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Tourism in the Arctic region and the Kola Peninsula

By Martti Ruokokoski

A helicopter is flying over the small village of Varzuga, carrying American or European tourists to fish Atlantic salmon. The tourist pays for the trip about USD 3 500 per day. The sum covers the helicopter flight from Murmansk to the wilderness, the fishing permit and maintenance at a luxury camp. Helicopters ferry people over the village several times a day. The village and the river Varzuga are located in the Kola Peninsula on the White Sea in Russia. Varzuga is a village of 500 people, one of the many places in the Kola Peninsula where tourists travel to fish. Other rivers in the area are, for example, the Ponoy, the Umba and the Kolvitsa.

Nature Unlimited is a company founded by some of my friends in Finland. When it started to organise fishing tours to the river Kolvitsa in 1989, it was the first foreign business to organise trips to the Kola Peninsula. The contract was concluded with the Soviet Hunting and Fishing Association in Moscow in 1988.

In July 1989 I had the chance to be the tour leader on one trip, which took 12 Finnish fishing enthusiasts to the Nature Unlimited camp. The company had renovated the old hunting and fishing base and boats and wooden toilets had been brought there from Finland. The week was exotic and successful. We managed to catch as many as 143 pink salmon, which swam in abundance in the river that year.

The idea to continue the trips the following year was thwarted by insurmountable difficulties. For example, the sauna at the camp burnt down and the start of the demise of the Soviet Union caused uncertainty. However, Nature Unlimited continued to develop the fishing tourism and, beginning in the summer 1988, fishermen travelled to the unique river Ponoy on the eastern end of the Kola Peninsula on a trial basis. Regular group tours to the Ponoy were started in the summer 1990, the main target group being rich Americans with an interest in fishing. These tours are still organised by Russians, but it is only the rich that have a chance to fish salmon on the Kola Peninsula. Ordinary people with an interest in fishing cannot afford the trip as was possible in the summer 1989 in Kolvitsa.

Nowadays Finnish companies are rare in Murmansk, but something is happening in the building and construction sector. Fertilizer giant PhosAgro ordered a luxury cottage from Finland's leading supplier of timber and building materials, Puukeskus in Rovaniemi. Finns have built a cottage complex for fishing and entertainment purposes on the Umba this year at EUR four million. This is an example of how the building and travel businesses can join forces.

Today tourism to Murmansk is mainly travel on business. Energy companies and industrial enterprises from other countries organise seminars and meetings. There is not any such phenomenon as mass tourism. Tourism provides employment to just a few small enterprises. People earn their living in the mining industry and fishing. Plans have been made concerning the opening of gas and oil wells in Shtokman and elsewhere in the Barents Sea.

There is huge potential for tourism in the Kola Peninsula, and projects and programmes are in the making. The northern location and mountains open up excellent opportunities for tourism. Plans are under way concerning developing the Lovozero Sami and reindeer region into a centre for tourism; the reindeer will figure in the logo under the title Russian Lapland. This is an excellent way of supporting the activities and existence of the indigenous people in the region.

The Khibiny Mountains, the highest point of which is over one kilometer, have been harnessed to the service of Alpine skiing. Apatit, a mining company, owns the Bolshoi Vudjavr skiing centre at Kirovsk, which was awarded the best snowpark title in Russia last year. The Kola Nuclear Power Plant (KNPP) in Polyarnye Zori owns a skiing centre, which is located next to the power plant. This is an example of cooperation between the mining, energy and tourism businesses.

The Khibiny area is being improved and it is popular among Russian tourists, but it does not pose a threat to the skiing resorts in the Finnish Lapland. Services including holiday homes, cabins and chales, restaurants and ski lifts in Khibiny are still below the international standards that are met in Levi, Saariselkä, Ruka and other skiing resorts in the Finnish Lapland.

Businesses in the Kola Peninsula look for examples in Finland. The municipality of Salla and the Salla skiing resort are cooperating with Khibiny and bordering cities on the Russian side in a project relating to tourism and recreational activities. The project gets funding from the European Union.

Prime Minister, the president-to-be, **Vladimir Putin** addressed the Second International Arctic Forum in Archangelsk in September 2011 and discussed the development of Arctic expeditions. It is a good idea. Poseidon Arctic Voyages, is already offering two-week nuclear-powered ice-breaker cruises to the North Pole every summer. The cruises are always fully booked. The price for a cruise ranges between USD 22 500 and 33 250. Last summer, there were Chinese tourists who had come to see Polar bears, walruses and icy views.

The Norwegian Hurtigruten cruise could expand its northern route from Kirkenes to Murmansk, if a visa was not required. As a whole, the visa requirement hinders the development of tourism. A holiday to a visa-free country is much easier than travelling to Russia.

The Arctic region, location at the edge of the world, and certain peculiar characteristics attract tourists' attention. But how to bring the northern cruises and fishing trips within the ordinary tourist's reach? Expensive trips prevent the development of tourism into mass tourism. Thus the business does not bring as much money and employment as it could. It is to be hoped that the upmarket tourism will be followed by mass tourism.

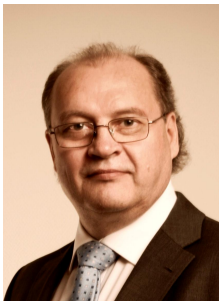
Provided that mass tourism will one day start, it is important to remember the fragility of the Arctic nature. It has to be protected. Climate change and melting Arctic waters open up opportunities for expanding the cruise business. However, increasing traffic involves adverse effects such as emissions. Pollution has to be prevented and there has to be a change in attitudes towards nature. The change has to be comprehensive and involve not only refraining from littering and attitudinal culture changes but also amendment of international navigation provisions. How to combine mining, which is both the life blood of the region and a polluter, and nature tourism?

In the former Soviet era, Murmansk and the Kola Peninsula were known as secret places, where nuclear submarines and military bases were located. On the one hand this is a bad thing; on the other it is good from the point of view of tourism. History with its cold and hot wars and its exotic elements linked with secrecy attract tourists. Closed military areas and border areas also form a barrier to the development of tourism. If a city or village is closed, there is no point in hankering after tourists. When the tourist makes a choice about a holiday, a destination that is easy to go to at a reasonable price often beats what is exclusive, distant and extravagant.

Martti Ruokokoski

Consul

Murmansk Office of the Consulate General of Finland in St Petersburg



The United Kingdom and the Arctic

By Clive Archer

The United Kingdom has had traditional connections with the Arctic region, not least through some of the early British explorers of the region who helped to open it up for Europeans. During the Second World War and the Cold War, British interests in the Arctic were mostly of a military nature, mainly in keeping others from dominating the seas directly to the north of the British Isles. British researchers were often leaders in Arctic research. More recent UK interests in the Arctic have continued in security and research, with environmental and resource considerations and shipping added. An overview of these factors will show that, while not an Arctic country, the UK should concern itself with Arctic matters. However, recent British governments have shown marginal engagement.

Security issues in the Arctic have long been of concern to British governments: indeed only recently, the UK gave medals to those who had risked their lives on the Arctic convoys from the British Isles to the northern Soviet ports during the Second World War. The Cold War saw the war-time allies of the UK and Soviet Union become adversaries, not least in those very Arctic regions of the Barents and Norwegian seas with Soviet forces coming out from the Kola Peninsula through these waters and into the Atlantic Ocean. A task of the Royal Navy and Royal Air Force was to track these forces and, as part of NATO forces in the region, to shadow them. The UK made its own strategic use of the North Polar region with its nuclear-weaponed submarines being stationed under Arctic ice. Furthermore, UK forces used north Norway for Arctic manoeuvres and provided some of the forces that would re-enforce Norway in times of crisis.

Since the end of the Cold War, the size of the Russian military presence in its Arctic regions declined, at least in the 1990s. Mr Putin revived some of these forces, especially the strategic ones. Recently, Russian military aircraft and vessels have again been exercising west from the Barents Sea, a matter of concern for NATO countries such as Norway and Iceland, and also for the UK which had the traditional task of tracking these forces. Furthermore, the current UK Conservative-Liberal discussed security issues intensively with the Baltic and Nordic states and has continued close military relations with Norway, not least in the 'High North'.

British Polar research is well established, especially in institutions like the Scott Polar Research Institute at Cambridge. Research in Antarctica has traditionally overshadowed that in the Arctic, not least because of British claims to Antarctic territory and the importance of the Falkland Islands and its dependencies in the South Atlantic. There has been a revival of Arctic research with the UK's Natural Environment Research Council devoting £15 million in 2010 to a new Arctic research programme on climate change. In particular, British scientists have established a research presence in Svalbard. This continuing Arctic work has allowed the UK to earn observer status on the Arctic Council, co-operation within which is seen as a key British interest.

A major increase in British interest in the Arctic has come partly as a result of the research being undertaken on the Arctic's involvement with climate change, not least by British scientists. This has started to weave itself into wider British policy on the environment. The UK is particularly concerned with the consequences of the shrinking Arctic ice-cover, not least because of any effect on the sea currents in the North Atlantic just north of the British Isles. Indeed the Foreign Office web-site mentions as two key British interests in the Arctic, the protection of the Arctic environment and ecosystem and 'the effects of climate change on the Arctic and the Arctic as a barometer of climate change' (http://www.fco.gov.uk/en/travel-and-living-abroad/your-trip/antarctica/uk-engagement-arctic/).

One possibly positive consequences of the ice melt is the opening up of the Northern Sea Route (NSR) offering improved opportunities for a global trading state such as the UK. Until recently, this was accessible only with considerable assistance from ice-breakers and the 'route' tended to be a number of separate connections along the Russian northern coast. A more unified and commercial use of the NSR could considerably shorten the distance for commercial traffic between the UK and the Far East. The UK Foreign Office mentions as a British interest 'the opening up of the Arctic to increased shipping and the issues related to that, including the new Polar Shipping Code', this being the concern of the International Maritime Organization with its headquarters in London.

A further British Arctic interest seen by the Foreign Office is 'the potential of the Arctic to strengthen energy security and the sustainable use and safe extraction of resources'. Despite the emphasis on sustainable use, some environmental groups such as WWF, have complained about the plans of British firms, such as BP, to explore for hydrocarbons in the Arctic. Others have seen BP's involvement in the Russian market as part of a wider geo-strategic competition for the presumed oil and gas reserves in Russian fields.

A final British interest in the Arctic, as outlined by the Foreign Office, is the management of new fishing grounds there, though, given the poor state of the UK fishing fleet, this is more as a fish-consuming country.

Has the UK a strategy for the Arctic? No. Although ministers refer to a Ministry of Defence and Foreign Office strategy, there is little evidence of its nature. The outline of British interests on the Foreign Office web-site is hidden away (under 'travel and living abroad': Antarctica!) and is fairly bland with little indication as to how conflicting aims (use of resources, environmental issues) might be managed. Nor is there any view on the development of Arctic resources in Russia or the consequences of emerging Far Eastern interests in the region. When parliamentarians had the opportunity to question a minister about the EU's statements on the Arctic, emphasis was on the powers of the EU rather than on the content of policy.

The present government has an opportunity to bring together the strands of an Arctic policy so that a country with historic and current interests in the Arctic may have a properly-debated and coherent policy on this increasingly important area. This should not be missed.

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Russia as the partner in the Arctic

By Lev Voronkov

During the “Cold War” the Arctic has acquired the key strategic significance for the military balance between two “superpowers”. Problems of Arctic sustainable development, protection of its environment, active utilization of the North East passage for international navigation have not being discussed even in theoretical terms. The test of Soviet thermonuclear bomb on Novaya Zemlya clearly demonstrates how far the realities of military-political confrontation have been from concerns about protection of environment and sustainable development of the Arctic. Any possibilities of international cooperation in resolution of common problems for the Arctic states have been frozen by the military confrontation for many years to come. The logic of this confrontation predetermined the Soviet adherence to the conception of “Arctic sectors” as the only possible.

The experiences gained during the “Cold War” clearly illustrate that any attempts to resolve problems of the Arctic by military means can result only in impasse and in aggravation of existing problems.

The radical change in the geopolitical significance of the Arctic has occurred after discovery of its oil and gas wealth. This discovery is accompanied by intensive melting of Arctic ice, providing access to practical utilization of this wealth. Impact of the climate change in the Arctic may result in opening new global trade lanes as well. In these circumstances the legal status of the Arctic spaces has acquired very important geopolitical dimensions. The Arctic is rapidly transforming from former peripheral region into the one in the forefront of world politics, attracting attention of many influential states by its economic and transport potentials.

A non-flexible adherence of Russia to the conception of “Arctic sector” also in the new geopolitical conditions could put her in opposition to these states, deprive Russian positions of undisputable legal grounds, give cause for military tensions and institutional presence of NATO and limit possibilities for international cooperation in the Arctic in general and for foreign investments to its Russian segment, in particular.

Russian participation in establishment of the Barents Euro-Arctic Council and Barents Regional Council in 1993 and of the Arctic Council in 1996 demonstrated that the regions of Russian Arctic zone, closed for international cooperation in the past, started to get involved into broad international interactions. Since ratification of the UN Convention on the Law of the Sea by Russia in 1997 its provisions determine Russian approaches to practical resolution of international problems in the Arctic. The Russian – Norwegian delimitation of continental shelf in the Barents Sea is one of the consequences of on-going changes in the Russian Arctic strategy.

Rich deposits of resources in the Russian Arctic zone do by far exceed domestic needs and demands. Deliveries of these resources to national and world markets contemplate deeper economic integration of the Russian Arctic zone in national economy and in the system of world economic ties and creation of proper transport and service infrastructure in the High North as well. Practical implementation of these intentions demands enormous financial resources, which Russia alone is hardly able to ensure. Inflow of foreign investments depends on the legal status of the Russian segment of the Arctic as well.

Russian policy in the Arctic does not have any global ambitions. The resource potential of the Russian Arctic zone has to play an important role in contemporary and future socio-economic development of the country and in improvement of quality of life for its population. Russian foreign and security policy is aimed at creating favorable external conditions for resolution of these tasks.

Russia needs to have a permanent and reliable means of transportation, littoral infrastructure, logistics, new industrial and service centers, search and rescue facilities and harbors in order to support industrial activity on the shelf and to facilitate export and import operations in the Russian Arctic. The role and significance of the North-East Passage for the Russian economy and for its external economic ties will inevitably increase.

Taking into account the existing problems with supply of labor force in these thinly populated areas, Russia needs to ensure comfortable conditions for life and work in its High North areas in order to stimulate inflow of labor power to them.

Contemporary Russia does not connect its military presence in the Arctic with any global military-political missions, with projection of its military power to other regions of the world or with military confrontation with adversaries. Concrete measures in this field should not create obstacles for deepening international cooperation in the Arctic in general and for regional cooperation between Arctic states, in particular.

Problems of “soft” security in the contemporary Arctic are acquiring the key international importance. They could be most efficiently addressed only in cooperation with neighboring Arctic states, domestic and foreign companies, intergovernmental and nongovernmental international organizations. No one problem of “soft” security in the Arctic can be resolved without full scale Russian participation and partnership. Such a cooperation with Russia can be fruitful and effective only when its partners do recognize the justified rights of Russia and its jurisdiction in the Arctic, based on the norms of international law and other corresponding treaties and agreements.

In the Ilulissat Declaration, adopted by all coastal Arctic states, pointed out common interests and fields of cooperation between them. Russia undertakes practical measures for their realization, proceeding from the assumption that all problems of the Arctic can be successfully resolved on the existing legal basis.

This essay has been prepared within the framework of the international research project "Geopolitics in the High North", led by the Norwegian Institute for Defence Studies.

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Russia

Russia's Arctic – a call for the new Arctic thinking

By Gleb Yarovoy

The basic factors that define the importance of the Arctic and determine Russia's Arctic geopolitics remain unchanged for centuries. Initially, the Arctic served as one of the main **trade roots** of the Russian North. The search for the North East Passage in the Middle Ages led to the nowadays use of the Northern Sea Route. Today, it is the main root of vital deliveries to the northernmost regions of Russia all way long of the Arctic Ocean coastline. Arctic **economic resources** were recognized during the Russian Empire's time, were broadly used by the Soviet government and are currently the foundation of the Russian economy having no alternative. The **military potential** of the Arctic was first time appreciated after the defeat in the Russo-Japanese War of 1904-05, when the need to navigate from Arctic Ocean to Vladivostok became evident; Arctic region's role in terms of national security grew up during the strategic arm race of the Cold War.

