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**Valeria Grisko**

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**Valeria Grishko**

**The Arctic Region – New Arena for  
Cooperation or Conflict? Race for Arctic  
Resources**

*Master thesis*

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**Author:** Mng. Valeria Grishko

**Supervisor:** prof. Mng. Karel Svoboda, Ph.D.

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## **Abstract**

Nowadays the Arctic becomes a new arena for political and economic interrelation of different states in their will to gain future benefits, which the region can bring. The aim of the thesis is to investigate the Arctic as an area of cooperation and (or) conflict between Russia and three EU states: Denmark, Finland and Sweden as well as the EU itself. This research paper looks on the problem from the perspective of rational-choice theory of international relations, which allows comparing the Arctic strategies of observed actors and their interests in the region. Despite existence of the Arctic Council as a platform for negotiations and multilateral agreements, as well as common will to solve the disputes there is still place for uncertainties in actor' view on the development of the Arctic. For this reason the question of the Arctic region is urgent for all above mentioned countries including the EU, which seeks to take its place in the debate.

## **Abstrakt**

V současnosti Arktida se stává novým hřištěm pro politické a ekonomické interakce různých zemi pro jejich zájem dostat budoucí příležitosti, které jí může přinést tento region. Cílem této diplomové práce je zkoumaní Arktidy, jako místa pro spolupráci nebo konfliktů mezi Ruskem a třech zemi EU: Dánska, Finska a Švýcarska, a taky samotné EU. Problém se posuzuje přes prizmu racionálního výběru, který dovoluje

porovnat strategie Arktidy a zájmy zkoumaných účastníků. Nehledě na existenci Arktické rady, jako platformy pro mezistátní dohody a taky společného přání zemi vyřešit konflikty v Arktidě, ještě pořád zůstává místo pro nejasné názory rozvoje Arktidy. Proto otázka Arktického regionu je nelehavá pro zmíněné výše státy a taky EU, která usiluje o své místo v Arktidě.

### **Klíčová slova**

Arktida, nerostne suroviny, spoluprace, konflikt, Dansko, Finsko, Svedsko, Evropska unie, Rusko, arkticka strategie

### **Keywords**

The Arctic, natural reseources, coperation , conflict, Denmark, Finland, Sweden, the EU, Russia, Arctic strategy

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## **Declaration of Authorship**

1. The author hereby declares that he compiled this thesis independently, using only the listed resources and literature.
2. The author hereby declares that all the sources and literature used have been properly cited.
3. The author hereby declares that the thesis has not been used to obtain a different or the same degree.

Prague 18.05.2017

Valeria Grishko

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**Institute of International Studies**  
**Master thesis proposal**

**Jmeno:**

Valeria Grishko

**E-mail:**

[grishko.valeria@gmail.com](mailto:grishko.valeria@gmail.com)

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**Zdůvodnění vyberu tématu práce (5 řádek):**

The Arctic region has a strategic importance not only from economic perspective but also from political one. Having a great potential in terms of trade and natural resources, it has already bacame the region of territorial disputes between wight, so called, Arctic countries and generate interest even from outside. Nowadays, it is important to understand different strategies of all related countries as their relations between each other and towards the Arctic and division of power may influence international peace and security as well as global politics and economy.

**Předpokládaný cíl (5 řádek):**

The object of the research is to investigate and compare different policies and approaches of the Arctic states, with the emphases on Russia, its perception of the disputed area as the main priority of its Foreign Policy. The research will be built mainly from the perspective of this particular country and its relationships with the rest, concerning the issues of this region in geographical terms and in terms of future extraction of natural resources such as oil and gas.

**Základní charakteristika tématu (10 řádek):**

The aim of the paper is to examine the nature and history of the “Arctic fever”, as well as the interests of all states of the Arctic Council and whether it can influence on Russian relations with them. Moreover, whether it influences in Russia – EU relations. The focus of the research will be made on diplomacy and cooperation between the states, using political economy approach, which will help, firstly, to examine the conflict and cooperation between decision-makers and, secondly, to analyze how political decisions influence on the choice of economic policies, concerning conflicts and political institutions. The research will also touch the European Union’s growing interest in the region, which has arose for the last few years, with special attention given to the European Union Arctic Policy (EUAP) in terms of EU Foreign Policy, its failures and its future.

**Předpokládaná struktura práce (10 řádek):**

- I. Introduction
- II. Nature of the Arctic fever
  1. UNCLOS, ATS and the Arctic Council (as major treaties and institutions to solve continental shelf disputes);
  2. The Arctic and Russia (interests of Russia, its strategy, development and future extraction of natural resources, possible problems);
  3. Members of the Arctic Council – cooperation or competition;
  4. The EU interest in the Arctic region and failure of the Arctic Policy.
- III. Conclusion
- IV. Literature

### **Základní literatura (10 nejdůležitějších titulů):**

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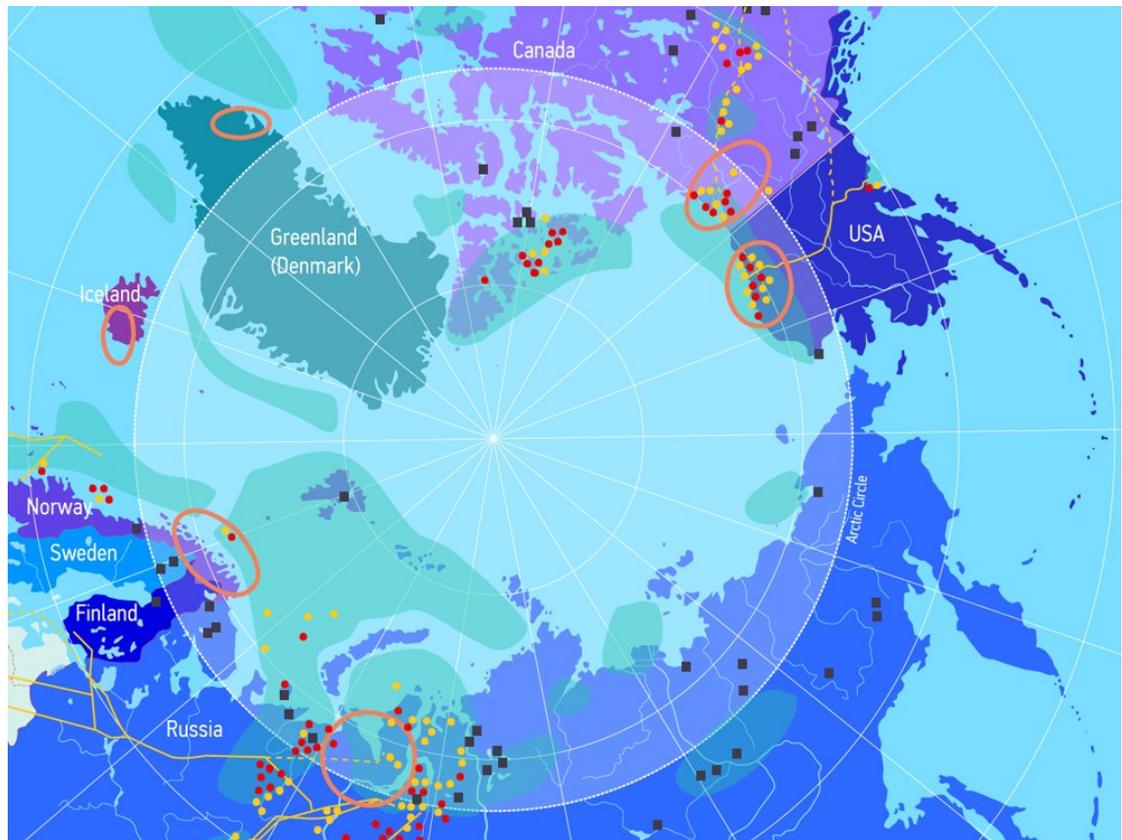
## Introduction

