimate News.

I wanted to ask a little bit about the notion of, you know, climate change has brought, with more melting in the Arctic, more open routes, more possibility that perhaps Russia and other countries see. When the U.S. military sometimes discusses the Arctic, there is also a sense of vulnerability with melting permafrost affecting infrastructure and so on. I was wondering whether Russia, from your perspective, sees or is facing any threats from climate change to both its military and its commercial infrastructure through that region, first of all, whether those threats exist, and secondly, whether Russia is actually doing anything about them and responding to them and, you know, to make a more resilient infrastructure there. Thank you.

MS. CONLEY: Fantastic question. Julie, you want to start that one and then turn to Pavel?

MS. WILHELMSEN: Yes. And just to stress that I’m not an expert on Russia’s Arctic policies, but I did go through these documents, official Russian documents on how they, you know, talk about the Arctic, what they themselves say they’re doing up there. And actually, questions of climate change, ecological challenges and so forth are very central in the way Russia talks about the Arctic. And they’re working pretty consciously to create kind of good governance. And sometimes it’s interesting how even concepts, which we use on our side of the East-West border, are used on the Russian side. And this concept of good governance and trying to, you know, tidy up, they are definitely there and quite a lot of work is put into that from the Russian side, as far as I can see from the documents I have read.

MR. BAEV: Yes. I would not argue with that. I would probably posit that the hard security threats still in the Russian thinking about the Arctic have much more prominence than the new security threats which are in fact coming faster than Russia is preparing for them.

And one such case was the outbreak of anthrax on the Yamal Peninsula caused by the melting of the permafrost. And still, that wasn’t really taken seriously enough, you know, in part, because for Russia, the rights and the well-being of indigenous people in the High North is not really a matter of serious concern.

When Canada is trying to put that in the center of its chairmanship in the Arctic Council, for Russia, it’s a completely foreign topic, they can’t really connect on that matter.

Russia is not at all a fan – Russia, you know, not an official, an unofficial level – of NGO activities in the Arctic, which is something we should just perceive as suspicious and controllable and so on. And the government efforts are still remarkably militarized even where it shouldn’t be. It is the defense ministry, for that matter, which is responsible for clearing up all the environmental damage around all the rusting Soviet settlements, taking out a lot of empty barrels, which is a good thing to do.
But why defense ministry? It has kind of other concerns and other strengths. And engaging an NGO in this sort of task is out of the question.

So in the Russian discourse, it’s much more the things that the ice is melting and that is a factor in increasing geopolitical competition for the Arctic. That is the main thing.

What are the other consequences which are immediately already coming? That is a matter of second priority, unfortunately. And I think Russia will pay for that dearly.

MS. WILHELMSSEN: Yeah, I would just like to add a point on that and my claim that this is a kind of game that is going on in between East and West, but also within the countries. And I think that’s the tragedy, in a way, of security becoming centerstage in Russia as it is. Because you can see also how it changes the game between the actors on the Russian side and you see a distinct difference between actually regional actors, for example in the High North, and central actors and how the central actors where, you know, in Moscow these days, the hawks are really ruling and how they kind of step in to decide what’s going on in the regions where you have the regional actors who are very, very anxious to keep up, you know, the collaboration, to keep cleaning up, for example, the nuclear waste and so on. So you have this empowering of the hawks in a way because of the increasing tension of both parties to see this as a security game.

And then you have, between bureaucracies, you know, so you have unfortunately the Russian security services very often now defining activities in spheres that they’re actually not theirs, you know. And this is, of course, the example of the NGOs, like the Norwegian NGO Bellona who has been working – an environmental NGO working, you know, very well in Russia for many years. If it were up to the Russian environmentalists, of course it’s welcome, they want them, all of that. But those are not the guys who are deciding, it’s, you know, it’s more the Russian security services.

And their view is, of course, that these NGOs, whatever they’re doing, if they’re working for gay rights, for environmental issues, they are rather part of a sneaky U.S. manipulative hand or a Western liberal hand into Russia, trying to affect what the population thinks, you know, in a sense, trying to create a so-called Color Revolution maybe in Russia. So that’s really the tragic thing which is happening there, that these actors, who could be, you know, our collaborative partners are not empowered by the fact that the game is so security-oriented.

MS. CONLEY: Yeah. I would say that Pavel’s dark cloud is now coming over my head. You know, in some ways, we think of Russia economically, you know, their Arctic ambitions, obviously the security, but my concern is the environmental challenge is actually what we’re not talking about. We had anthrax last year, we had these methane craters, the permafrost thaw, what is going to be thawing in that permafrost. And because we are not in a point in our bilateral and multilateral relations to have that early warning, to work collaboratively to understand what these changes are, I just hope we are not surprised when it’s too late.

So my concern is this is, as much as Russian documents talk about sustainable development, and I think they understand it, we’ve even seen some corrective action in Norilsk because of the extraordinary pollution from that, but I just – this is my concern. And environmentally, the catastrophes, like Chernobyl, like other things, that was really the beginning of where the regime just could not handle that.
So, you know, again – boy, Pavel, I’m usually optimistic. You’ve really made me now think these dark thoughts. So clearly it’s time for coffee to wipe away these dark thoughts.

So, before you go, we are going to take about a 15-minute coffee break, but come on back, we have a great panel assembled to talk about economic issues.

But before you go, please thank Julie and Pavel for a great discussion. (Applause.)

(END)