All these potentials were and are still limited **by the complexity of access and reclamation** in the High North. For this reason, Russia abandoned Alaska in the 1860s, and currently the **Shtokman project** is postponed.

The Russia's Arctic is inseparably connected with the general developments of Russian economy and politics. Regardless the general (i.e. both internal and international) scepsis about the "modernization" intentions of the Russian ruling tandem, and especially Dmitry Medvedev, it has to be stated that **a real modernization** is the only way that can keep Russia playing an important role in world politics and global economics. A real modernization primarily means a need of the **institutional breakthrough** in all realms of life: political, economic, societal etc. Russian political system is suffering from corruption, Russian economy is totally dependent on the export of the energy raw materials, and Russian civil society is undeveloped and passive. A further postponement of the institutional reforms will lead to the "institutional trap" meaning the threat of the irreversible processes that lead to the full-scale weakening of the country.

The Arctic policy of Russia should be a part, or one of the core elements, of modernization process considering its strategic importance for the country. For the Arctic, this means internationalization, not nationalization. The focal point of the internationalization is international cooperation in the Arctic in a broad sense, involving not only Arctic states ("A8+" instead of "A5" model), but also trans-national actors, such as international organizations, both inter- and non-governmental, international business and subnational actors, first of all, the indigenous people, who should have their voice in the Arctic decision-making. For Russia, this would bring not only international investments and technology for both economic development (exploration and exploitation of the Arctic resources requires tremendous funds which Russia cannot afford alone) and "general cleaning" of the High North (that Prime-Minister Putin is permanently speaking about). Internationalization of the Arctic can be an important impetus for institutional developments and changes in a specific, to begin with, Arctic region.

Currently, two important documents are under preparation at the commission of the Ministry of regional development of Russia. First, is the Strategy of the Arctic zone development till 2020; second is the Federal law "On the Arctic zone of Russia". It is very important that those documents provide the possibility and lay the foundation for the internationalization of the Arctic even in the prejudice of the geo(political) ambitions of the Russian authorities.

This is very well-timed at the moment, when some high-ranking political and military officials and even representatives of the academic circles of the Arctic states speak about the threats and the possibilities of confrontation in the Arctic. We already witnessed the birth of the "New Thinking" policy in the High North once; now it is a good time to recall for the New Arctic Thinking in favor of Russia, of the Arctic region, and even the globe.

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Russia

Russia's narrative on the Arctic – from patriotic rhetoric to the Arctic 'brand'

By Marlène Laruelle

As with other international issues, Putin's Russia has been sending mixed messages on the Arctic to the international community. Moscow played an undeniable role (with Canada) in the escalation of self-assertive rhetoric when the Russian flag was planted in the Arctic seabed in 2007—even though the Russian state itself had not made any illegal claims on the continental shelf and is a very cooperative member of the Arctic Council, the Barents Euro-Arctic Council (BEAC), and the United Nations Convention on the Law of the Sea (UNCLOS). However, since 2008-2009, Moscow has been noticeably focused on creating a new "Arctic brand" and positioning itself as co-leader of international consensus on the region.

The Arctic functions as a *tabula rasa* for the projections of various ideological visions in all Arctic countries. While Vladimir Putin likes to be photographed as a sportsman and a military man, rather unsubtly associating patriotism with virility and masculinity, Dmitry Medvedev, for his part, fosters a narrative on economic "modernization", underscoring the importance of information technologies, innovation, nanotechnologies, etc. The two competing paradigms—that of triumphant military industries and that of new technologies—both accord very well with the Arctic theme. New activities in the Arctic mean that atomic icebreakers, submarines, and strategic bombers, as well as new technologies (satellites in polar exploration) can be promoted, as can the idea that science is not opposed to nature, but can be put in its service. Both the Putin and Medvedev narratives each get their share in terms of symbols.

Transforming the Arctic into a flagship for nationhood crystallized as a Kremlin strategy in the second half of the 2000s, in harmony with the growing international debates surrounding this issue. The choice at the time was made to favor a bellicose discourse in which the Arctic was presented as the future site of a new cold war. This strategy was embodied in the president's special representative for cooperation in the Arctic and Antarctic, the famous polar explorer, Arthur Shilingarov, a member of United Russia and close associate of Putin. Presenting the Arctic as a new race among great powers makes it possible to portray Russia as a besieged fortress, caught in a vise-like grip by the advance of NATO, which therefore facilitates the revival of clichés dating from the Cold War.

Since 2008-2009, the Russian official narrative on the Arctic, once rather bellicose, has evolved toward a celebration of the region as a space of international cooperation. Vladimir Putin, Dmitri Medvedev, Sergei Shoigu, and the Minister of Foreign Affairs, Sergei Lavrov, have continuously strived to cultivate a discourse pointing up a "dialogue of cultures" in the Arctic. This can be explained by the evolution of the international context (reset policy from the Obama administration, peaceful resolution of the border issue with Norway in the Barents Sea, and so on), but also because the Kremlin has understood the potential of the Arctic topic as a strategic communication tool.

The international forum "The Arctic: Territory of Dialogue," held in Moscow in September 2010, was an occasion to play this card with success, in particular thanks to the esteemed international presence. During the Forum, Putin affirmed, in a very Western-style speech, that "while we are taking care of a steady and balanced development of the Russian North, we are working to strengthen our ties with our neighbors in our common Arctic home. And we think that preserving the Arctic as a zone of peace and cooperation is of the utmost importance. It is our conviction that the Arctic area should serve as a platform for uniting forces for genuine partnership in the economy, security, science, education and the preservation of the North's cultural heritage."

This media operation is henceforth repeated every year (in 2011 in Arkhangelsk) in the hope of promoting not an *Arctic Race* between great powers, but a *Polar Saga* of humanity placed, among others, under Russian leadership. The will to turn the Arctic into a brand destined to the international community was reinforced in 2009 by the decision to revive the Russian Society of Geography, itself born in 1845 as part of the imperial drive for geographical expansion and exploration of the country's natural resources, and to turn it into one of the Kremlin's flagships. The Society's mission is not so much to engage in basic research as it is to perform applied research on projects that have been decided upon by the political authorities. It also has become a media platform aimed at Russian and international public opinion to promote knowledge of nature, a kind of Russian version of the U.S. National Geographic Society.

Russia is particularly active on questions of sea and rescue systems. It played a key role in the signing, in May 2011, of the first legally-binding instrument negotiated under the auspices of the Arctic Council on the establishment of a collective sea and rescue system. After several years of upholding a bellicose narrative about the competition between great powers in the Arctic, Russia has preferred to implement solid rationales of international cooperation, including for example around questions of satellite coverage and the usage of space for navigation purposes. This 'Arctic branding' has enabled Moscow to position itself at last as a key actor in the Arctic's future and to raise its international image.

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Globalization and Arctic Strategies indicators of a new significant geopolitical change in the Arctic region

By Lassi Heininen

By the early-21st century, the main themes or trends of the post-Cold War circumpolar geopolitics and international relations were first, an increasing circumpolar cooperation by indigenous peoples' organizations and sub-national governments; second, a region-building with unified states as major actors; and third, a new kind of relationship between the circumpolar North and the outside world. In addition to these trends there are two well-defined discourses, which have oriented the nature of most of the geopolitical discussion at the early-21st century: The mainstream discourse reflects the degree of stability and peacefulness gained by the region. This is a result of the achievement of institutionalized international Arctic cooperation in the post-Cold War era, and the fact that the region is legally and politically divided by the national borders of the Arctic states. On the other hand, there is a second discourse which has challenged this by arguing that there is a 'race' for natural resources, and therefore emerging regional conflicts, based upon the importance of state sovereignty and national interests.

In spite of the latter discourse the reality is, however, that at the moment there is neither a real 'race' on natural resources, nor a series of emerging conflicts, nor any reason for them, in the Arctic region. Instead of 'conflict' in the region we find a few disputes on maritime borders, some asymmetric environmental conflicts and a few outstanding land claims by indigenous peoples. We also find, of course, major challenges for the region, such as combating the impacts of long-range (air and water) pollution, climate change and globalization. Equally important and relevant, however, is recognition of the fact that along with the aforementioned challenges, another significant environmental, geoeconomic and geopolitical change has occurred to the region. There are indication of the large-scale utilization of natural (much energy) resources, the growing importance of energy security, climate change accompanied by physical impacts on the region as well as an interrelated uncertainty, flows of peoples, goods, ideas and capital generated by globalization, and growing global interests toward the region and its resources.

This latest change can be taken as an evidence of continuity, i.e. the spectrum of changing positions of Northern geopolitics in the recent centuries, particularly continuity of the above-mentioned third trend, a new kind of relationship between the Arctic and the outside world. It is, however, important to recognize a couple of new features of this new geopolitical position, the first being that the change is both rapid, global and multi-functional, i.e. geopolitical, environmental, geoeconomic one. This should be taken into consideration and needs a more comprehensive and human approach to security like for example, that although the Arctic region is not the first real victim of climate change – it has already hit with severe impacts to many developing countries in Asia and Africa – it has a serious security dimension there.

Mostly followed from this significant change in the geopolitics and status of the region, and partly due to more economic and domestic reasons, all the eight Arctic states have recently become more interested in their northern parts and aware of the importance of the entire Arctic. Consequently, they have each adopted an Arctic strategy or state policy, and each of them has identified and (re)defined itself as an Arctic or Northern country or state. Indeed, the strategies / state policies of Canada, Finland, Iceland, the Kingdom of Denmark, Sweden and the USA can be seen as reflections of the recent changing conditions in the Arctic region and understood to be responses to the latest significant change in the Arctic environment and geopolitics. Moreover, unlike the other cases, there are other important reasons: The 2006 Norwegian High North Strategy is rather independent and reflects Norway's new position in the High North and new kind of relations with Russia in the North; and the Russian State Policy, is first of all, a pragmatic means for promoting domestic policy.

Furthermore, state sovereignty and national interests are highly reflected in the Arctic strategies and policies of the five littoral states of the Arctic Ocean: Canada, the Kingdom of Denmark, Norway, Russia and the USA emphasize state sovereignty and national security with an aim to strengthen their military defence and border patrolling. These priorities very much reinforce the nationalistic approach to the North now, and here they differ significantly from an approach oriented towards stability and peace based on international cooperation which have been adopted by the rest three Arctic states: Finland, Iceland and Sweden emphasize comprehensive security and international cooperation per se and as means to increase security.

A bit ambivalent, if not controversial, is the fact that all the strategies, except that of Russia, prioritize both economic development, including regional development and infrastructure, and the environment and environmental protection. Finally, in the strategies and policies of each of these states, there is the common feature that a world-wide, global perspective is little discussed and not much acknowledged: only the strategy by the Kingdom of Denmark and that of Finland include this broader perspective.

All in all, the recent significant and multifunctional change in the Arctic is a reason enough for the Arctic states to adopt a national arctic strategy or policy, and it might explain, at least partly, the emphasis on state sovereignty and national security. But somewhat surprising is how little a world-wide, global perspective has recently been incorporated into strategic discourses, particularly since the global perspective or globalization is nothing new in the Arctic. It is a well-known fact that the Arctic states are fully authorized members of the global community and are actively involved in world politics as independent states and as members of the United Nations and its sub-bodies, other intergovernmental organizations as well as economic, political and military organizations. They are also members of several international - both world-wide and regional – organizations and agreements, and one of those is the Antarctic Treaty System, where most of the Arctic states are consultative members, even though they are located at some geographical distance from this Southern continent.

Finally, the Arctic states are actively involved in international trade and the (globalized) world economy.

If the Arctic states really do neither recognize the world-wide, global perspective, nor want to acknowledge its value, they are not capable of evaluating the real situation in the region, and differentiating between challenges and threats. This might create obstacles to maintaining the regional stability they have already achieved, and to deepening peace within the region, or even prevent them from going further and deeper in their successful Arctic cooperation. This would be a pity, since the degree of institutionalized international cooperation already built in the Arctic is a real achievement, and has a value, *per se*, in a current world fraught by political tension, regional armed conflicts, and constant global warfare, as well as experiencing (almost) constant financial, economic and political crises.

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Inside out – the emerging geopolitics of a changing Arctic

By Charles Emmerson

Arctic politics has long been a game of insiders and outsiders – and everything in between. As with frequent flyer clubs, the gradations between different tiers of membership for Arctic insiders can be subtle. Yet the tiers are stoutly defended, and the differences of status they imply are keenly felt. Everyone wants to move up, but those with acquired privileges fear their dilution. Sometimes, the rules seem to change in mid-flight.

In the Arctic Council, the insiders are the Arctic states – Canada, Denmark (Greenland), Finland, Iceland, Norway, Russia, Sweden and the United States – and the so-called permanent participants, the representatives of indigenous populations for whom the Arctic is a homeland, and for whom the Arctic's prospective economic development is a source of potentially acute disruption, but also political influence and wealth.

Even within this core, there are differences. Denmark initiated an ad hoc group of five, the Arctic coastal states, with a separate, more exclusive Arctic meeting in Ilulissat in 2008. There are legitimate issues to discuss within this group, say the Danes, a point re-iterated in Denmark 's recent Arctic strategy. Those left out, understandably, are more skeptical.

Beyond this hard core are a few states with long status as observers at the Arctic Council: Britain and Germany amongst them. Their engagement is sometimes uneven, and their interests are often ill-defined, or secondary to broader thematic foreign policy objectives. Yet they are keen to emphasize their good neighbourliness, and to establish their position.

Earlier this year, in Berlin, while German foreign minister Guido Westerwelle accepted the "natural leadership role" of the Arctic states on Arctic issues, he went on to explain that Germany stood ready to help "wherever we can". Britain, with a hint of diplomatic sophistry, has presented itself as the " Arctic's closest neighbour". Both countries have considerable and much-advertised polar science programmes. More quietly, they have economic and political interests on which the Arctic touches, directly and indirectly.

None of this is nefarious; much is obvious. Germany is a major shipping nation. There is a significant British oil and gas sector. Both Britain and Germany import gas from countries with increasingly important Arctic hinterlands: Russia and Norway.

Beyond the long-standing observers are the ambitious newcomers, and the true outsiders: the European Union, China, Japan, South Korea, even India. Increasingly, the outsiders are looking in. And with that, the Arctic states themselves face a dilemma: should they find a way to let the outsiders into the first circle of membership, thus earning political credit from large states with substantial global economic interests, locking in their support for the Arctic Council and recognizing their legitimate interest in the way the Arctic develops? Or should they close ranks, maintaining current ad hoc observers in permanent suspension?

In Nuuk earlier this year, the Arctic states opted to delay. Instead of directly acceding to more requests for permanent observer status – in which the EU, China, Japan and South Korea had all expressed an interest at different times – the Council established criteria by which to assess their candidacies. This assessment may take two years. A decision was, in effect, put off until 2013.

The European Union, which might have expected to have been nodded through given Sweden and Finland's EU membership and Iceland's EU candidacy, failed. (Denmark is a member of the EU, but not Greenland). Rightly or wrongly, Russia and Canada were viewed as being the most resistant, along with indigeneous peoples – highly influential in Canada – who view Europe's attitude towards seal products as a reflection of a paternalistic, quasi-colonial European idea of the Arctic.

Since Nuuk, some countries have been keen to emphasise their own support for different candidacies. Denmark's foreign minister and the Danish ambassador to Beijing have stated their support for China. The beginning of November found a Greenlandic trade mission doing the rounds of potential Chinese investors.

Perhaps this is a storm in a teacup. As Swedish Foreign Minister Carl Bildt put it, "at the end of the day, members are members and observers are observers". The candidates did not stalk off in a huff. Establishing criteria may be a delay tactic, but it may also be a sensible way of giving the Arctic Council balance between the rights of the sovereign Arctic states, and the interests of potential users.

But, strategically, it risks becoming a sideshow. Whatever the Arctic Council decides, the Arctic is globalising. Chinese and Indian companies have been touted as major potential investors in Arctic hydrocarbons, including in Russia's giant onshore Yamal gas development. Japan has a long-standing interest in Arctic shipping. Kogas, the Korean gas company, characterises last year's investment in a Canadian Arctic gas field – small in itself – as a "foundation to push forward in this promising frontier".

Meanwhile, think-tanks and academics in India and China are beginning to shape a different view of the Arctic. As a recent editorial in the Beijing Review put it: "It is unimaginable that non-Arctic states will remain users of Arctic shipping routes… without playing a role in the decision-making process…an end to the Arctic states' monopoly of Arctic affairs is now imperative".