The Arctic (Greek ‘arktilos’ – “near the bear”) is the territory that covers 14.5 million square kilometers, rich with natural resources, washed by the Arctic Ocean. The land, which is characterized by extreme cold temperatures and harsh climatic conditions. Arctic region consists of undisputed as well as part of disputed territories of Canada, the Kingdom of Denmark, Iceland, Norway, Finland, Sweden, the Russian Federation and the United States of America. In this research definition of the Arctic region is set as “a territory north of the arctic three line – the northern limit of tree growth, the curving boundary between tundra and boreal forest” (*National Snow & Ice Data Center, n.a.*). Over the last half of the century the Arctic turned into a new stage for global interest of different actors from states and international organizations to civil society. Such factors as estimated amount of natural resources (oil, gas and minerals); new international trade channels (the Northern Sea Route and the Northwest Passage) and possible extension of territories make Arctic region a stage for cooperation and at the same time competition. Among the countries, which are most interested in prolongations of the continental shelf<sup>1</sup> and the future benefits that can bring the region, are so called Arctic states - Canada, Russia, the USA, Norway, Denmark, Sweden and Finland, which have boundaries with Arctic shelf.

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<sup>1</sup> Continental shelf – a comparatively shallow submarine plain of a width varying from several to several hundred miles forming a border to a continent and typically ending in continental slope (Webster N., p.493, n.a.).

### Map 1. Boundaries of the Arctic



*(The Arctic, n.a.)*

Nowadays the Arctic has a great geopolitical meaning in the world. The region becomes the object of political, economical, environmental and cultural interests of different states. But why the region became so much attractive for the actors only now? One should distinguish several reasons for this: the first one is environmental and climate changes in the Circumpolar North, which has an impact both on the indigenous people of the North and the rest of the world; the second point is potential natural resources of the Arctic and the third reason is available new technologies and practices, which can help to deal with the two mentioned above reasons. Now, as far as the Arctic

captures world's attention to itself, the Far North is no longer seems to be far, now this point of the globe is closer than ever.

At the same time, there is a place for skepticism of the Arctic significance in terms of economy, because of the fact that the amount of Arctic natural resources could be overestimated. Moreover, the Northern Sea Route poses some limitations that are observed more detailed in Chapter 9. That is why Arctic players are involved more in a political game: claiming territory, developing Arctic strategies and cooperate with each other.

Furthermore, recent Russian-Ukrainian crisis made the EU to jeopardize Russia as a reliable partner in oil and gas industry. For this reason, to reduce its dependency from the country, the interest in the Arctic region of Northern Europeans and the EU in particular has increased (*Gabrielsson R., Sliwa Z., 2014*).

For these reasons the thesis focuses on the relations and cooperation of the Russian Federation as one of the greatest powers in the region with the EU Arctic states. The objective of the thesis is to find the answer to the question: "Could the Arctic region be considered as a place of a new 'Cold War'?. To answer this question the research examines the relations of Russia and three other Arctic states: Denmark, Finland, Sweden as well the EU itself in the context of cooperation in the Arctic.

The thesis has the following structure: the first and the second chapters of the thesis provide general overview of rational choice theory in the framework of which the research is conducted supported by qualitative methodological framework. It is considered that rational choice theory is the most appropriate framework, which works well in a combination with the qualitative case study analysis. The qualitative case study analysis is supposed to examine the Arctic Strategies of chosen states and their relations with Russia. The third chapter of the research paper offers a brief overview of the most

relative sources on the basis of which the observation and conclusion were made. In the following five chapters (Chapter 4 – 9) one will find the analysis of all the countries of the research. All the chapters have more or less same structure. In chapter 7 role and limitations of the Arctic Council are observed. Furthermore, the role and limitations of the Arctic Council are observed. Firstly, relation of a country to the arctic region is observed which continues with the analysis of its Arctic Strategies. Secondly, the interplay of a given country with the European Union and Russia is examined. In the ninth chapter special place is given to the role of the Northern Sea Route (NSR) in international relations of states. The research paper ends up with the Conclusion (Chapter 10), which summarizes all the findings considered in the thesis and logically ends up the debate.

## 1. Methodology

This chapter is focused on the methodological approach, that was chosen to conduct the research. Usage of theoretical and methodological tools is supposed to make commitment to the understanding of current situation in the risen debate over the Arctic region between participant countries. Both strong and weak points of the chosen method are explained.

Based on the official documents and public statements, one analyzes the interests of the states competing for the influence in the Arctic. This method is supposed to answer three fundamental questions of the research: “What?” “How?” and “Why?” This research is answering to the following questions: Why do selected states behave the way they do? How their policies are formed? What are the differences and similarities of the policies of the states? These research questions will be best answered by the qualitative approach in combination with comparative case studies as one of its types.

Case study method has some positive aspects for the research, among which is the fact that in this paper one will be able to “measure” all aspects of the debate in given countries (*Datler F. Sprinz and Yael Wlinsky*). Moreover, comparative case study allows to focus on similarities and differences (contrasts) among cases, which will help to make potentially useful analysis by using related sources and to answer the research question (*Collier D., 1993*).

It allows considering the case studied in the interrelation between Denmark, Finland, Sweden, Russia and the European Union: how these actors build their values system and objectives expressed in the Arctic Strategies and how they plan to fulfil these strategies having the same, but not common goals in the region.

Comparative case study makes it possible to focus on two or more cases with the same aim, makes deep analysis of each of them by finding their differences and similarities. For this research the most appropriate type of comparison is the “small-N” studies of small number of countries, where each country (case) is considered as a single unit. It is the middle ground between single-country and many-country comparison. Five cases of cooperation are observed in the research paper. According to Peter Lor, comparison of few countries allow to conduct deep analysis of cases and to look at their “multiple and conjunctural causation” (*Lor P., 2011*).

In the thesis one relies on “practice known as selecting on the dependent variable”, the first step of which is to choose the problem (case), and then gather information concerning it. This will lead to the further identification of common grounds of the cases (*Dion D., 2005*).

However, chosen method has its limits. Here, one can define that the method in this case is too resource demanding. Different cases should be seen within the same period of time, otherwise the research would be not appropriate, as different factors of the different historic periods influence on the cases. Due to the fact that focus is given to several countries (actors) then there is risk that the states will not be examined much into the details. However, to minimize possible risks rational-choice theory has been chosen.

Four countries Denmark, Finland, Russia and Sweden plus one union - the European Union (EU) have been chosen to compare their stance toward situation in the Arctic. It is supposed that comparative case study analysis correlates political processes, which have similar parameters. In particular, this research tends to investigate the relationships of Russia with mentioned above countries, being the members of the

Arctic Council and the EU, as well as attitude of all mentioned above actors towards the EU risen interest in the Arctic region and its Arctic policy.

These cases are studied by using available primary and secondary sources such as legal and official documents, policies of the countries as well as the major agreements of the Arctic Council; reports, articles in magazines and journals of other scholars and experts in this field respectively. The data being used in this research also includes information taken from the websites of governments of the states and organizations.

## 2. Theory

The aim of the paper is to examine the nature and history of the interest in the Arctic region of the four states and the European Union, and how their Arctic strategies can influence on Russia's relations with them and whether this has impact on Russia–EU relations. As the focus of the research is made on diplomacy and cooperation between the states, it makes sense to use political economy approach in terms of the rational-choice theory. It will allow first of all to examine the cooperation between decision-makers and, secondly, to analyse how political decisions influence on the choice of economic policies, concerning conflicts and political institutions.

Generally speaking, the aim of the rational choice theory is to understand behavior of the (rational) actor and is based on the assumption that actors (individuals or states) make rational choices to gain as much profit as possible, weighting all possible benefits and implications. In this case “rational actors” are the observed states, which make their decisions with an eye on current political situation and actor's position on the global political arena; its own interests, and outcomes of their decisions, which affects others (*Redd S., Mintz A., 2013*). Such scholars as Christiano T., Redd S. and Mintz A. argue that the dominant mainstream approach of the rational choice theory is rational actors, no matter whether they are individuals, states or institutions, they always tend to maximize their own benefits.

Profound explanation of the theory in terms of the conflict/cooperation debate between states is provided by Grehem Allison. The author in his book “Essence of Decision: Explaining the Cuban Missile Crisis” examines foreign policy decisions of Russia and the USA during their conflict on Cuba. Graham's approach in terms of the rational choice theory, stands on the assumption that external factors such “as

psychological and mental states of the decision makers at that time” affects solution they take and claims they make. Diplomacy is a great game, and if one actor can predict the reaction of the opponent, then the space for cooperation not a conflict appears. Moreover, decisions themselves are perceived “as the output of the game played by governmental leaders”, while actions of an actor as a political resultants” (*Allison G., 1999*). The author states that power influences on the outcome and power takes place within the regulatory framework.

However, this research contests scholar’s assumption that organizations, in this case the Arctic Council is observed, are less mobile in their decision-making due to their set principles, budget and programmes than the countries, as they make decisions autonomously. Although, organizations do speak with their own voice in accordance with their standards, their missions are limited. This approach is examined in the Subchapter dedicated to the work of the Arctic Council.

Kafle R. Tulasi admits that such an approach has both strong and weak points. “The main weakness of this model as seen throughout the literature is that it considers governmental action as a black box”. However, it helps to “get answers to any question related to crisis or foreign policy as quickly as possible” (*Kafle R. Tulasi, 2011*). Moreover, such a scholar as Cramer C. argues that “rational choice theories of conflict typically lay waste to specificity and contingency, that they sack the social and that even in their individualism they violate the complexity of individual motivation, razing the individual (and key groups) down to monolithic maximizing agents” and says that rational choice of conflict is build on the idea of two players and concludes that “rational choice economic models of conflict are extreme in their reductionism and fail in explanatory terms” (*Cramer C., 2002*).

To conclude, I should say, that in my research of the clash of interests and cooperation in the Arctic region rational choice theory will be relevant to the issue and will help to define the drivers of the states in their decision-making process as well as their foreign policies.

### 3. Literature review

This chapter provides a review of several authors' debate about the cooperation in the Arctic region, analysing the engagement of the European Union and Russia in the region and their foreign policies.

*Adele Airoidi in her article "European Union and the Arctic. Main developments July 2008–July 2010"* examines actions of the EU regarding the Arctic, analyzing main reports and policies conducted by the union from 2008 to 2010. The author describes the EU bilateral relations with all the Arctic states. Airoidi argues that despite the EU and Russia agreements on cooperation Russia still remains quite neutral in its attitude towards participation of the union in the Arctic region. However, it should be mentioned that none of the Arctic states, except Finland and Sweden welcomes EU interest and involvement in the region, which makes it harder for the EU to gain its power in this issue especially when one takes into consideration that it has no territorial linkage and is not proficient in Arctic matters.

*In its turn Andreas Osthagen in the "The European Union – an Arctic Actor?"* analysis the drivers of the EU in its establishment of its own Arctic policy, goes further in his examination of the EU's ties with the region, distinguishing such factors as: geography, politics and economy, fish stocks and access to Arctic fishing for the EU fisheries; and participation of the EU Arctic states in energy research and innovations. Further, the scholar describes the policy process: 2008 – 2012. Arguing that reactions to the EU's first Arctic policy initiative were mixed and varied from state to state. Despite this, the scholar argues that both narrowing and a widening are needed in the EU's Arctic approach. It should not be the EU's prerogative to create an Arctic policy similar to those of the Arctic states, but rather to supplement these policies with what the EU

can provide to ensure additional benefits to the Arctic and its inhabitants.

*Johanna M. Bruun and Ingrid A. Medby in their article “Theorising the Thaw: Geopolitics an a Changing Arctic”* examine the reasons of the geopolitical conflict in the Arctic and its future development. The authors argue that due to the fact that the Arctic attracts international attention, media exaggerates the scale of the issues arose in the region. While the media claims that the Arctic is the arena for another ‘cold war’ as there is a race for resources between interested states, there is no threat to a significant conflict as thanks to the Arctic Council, its good governance and cooperation between states there is no space for such a conflict.

Besides explanation of general things that occur in the Arctic region, authors express their opinion on the participation of the EU in the Arctic Council, arguing that “the EU ban on import of commercial seal products was the main reason why the European Union did not achieve permanent observer status in the AC in 2013” (*Bruun J., Medby I., 2014*).