Of course, the views of a single researcher hardly constitute state policy. No one is suggesting that China is about to storm the Arctic. But, over the longer-term, the challenges are real. The Arctic will have to find a way of accommodating the interests of others. If there isn't a common venue of discussion, the Arctic Council will be by-passed and engagement will be bi-lateral. The Arctic Council, newly endowed with a permanent secretariat, is well-placed to be the hub for managing some of the challenges the Arctic's increasing geopolitical and geo-economic salience will throw up. To do so, however, it will need to be outward looking much more than inward looking. One way or another, the outsiders won't be staying out very long.

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Why does the Arctic matter for the Baltic (and the Baltic States)?

By Alyson JK Bailes

Finland, Sweden and the three Baltic states have some obvious geopolitical features in common. On the one hand, Russia's behaviour and a dependable West/Russia balance are crucial for their security. On the other hand, the Baltic Sea is their only maritime outlet to the world: since Finland lost Petsamo at the end of World War Two, none of them has possessed an Arctic coastline. For Russia itself, by contrast, the frozen North provides its longest sea frontier and arguably the one of greatest long-term strategic importance. The Russians themselves see the Arctic region as the key to their long-term, sustainable and profitable energy production.

Should it be left to the European states that do stretch to the Arctic – Denmark through Greenland, Norway, and Iceland - to handle this aspect of Russian affairs and to steer the emerging Arctic agenda in general? Finland and Sweden apparently disagree. Both have raised their profile in the Arctic Council (AC), the regional organization where they participate with the other Nordics, Russia, Canada and the USA. In 2010 Finland produced its first national 'Arctic strategy', arguing for the EU to take a stronger role in that region i.a. to represent smaller states' interests. Sweden marked its takeover of the AC's two-year Presidency in May 2011 by issuing its own strategy, which supports efforts to strengthen the AC and tackle Arctic pollution, among others.

For these two countries, however, activism on the Arctic is a step-change rather than a new policy. Both have land territories above the Arctic Circle, and have belonged since 1993 to the Barents Euro-Arctic Council which promotes cooperation with Russia in the High North. Their growing focus on Arctic developments does not necessarily tell us whether they see a link with Baltic security as such. So, what might such a link consist of?

To start with 'soft' security factors: the speed of further melting in the Arctic ice will strongly affect the tempo and trend of climate change in all Europe – possibly making Northern parts colder, not warmer, if it weakens the flow of the Gulf Stream. It will open the way for oil, gas and mineral extraction from newly accessible seabeds, for new fisheries and expanded tourism – all of which might draw in other European states as investors, partners and customers. As the flow of oil and gas from the North increases, it could offer chances to diversify for EU members who currently (over-)rely on supplies from the Arab world. But as it will reach Europe from Norwegian and Russian fields, it seems unlikely to change the calculus of energy dependence for Baltic nations who already deal with those suppliers.

Europeans arguably have a more general, ethical responsibility to care for the Arctic's future, considering the Union's ambitions for leadership in climate change policy and its championship of 'effective multilateralism'. It is after all a close neighbour region, and the EU's policy statements so far insist that it should be well governed and protected, with special attention to the natural environment and the rights of indigenous peoples.

Much recent discussion on the Arctic, however, has focused on more lurid scenarios of inter-state competition and conflict. The nations bordering the Arctic have several unresolved demarcation issues, and have made overlapping claims to extend their jurisdiction by sea towards or beyond the North Pole. All, except Iceland, plan to acquire more military assets suited to icy conditions. If the worst should happen and Russia became involved in hostilities - or a bitter political or economic confrontation - over Arctic sovereignty and resources, this would be bad news for Russia's other close neighbours. Moscow has not hesitated to exploit the nearness and exposure of the Baltic States, and also Finland and Poland, when seeking to pressurize these states and/or send signals to Europe and/or NATO as a whole.

In fact, the five Arctic claimants as well as Iceland, Finland and Sweden have pledged themselves openly and often to proceed peacefully. They are committed to respect the UN Law of the Sea Convention (although Washington has yet to ratify it) for settling maritime claims, and to cooperate for 'sustainable' resource development. In the last few years the Arctic Council has also tackled non-military security challenges of common concern, such as shipping safety, emergency response and pollution control. In May 2011 the AC's first legally binding agreement was signed, on cooperation on search and rescue.

Such friendly 'mood music' has not lulled all observers' concerns, partly because the nations concerned are not sending consistent signals. Even Canada can sound fierce over its maritime sovereignty, and has seen fit to block a common NATO policy for connected reasons. However, even if amity does prevail among the leaders of Arctic development, the European family may still face a more subtle challenge. Some Northward shift of strategic attention among all larger powers seems inevitable – France and Germany already take the issue seriously – while at the same time, continued upheavals in the Arab world will demand more activism in the South. Is there a risk that intermediate areas, like the Baltic and perhaps Black Sea, will attract less policy interest and solidarity than their unresolved issues still demand? In the worst case, could Western powers become more reluctant to stand up to Russia over these areas' concerns, for fear of upsetting a fragile but profitable entente over the Arctic bonanza?

Like most dire forecasts for the Arctic, this is surely overstated. But together with the other angles listed above, it does give reason for the Baltic nations to watch developments closely. The EU is a natural forum for them to express their interests and views, and the Union's impact will surely grow as more 'normal' economic activity spreads to Northern waters. If present efforts to coordinate the BEAC's work more closely with the Council of Baltic Sea States succeed, the Baltic States and Poland as members of the latter should gain more insight into the High Northern interface with Russia.

Baltic/Nordic meetings are another obvious channel for discussion, and those between the Nordic/Baltic eight and the USA might be most suitable of all for keeping Arctic policies under review. The USA, an Arctic power itself through Alaska, has adopted a rather moderate Arctic strategy resembling the EU's on governance and environmental issues. But the same document underlines Washington's determination to defend its legitimate security interests and principles where necessary: and hopefully that would extend to preserving stability in the Baltic sphere as well.

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International cooperation in the Arctic – 20 year anniversary

By Alf Håkon Hoel

The end of the cold war brought increased possibilities for international cooperation in the Arctic. The eight Arctic countries - Canada, Denmark (for the Faroes and Greenland) Finland, Iceland, Norway, the Russian Federation, Sweden and USA - adopted the Arctic Environmental Protection Strategy (AEPS) in 1991. The purpose of the AEPS was to strengthen the circumpolar cooperation on protection of the Arctic environment, among other things through the establishment of programs to monitor the status of the environment.

On the basis of the AEPS, the Arctic Council was established by the same eight countries in 1996.

The Arctic Council

With the establishment of the Arctic Council, more structure was imposed on the cooperation. A working group on sustainable use was added, changing the profile of the cooperation from environmental protection to also include sustainable use of the Arctic environment and the resources there.

The substance of the work in the Arctic Council is carried out in its six working groups. In addition to sustainable use, there are working groups on monitoring and assessment of the Arctic environment, on conservation of flora and fauna, protection of the marine environment, and on emergency preparednesss and prevention.

Assessments

The working groups have performed a number of major assessments of various aspects of the Arctic environment and its use. The Arctic Climate Impact Assessment was a major effort to understand the impacts of climate change in the region. An oil and gas assessment has studied the situation in the region with regard to petroleum development and consequences of that. And a recent Arctic Marine Shipping Assessment has given us an overview of current shipping activities and likely future developments. Also the status of various forms of pollution has been subject to assessments.

The performance of these assessments has been important to improve our knowledge about the status of various aspects of the Arctic environment and their use for various purposes. This has perhaps been the most important outcome of the work under the Arctic Council thus far: we now know much more about the Arctic than we used to do.

Another important dimension of the cooperation is that it contributes to the development of mutual understanding of challenges relating to for example climate change and marine shipping in the Arctic. Such common understanding is a precondition for actual action to respond to such challenges. At the 2011 ministerial meeting in Nuuk, the ministers signed a treaty relating to search and rescue operation in Arctic waters. The initiative and understanding of the need for such a treaty was established through the Arctic Marine Shipping Assessment, which involved researchers and stakeholders from all Arctic countries. In the same vein, the 2011 ministerial initiated work on an Arctic oil spill agreement, which will draw on findings from the Oil and Gas Assessment.

The Arctic has become larger

Traditionally, the Arctic has been conceived of as a region with perennial permafrost and ice-covered waters. In the work of the Arctic Council, a wider understanding of what the Arctic region is has been employed, including areas well south of 60 degrees North (the latitude of Stockholm and Hesinki) in the North Pacific and the Faroe Islands in the North Atlantic. Iceland, for example, has almost its entire land territory to the south of the Arctic Circle. This larger Arctic area is about 30 million km2, or almost three times the size of Europe.

The consequence of using such a wide definition is that the Arctic becomes much more interesting in economic terms: the ice-free waters of the North Pacific and the North Atlantic are rich in natural resources. While most of the Central Arctic Ocean is ice-covered most of the year, the adjacent seas such as the Bering Sea, the waters around Iceland, the Northwest Atlantic and the Barents Sea are rich in living marine resources. Some of these seas are also important regions for petroleum development, now as well as in the future.

An international agenda

The international attention to and interest in the Arctic has increased substantially over the last few years. The spectacular reductions in sea ice cover and mass, the loss of ice from the Greenland ice-cap and the consequences for marine life and people are major drivers behind this development. Just as important are the prospects of petroleum resources in particular - the region is assumed to harbor some 30 per cent of the word´s undiscovered gas reserves and about 13 per cent of the undiscovered oil. High petroleum prices over time serves to boost the interest in the Arctic as a petroleum province.

Therefore, not only the Arctic countries are looking northwards. The increasing interest in the Arctic is a global phenomenon, whith China, India, South Korea and others increasing their activities in the high north.

On this backdrop, the Arctic Council has become a much more important international arena than a few years ago. An important question is whether the current format of the cooperation is well adapted to a changing Arctic where more countries are stating an interest in participating in cooperation in science, economic activities, and cultural exchange. The 2011 ministerial took several important steps to respond to the changing circumstances. A new set of guidelines for observers was adopted, opening up for the admission of additional observer countries and other entities at the next ministerial meeting in 2013. Also, it was decided to establish a permanent secretariat in Tromsø from 2013, onwards, when Canada assumes the chairmanship from the current chair, Sweden. Also, the adoption of the search and rescue agreement as well as the initiation of negotiations of a new agreement on oil spill prevention can be seen as a response by the Arctic countries to a changing situation in the high north. Also, a new, comprehensive assessment - “the Arctic Change Assessment - addressing the changes in the region in a comprehensive manner, is in the works.

The significance of the Arctic Environmental Protection Strategy

In the course of the twenty years since the adoption of the AEPS, we have seen significant leaps in our knowledge about a number of aspects of the region. Also, the knowledge is developed and communicated in an Arctic perspective, which can yield other insights than for example a national one. The second major development is the comprehensive framework for cooperation in the Arctic through the Arctic Council and its working groups. This framework has evolved over time and appears to be rising to the occasions.

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What future for Barents cooperation?

By Regis Rouge-Oikarinen

The history of cross-border cooperation (CBC) in the contemporary Barents Region (BR) covers a time span of at least 400 years and might be roughly included into three distinct stages. The time before the First World War was predominately characterized by informal bartering like the so called Pomor trade between Northwest Russia and Northern Norway or wares peddling run by roving traders between the White Sea and the Gulf of Bothnia. During this period borders were almost porous and easy to cross particularly from the technical and bureaucratic point of view. Socioeconomic and cultural interaction occurred mainly among local communities of the BR and was founded on their basic needs and common problems.

The period of the "three wars", First and Second World War and Cold War, hampered substantially mobility and interplay among and within individuals of the entire Arctic Area. Moreover, the BR was first of all for geopolitical reasons converted into a heavily militarized zone and eventually became a place of confrontation between two competing ideologies, where the binary division between the East and the West was palpable. In this wartime stage the opportunities for CBC both at formal and informal level were virtually non-existent and only a formal trade between Finland and the Soviet Union was allowed. The BR was more than ever before divided by clearly defined, symbolised and sanctioned national boundaries and ultimately evolved into a peripheral and marginal area of Europe.

Mikhail Gorbachev's speech, held in autumn 1987 in Murmansk, marked the beginning of the current peaceful governmental and state-sponsored Arctic cooperation. Since then, the BR, in particular due to its richness in natural resources, has been increasingly incorporated into the flows and networks of the global economy. At the outset, this interstate cooperation between the eight Arctic countries was chiefly focused on environmental issues and soft security problems. However during the last three decades, it has been deepened and widened through several transnational, i.e. involving at least two countries, initiatives and actions (see table) to encompass a large range of socioeconomic sectors and activities and finally to foster sustainable development in the Region. Notwithstanding the current peaceful and prosperous period full of opportunities and new scopes for action, the BR has neither been denationalized or better regionalized nor considerably demilitarized yet. Informal cooperation is still negligible and the formal cooperation is basically ruled, decided and negotiated at national level between the nation-states, which are therefore still to be considered as the basic organizer for cross-border activities also in the circumpolar area.

Table: Transnational cross-border initiatives in the Barents Euro-Arctic Region.

Purpose \ Level	Supranational	Between nation-states	Between regional bodies	Between local communities
Financial support	EBRD; IMF;	Bilateral CBC N-RUS & FIN-RUS; NEFCO; NIB;	EU's ENPI & Interreg;	Euro-Russia/ EU's ENPI & Interreg;
Advisory support		BEAC;	Euregio-Karelia;	
Roundtable		AC; NORDEN;CBSS; BEAC;	Euregio-Karelia; BRC;	
Policy instrument	EU & ND;	BEAR;	BRC;	Visa-free regime (Sør Varanger-Pechenga)

The table above shows the formal and transnational CBC promoting initiatives, instruments and actions, which are also or exclusively implemented over the territory covered by the Barents Euro-Arctic Region (BEAR). These initiatives are presented according to their primary purpose and operational level.

At the supranational level the money lent to Russia by the International Monetary Fund (IMF), especially during the 90's, helped to improve, albeit indirectly, the overall prerequisites for CBC. The European Bank for Reconstruction and Development (EBRD) is still investing in projects whose aim to modernize and diversify the real economy in the Russian part of the BR. The Northern Dimension (ND) of the European Union (EU) is still a potential, rather than effective, common supranational policy tool for bringing different initiatives together.

Nowadays a more concrete cooperation is promoted at the national level and between the Nordic countries. Finland and Norway have their own bilateral cooperation with Russia, while the Nordic Investment Bank (NIB) and the Nordic Environment Finance Cooperation (NEFCO) are supporting environmental and energy proposals. Nation-states are also very active in deliberating about the challenges of the North and advising the CBC through different cooperation forums like the Barents Euro-Arctic Council (BEAC) with its several working groups, the Arctic Council (AC), the Nordic Council of Ministers (NORDEN), and the Council of the Baltic Sea States (CBSS). In turn, the BEAR has proved so far to be more an intergovernmental than an interregional cooperation platform.

The CBC promoted by the EU with the ENPI and Interreg programs is unquestionably the major funding mechanism in the BR. Most of the above-mentioned policy tools and cooperation forums rely on those EU's funds and

project activities. Even though these CBC programs are at the moment still administrated and promoted by regional or cross-border regional (EuregioKarelia) bodies; their content is generally decided by national joint task forces and planned in accordance with national and international priorities. The Barents Regional Council (BRC) is taking its first steps as a regional cross-border forum. So far BRC has been suffering from a lack of credibility and for instance Russian regional governors didn't show up during the last meeting held in Kiruna on October 11th.

The "Euro-Russia" initiative is a local project of EU's ND that aims to cluster cross-border business activities into six industrial parks, most of them still under construction, located along the Finnish-Russian border. This year another remarkable political action to activate the interplay among local communities has been the establishment of a visa-free zone between the municipalities of Sør-Varanger and Pechenga.

These local and regional initiatives are as such important but altogether perhaps too little in comparison with the amount of unexploited and yet underdeveloped opportunities for CBC that the BR has to offer to its population. For instance, there are concrete and advantageous possibilities in developing synergetic relationships and liaisons within the companies of the mining, tourism, transport & logistical industries operating in the BR. Also the promotion and encouragement of the so called creative industries could provide a chance for wide-ranging and versatile CBC at grass roots level. In order to do that, much more dialogue, e.g. through roundtable discussions and seminars, between the regional and local authorities, entrepreneurs and institutions of higher education of the BR is needed.