*Julian Daemers in the “The European Union in the Arctic: a Pole Position?”* claims that it is vital for the EU to establish good relations with Russia and China. Daemers also argues that the most challenging thing in EU–Russia cooperation is the Shipping lanes and future Northern Sea Route. The scholar proceeds with the assumption that Russia can also benefit from the cooperation with the EU as it (the Union) can provide the country with relative technologies, which will help Russia both to explore the Arctic and then to extract natural resources in future. So far, the author focuses on two instruments: the EU Space Policy and European technology for hydrocarbon extraction. Deamers J. concludes that the melting of the Arctic ice leads to challenges related to security, environment, economic opportunities and multilateral governance. As well as mentioned above Airoldi A. the author supports her assumption

that the Arctic states being Members of the Union had no enthusiasm about the EU Arctic Policy.

*Lassi Heininen in his article "Foreign Policy Interests of Finland in the Arctic"* observes Finland's interest in the Arctic region as well as its relatively new Arctic strategy, which was adopted for the first time in 2010 and then was updated in 2013. Here, the author points out that the country did not expressed its big interest in the Arctic until it was influenced by the Northern Dimension initiative and the European Union. Lassi Heininen provides the reader with analysis of Finland's strategy and distinguishes several contradictions between real situation in the region and internal plans of the country. However, the author's main argument is that Finland's strategy is focused on the international cooperation in the region based on the bilateral and multilateral agreements, and has a long-term perspective in terms of country's presence in the region.

*"Sweden's Strategy for the Arctic region"* adopted by the Ministry for Foreign Affairs of Sweden represents a deep explanation of spheres of its interests, which are divided into environmental, political issues and the problem of indigenous people. Moreover, the document explains the nature of the country's interest in the Arctic region. Several ties are mentioned: economic, historic, cultural and environmental, which make the country the Arctic state. Sweden's Strategy also defines the ways of cooperation with other actors of the Arctic State.

*Koptelov V. in his review of the "Sweden's Arctic Strategy"* points out that because of the lack of the coastal border with the Arctic, Sweden's participation in cooperation is quite limited, the only sphere in which the country can cooperate is environmental security and security of the Northern Sea Route on the bases of multilateral agreements. At the same time the author stresses that despite the country

argues that it stands for multilateral and bilateral cooperation in the region, it hardly mentions Russia as its strategic partner.

While the EU focuses on the problem of its recognition as a full member of the Arctic Council and does not have any territorial disputes as such (if not taking into consideration Denmark (Greenland)) by contrast the greatest concern of the Russian Federation is the issue of territory and future Northern Sea Route, which will bring significant economic benefits to the country. One can easily understand it, analyzing Russian literature regarding the Arctic issue.

*Elena Wilson Rowe and Helge Blakkiskud in their article "A New Kind of Arctic Power? Russia's Policy Discourses and Diplomatic Practices in the Circumpolar North"* examine the issue of cooperation and conflict in international relations from perspective of the Russian Federation as well as its perception of the Arctic in terms of international and national concerns. The authors argue that Russia is a country, which appreciates cooperation in the region, however at the same time it remains distinct and its involvement varies. In general all the scholars both European and Russian share common opinion that Russia due to its Arctic strategy "increases its security for economic and social development in the region" however as Rowe & Blakkiskud admit it does not mean that the country militarize the region. The authors, on the basis of the survey, come to a conclusion that in the period from 2008 – 2011 Russia did not considered the Arctic as a place of a conflict. If one returns to the question of cooperation or conflict, then according to the interview with the Russian as well as foreign officials, Rowe & Blakkiskud admits that Russia is open for cooperation within the Arctic Council and the Arctic states.

The existing literature covers the most significant issues of cooperation of the Arctic states and provides us with the information regarding problems of the four states and the EU. However, there are not so many appropriate comparative researches found that would help to analyze the position of all interested parts in the region. That is why the proposed research will bring benefits to the case study, as this paper compares not only the interests of Russia, Sweden, Denmark and the EU as an external actor but goes deeper into details and examines whether there is a threat of the new 'cold war' and how the countries mentioned above are trying to cooperate.

#### **4. The Arctic Council as the main institution in the Arctic affairs**

In general terms, the Arctic Council is an organization, which represents interests of indigenous people of the Arctic region as well as of the Arctic states. The chairmanship of the Arctic Council rotates every two years. The first cycle of chairmanship started Canada in 1996–1998. Previous period was headed by the USA (2015–2017) and in May 2017 Finland took the chair.

Finland initiated the creation of the Arctic Council in 1989, when eight Arctic states Canada, the Kingdom of Denmark, Finland, Iceland, Norway, the Russian Federation, Sweden and the United States of America met in Finnish Rovaniemi. The agenda of the meeting was protection of changing environment in the region. As a result the parties signed the Arctic Environmental Protection Strategy (1991) and then on 19 September 1996 under the adoption of the Ottawa Declaration the Arctic Council was founded.

The Arctic Council cannot be considered a governmental body and it does not have any legitimate instruments to influence on the states and other participants. It is a forum, where states and organizations can debate the problems, development and cooperation in the region and find appropriate solutions on a political level. All the “decisions are taken by consensus among the eight Arctic Council states, with consultation and involvement of the Permanent Participants” (*Arctic Council, n.a.*). The Council has no budget and projects are financed by the Arctic states and other interested parties. The Council’s work is focused on climate change and environmental issues, “monitoring, prevention of pollution, emergency preparedness and prevention, living conditions of the Arctic inhabitants, etc.” (*Arctic Council, n.a.*).

By now, there are six permanent participants (states), which represent indigenous people from different parts of the Arctic region. Moreover, twelve non-arctic states seven of which are the EU Member States holds observer status: France, Germany, the Netherlands, Poland, Spain, the United Kingdom, the Italian Republic. The observers in this case have more controlling role, they cannot make decisions, but at the same time they can express their position towards this or that issue. This fact supports assumption of Allison Graham the essence of which is that the one who is involved in the game has his voice in the decision-making process, but who is out of the game has no effect of the decision-making process. This can be applied to the Arctic Council and the Arctic states and claim of the Russian government official, who said that it does not matter who else is interested in the region (except the Arctic states) and how many states and organizations gain observer status in the Council, the region is a matter of concern of the Arctic states and they are able to make decisions by themselves and solve the problems without third parties (*Kafle T., 2011*).

As for the EU, the Union applied for the observer status in 2008, but the issue has not got off the ground so far. The reason for this is veto power of Canada on the EU acceptance because of the EU's ban on the trade of seal products, which has a negative impact on the indigenous peoples of the Arctic. In 2014 the dispute between the parties was solved. However, now because of the EU's sanctions imposed on Russia, obtainment of the observer status by the EU is again in question (*Depledge D., 2013*). It is expected that the Arctic Council will examine the application once again in 2017.

## 5. Finland and the Arctic Region

Finland is one of the so-called Arctic states, which has strong geographical and historical ties with the region. Due to this fact as well as future benefits, which the Arctic will bring, Finland has its strong political, security and economic interests in the issue.

Many authors, mentioned in the paper, indicate natural resources of the Arctic as one of the key factors that has influenced on Finland's interest in the region. However, the thesis assumes that Finish interests lie primarily in the future prospects of the Northern Sea Route as a new way for transportation. As for the resources of the Arctic, Finland can not make direct investigations, mining and drilling, however, the state can act as a reliable partner and cooperate with other Arctic states, in particular Russia as its strategic partner, and offer its 'know-how' and technologies in mining industry, what it has already been doing, signing bilateral agreements. In this respect, the Arctic gives "major investments and different industries" opportunities "to obtain significant projects and orders" (*Rautajoki T., 2014*).

"Finland's Strategy for the Arctic Region" was adopted by the Finnish Cabinet Committee on the European Union (of the Government) in June 2010 (*Heininen L, n.a.*) and was updated later in 2013. New Finland's Arctic Strategy is considered to be "more extensive and it emphasizes the strengths of Finnish businesses" (*Rautajoki T., 2014*). Moreover, it shows strong benefits, which cooperation with the country can bring.

The Arctic Strategy of Finland is a compulsory document, which covers both internal and external policies at different levels, based on cooperation, bilateral and multilateral agreements between the countries. It covers environmental, economic and innovation issues, namely there are such chapters as "Fragile Arctic Nature",

“Economic Activities and Know-how”, “Transport and Infrastructure” as well as “Indigenous Peoples”.

Referring to the strategy, Finland stresses the importance of regional and international cooperation and considers the Arctic Council as the main tool, with the help of which Arctic issues can be solved and further cooperation be promoted. Besides the Arctic Council, main forums in which Finland presents itself are the Barents Euro-Arctic Council (BEAC), the Nordic Council of Ministers, International Maritime Organization (IMO) and United Nations Convention on the Law of the Sea (UNCLOS).

To reach the Arctic strategy aims, the country possesses a number of research institutes. Therefore, the Finnish Environment Institute (SYKE) is an active participant of the Arctic Council’s Arctic Monitoring and Assessment Programme (AMAP) and the Arctic Council’s Action Plan to Eliminate Pollution of the Arctic (ACAP) projects. The institute gathers data about climate change, toxins, which negatively influence on the environment; as well as it is also involved in the projects which are focused on the reduction of emissions in the area (*Heikkilä M., Laukkanen M. p.15, 2012*).

Moreover, Finland contributes to the researches of atmosphere, biosphere and earth in the Arctic region as well as research of ozone, UV radiation and so on in terms of Finnish Meteorological Institute. Besides, new methods and technologies allow the Geological Survey of Finland (GDK) coordinate and develop research of Arctic groundwater, its flow and composition. (*Heikkilä M., Laukkanen M. p.17, 2012*).

However, Finland’s Arctic Strategy 2013 has some limitations defined by Heininen L., the key expert in analysis of Arctic strategies. Therefore, first of all it is not clear whether civil society as well as local authorities support the strategy or not as far as “there were no public hearings” (*Heininen L., 2014*).

Secondly, regarding the environmental issue in the Arctic region, it is stated in the strategy, that the Arctic ecosystem is quite fragile and its protection is extremely vital. However, Heininen L. argues that there is one significant contradiction in Finish Arctic Strategy. On the one hand, the growth of human presence in the region causes environmental pollution and consequently influences on indigenous people. But on the other hand, especially Northern Finland looks forward to developing and increasing of economic activities both in the sea and on the land.

Thirdly, the strategy focuses mostly on external affairs and cooperation with other parties, rather than follows more nuanced approach. Fifth, the chapter “Indigenous peoples” in the area of Barents Sea and the Sami is focused on the problems of the local inhabitants. However, it is not possible to solve the problem, until Convention 169 of the International Labour Organisation is not ratified (*Heininen L., 2014*). Sixth, the Strategy emphasizes that the Arctic is a stable and peaceful area and that Finland is against any conflicts in the region.

All in all, Finland’s Arctic strategy underlines the importance of international cooperation based on the treaties. Moreover, the strategy reflects both “long-term national interests and long-term foreign policy of Finland” (*Heininen L., 2014*).

Now the country is on the stage of preparation to its chairmanship in the Arctic Council, which will come into force in May 2017 and will take the lead for the following two years until 2019. As Aleksi Härkönen, Finland's Ambassador for Arctic Affairs claims, before 2017 the Arctic strategy of the country should correspond the EU policies. As far as the EU is proficient in research and innovations and in fishing industry the union can be a useful player in the Arctic region (*Koskinen O., 2015*).

Finish Arctic strategy also focuses on the question of the EU participation in the Arctic as a full actor. Finland is one of the countries, which strongly supports

participation of the union in the Arctic as well as its membership in the Arctic Council as an observer. In its Arctic strategy, the country strongly supports the EU's involvement in the Arctic and supports the Union's initiative to become "a global Arctic player",

Such a strong support of the EU from the side of Finland is based on the country's aim to found the European Arctic Information Center in Rovaniemi "as part of the Arctic Center and the decision is supposed to be made by the next European Commission and the European Parliament" (*Rautajoki T., 2014*). As seen from above and analyzing other materials, it is becoming obvious, that Finland has its own interest in supporting and promoting the EU Arctic Strategy. The EU can contribute significantly to the development of the region in several policy areas. And the Northern Dimension of the EU can serve as a tool for international cooperation in the Arctic region. If the EU becomes part of the region, then the shift can be made from the economic issues toward political ones (*Heininen L., 2014*).

Although Finland does not have Arctic coastal line as well as it cannot claim Arctic natural resources, it does not prevent the country from expressing its interest in further development and exploration of the region cooperating with other countries, like Russia. Bilateral cooperation between Finland and Russia is beneficial for both countries. First of all, Finland gains access to the Arctic region, secondly – possibility to invest in projects and participate in them. In its turn, Russia gets a good partner, which will provide the country with innovations and technologies as well as geological surveys (*Telegina E., Morgynova M., n.a.*). One of such companies in sector of technology and equipment is Steerprop Ltd. The company specializes on ice-strengthened azimuth propulsors, which can be used in the Arctic region. This equipment is used in Russian Polar icebreakers Varandey, Moscow and St. Petersburg. In terms of geological

research, Finnish research company GDK could assist Russia in construction of pipelines and transport connection in oil and gas industry in Russian Arctic region (*Heikkila M., Laukkanen M., 2012*).