Despite their ambitious and good intentions these transnational and formal initiatives have hitherto been unsuccessful precisely, in my opinion and maybe except for the Euregio Karelia, in stimulating transnational action and spurring interaction among internal cross-border actors of the BR. Furthermore and at the present moment between regional and local partners of the Barents euro-arctic cooperation, there haven't been serious efforts to build a common strategy, like nation-states have for instance for the Arctic region, for enhancing, business and social networking, competitiveness and, ultimately, employment and welfare in the BR. Every region of the BEAC is, in general, following its respective national development policy. All this is most likely due to the top-down national nature, like described here, of the CBC initiatives operating in the region and secondly for geographical reasons. The wide territory of the BEAR is in fact impairing the capability to operate regionally in a functional and sensible way. Finally, there is also a political reason. Nobody seems really prepared and eager to shift power and competencies in favor of the Barents regional level. On the contrary, nation-states are again reinforcing their own position in the Arctic area.

Therefore nowadays, I see at least two scenarios facing the future of the Barents cooperation. In the first more likely one, the transnational cross-border initiatives in the BR will remain a technical tool for the practical implementation of the interstate cooperation, and if so, the BEAR will rather remain a political than develop itself into an economic or social entity. In the second more favourable one, through a strong regionalized CBC partners and local communities of the BR will be able to rediscover a common space for exchange, like in the "pre-war" time, and if so, to develop genuine relationships and spark a modern informal and diversified trade.

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New optimism in the Barents Sea

By Kristine Offerdal

On 15 September 2010, Norway and Russia signed the Treaty concerning Maritime Delimitation and Cooperation in the Barents Sea and the Arctic Ocean. With the ratification process completed in the spring of 2011 and the Treaty's entering into force on 7 July, new opportunities arise for the further utilisation of the vast sea areas off the coast of Northern Norway and North-eastern Russia. The two areas most directly concerned are fisheries and the petroleum industry. In the field of fishery management, the agreement presents less of a dramatic departure, since the two countries will continue the close and highly successful cooperation that took its beginning in the midst of the Cold War. As regards petroleum resources, the situation is different. The agreement allows both Norway and Russia to open new and promising areas of for exploration and possible future exploitation. This short article will look into some of the new perspectives opened by the Norwegian-Russian agreement.

Up until now, most of the oil and gas production on the Norwegian continental shelf has taken place in the North Sea. However, despite the recent finding of the large oil field Avaldsnes/Aldous by Statoil, the region is mature, and production has been declining since the mid-2000s. Production from the Norwegian Sea has grown during the past decade and contributed to uphold Norway's position as a significant supplier of oil and gas to international markets. However, for Norway to retain this position in the longer term, significant production most likely has to come on-stream from new areas even further north, in the Barents Sea.

Until the early 1980s Norwegian authorities were reluctant to develop the Barents Sea region due to the proximity to Russia and the strategic military importance of the area during the Cold War. In the early 1980s, some licenses were awarded, but exploration results were poor, and international companies lost interest. The Barents Sea as a new petroleum province has since moved in and out of the Norwegian political debate. The region is poorly explored compared to the North Sea. Accordingly, it is in the Barents Sea that the potential to make huge findings is greatest. However, conditions such as the international oil market and large findings further south in the more established regions of the Norwegian continental shelf, in combination with poor exploration results and environmental concerns, have time and again put large scale development in the Barents Sea on hold.[1] Recent events seem to have changed this impression into a revived optimism for the region.

The Norwegian-Russian Treaty was crucial for the optimism to return. The reason is that the previously disputed areas in the Barents Sea are believed to hold vast amounts of petroleum resources, particularly gas. With the disappointing exploration results in the western parts of the Barents Sea, Norwegian authorities and the industry are eager to move into the previously disputed area. In fact, Norway started seismic surveys in the area the day after the ratification of the Treaty. Surveys are expected to be concluded in fall 2013, which means that exploration drilling can start in 2014. Russia is also looking to move into the previously disputed area and has announced that seismic surveys will start in 2012. In order to develop its offshore fields, the country depends on foreign investments and technology. Russia is also expected to present a tax break package for companies developing the shelf by the end of the year.

The impression of concrete developments after many years of limited activity is supported by the expectation, by the end of the year, of an investment decision on the giant Shtokman gas field in the Russian part of the Barents Sea. Statoil representatives have earlier pointed to the need for tax benefits. When these now are in the pipeline, an investment decision finally seems likely. Whether it will be positive or negative of course remains to be seen.

In addition to all the above, optimism about the region has also been fuelled by new discoveries further west in the Barents Sea. In 2011 two promising gas fields were discovered, Skrugard and Norvarg. Statoil has described the Skrugard finding as a breakthrough in the Barents Sea and one of the most important events on the Norwegian continental shelf during the past decade.[2]

Accordingly, political developments and new findings have moved the Barents Sea region one step further on the road to becoming Europe's new energy basin. The future of the region now seems to depend on how oil and gas companies assess factors like political framework conditions, international markets, the likelihood of making large findings and how challenging it will be to bring the resources from the far north to the markets given the lack of infrastructure. With regard to the latter, the Norwegian foreign minister Jonas Gahr Støre earlier this fall pointed to the idea of extending the existing pipeline network in the south along the Norwegian coast to connect to new fields in the north.

The question is what should come first – infrastructure or discoveries of fields. Exploration drilling or development of fields will not take place if there is no way of getting the resources to the markets (whether as LNG or by pipelines). On the other hand, it is traditionally the companies that have invested in infrastructure on the Norwegian shelf. It would break with established policy if Norwegian authorities would finance big infrastructure projects based on the expectation that large findings will be made in the region. Infrastructure development has followed a specific pattern over the decades of production on the Norwegian shelf, and it will take heavy political investments if the authorities are to change this practice.

Hence, with new political framework conditions in place it now seems to be up to the companies to move developments further. The situation may be slightly different with regard to the Russian side, where political framework conditions may be less predictable. However, the announced tax benefits for offshore development has increased the optimism also with regard to developments on the Russia side. In sum, there are still uncertainties linked to the future of the Barents Sea as a petroleum

[1] So far it is only the gas field Snow White, discovered in 1984 by Statoil, that has been developed. Up until this year only one other discovery in the Norwegian part of the Barents Sea was found to be commercially viable, the Goliat oil field, discovered by Agip in 2000.

[2] (Barentsobserver.com 2011)

province, but optimism and the prospects for development seem greater today than ever before.

The Arctic has been awarded substantial attention in latter years, notably in terms of often-exaggerated coverage of the potential for conflict over rich resources in disputed areas. By almost any standard, the most complicated issue was the likely petroleum (and fish) rich disputed area between Russia and Norway in the Barents Sea. Its resolution, and the benefits this clearly brings both parts, not only serves as the best example of how cooperation rather than conflict characterizes Arctic affairs today, but also serves as an example for the remaining, similar unresolved question – that between the US and Canada in the Beaufort Sea.

Barentsobserver.com (2011) "Finally large Barents oil discovery", URL: http://barentsobserver.custompublish.com/finally-large-barents-oil-discovery.4905101-16149.html (accessed 11 November 2011).

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Complex estimation of socio-economic development of municipalities of Murmansk Region

By Tatiana Petrovna Skufina and Sergey Vladimirovich Baranov

Abstract
The paper considers some aspects related to forming the complex estimations of socio-economic development levels of municipalities of Murmansk Region. It is provided with some appropriate methods and obtained complex estimations. Discussion of the results is heavily emphasized. It is concluded an inadmissibility of deducing problems of Murmansk Region municipalities placed above the Polar Circle to the problems of municipalities which are in Arctic zone only.

Introduction
The problems of development the Arctic territories became a very discussable issue in recent years. It is discussed by public authorities, mass media and in many scientific studies in Russia. This is an actual issue because the population rate in these territories is very low. It is impossible to examine these problems without taking an account the development of polar municipal formations of the whole region, in our case is Murmansk region. This is defined by two factors. First, the problems of Arctic settlements arise not just because of "Arctic" specification but mostly because of the results of modern governance related to Russian North. Second, governing only the Arctic territories is impossible. Administration and regional politics suppose the inevitability of examination of any object from the point of view of its internal differences as well as external special relations. In this paper we present some results of complex estimations of the development of Murmansk region obtained by means of principal component analysis (PCA) main Gini coefficient.

Indicators of the research
Complex estimation of municipalities of Murmansk region includes social, economic, ecological, and infrastructural components of development. The indicators are: 1) the total housing area per person; 2) natality and natural loss of population per 1000 people; 3) population loss due to immigration per 1000 people; 4) official number of unemployed who are capable to work; 5) average monthly nominal wage without subjects of small enterprise; 6) investments to the fixed assets per capita; 7) quantity of doctors of all professions by the end of the year per 10000 people; 8) the number of beds in the 24 hours hospitals by the end of the year per 10000 people; 9) the number of registered crimes per 10000 people; 10) emission of contaminant to the atmosphere in thousands of ton; 11) dumping of polluted wastewater without cleaning, in millions of cubic meters; 12) turnover of retail trade, 1000 rubles per person; 13) volume of payable services for citizens, 1000 rubles per person. The weights of the indicators were taken equally.

Estimation based on the PCA (table 1)
This method is giving out the opportunity to characterize the measure of differences between the subjects by the set of indicators [1].

The best positions: Murmansk (administrative center), Apatity (scientific and art center of Murmansk region), Kirovsk (the place of extraction and remaking apatite and nepheline minerals).

Table 1. Complex estimation of socio-economic development of Murmansk region municipalities by PCA

	Year				
Municipality	**2005**	**2006**	**2007**	**2008**	**2009**
Murmansk	5,07	5,27	5,28	5,34	5,38
Apatity	3,32	3,13	3,12	3,48	3,49
Kirovsk	3,94	3,68	3,50	2,79	2,74
Monchegorsk	1,54	1,18	-1,40	1,30	1,69
Olenegorsk	-2,18	-1,66	-2,19	-1,54	-1,77
Polar Zori	2,62	2,61	2,54	2,61	2,91
Kovdor	-1,89	-1,70	-2,13	-2,75	-2,31
Kandalaksha	-1,57	-1,29	-2,06	-2,84	-2,28
Kolskiy	-2,02	-2,43	-2,18	-2,63	-2,26
Lovozero	-3,15	-3,02	-2,59	-2,62	-2,71
Pechenga	-3,30	-3,31	-3,69	-3,50	-3,41
Terskiy	-5,26	-5,65	-5,25	-4,80	-4,91

The worst positions demonstrate: Terskiy (the place of tourism development, national park of the North, the keeper of antiquity – countryside Varzuga), Pechenga (the place of extraction and remaking of cupronickel mineral, facing stone – pyroxenite, there are working 5 hydroelectric power plants), Lovozero (the main place of aboriginal population-Sami in Russia, the most biggest raw materials base of rare and rare-earth elements in Murmansk region, prospective place for the developing of truism).

Gini coefficient of the municipalities development indicators. Gini coefficient is varying between 0 (0%) (absolute equality) and 1 (100%) (absolute inequality).

Table 2. Gini coefficient by the indicators of complex estimations of Murmansk region.

Indicators	**2005**	**2006**	**2007**	**2008**	**2009**
Emission of contaminant to the atmosphere in thousands of ton	0.60	0.62	0.61	0.61	0.62
The number of registered crimes per 10000 people	0.21	0.20	0.20	0.18	0.13
Quantity of doctors of all professions by the end of the year per 10000 people	0.23	0.23	0.22	0.20	0.21
The number of beds in the 24 hours hospitals by the end of the year per 10000 people	0.12	0.12	0.11	0.13	0.13
The total housing per capita	0.05	0.05	0.06	0.06	0.06
Investments to the fixed assets per capita	0.52	0.43	0.38	0.34	0.48
Population loss due to immigration per 1000 people	0.27	0.21	0.21	0.21	0.35
Natality and natural loss of population per 1000 people	0.19	0.19	0.32	0.23	0.31
Average monthly nominal wage without subjects of small enterprise	0.11	0.12	0.13	0.12	0.12
Volume of payable services for citizens, 1,000 rubles per person.	0.22	0.21	0.20	0.20	0.20
Turnover of retail trade, 1000 rubles per person	0.14	0.14	0.13	0.14	0.20
The official number of unemployed who are capable to work	0.03	0.02	0.02	0.02	0.02
Dumping of polluted wastewater without cleaning, in millions of cubic meters	0.60	0.56	0.60	0.59	0.59

The results (table 2) show that ecological indicators and investment into the fixed assets per capita demonstrate the highest differentiation. The positive feature is that there is no significant differentiation of the average wages and the number of officially unemployed who are capable to work. This fact proves the effectiveness of regional authorities

which is working toward reduction of unemployment in problem municipalities.

Variation of turnover of retail trade per capita – 14-20%, the volume of charged services per capita – 20-22%. This is a standard rate for any region of Russia.

The social characteristic, the total housing area capita, demonstrates the minimal differentiation which can be explained by USSR inheritance. Loss of USSR inheritance is characterized by the variations of the medical care standards.

Variation of registered crimes per capita is 13-21%. Leaders of the criminal statistics are Apatity, Murmansk, and Monchegorsk.

Differentiation in the changes of population due to migration per 1000 people is significant. Especially active people loss due to population shift is in Kovdor, Terskiy, Lovozero, and Pechenga municipalities. The population drift away from the municipalities is typical not only for Murmask region but also for the others Nothern areas of Russia

The clearest indicator of problem of a region is differentiation by natality and natural loss. Dramatic diminishing of population in every 1000 people is n Terskiy and Kandalaksha municipalities.

Conclusion

It is inadmissible to diminish the problems of municipal formations of Murmansk region, located above the polar circle, to the problems of municipalities which are located in the Arctic zone. Polar Circle is an everyday reality for the population of this region, which defines people health, life interval, and peculiarity of economics. It is impossible to give up this reality. It is inevitable to solve arising problems of socio-economic development of municipal formations of Murmansk region. The solution is to return to the principles of protectionism and compensations. On regional level is to activate program methods of regulation of the most problem territories that most needed the improvement. The attitude toward the solutions of the problems of population in the Arctic zone is a typical example of an effort to diminish the problems of the North regions and polar territories.

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Climate change and the emergence of a new Arctic region

By Frank Sejersen

The Arctic takes up a critical position in discussions about climate change and it is used as the physical manifestation of rapid transformations that have global impact. Accelerating temperatures in the North not only melt sea ice and the Greenlandic ice cap with rising sea levels as a result but contribute to even higher global temperatures through the absorption of heat in the ice free sea and the melting of permafrost which releases the dangerous greenhouse gas methane. For Arctic peoples and inhabitants, the challenges are enormous and many societies are struggling with shifts in ecological zones, changes in species diversity and distribution, thawing permafrost undermining infrastructure, and coastal erosion leading to relocation of communities to mention but a few examples. The cultural and economic impacts are expected to be far-reaching and large scale. In fact, northern societies face a situation where the concept of *adaptation* may be far too vague to use as a political guiding tool for action; rather climate change will imply a total *transformation* of society. While most of the literature on climate change in the Arctic either focus on the devastating impacts of melting ice or the incredible opportunities for oil, gas and mining emerging in a setting with less ice little attention has been put on the recent political developments in the North; developments that may not only inspire but also influence other regions of the world. The complex political landscape are often hidden in the cartographical representations of the Circumpolar North, where future claims for the North pole are mapped out in a way that makes states stand out as the primary political agents. Such a representation stimulates a traditional geopolitical understanding of state confrontation and sovereignty struggles over land/sea with potential losers and winners. This view has especially been expressed by the media as the 'scramble' for the seabed or the 'great game' of international power politics as nations 'race' and 'rush' to extract an abundance of newly available resources. However, such a perspective deforms an understanding of contemporary political processes and potentials in the North. As formulated by Oran Young, renowned specialist in governance and environmental institutions: "The overall picture of transnational cooperation in the Arctic is complex; it features a mosaic of issue-specific arrangements rather than a single comprehensive and integrated regime covering an array of issues that constitute the region's policy agenda". While the five Arctic Ocean littoral states – Russia, Canada, Denmark, Norway, and the US - clearly are endowed with enormous power and responsibilities as stipulated in international law we can observe a political hybrid scene characterized by cooperation, dialogue, devolution and transnational integration. Furthermore, scientific research has taken up a significant position in the political discourse. This constant evolving political landscape in the Arctic may – despite conflicts and problems - be the decisive key to deal successfully with the challenges of climate change. In fact, the institutional and political level is too often overlooked when discussing 'adaptation to climate change'. Political changes may be as important as technological, cultural and social changes.

In the Arctic, a new *region of cooperation* is emerging where a number of new agents and interrelationships appear on the political scene and take responsibility at different scales. Indigenous peoples have increasingly been successful in having their political and land rights strengthen and as late as in 2009, Greenland achieved self-rule and the rights to the non-renewable resources. In 2011, the relationship between Denmark, Greenland and the Faroe Islands entered a new period of cooperation where they - as *one* Kingdom - co-formulated a common Arctic Strategy (2011). According to the International Law of the Sea, claims made by Arctic states in the Arctic Ocean have to be scientifically based. This work is actually pursued in cooperation where Canada and Denmark, for example, coordinate data collection, and where the Danish scientific expedition to investigate the Lomonosov Ridge off Greenland was reliant upon the help of a Russian icebreaker. More and more coordination of Search and Rescue operations are being developed between countries and in this light increased presence of military personnel cannot be seen as an act of traditional rearmament echoing the cold war militarization in the Arctic. Indigenous peoples, having gained more political rights, establish relations to new large scale industries and through elaborate agreements secure that their communities benefit from the development activities. In the Arctic Council, an intergovernmental forum established in 1996, which could be termed the pivot point of Arctic cooperation, NGOs and non-Arctic states are granted the possibility to participate as observers. This inclusive political strategy allows other stakeholders to play a role in the development of activities in and visions for the Circumpolar North. One could argue that this region of cooperation was evoked by Gorbatjov in his 1987 Murmansk speech where he attached special importance to the cooperation of the northern countries in environmental protection and demilitarization in order to create "a pole of peace", as he termed it, based on multilateral and bilateral agreements and corporation. He also suggested to "…extend joint measures for protecting the marine environment of the Baltic…to the entire oceanic and sea surface of the globe's North". A few years later, in 1991, an ambitious, yet non-legally binding, environmental protection strategy for the Arctic was established – an initiative which paved the road to the creation of the formalized political cooperation in the Arctic Council, five years later.

The North is not necessarily to be imagined as a 'region of climate disaster', 'a region of national confrontation' or a 'region of resource extraction' as often framed by the media. It can also be seen as a 'region of cooperation' where the handling of future climate related challenges and opportunities depends on an evolving and active development of political cooperation which is to constitute the framework within which ideas, priorities and visions for future societal transformations are to be negotiated and put into action.

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Arctic strategies – from an indigenous perspective

By Erik Gant

So I will put down a few words about the social impacts of industrial development in the Arctic, try to connect with local, regional, and global perspectives, do a bit of story-telling, concerning mainly my own background and context, which is to say the Kingdom of Denmark, the Arctic part of which is Greenland, and the Arctic Council. Also, the below will concern the most important driver of social impacts and industrial development in the Arctic, namely the extraction of non-renewable resources, first and foremost oil and gas.

On a press conference held on Wednesday 11 May this year, the Inuit Circumpolar Conference (ICC) issued a Declaration on Resource development. The event took place in the Katuaq Cultural Center in Nuuk, Greenland, where negotiations among the 8 state members of the Arctic Council (US, Canada, Russia, Denmark, Iceland, Norway, Sweden, and Finland) had just been completed, and where on the following day the 8 Ministers would meet to sign the Nuuk Declaration.

As for the Inuit declaration, leaders from all over the traditional lands of the Inuit took part in the presentation and signing of it. The message of the declaration is to basically support resource extraction as long as it follows ethical standards, respects sustainability principles, and benefits Inuit communities and culture.

The declaration is the pure product of a time when the search for hydrocarbons is being intensified in the waters off practically every piece of Arctic territory – Greenland, Canada, Alaska, Chukotka, Siberia, as well as the sea off northern Norway and northwest Russia. According to the US Geological Survey, 400 oil and gas deposits have been identified on Arctic territories, representing about 10 percent of the worlds known hydrocarbon reserves. Yet, experts estimate that more than double that amount of oil and gas still lies undetected in the Arctic, most of it in the ocean.

It sounds like a lot, and it *is* a lot, yet, at the same time, we are speaking only of a limited amount of reserves. The world's growing demand for oil and gas means that the Arctic known and estimated oil reserves represent only about four years of global consumption whereas gas reserves will last a little longer.

Shifting back to the local perspectives: in Greenland, what the Inuit organization is supporting is not only the local Government that looks to oil and gas revenues as a means to develop and secure the welfare of Greenlandic society in the future. Its position is also very much in line with the national policy of Denmark as outlined in the new Danish Arctic Strategy for the 2011-2020 period that was released in August this year.

Denmark, the strategic document informs, has already submitted the needed documentation for laying claim on two extended continental shelf areas by the Faroe Islands, whereas, the strategy document announces, three areas – one of which covers the North Pole - off the coast of Greenland will be claimed by 2014.

At the same time, the Strategy document emphasizes that all claims will be made in full compliance with international law, and that the Kingdom will work for peaceful cooperation and resolution of conflicts over extended continental shelves.

The Danish Strategy goes over the issues of exploitation of non-renewable as well as renewable resources in similarly balanced way. On the one hand, the text is adamantly defending the rights of Arctic residents to economic development based on extraction or harvest of natural resources. On the other, it stresses that all developments must be environmentally sustainable and live up to the highest international security standards.

Of course, industrial resource development contrasts with the issue of natural resource harvest based on traditional subsistence use and the whole question of indigenous peoples' stewardship of their ancestral lands. Traditional hunting of sea mammals is exempted from international regulations, but it has nonetheless been heavily impacted by pressure from outside interests groups. In this respect, in the perspective of the Inuit, the European Union with its ban on sealskin products has come to represent the main obstacle to maintaining traditional Inuit livelihoods.

Denmark, sovereign defender of the rights of its Inuit citizens and their culture, and at the same time a member of the EU, is walking a fine line here. According to the Danish strategy, it is vitally important that EU's involvement in the Arctic takes place on the Arctic populations' own terms: "We must seek to avoid further cases where the laws, traditions, cultures and needs of the Arctic societies are neglected, as for example in the EU's ban on the import of seal products." That's on the one hand.

On the other, the text strongly urges cooperative relations between the EU and each part of the Danish realm. It is also emphatic about EU being a legitimate Arctic stakeholder that deserves to be granted Observer status in the Arctic Council. And the same goes for the other powerful applicants for Observer status such as China. The position of Denmark is that, in order for the Arctic Council to pursue its role as *the* most important forum for Arctic issues, it must accommodate all applications and let everyone take part in its deliberations.

Let me return to the August event of the presentation of the new Danish strategy for the Arctic. On that occasion, the then Danish Foreign Minister Ms. Lene Espersen (member of the center-right cabinet that has in the meantime been replaced by a center-left one) was presented with a question from someone in the audience about enhancing the role of indigenous peoples within the Arctic Council by granting them the right, not only to full consultation as they have now in capacity of their being Permanent Participants, but also to vote in the Council. Ms. Jespersen responded that all Arctic peoples live and get to vote in democracies and get to influence decisions in that way.

Significantly, you will not hear the Permanent Participants themselves demand voting rights alongside countries within the Arctic Council. They have engaged themselves deeply in the ongoing efforts to strengthen the Arctic Council and have it, in a manner of speaking, step up into the real world. The Arctic indigenous peoples have always been part of the real world and well aware of its challenges and opportunities. They are well aware, that is, that they need to deal with those challenges and opportunities using the whole range of means available, from the environmentalist approach associated with their traditional role as land and water stewards to the right-based approaches of the marginalized and dispossessed.

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Arctic indigenous peoples and innovations

By Liisa Holmberg

Living in the Arctic area gives many opportunities to make unique art and design. Arctic indigenous peoples cross-border cooperation is essential when the creativity and innovation wanted to be increased. Such cooperation focuses on how to create new innovations, products and services by combining the traditional knowledge, skills, livelihoods, craft and culture of indigenous peoples with modern technology, design and media.

In the field of Sámi craft, an example of this would be our Arctic Design concept under which we combine traditional handicraft with modern design. At the Sámi Education Institute, we teach traditional Sámi craft in many forms. We provide training both in hard materials – that is, in making knives, wooden cups and horn and silver jewellery – and in soft materials – for example traditional sewing, weaving (with the reed-like loom of the Sámi), knotting the scarf fringe, and sewing reindeer fur boots and reindeer leather products. In addition to this, we also want to motivate our students to mix traditional pieces of craft and craft materials in a fresh and innovative way with new materials, so that we get new design products. Believing in themselves, some of our students have participated in design competitions and done well in them. For example, a collection of pendants and earrings in which traditional Sámi design was mixed with silver and birch root won recently a national design competition in Finland.

Another example is our intention to develop reindeer skin processing so that it would be more profitable for craftspeople to make products from reindeer leather. With modern technology, it is possible to dress reindeer skins and turn them into leather quickly and in an ecologically sustainable way. This enables us to prepare, for example, larger numbers of reindeer leather products, such as bags, clothes and garments, which will combine traditional craft with today's design. In recent years, our school has greatly invested in the planning of products made from reindeer leather. We have had several international workshops together with handcrafters from Kola peninsula, Nenets, Taimyr and Saha-Yakutia. In this way, we have wanted to find fresh ideas about how to use Arctic raw materials, such as reindeer skins, bones and antlers, in a new way.

The cinema and media products are another art form in which the indigenous peoples of the Arctic can pull together both in the sphere of film education and film distribution and marketing. At the Sámi Education Institute, we have provided training for Sámi professionals in media as long as from 1998 on. For young Sámi, training in media gives an opportunity to be active and live in their home villages but still work internationally. Films and the media industry provide them with work and income. In addition to this, media art can easily be combined with traditional sources of livelihood, such as reindeer herding. In the Sámi area, there are already a few extremely talented photographers who are also reindeer herders. Young women, too, have become interested in the possibilities provided by the cinema and music.

Skábmagovat, an indigenous film festival that is held annually in Inari, provides Sámi and indigenous filmmakers with an international forum for showing, distributing and promoting their films. Every year, representatives of the international press, TV professionals and festival leaders from all around the world are invited to visit the festival. This has made it possible to spread Sámi and other indigenous films and information around the world.

In our film and media training, we have emphasized that it is important to give the voice and the picture to indigenous young people, so that they can make films and music from their own starting point.

Indigenous cooperation is facilitated by the active use of distant learning and virtual teaching. Modern technology makes it possible to provide teaching for a student who lives on the other side of the world. In the Sámi area, we have made use of this technology in teaching the Sámi language. A majority of the Sámi young live outside the Sámi area, which means that they are not provided teaching in their native language at school. At present, our virtual courses are attended by students from all around the world.

In Arctic cooperation, virtual education gives us a good opportunity for teaching for example screenwriting in the field of media centrally, from one place. This means that we could create a unique circle of indigenous screenwriters, which could become the initial impetus for common indigenous film productions in the Arctic. Such films are films that international film festivals and TV companies are interested in. This would make it possible to spread information on indigenous issues throughout the world, and it would also bring new opportunities for indigenous young people to work in their home regions.

We, the indigenous peoples of the Arctic, are united by our unique people, cultures and nature. To us, working together comes naturally. Modern technology gives us an excellent opportunity to intensify and strengthen our cooperation in the entire indigenous region from Sápmi via Yakutia and Chukotka to Alaska, Canada and Greenland.

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What future awaits indigenous peoples in Russia?

By Tamara Semenova

The last century witnessed social movements that have challenged the existing world order. Primarily, they emerged as movements of peace building and liberation, then as environmental consciousness and finally, as anti-global economic resistance. Most of these movements and their organizational parts represent indigenous peoples on both the social group level and collectively. Indigenous peoples' organizations were able to build solidarity with each other on the basis of recognition of universal human rights, environmental concerns and the detrimental inequality of the global economic system. Through a large variety of their organizations and new ways of communication, indigenous peoples struggle for the survival of their ethnic identities, cultural, social and economic traditions and through alliances they participate in an anti-globalization movement. Russian indigenous peoples and their organizations have only recently become engaged in these processes, but since the 1990s they are becoming more and more active and professional due to capacity building projects and assistance from their sister organizations around the world.

Though the term "indigenous" should be accepted as inherently troublesome and fluid in the political sense, in the USSR it was introduced in 1927 in combination with another term – "numerically small people" to distinguish these groups from the many ethnic minorities living among the dominant Russian population. The aspirations of the Soviet state to "elevate" indigenous peoples along with other nations "from primitive social structure and feudalism directly to communism" ended only with the perestroika and collapse of the USSR. Nonetheless, when summarizing the final effect of these efforts by a socialist state, it is important to stress that in general, primordial identity and traditional way of life including economic organizations of indigenous peoples and minorities have been well preserved in contrast to the extensive cultural assimilation and significant loss of native language communication skills. This was the main reason why the Russian indigenous peoples witnessing the rapid assault of the capitalist economy into their lives became very quickly and effectively mobilized to resist the post-Soviet economic transformations. However, their social and cultural resistance has been delayed and only now starts to be institutionalized. It should also be noted that the indigenous leaders in Russia very skillfully used the rather narrow "window of opportunity" of the political situation in 1990s for introduction of the essential legal instruments via adopting three fundamental laws: on guarantees of the indigenous peoples' rights, establishment of indigenous communities and protection of the traditional land use areas. Unfortunately, the enforcement of these laws was not only trapped by the executive governmental bodies, but at a later stage, completely intercepted by the new system of state law. This is no surprise, as the capitalist system tends to be more restrictive for both cultural and political forms of autonomy over different societies, and not least over indigenous peoples.

These phenomena confirm an essential understanding that indigenous peoples by their way of life (collective labour and distribution, collective land ownership and tenure) represent an alternative to capitalist accumulation which, though economically effective in the short-run, is destructive in the long-run. The most fundamental challenge to capitalism comes from communal ownership of resources, because it disavows the legitimacy of private property rights. Indigenous economy is based on the collective ownership of land and natural resources; this is in dramatic contradiction with the re-introduced market economy operating with privately owned commodities. In Russia nowadays there is even a return to the old tsarist-time economy with commuting traders and private and state-owned resource extracting companies in the remote and isolated regions where indigenous peoples tend to reside. This is in striking contrast to the proclaimed economic modernization of the state and efforts to raise interest in nation-building processes. These processes evoke much stronger attempts at assimilation of incorporated groups which in turn spurs their enhanced resistance to overwhelming economic and social changes.

Any indigenous community that continues to exist today in Russia is changing, and the very concept and especially the practice of indigenousness is under constant transformation. A most vivid example of this process is that while the initial number of indigenous groups recognized by the state was 26, since 1990 the number of indigenous peoples and their formal organizations increased to 40 and continues to grow. Naturally, the question arises how they are able not only to survive but to increase in number? First, indigenous peoples do not challenge the existing system in an attempt to replace or fight it, rather they seek to find a conventional niche within it. Second, they are relatively small—demographically, politically, economically. Third, their survival depends on their degree of autonomy or sovereignty, and this is now diminishing in Russia, though the situation with the anti-globalist movement in general and of the world indigenous movement in particular forces new political relationships more advantageous to indigenous peoples.

Indigenous peoples have long recognized and adopted what the environmental movement is striving to force world society to accept: natural and cultural resources are public goods that are to be used in a sustainable way and with the appropriate ethical considerations. Through various forms of organization they have withstood natural and cultural changes in the world and subsequent ignorance, violence or hostility of the neighbouring states already for several millennia at least. Hence, this fact would suggest not only the survival of indigenous peoples, but also their further resistance and better adaptation to the globalized world. Instead of intra-systemic adaptations, indigenous peoples could present the widest range of alternatives, thus launching a search for a more congruent trajectory of development.

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Resource management in the North

By Stefan Walter

It can be somewhat difficult to write about the future from the point of view of system theory. This is because the future has not happened yet and cannot actually be predicted with any accuracy either. The future is contingent and options are exchangeable. Any scientific model, which attempts to provide a forecast does not anticipate the future but is only a reflection of the present. In system theory everything that exists, exists in present time and from there models of the past and the future are constructed.

The political system, for example, which may be considered responsible for planning and governance, is only possible because nobody knows what the future holds. Hence, politics enables exchangeable policy programmes. These programmes are as diverse as their possible consequences. This may be seen by some as representing a pessimistic outlook. On the other hand, changes leave room for surprise and interpretation, which is indispensable for the indeterminacy and contingency of the future. Having said that, an open future is also the basis for the relative freedom of humans.

However, fortunately, reference to evolutionary theory can give us a hint of a developing society. The idea of evolution having a direction has been compared to a rock falling down a mountain. We cannot foretell the details of how the exact path of the rock is evolving. There could be any kind of obstacles, which change the path horizontally. But it seems sure that the path of the rock continues vertically downward.