One of the top priorities of Finland in cooperation with Russia is the Baltic region. Moreover, being part of the EU Arctic Council it is important to make ties in the Barents Sea as well as to strengthen its position in the Northern regions of Russia in accordance with the “Cooperation in the Baltic Sea, the Barents Sea and the Arctic in 2013–2015” agreement. For example, cooperation between countries is focused on liquidation of oil spills and oil transportation. It is estimated that Finland has already invested about 75 mln. Euro in Russian projects. Financial support was also provided by the Northern Dimension Environmental Partnership Fund and the Baltic Sea Action Plan Fund (*Ministry of Environment, 2013*).

Finland suggests its experience in the issues of defense of the environment and development of transport connections (sea ports and railways) and shipbuilding industry. Shipbuilding experience of Finland dates back to the first expedition of A.E. Nordenskiöld, the first explorer who sailed through the Northern Sea Route in 1870s. Since that time state companies have supplied the global market with 60% of total amount of icebreakers. No wonder, that Russia is Finland’s main customer, now Russia needs about 1800 new ships and “Russian shipyards cannot supply their production”. However, Finland is ready to produce icebreakers and different ships including those, which are used for oil extraction. (*Telegina E., Morgynova M., n.a.*) Consequently, one of the Finnish shipyard company Arctech Helsinki Shipyard is a joint venture half of which belongs to Russian United Shipbuilding Corporation (USC). The company specializes on the construction of icebreakers and other vessels, which are designed to operate in tough conditions of the Arctic climate. In 2012 the joint corporation built two

vessels: one icebreaker for Russian company Sovcomflot and the second – emergency and rescue ship for the Russian Ministry of Transport (*Heikkila M., Laukkanen M., 2012.*).

All in all, Finland due to its tough climate and extreme weather conditions is one of the leading country in technologies, equipment and surveys, which can be applied in the Arctic region. Such difficult conditions influenced on the development of the state and for now made it competent and reliable partner as well as “active and expert Arctic operator” (*Heikkila M., Laukkanen M., 2012*). Modern history of cooperation between Finland and Russia in the Arctic region started with The Finnish-Russian Arctic Partnership agreement in 2010. The partnership involves political dialogue and cooperation between companies, public authorities and regions (*Heikkila M., Laukkanen M., 2012*). The other agreement is Baltic Sea, Barents and Arctic (BBA) Cooperation for the Years 2013–2015, the main focus of which is to strengthen cooperation in the Baltic area and to help implement the Arctic Strategy of the country (*RIAC, 2012*).

## **6. The Kingdom of Denmark and the Arctic Region**

Greenland and the Faroe islands became part of the Kingdom of Denmark in 1933. Thanks to this, the territory of the country extended, possessing 372 000 sq.km. Moreover, Denmark gained a costal line with the Arctic, which made the country to be considered as one of the literal state of the region (Kovalev A., 2009). Nowadays, Denmark is one of the super power state in the Arctic region, which is an active participant of the Arctic Council and supporter of multilateral cooperation between the states in the region on the bases of international laws.

### **6.1. Danish Arctic Strategy**

The strategy of Denmark is very broad and complex. As far as the Kingdom of Denmark consists of three regions: Denmark, Greenland and the Faroe Islands, responsibility for the implementation of the strategy lies on every region, moreover, the sphere of their responsibility varies.

In general, the Arctic Strategy of the country can be divided into two main objectives:

- 1) “Respond to environmental and geopolitical changes in the region”;

- 2) Strengthen the power of Denmark as the Arctic state in the region

*(Heininen L., n.a).*

The Strategy indicates problematic areas of its part of the Arctic, but at the same time it also covers the instruments, which will help the country to develop the region not taking a toll on environment and indigenous people of the region. Among the instruments policy of licensees in gas and oil industry is mentioned as well as zero-tolerance policy under which “the exploration and exploitation of deposits that contain radioactive elements” are forbidden.

Besides, Denmark is the only country out of the observed ones, which focuses on renewable energy potential of the Arctic region. As far as under the internal policies of the country by 2020 the country is going to reduce consumption of fossil fuels on 30% (Greenland on 60%) and by 2050 the country will use only renewable sources of energy (*Bennett M., 2011*).

To the greater extent Denmark emphasizes that all the activities in the region such as exploration, extraction of natural resources, usage of new technologies should not harm the Arctic region and its indigenous people. To reach these goals much attention is given to the security issues. As one of the possible ways to do this Denmark considers importance of military presence in the region. This part of the Denmark’s Arctic Strategy puts the country on the same wave with Russia and on the other hand separates it from Finland and Sweden.

In terms of regional cooperation, the Kingdom focuses on the cooperation with other states especially with the ‘Arctic 5’ (A5), emphasizing Norway, Canada, the US and Iceland to be the key partners of the country. However, the peculiarity in Denmark lies in the fact that it should cooperate not only with other states, but to cooperate within

the Kingdom and act as a single unit with Greenland and the Faroe Islands, which are characterized as regions with separate legislative and administrative powers.

## **6. 2. The Kingdom of Denmark vs. Russia**

Relations of Denmark and Russia can be seen from two perspectives in terms of their cooperation in the Arctic and in terms of their territorial claims on the same ridge. Here, both types of the relations are observed.

### **6.2.1 Cooperation in the Arctic region**

Coming back to the Danish arctic Strategy, it should be mentioned that Russia is not considered by Denmark as its primary partner in the Arctic region. This means that cooperation between the countries could be seen only in the context of the Arctic Council and multilateral agreements. However, Fenenko A. supposes that several areas of cooperation between the countries could emerge (*Fenenko A., 2015*):

- 1) Sectoral division of the Arctic is in the interest of both Denmark and Russia. That is why they should “resist the internalization of the Arctic Ocean”. If they are able to do this, then they will save their claiming territories.
- 2) Protection of the neutral status of the North Pole. As the expert explains, in case none of the Arctic states claim this territory, then Canada will gain it. That is what Denmark has already made, when applied to the UN Committee. Here, Fenenko A. argues that in this respect Denmark can create a coalition with Russia “to secure its international status”. However, none of the Arctic states expresses its will to cooperate with Russia in such an issue as sharing common territory because of the lack of trust.

3) As far as Russia faces certain challenges in cooperation with Norway in the Northern Sea Route, Denmark can become an alternative partner in economic projects. The reason for this is the lack of economic interest in the NSR. This point looks rather weak, because it raises the question: If Denmark has no interest in the NSR, why it should help Russia to develop its projects on the passage, when Denmark focuses on its Northwest Passage and build ties with Canada?

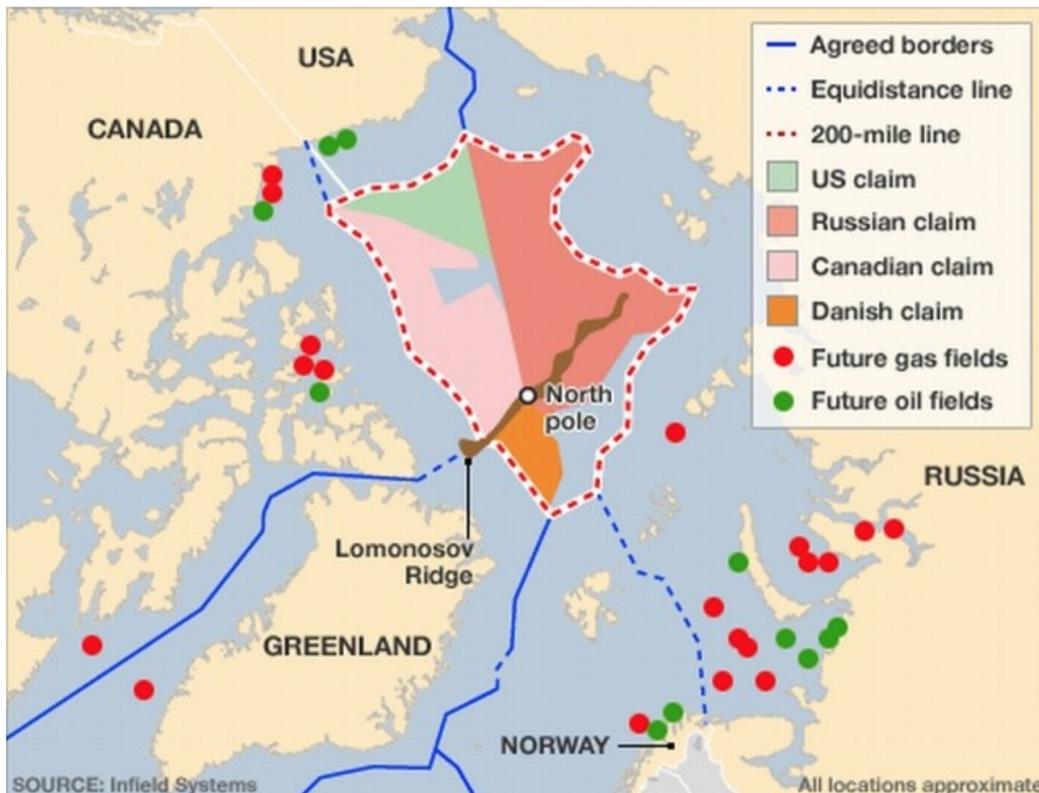
All the possible types of the cooperation between two countries are quite subjective. From my perspective, there is no space for bilateral cooperation of the states because of the lack of common objectives; there is no clash of the interests, except the Lomonosov ridge. That is why I consider, that Denmark–Russia cooperation can be limited be their joint work within the Arctic Council and multilateral agreements.

### **6.2.2 Territorial dispute over the Lomonosov Ridge**

Relations between Denmark and Russia can be seen as a competition of two countries for the same territory of the Arctic region, namely the Lomonosov Ridge (*see map below*). Both countries submitted their claims in December 2014 (Denmark) and in August 2015 (Russia) and both countries consider the ridge to be extension of their continental shelves (*See definition on p. 2*). Except the Lomonosov Ridge Russia claims Mendeleev Ridge, two heights: Chukotskoye and Alfa; and two basins: Chukotskaya and Podvodnikov. In case of the application will be satisfied then the country will extend its territory for 1,2 mln.sq.km. (*Staalése A., 2015*). On the contrary, Denmark claims the Lomonosov Ridge and part of the Northern Pole, which are under the UNCLOS neutral territories and do not belong to any country. However, Denmark as

well as Russia does not have any conflict in this area. The decision of the UN Commission can take years and maybe only after the recognition of the ridge by one of the state will lead to the open conflict.

**Map 2. Continental Shelf Claims**



*(Chuprov V., 2017)*

Although there is no open conflict between Russia and Denmark in the Arctic, their relations resemble the completion rather than cooperation. This refers to their claims on the Lomonosov Ridge and extension of their continental shelves. Despite prospect reserves of natural resources, the country, which will obtain claimed territory, will gain exclusive right over the region and will be able to control actions of other states *(Neroznikova A., 2014)*.

## 7. Sweden and the Arctic Region

Sweden explains the triggers of its interest in the Arctic region and creation of its policy as follows: climate change, the living conditions for indigenous people, future perspective in sea transport (NSR) and natural resources of the Arctic region. Besides, the country has several ties, which makes the country connected to the Arctic region and is one of the Arctic states.

First of all, Sweden emphasizes “*historic ties*”. Lapland was considered by the Kingdom of Sweden to be its part, while the Sami are “the oldest ethnic people in Sweden north of the Arctic Circle”. Moreover, Sweden interest in the high North dates back to 1732, when Swedish researcher Carl Linnaeus made his expedition to Lapland. Since that time several more researches were made. Current history of Sweden and exploration of the Arctic is considered to be 1980, “when extensive scientific research was performed in the Arctic Ocean with the Swedish ice-breaker *Ymer*” (*Ministry for Foreign Affairs of Sweden, 2014*).

Second tie is “*security policy*”. Since the Cold War period Sweden Arctic has been between a rock and a hard place: at first between the NATO block and the Warsaw Plan, now – it is between strategic interests of the USA and Russia. Thanks to the Arctic Council, which contributed to the negotiations between the parties and their peaceful co-presence and cooperation in the Arctic region, and agreement between Norway and Russia regarding their dispute in the Barents Sea, Sweden Arctic is quite in a save position. However, in terms of the climate change security is perceived as “a question of public crisis management” in the region, which refers to “extreme weather conditions, adaptation to new environment and economy conditions” (*Ministry for Foreign Affairs of Sweden, 2014*).

Thirdly, Sweden as well as Finland, does not poses its own cost line or territory in the Arctic. However, the country is going to make its contribution to the research and shipbuilding industry in the region, which will bring certain economic benefits. Fourth, the country stresses, that it is much dependent from the Arctic climate and environmental changes, as “this in turn may affect our societies and their infrastructure” (*Ministry for Foreign Affairs of Sweden, 2014*).

Besides mentioned above ties of Sweden with the Arctic, the country points out two more connections, namely “*research tie*”, which is closely connected to the historic tie, and a long history of exploration of the Arctic. And the last but not least is “*cultural tie*”, which from the researcher point of view is the strongest argument why Sweden is interested in the Arctic region – “the Sámi people form the link between Sweden and the Arctic” (*Ministry for Foreign Affairs of Sweden, 2014*).

Heininen L. considers that Sweden adopted its Arctic Strategy only under the pressure of Arctic States as well as the EU before its chairmanship in the Arctic Council in 2011 – 2013 (*Heininen L., n.a.*). The main objectives of the strategy are “Climate and the environment”, “Economic development” and “Indigenous people”. Further all the objectives will be described and analyzed more into details.