Resource management from a systems perspective follows such a path, which I call the trinity-model of complexity, control and evolution. The essence of a continuing, a sustainable development is to make use of social systems, which provide different functions or resources, such as power (politics), truth (science), legality (law), and the dispositive capacity over time (economy), using exchange media like money. Using those resources the complexity of any given social setting can be somewhat controlled. Remarkably, the changes that occur in and around social systems in time increase complexity, making the sustainability of the resource management path imperative. Thus, the resource management path forms a recurring cycle.

To understand the resource management model better it can be applied to a more practical setting where its elements can be translated, for example, into economic activities of market observation (observing the complex setting), investment (to steer) and innovation (to evolve). The northern economy has traditionally been characterised by large scale raw material exploitation, such as forestry, mining, oil and gas developments, also fisheries. More recently tourism has, at least in some parts of the North, gained an important momentum. Forestry, for example, is an industry that has particularly in Finland managed to sustain the mentioned resource management path very well. The industry has done so by observing the market and continuously investing and innovating, becoming a world leader in the research and development of forestry products.

If the industry wants to continue its success, it is likely to sustain those activities of observing, investing and innovating. Some factors may affect the industry's resource management path, such as scientific (e.g. climate change) or political inputs (e.g. nature conservation issues). Geopolitical developments may also shift the attention to other industries, recently in particular on the exploitation for oil and gas in the Arctic, prompting increasing investments there. Nature conservation probably leads to a growth in tourism.

Overall, the competitive advantage of the Finnish forestry industry is diminishing, for instance vis-à-vis the Russian forestry industry. This makes it seemingly inevitable to react to the changes in the demand for forestry products in order to sustain the prescribed management path. Responses to these challenges include the reduction of overcapacities; we already have witnessed the shutdown of several production facilities that were regarded as unnecessary by the industry in Finland. This particular concerned sectors, which face greater competition, including sawmills and pulp and paper production. These are either shut down or move away through investments abroad. New focus sector emerge in the forestry industry, which are, for example, information and biotechnology based.

It is important to note that the growing complexity in society appears to demand ever shorter cycles of fresh investments and innovation. At the same time the resource management path has gone side by side with increases in energy efficiency. So far this had led to growing energy consumption, also in the North. From a physical point of view this indicates nothing else but an acceleration of energy conversion, i.e. an accelerated physical change. Energy should be understood here in a more abstract, physical sense, where energy and matter are exchangeable, i.e. not only, for example, sources of electricity or fuel. Consequently, while we may be able to control concrete raw materials, such as forests or mined ores, by introducing rules how they ought to be used, taken care, conserved or exploited etc., we are unable to control the use of energy per se.

The accelerating changes, which we are observing, are mere regional adaptations, the Northern peculiarities so to speak, to wider changes. That said, societal evolution, also in the North, is coinciding with global change. Therefore, if the resource management path is sustained, it can be expected that energy efficiency continues to increase in the North, allowing a growth of energy consumption. This is after all the foundation for growing wealth.

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Arctic shipping – the ships will come, but not for transit

By Frédéric Lasserre

The Arctic sea ice is melting fast, as climatologists have ascertained. The phenomenon, gradually opening navigable channels in the summer, revived scenarios of Arctic maritime highways between the Atlantic and the Pacific oceans. Using these seaways, ships would save time and money. However, the potential development of shipping activities underlines the need for regulation: the risks, according to Russia and Canada, justify the implementation of a strict monitoring, which the United States and the European Union do not seem to favor. In September 2010, the grounding of an oil tanker in the Canadian Arctic and of another one in Siberia, underlined the environmental risks stemming from expanding shipping in the region.

Most declarations about Arctic shipping rests on a hypothesis: the shorter route will necessarily attract shipowners' interest. However, there is motive to question this assertion.

Lower transit costs?

Several studies (the author counted 8 between 2006 and 2011) have been carried out to determine the cost advantage of Arctic routes. These scenarios do hint at a possible advantage, but, contrary to a commonplace idea, they also underline that this small advantage remains very uncertain given the high investment cost, the special equipment needed for Arctic shipping, the variability of the ice and insurance costs. Besides, these cost analyses, by definition, do not integrate marketing and service structure issues.

Getting to know the shipping companies' position

A survey carried by the author with 142 shipping firms shows a far different picture from the cliché of the coming shipping highway. The market positioning, the operational constraints and the very nature of the service are also determining factors in the choice of an itinerary. Firms were invited to answer the following questions: "Are you considering developing operations in the Arctic? Why?" A total of 98 answers were compiled.

Table 1. Overview of responses according to company's home region and main sector of activity

	Sector of Activity						Total
	Container	RoRo	Container and Bulk	Bulk	General Cargo	Special Project	
Yes			2	9	5	1	17
No	35	2	5	25	4		71
Maybe	3		1	6			10
Total	38	2	8	40	9	1	98

	Home Region			Total
	Europe	Asia	North America	
Yes	10		7	17
No	32	25	14	71
Maybe	5	3	2	10
Total	47	28	23	98

Source : author's own survey, 2008-2010.

In the bulk sector, responses were generally negative, although six companies were undecided and nine said they were interested. In the mixed container and bulk sector, responses were also negative: five "no" responses against two "yes". In the roll-on roll-off and container segments, however, there was no ambiguity: the response was a resounding no.

No enthusiasm for Arctic transit

The business reasoning developed by shipping firms revolved around three points.

The first is financial. The argument of a cost-competitive transit potential through Arctic routes does not seem to convince shipping firms, contrary to images widely broadcast by the media. Arctic shipping is known to be costly: expensive investment in ice-strengthened hull; special equipment to cope with the cold; high insurance premiums given the risk associated with these waters. The scarcity of port facilities and navigation aids, especially on the Canadian side; the inaccuracy of nautical charts, isolation, and the drifting growlers and small icebergs, which are very difficult to detect, force ships to greatly reduce their speed as the possibility of encountering such blocks of ice increase.

As ice-strengthened ships are more costly to operate (they are heavier and less hydrodynamic), using them in warmer waters is financially inefficient. For the cost of a major investment to be fully written off, such as a more expensive to build and operate ice strengthened ship, the ship must be used in Arctic waters, otherwise there would be little or no hope of a return on the investment. However, the bulk market operates on spot contracts (tramp) rather than regular liner shipping, and regular services (shuttle tankers) are the exception; besides, the ship owner is not the only actor in defining the itinerary. Before getting involved in the Arctic niche market, several ship owners would like to have a bit of a financial guarantee - in other words, that they would be able to find shuttle contracts or enough cargo to ship in Arctic waters for a number of years, which is not easy to achieve due to the way this market operates. This kind of long-term relationship can be seen between Fednav and Baffinland Iron Mines in the iron mining Mary River Project.

The second is logistics. The container shipping industry—like the car shipping industry, which uses roll-on/roll off ships—operates in a just-in-time mode, and this operational constraint is being reinforced as shipping operations are more and more integrated in a broader logistics chain. This industry is therefore not driven by the transport cost per TEU alone, but by other factors such as transit time, marketing advantages of faster delivery, but also the reliability of delivery schedules and the value of markets along the way. Container shipping firms do not merely sell the shipping of goods, but also guarantee on-time delivery according to a fixed schedule. Drifting ice, an increasing number of icebergs and thick fog banks, however, make it difficult to meet these tight schedules. Drifting ice can temporarily block some straits, making them very tricky to navigate, which could cause delays in delivery or perhaps even force the ship to turn around and transit by the Panama Canal, resulting in disastrous delays both in terms of financial penalties and reduced credibility.

The ice will reform every winter under polar conditions, which include severe cold, total darkness (the polar night) and complete isolation. Therefore, potential transit routes will not operate during winter, which means that ship owners will have to change their schedules twice a year, a situation that not only is costly but also increases the risk of errors, and hence of

delays as well. Accurately predicting freeze-up and breakup is still very difficult. Since schedules are fixed several weeks in advance, there is a risk of launching summer routes before some straits are ice-free or, inversely, of missing a number of days when navigation is possible.

The third point is about markets. Along Arctic routes, there are no intermediate markets (stopovers) for containers and no port adequately equipped to receive the containers to be onloaded/offloaded at potential rotations, which reduces the commercial interest of these routes for transit, compared with the multiple loading/unloading opportunities along traditional routes such as Suez or Panama. However, local, destinational shipping services, whether involving the delivery of goods to local communities or the servicing of local resource exploitation operations, prompted a significantly higher number of businesses to express a real interest in Arctic shipping. Natural resource exploration and exploitation is experiencing a boom cycle, both with the prospect of declining ice cover and increasing world market prices. Although the size of the reserves should not be overestimated, nor the technical difficulties to exploit them be minimized, the interest of mining and oil firms for the area is certain. Their production will need to be shipped to final markets and their mines serviced. There seems to be a real potential for destinational short sea shipping in the Arctic. The local shipping services market, particularly the servicing of mining and oil and gas operations, seems promising and it is clearly this market niche that is attracting shipowners who have made up their mind about the Arctic market. This can already be witnessed along the Northeast Passage, where traffic is increasing with tankers or bulk ships transporting oil, gas or ore from Murmansk, Varandey, Kirkenes or Dikson to final markets.

Current sea shipping traffic confirms the analysis

The picture obtained from shipowners also appears to be confirmed by the recent increase in marine traffic in the Northwest Passage. In the Northeast Passage (Northern Sea Route), traffic is expanding significantly, especially on the western stretch between Murmansk and Dikson, where it consists mainly of ore carriers and tankers serving the European Arctic and Siberian mines and the Varandey oil terminal. Traffic is also recovering on the eastern part of the Northeast Passage, with ice-strengthened ships beginning to carry crude oil or iron ore to Asia from Kirkenes, Murmansk or the Kara Sea. However, it is difficult to obtain access to Russian statistics on this subject. The Canadian Coast Guard collects traffic statistics on the Northwest Passage.

Table 2. Total traffic in the Canadian Arctic: number of voyages

	2005	2006	2007	2008	2009	2010	%, 2010	2011 (15 sept.)	Variation 2005-2010
Ships in the Canadian Arctic (number of voyages)	**194**	**196**	**320**	**379**	**311**	**493**		**511**	**+ 154%**
Fishing ships	30	33	76	113	83	221	44,8	275	+ 817 %
General cargo	31	31	57	53	46	71	14,4	42	+ 35%
Bulk (liquid or solid)	88	74	127	147	136	148	30	131	+ 49%
Cruise ships	21	27	33	33	25	26	5,3	13	+ 23 %

Source : adapted from Nordreg Canada (Iqaluit)

Table 3. Transit traffic across the Northwest Passage

Vessel type	2005	2006	2007	2008	2009	2010	2011 (15 sept.)
Icebreaker	2	2	2	1	2	2	2
Cruise ship or tourist icebreaker	2	2	3	2	3	4	2
Cruise ship or tourist icebreaker, partial transit						*2*	*2*
Pleasure craft			2	7	10	12	13
Tug		1			2	1	
Commercial ship				1			
Commercial ship, partial transit (local service)				*2*	*1*	*4*	*7*
Research vessel	3	1		1			1 (partial)
Total complete transit	**7**	**6**	**7**	**12**	**17**	**19**	**17**
Total partial transit				**2**	**1**	**6**	**10**

Source : adapted from Nordreg Canada (Iqaluit)

The following conclusions can be drawn from these figures:

- Navigation in the Canadian Arctic has increased, but remains essentially destinational rather than transit traffic.
- Especially since 2006, there has been a general upsurge in total traffic in the Canadian Arctic, which reflects an increase not only in fishing activities and tourism, but also in commercial shipping, consisting of service to local communities and natural resource exploitation operations.
- Although there has been a real increase in transit traffic through the Northwest Passage, such traffic is still at a very low level: 19 complete transits in 2010, none of which were commercial. In contrast, Panama sees 13 000 transits in 2008, Malacca, 70 700 transits in 2007 and the Suez Canal, 21 000 in 2008.

Although marine traffic in the Russian or Canadian Arctic seems to be definitely on the rise, this is far from being an explosion and most of these voyages are destinational, resource-driven. Arctic passages will not become the new Panama of the 21st century.

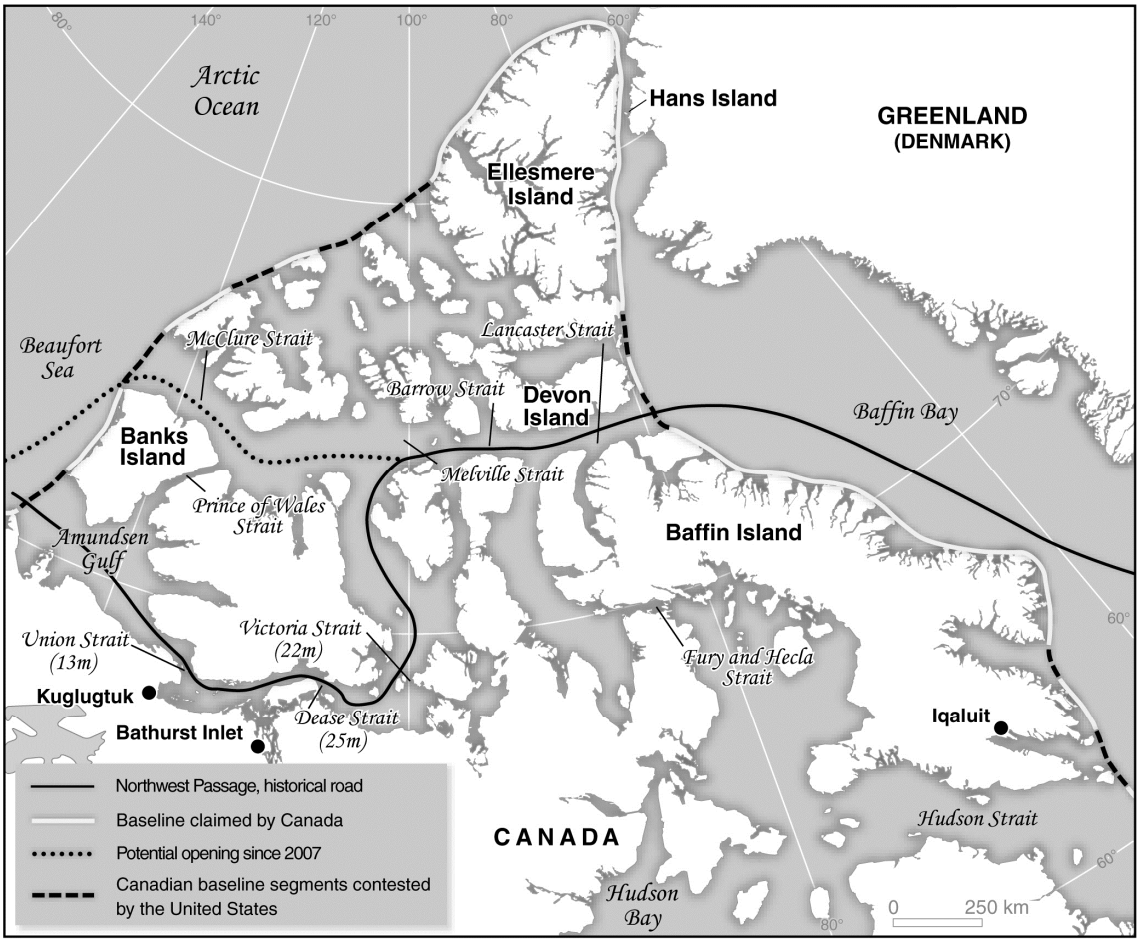
Frédéric Lasserre

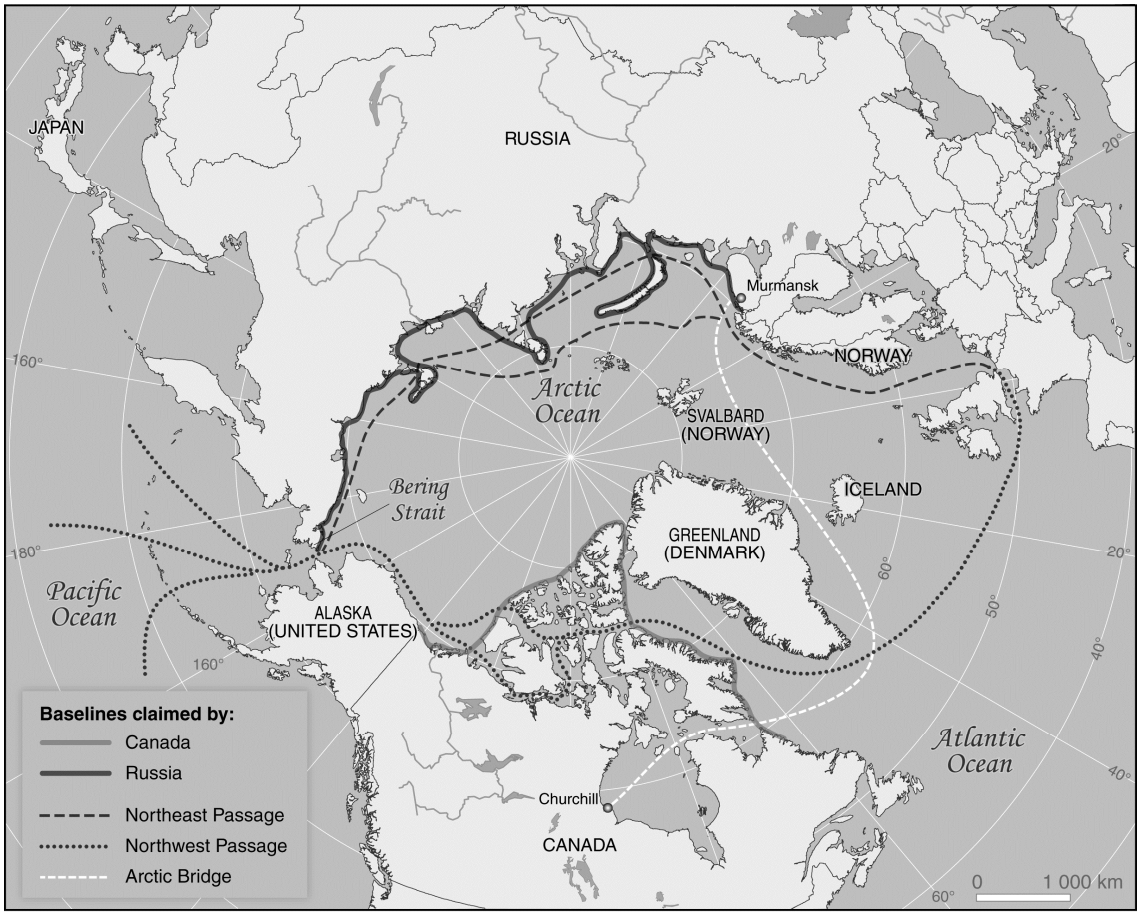
Project Director

ArcticNet

Laval University

Canada


Arctic Ocean
Hans Island
GREENLAND (DENMARK)
Ellesmere Island
Beaufort Sea
McClure Strait
Lancaster Strait
Barrow Strait
Devon Island
Baffin Bay
Banks Island
Melville Strait
Prince of Wales Strait
Amundsen Gulf
Baffin Island
Union Strait (13m)
Victoria Strait (22m)
Fury and Hecla Strait
Kuglugtuk
Bathurst Inlet
Dease Strait (25m)
Iqaluit
Hudson Strait
CANADA
Hudson Bay
0 250 km
Northwest Passage, historical road
Baseline claimed by Canada
Potential opening since 2007
Canadian baseline segments contested by the United States


JAPAN
RUSSIA
Murmansk
NORWAY
Arctic Ocean
SVALBARD (NORWAY)
Bering Strait
ICELAND
GREENLAND (DENMARK)
Pacific Ocean
ALASKA (UNITED STATES)
Atlantic Ocean
Churchill
CANADA
0 1 000 km
Baselines claimed by:
Canada
Russia
Northeast Passage
Northwest Passage
Arctic Bridge

Strong Arctic marine expertise from Finland

By Tero Vauraste

The combination of shipbuilding, vessel design and operations in ice areas is unique.

The future of the Arctic region is impacted by complex mechanisms and various, to some extent conflicting, interests[1]. This article examines the topic from the perspective of ships and traffic, as well as oil and ice.

A significant part of world's untapped fossil energy reserves are located in the Arctic region. In recent years, the average coverage area of Arctic sea ice has shrunk by several dozen per cent. At the same time, the proportion of the toughest perennial ice has dramatically declined. From this follows a pattern where global warming, mostly resulting from fossil fuel emissions, opens up the race for commercial utilisation of natural resources and sea routes in the Arctic areas.

In response to challenges identified regarding safe operation in the region, the Arctic Council has established Task Forces on Search and Rescue and Oil Spill Preparedness and Response. In the coming years, a consortium of international oil companies will invest substantial sums of money in the development of safe operating methods in the Arctic region through joint projects.

Finland's strategy for the Arctic region defines one of its objectives as "to make better use of Finnish experience of winter shipping and Arctic technology in Arctic sea transport and shipbuilding."

As the means to achieve this objective, Finland boasts the world's leading package of expertise in ship design and building, operating vessels in icy conditions, icebreaking and ice management, oil spill response expertise and a strong offshore cluster, from planning to execution. In addition, Finland has top-class meteorological expertise.

Arctic marine operations can be roughly divided into research activities, marine construction, transport and their supporting functions. Safe operation requires a reliable and well-functioning operational messaging and management system. Due to the harsh conditions and long distances, population in the region is scarce and there is no industrial infrastructure. As there are hardly any management systems for marine operations, they need to be separately created for each function or project. The Vessel Traffic Service system for the Baltic Sea region, as well as other proactive notification systems with ice forecasting, can also be applied to the Arctic region, as their functionality has been tested in the Baltic Sea winter conditions. With the help of the system, vessels can be directed along safe routes in terms of weather and ice conditions. Furthermore, the progress of a voyage or a project can be monitored in real time.

Finnish companies are able to provide a full service package for the planning, construction and production required in the utilisation of Arctic natural resources. Situated in Helsinki, the top-class test laboratory for ice conditions complements the strong Finnish offshore cluster.

With a history of one hundred years, Finnish expertise in the field of icebreaking and operation has grown strong over time. There are around one hundred vessels in the world used for icebreaking, with approximately sixty of them having been built in Finland. Finland was a natural ground for building solid operational expertise, as over 80 per cent of Finland's foreign trade is conducted by sea, and the Baltic Sea freezes every winter. The first Finnish icebreaker on the Baltic Sea started operating some 110 years ago. Currently, Finnish icebreakers are operated by Arctia Shipping Oy, which owns eight icebreakers. These vessels are managed, operated and monitored by Finns and they were designed and built in Finland. In addition to the Baltic Sea, they have operated in the Arctic areas, for instance in the waters of Alaska, Greenland and Spitsbergen. Some of them are also equipped with a large-capacity oil spill response system.

In the Baltic Sea region, icebreaking capacity is required only for a period of time ranging from a few weeks to a couple of months each year during the winter season in the Northern hemisphere. Operations in the Arctic region become active during the summer months, when icebreaking capacity is not needed in the Baltic Sea. Already in their current form, icebreakers can be used in versatile ice management tasks. In addition, multi-purpose vessels are suitable for several other tasks supporting marine operations.

Nature in the Arctic region is particularly vulnerable. Every possible measure must be taken to prevent oil or other disasters from occurring. Such measures include especially good advance planning and timely operational management, but an action plan in case of a disaster is also a part of professional risk management. It is possible to equip icebreakers with oil spill response readiness at an affordable cost. They are thus immediately ready to operate in case of spills, if they are already in the area.

As described above, Finland provides a unique service package for the utilisation of natural resources in the Arctic Sea region and the promotion of safe marine traffic and sustainable development.

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CEO

Arctia Shipping

Finland

[1] In his book "After the Ice: Life, Death and Geopolitics in the New Arctic", Alun Anderson examines the Arctic from the perspective of people, ice, borders, oil and ships. Finland's strategy for the Arctic region was completed in the summer of 2010, with a focus on the fragile Arctic nature, economic activities and know-how, transport and infrastructure, indigenous peoples, Arctic policy tools and the EU and the Arctic region.

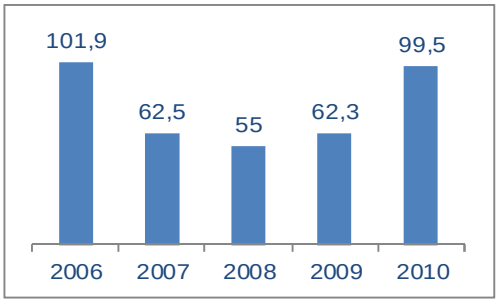
Identifying challenges of Finnish companies in entering the Murmansk region

By Eini Laaksonen

Largely due to the climate change and the melting of Arctic permafrost, the natural resources and sea routes in the High North are becoming increasingly accessible. As a result, the economic activity to exploit these resources is increasing, and the short-term investment plans for the Barents Sea region, for instance, exceed EUR 100 billion. In addition to Russia, Norway, Sweden, and Finland, for example the USA, Canada and China have expressed interests towards this area. In the Russian North this development creates opportunities not only for Russian but also for foreign businesses. For instance, the development of hydrocarbon resources, marine industry and the surrounding general infrastructure attracts and requires foreign investments into the Murmansk region.

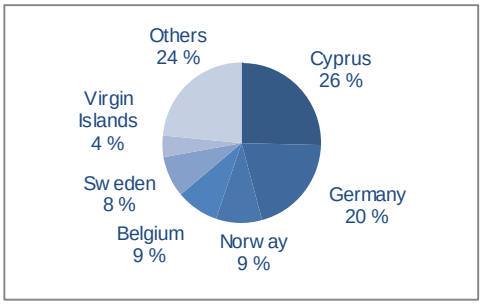
As can be seen in Figure 1, the inflow of foreign direct investments (FDI) to the Murmansk region is, after the crisis of 2008, again reaching a billion USD per year (MurmanskStat 2011). When it comes to the division of FDI to the Murmansk region by the country of origin, Figure 2 shows that one quarter of the total accumulated FDI in 2006–2010 came from Cyprus, and the second largest share, 20%, from Germany. Those countries are followed by Norway (9%), Belgium (9%), Sweden (8%), and the Virgin Islands (4%). (Murmansk Stat 2011, author's calculations) Consequently, Norway, Belgium and Sweden are actively participating in the region's development, whereas investments from the neighbouring Finland have been rather modest. In 2004, the share of Finnish investments reached approximately 10 % of the total foreign investments, but since then, the share of Finland has not exceeded 1 % (Didyk et al. 2009, MurmanskStat 2011).

Figure 1. FDI inflow to Murmansk region (million USD)



Source: MurmanskStat 2011

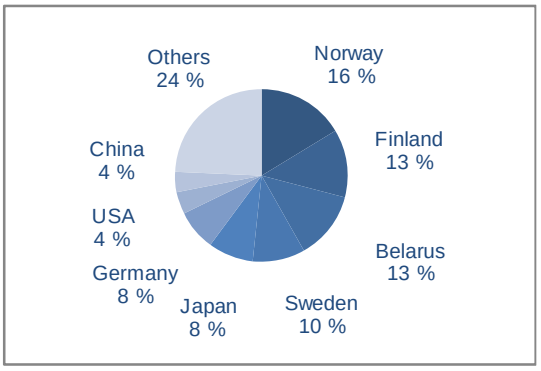
Figure 2. Total FDI by countries in 2006–2010



Source: MurmanskStat 2011

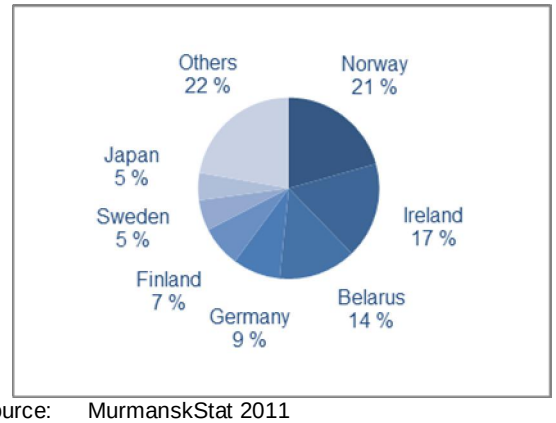
However, in terms of international trade, Finland has a noticeable position in the Murmansk region's market. Figures 3 and 4 show the development of the share of Finnish imports – in 2006, Finland was the second largest importer of goods to the Murmansk region with the share of 13%, but in 2010, Finland had fallen to the fifth place with the share half of the level of 2006.

Figure 3. Imports of goods to Murmansk in 2006



Source: MurmanskStat 2011

Figure 4. Imports of goods to Murmansk in 2010



Source: MurmanskStat 2011

At the same time, however, the absolute value of total imports to Murmansk has grown from USD 166 million in 2006 to USD 239 million in 2010, and consequently, the Finnish imports to the Murmansk region have not necessarily decreased, but other countries, such as Norway, Ireland, Belarus and Germany, have increased their trade with Murmansk in relation to Finland.

It has been widely recognised (e.g. Didyk et al. 2009, BSFE 2009, Siuruainen 2010) that Finnish companies have participated rather modestly in the current development of the Murmansk region, despite the geographic location and the project opportunities in which Finnish companies, also small ones, might have expertise to offer. It seems that contacts at the state, municipal and NGO level and joint projects in education, science and culture have developed well, but business cooperation with Finnish companies has been minimal. This is due to the economic crises of 1990 and 2008, and also because St. Petersburg, the Leningrad region and Karelia are often seen to be more attractive for FDI than Murmansk (Didyk et al. 2009).

At the moment, several large-scale projects are indeed taking place in the Murmansk region. For instance, Gazprom, French Total and Norwegian Statoil are together developing

the giant Shtokman gas field. Developing Murmansk into the transportation hub is a part of Russia's transport strategy, and will require huge investments, particularly to the development of the port of Murmansk and to the related services. The renovation of the electricity transmission network, construction of the road network, and house building are also among the most investment intensive sectors of the economy in the near future. Finnish companies are not likely to have significant possibilities to participate in the core operations of these megaprojects, but the related subcontracting would provide lots of business opportunities for Finnish SMEs. Based on the statements in the Barents strategy for the advancement of Finnish enterprise in the Russian Barents region (2009), Finland's Strategy for the Arctic Region (2010), the report by Siuruainen (2010), and on the diversity of the on-going research projects in the Murmansk region, such potential fields of economy include the following:

- Mining industry
- Forest industry
- Metal refinement industry
- Energy industry, heat and electricity production
- Shipbuilding, port development, navigation infrastructure
- Environmental technology, waste treatment
- General infrastructure, transportation logistics and public services
- House building
- Information and communications technology
- Tourism services

Fortunately, there are some Finnish companies that have recognized these opportunities and managed to engage in the economic development of the Murmansk region. Examples of Finnish companies operating in the Murmansk region include **Aker Arctic Technology Inc** (engaged in design and testing of icebreakers and other ice-going vessels as well as structures for arctic oil and gas field operations), **Oy SteelDone Group Ltd** (provides steel structures for oil rigs in the Shtokman gas field), and **Lemcon Networks Ltd** (involved in road construction projects, member of Lemminkäinen Group). However, the number of Finnish success stories is, unfortunately, rather modest in relation to the potential and proximity of the Murmansk region.

During the past five years, most of the empirical studies concerning business experiences of western companies in the Russian North have been conducted from the perspective of Norwegian companies (see e.g. Shevtsova 2006, Nilsen 2007, Grinblat and Volkova 2007, Flatøy and Johansen 2007, Laaksonen 2010, Alteren 2011, Svishchev 2011). Based on the activity of Norwegian companies in the Murmansk region, they have the demanded products and services, they recognize the emerging business opportunities, they have trustworthy contacts to get into the business negotiations, and they have suitable business strategies as well as knowledge of the Russian culture and language to succeed in these negotiations. Despite experienced problems, several Norwegian companies have managed to meet the needs of Russian buyers.

Consequently, even though Norwegian newspapers often discuss the problems and failures of Norwegian companies in the Murmansk business environment, it must be noted that the situation is better in Norway than in Finland as in Finland media does not have much to report on even concerning unsuccessful business experiences in Murmansk. Risk-taking, long-term presence and patience are required when planning to enter the Russian market. Based on the existing literature, it can be stated that the lack of business interest and/or success of Finnish companies in the Murmansk region is mainly due to the following issues:

- Lack of information about investment opportunities in the Murmansk region
- Lack of needed networks and contacts in Russia
- Absence of strong and competitive clusters to support market entry
- Bureaucracy, corruption, customs, logistical problems
- Language and culture barriers

Finnish companies, researchers and policy-makers should discuss these challenges in cooperation and apply concrete actions in order to overcome the main problems. In addition, stronger practical as well as financial support should be available for the companies in need. However, to gain a thorough understanding on the underlying attitudes and perceived challenges of Finnish companies towards entering Murmansk and to recognise their practical needs, further studies including empirical surveys and interview data are required. After identifying the challenges and problem areas of Murmansk project exports comprehensively, it will be possible to find solutions to such issues.

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What is China doing in the Arctic?

By Jingchao Peng

China's Arctic developments

Unquestionably, China's attention on its Arctic interests, specifically in geopolitical and commercial sphere is rising as Arctic ice melts. The prospect of the Arctic being regularly navigable during summer seasons, leading to both shorter shipping routes and access to untapped energy resources, has impelled the Chinese government to allocate more resources to Arctic research. Although China has not yet formulated any official Arctic policy, Chinese officials and scholars are aware of the need and imperative to protect China's high north interests in an ice-free Arctic environment.

A new roadmap of polar exploration is formulated for the period between 2011 and 2015, namely the 12th Five-Year plan for China's Polar Research. In general, China's research and exploration in the High North can be concluded as to move forward into three main domains. First, frequency of China's polar research expeditions will increase. Government organs of polar affairs received a more generous budget from central government for the work during the 12th Five-Year period. With the increased budget from Ministry of Finance, 5 Antarctic expeditions and 3 Arctic expeditions will be carried out between 2011-2015. In addition, a new polar research icebreaker is expected to be in use by the year of 2013.

Second, bilateral cooperation with littoral states have made notable headways. During the past two years, China has signed joint contracts with Norway and Iceland to collaborate in Arctic scientific studies. In the realm of business, a number of Nordic shipping companies successfully experimented transporting commodities through Northern Sea Routes to Chinese destinations.

Third, studies on geopolitical and commercial perspectives on the Arctic were strengthened as part of China's overall Arctic research buildup. China's concern about Arctic in the past is mostly about climate change in the Arctic region and the possible environmental impacts it will bring to China. As a result, scientific studies were the main focus. However, China has in recent years gradually come to realize the great potentials Arctic water breeds in terms of shorter shipping routes and untapped resources. So in the next five years, China will allocate more resources to study Arctic from geopolitical point of view as well commercial prospects.

In parallel to these moves, China has further developed its strategic thinking on the politics of Arctic Circle. China is pushing forward with its exploration work while at the same time it has sought to stay out of the continued disputes amongst the Arctic littoral states. Scholars continue to argue that China needs to develop capacity to defend its interests in the region. But as yet, the government has not changed its low-key non-confrontational approach. The reason, according to Guo Peiqing, quoted from Stockholm International Peace Research Institute's report 'China prepares for an ice-free Arctic' is because China is afraid active overtures would cause alarm in other countries due to China's size and status as a rising global power. However, China's official silence should not been seen as indicating that it does not take a view on the division of Arctic resources. Chinese officials have in several occasions expressed that China always supports the rights of Arctic states over the resource within each country's exclusive economic zones (EEZ). However, China sees Arctic's international water area as 'treasure of mankind', thus it consistently holds the view that China has a legitimate right to play a part in Arctic's resource explorations.

Power politics among Arctic states

Aside from settlement between Russia and Norway on their Arctic border at Barents Sea, there has been no other major resolution of long standing disputes among Arctic states, on controversial issues, such as continental shelf extension and control of seabed. In addition, the role of Arctic council, a primary international inter-government organization dedicated to promoting cooperations between Arctic states, risks being undermined as Arctic states scramble to maximize their interests in the Arctic resources. Seen by some as the world's 'last treasure house', the Arctic's bountiful untapped natural resources and relatively poorly institutionalized regulatory regime means that power politics is never far from the surface.

In March 2010 three Scandinavian countries were excluded from a meeting of Arctic countries hosted by Canada to discuss issues such as oil exploration, shipping regulations as well as climate change. The exclusion of Finland, Sweden and Iceland caused a wave of criticism, including amongst some of those states invited to the meeting. This meeting demonstrated the risks of new divisions between Arctic states, which could in turn have an impact on the decision-making power of the Arctic Council. China made no official statement on this meeting. Chinese media did not show the same restraint, however. Nearly all in their reports described this meeting as a closed meeting between 5 countries trying to divide up Arctic resource. Again in May 2011, Chinese media expressed similar distress after the permanent observer status application for Arctic Council by a few non-Arctic states, including China, was declined at this year 's ministerial meeting in Nuuk of Cananda. Zhang Xia from Polar Research Institute of China regard the decision as virtually closing the door for China and a few other non-Arctic states to become a permanent member in the Arctic Council.[1]

Looking ahead

China has an increasingly clear-sighted view of its interests in the Arctic. But it also has a realistic view of its limited scientific and technological capacity to exploit the Arctic resources. China is well aware of the alarms it'll cause by acting assertive in the Arctic politics so Chinese government is being very careful not to step into affairs of Arctic states. China will continue to strength its scientific, environmental and geopolitical research capability in the Arctic. It is also likely to strengthen its position in multi-lateral Arctic institutions in order to defend its perceived rights to the Arctic resources that fall outside each littoral country's EEZs. Bilateral cooperation will also be welcomed by China. Collaborations with Norway and Iceland will undoubtedly give a boost to China's polar scientific buildup and more importantly, pave the road for a positive coordination in the future for greater plans in the Arctic, especially regarding commercial use of the Arctic shipping lanes.

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The rise of China and international politics on climate change

By Sanna Kopra

As People's Republic of China continues to emerge as a superpower, it is under increasing international pressure to shoulder more responsibility in contemporary global issues such as climate change. Amongst the political leaders of China, there is no dispute about climate change and the Chinese government acknowledges that climate change poses a significant threat to China. Presently, China plays an important, though contradictory, role in international climate change politics. On one hand, it is a developing country in which millions of people still live in poverty; on the other hand, due to poor energy efficiency and the intensive use of coal, it has been the world's biggest emitter of carbon dioxide (CO2) since 2006. Looking forward, China's role in international climate politics will be crucial in the future; it is estimated that the continuation of "business as usual" in China would result in a 2.7°C rise in global temperatures by 2050 – even if all other world countries achieved an 80% reduction in their greenhouse gas (GHG) emissions (Watts 2009). There are no expectations of a reduction in China's overall emissions in the near future although various Chinese scholars, think tanks, and research groups predict China's emissions will peak between 2020 and 2050. However, even though overall energy consumption in China is still higher than in the most industrial countries, GHG emissions per citizen are significantly lower in China than in developed countries. In 2008, CO2 emissions per capita were, respectively, 4.91 tons in China, 8.32 tons in the United Kingdom, and 18.38 tons in the U.S. (International Energy Agency 2010).

As China's rising power challenges the status of other major international actors, it is often regarded to as a negative phenomenon; the "China threat". When it comes to international climate politics, many developed countries often condemn China as a "climate criminal" that behaves irresponsibly. Developed countries also complain that the priorities of China's environmental diplomacy are to, "…protect its sovereignty, acquire foreign aid and technical assistance, and promote its economic development" (Harris 2005). Naturally, the Chinese government does not want to be perceived as a threat and since the mid-1990s, Chinese foreign policy has focused on improving the state's international status. Regardless of its bad reputation, the Chinese government has taken important steps towards moderating the future growth of the country's greenhouse gas emissions in order to save energy, protect nature, and reduce pollution and waste production. In the twelfth Five-Year Program (2011-2015), the government has pledged to cut energy consumption per unit of gross domestic product by 16% by 2015, and CO2 emissions by 17%, respectively.

The Chinese government admits that due to its fast industrialisation, China's GHG emissions are going to grow in the future. However, the government emphasises that there is a great difference between the nature of emissions in developed and developing countries; developed countries' "transferred emissions" and "luxury emissions" are produced in China only because of the consumption needs of developed countries, whereas China's, and other developing countries', "subsistence emissions" or "development emissions" are justified because they are caused by poverty alleviation and a rising living standard of the Chinese poor. Indeed, recent studies have shown that about a third of Chinese emissions are actually "offshore emissions" caused by the manufacturing of products for foreign markets. Today, 23% of China's CO2 emissions are actually caused by the manufacturing of goods exported to Western consumers (Wang and Watson 2007).

The Chinese government strictly denies being responsible for causing climate change and highlights developed countries' historic responsibility for causing climate change and its adverse effects. As the government tends to represent itself as a leader in the developing world, it often speaks on behalf of developing countries' interests and reminds the world that climate change mitigation and adaptation should pay attention to poverty eradication. Because the Chinese government defines climate change mainly as a development issue, it claims that technological solutions are "the key" in climate change mitigation. Although China has increasingly participated in multilateral cooperation, it still highlights the importance of having national sovereignty and the principle of non-interference. Their strong emphasis on national sovereignty is regarded as one of the reasons why China rejects any binding emission commitments for developing countries under international treaties dealing with climate change.

As a result of climate change, the Arctic ice caps are melting at an increasingly rapid rate and the geopolitical position of the Arctic, today, has increased dramatically. In the future, the Arctic will provide business opportunities in energy, mining, fishing, and tourism sectors, and Arctic shipping routes will offer faster and cheaper passages compared to traditional routes, such as the Suez Canal or Panama Canal. Not surprisingly, many global actors are already staking their claims in the Arctic. China has not publicly unveiled its Arctic strategy yet, but it has increased its cooperation with Arctic states and started to participate in multilateral organisations administrating international Arctic policies. For instance, China has applied for a permanent observer status in the Arctic Council – even though it does not possess a single meter of Arctic coastline. Certainly, unexploited oil, gas, and mining reservoirs under the Arctic ice shelves and the forthcoming Arctic shipping routes are of interest to China as they would be important to the continuation of China's economic growth. However, the Chinese government emphasises that Chinese Arctic interests are scientific in nature and that the government pursues cautious Arctic policies in order to lessen the international fear of China's rising status (Jakobson 2010).

According to Raine (2009), Western countries have to tell the Chinese government if there are problems over respect for democracy, good governance, or the rule of law, for instance, in the cooperation because, "…if they do so consistently and fairly, this is likely to impact on China's thinking". However, she reminds that, "…while China will listen to what others say, it will balance this listening with watching what others do". Similarly, I think that Western countries have to remind the Chinese government about its responsibility and important role in climate change mitigation because if China wants to be regarded to as "a responsible actor", the Chinese will listen to the views of the others and not restrain from international political cooperation. However, the Chinese also watch what others do and, thus, Western countries really have to shoulder their own climate change responsibility before demanding

China do its part. Developed countries should also advance their genuine understanding of Chinese way of thinking and acting. They should not continuously focus on blaming China for its irresponsibility, but should respect the efforts of the Chinese government because placing blame does not usually consolidate mutual trust needed in international cooperation. It seems to me that the Chinese are quite frustrated because developed countries do not recognise the hard efforts and progress they have made in the field of climate change mitigation. By recognising China's progress in several policy areas, including environmental issues, and by allowing China to play a more important role in international politics, developed countries could encourage the Chinese government to shoulder more responsibility in contemporary global issues.

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Canadian and American perspectives on the Arctic

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Both Canada and the United States have Arctic coastlines, yet while Canada is a Northern nation at heart, the U.S. is not. The vast majority of Canada's territory lies in the north, whereas Alaska is America's only footprint in the Arctic. Until recently, the U.S. displayed an attitude that Oran Young called "benign neglect" towards the Arctic. Not until 2009, with National Security Presidential Directive 66 (NSPD-66), did the U.S. put an Arctic policy to paper. That same year, Prime Minister Stephen Harper's Conservative government released the Northern Strategy, a largely inward-oriented vision for developing the Arctic. Canada conceives of a territorialized Arctic and prioritizes sovereignty and defense, while the U.S. seeks a more inclusive Arctic and emphasizes collaboration with other states, regimes, and organizations.

Perhaps nowhere is the disparity between American and Canadian conceptions of the Arctic clearer than in the two countries' views of the Northwest Passage. In 1970, the Canadian Parliament passed the Arctic Waters Pollution Prevention Act (AWWPA), mandating strict environmental regulations for all shipping within 100 miles of Canada's coastline. Though at the time it contravened international law, AWPPA became valid with the ratification of the United Nations Convention on the Law of the Sea (UNCLOS) by Canada and scores of other countries. The U.S., which has not ratified UNCLOS, and the E.U. still maintain that the Northwest Passage constitutes an international strait. According to this designation, ships passing through have the right to transit and do not need to notify Canada. In May 1985, to test this right, the U.S. Coast Guard Cutter Polar Sea, an icebreaker, sailed through the Northwest Passage without asking for permission. This event sparked a public furor in Canada. One month later, Foreign Minister Joe Clark announced that the country would henceforth use straight baselines to demarcate the boundaries of the country's internal waters. While this cartographic practice is not in itself controversial, Canada's timing made it seem like it was doing so defensively, to enhance its Arctic sovereignty. To this day, the U.S. and Canada have essentially agreed to disagree on the Northwest Passage. Their failure to resolve their dispute speaks volumes about the two countries' northern policies. Canada is concerned with sovereignty, while the U.S., with the world's largest navy, strives to secure freedom of the seas and the ability to project sea power. Ironically, Canada may soon be able to operate more effectively in the Arctic than the U.S., thanks to the new icebreaker and Arctic/offshore patrol ships slated for delivery.

Canada's desire to exercise its authority in the Arctic manifests itself in the Northern Strategy. Sovereignty, one of the policy's four pillars, is inseparable from the other three: the environment, economic and social development, and devolution. The AWWPA was not the last time that Canada tied environmental protection to sovereignty. In December 2010, the government proposed to set aside 40,000 square kilometers to create the Lancaster Sound National Marine Conservation Area at the eastern entrance to the Northwest Passage. Conserving the area will permit the government to ban resource extraction and manage the fisheries, thereby enhancing its authority while benefiting the environment. It is less clear whether some of the government's investments in northern defenses will provide any benefits to people or the environment. Nunavut's capital, Iqaluit, with over 6,000 residents, badly needs better port facilities. However, the Canadian government decided to pass over fast-growing Iqaluit to build a new deep-water port and naval facility in Nanisivik, population zero, in part due to its more strategic position along the Northwest Passage. Though the Canadian government has made strides in spurring social development, such as by providing job training and housing for indigenous peoples, it still comes second to sovereignty.

Canada's neighbor to the south is more open to multilateralism in the Arctic. NSPD-66 broadly promotes cooperation with international actors, suggesting collaborating with Russia on scientific research, involving indigenous organizations in decision-making, and working with the International Maritime Organization. One of the reasons it is often easier for the U.S. to rely on others to do much of the legwork in Arctic policymaking is the disorganized state of affairs at home. While Canada's Department of Aboriginal Affairs and Northern Development crafts policy for the Arctic, in the U.S., the Departments of State, Defense, the Interior, and a number of other bureaus all have influence, and there is no coordinating agency. Alaska's Lieutenant Governor Mead Treadwell remarked that the lack of investment in the Arctic "is not an "addition" issue, it is an allocation issue." Whereas the Arctic is essentially Canada's backyard, it is on the backburner for most American policymakers, so it does not receive adequate funding. With more pressing national security concerns in places like the Middle East, the U.S. is content to have organizations like the Arctic Council and IMO manage the Arctic while still trying to play a role in negotiations. When Canadian Foreign Minister Lawrence Cannon invited only the five Arctic coastal states to meet in March 2011, U.S. Secretary of State Hilary Clinton criticized him for his exclusivity, stating, "Significant international discussions on Arctic issues should include those who have legitimate interests in the region." By itself, the U.S. is not a great power in the Arctic due to its lack of capabilities and its small size of the territorial pie. But in a multilateral forum, with the exception of UNCLOS, the U.S. can exercise its international clout more easily.

Canada's focus on sovereignty has not prevented it from collaborating in the Arctic. For instance, it has performed polar research with the United Kingdom and has carried out joint military exercises with Denmark, despite their territorial dispute over Hans Island. Likewise, the U.S. has occasionally demonstrated a more insular approach to the circumpolar north and still maintains air force bases there, including one in Thule, Greenland. Both Canada and the U.S. appreciate the need for strong defense and multilateral collaboration in the Arctic. Yet their two views of the Arctic are shaped by their geographies. Canada has always been a Northern nation, concerned with exercising sovereignty over the thousands of islands and waterways in the Canadian Archipelago. The U.S. acquired Alaska by purchasing it from Russia, and despite all of its natural resources, it still often remains an afterthought in Americans' minds. While Canada promotes an inward-facing Arctic policy to secure its sovereignty, the U.S. looks to multilateral organizations to provide solutions to problems in the Arctic.

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