From the perspective of Sweden, in terms of security there is low tension between the Arctic states in the region. It looks on the security issue from the perspective of ‘environmental’ security for indigenous people. It is stated in the Strategy, that changing environment in the region will influence local inhabitants of the Arctic and will lead to the change of their way of life, healthcare, education. That is why the people should be secured from possible risks in the future.

Sweden as well as Finland strongly supports presence of the EU in the Arctic region. The country cooperates within the Arctic Council and Barents Euro-Arctic Council and with “various EU cooperation programmes and the means at their disposal” (*Ministry for Foreign Affairs of Sweden, 2014*).

In “Climate and the environment” area Sweden is focusing on reduction of global emission of greenhouse gases, bio-accumulative organic pollutants. It should be reached with the help of several tools such as: usage of biodiversity and “environmental impact assessments”, establishment of “networks of protected areas for flora and fauna”. To reach the targets, Sweden adopted a New Swedish Environmental Policy for the Arctic in 2016. It is stated that in order to protect biodiversity and ecosystems of the region, the state will act in accordance with the Arctic Biodiversity Assessment and the UN Convention on Biological Diversity under which “17% of terrestrial and inland water and 10% of coastal and marine areas” will be conserved by 2020 (*MEE, 2016*).

Moreover, Sweden conducts its own researches of the area. Consequently, the Swedish Polar Research Secretariat is an agency, which focuses on the research in the Arctic region with the collaboration with several Swedish Institutions and research centres (Abisko and Tarfala Scientific Research Stations) located in the northern part of the country. The other tool of Sweden, which helps to imply its Arctic Strategy is the Institute of Space Physics (IRF) and its Polar Atmospheric Research Programme. The aim of the programme is to to examine physical characteristics of layers of earth atmosphere (*Arctic Info, n.a.*).

During Swedish chairmanship in the Arctic Council (2011–2013) the Agreement on Cooperation on Marine Oil Pollution Preparedness and Response in the Arctic was

adopted by the Arctic states. The aim of the agreement is “to strengthen cooperation, coordination and mutual assistance from pollution by oil” (*Arctic Portal, n.a.*).

In terms of “Economic development” it is supposed that future free trade and demolishing of technical trade barriers will bring the country some benefits. At the same time the country stands for environmental friendly extraction of such natural resources as oil, gas and hydrocarbon in the Arctic region. According to Heininen L. this priority is “the most multifunctional” as besides future perspectives in trade, it also focuses on economic interests of the country in such areas as “mining, petroleum, forestry, tourism, shipping, icebreaking and reindeer husbandry”.

The main focus of the Arctic strategy of Sweden is “Indigenous people”, namely the Sami. It is stressed, that “their identity, culture, knowledge transfer and traditional trades must be upheld”, and languages of minorities should be preserved. Therefore, there is a Sami Education Centre in Jokkmokk, which offers programmes in the minority’s language and culture. Moreover, *Sameby Laponia Programme* was initiated with the focus on “environment and industry development” (*Ministry of Agriculture, Food and Consumer Affairs, n.a.*). By the way, Sweden will participate in the US initiative in the studies of “new regional instrument for the Arctic Ocean” (*MEE, 2016*).

Analyzing the Arctic strategy of Sweden it should be admitted that it is more than clear and straightforward in terms of development of the Arctic region, cooperation with other countries and the tools, which will help to reach the targets. However, to some extent it contradicts to the official statements of governmental representatives. The Policy supposes bilateral and multilateral cooperation with other countries of the Arctic Council, but in reality Sweden has no direct bilateral agreements with Russia or any other country in terms of cooperation in the Arctic region. Sweden has signed only

multilateral agreements within the Arctic Council and other regional and global organizations and agencies.

According to the Sweden's Strategy, Russia is considered to be one of the dominant actors in the Arctic region. However, in comparison with Finland, Sweden has less joint projects with Russia in the region. This fact also can be supported by the official statement of the Minister of Foreign Affairs of Sweden, who answered to the question of cooperation with Russia the following way: "We have rather good cooperation with the Arctic Council. If you look at this particular region, we have cooperation in research and other areas" The same answer was given, regarding how the Sweden's government sees future cooperation with Russia. The Minister argued that Sweden "has coalesced with Norway" and explained this coalition by the fact that the country (Sweden) has no direct coastline or border (*The Voice of Russia Radio, 2013*). The answers seem to be rather blurred and unclear.

Heininen L. in his review of the Sweden's Arctic strategy also points out that the country cooperates in the Arctic region on multilateral agreements. The main tools are global and regional organizations agencies and in within the framework of conventions, such as the Arctic Council, the EU, Nordic cooperation, the Barents Euro-Arctic cooperation, the UN, UNCLOS, IMO, UNFCCC, WHO, the Sami Parliamentary Council, etc. (*Heininen L., n.a.*).

The reason for such a limited cooperation is the lack of borders and its own territory in the Arctic region, which does not allow Sweden to cooperate in the field of energy resources and energy industry as a whole. However, Vladimir Koptelov argues that in terms of cooperation with Russia, Sweden can do its bit in the area of "environment protection, development of mineral resources and protection of indigenous people of the Northern region" (*Koptelov V., n.a.*). Moreover, the author of

the article admits, that Sweden contributed to the “liquidation of ‘hot zones’ in the Northern-Western part of Russia”. The country financed Russian project, the aim of which was to make this part of the Arctic region clearer from the pollution.

Third issue in Sweden-Russia cooperation is the extraction of mineral resources. Sweden perceives this as an opportunity to supply the EU with natural resources. However, Russia argues that this opportunity should not bring benefits for the EU only, but rather serve as a platform for international researches.

Analyzing Sweden’s Strategy this research comes to the conclusion that cooperation with Russia is more than limited for several reasons mentioned above. And it becomes evident, that Sweden does not perceive Russia as a partner in the region, only in terms of the work within the Arctic Council. Moreover, there is an interesting position of other researchers, that Sweden is creating coalition with other Northern countries to oppose possible coalition of Russia, Canada and the USA.

## 8. The European Union and the Arctic Region

The European Union takes the lead in many world political, social and economic issues. The EU interest in the Arctic region dates back to 1993 when the union together with Denmark, Germany and Norway created the Barents Euro-Arctic Council (BEAC).

Then, when two northern countries Finland and Sweden became Member States of the EU, which pushed the EU involvement into the Northern issues further, the Northern Dimension policy was initiated in 1999. The framework is “a joint policy between the EU, Russian federation, Norway and Iceland” and was formed “to promote dialogue, strengthen stability, well-being and economic cooperation, economic integration, competitiveness and sustainable development in Northern Europe” (*Northern Dimension, n.a.*). Moreover, the Northern Dimension is considered to be the first step towards the EU evolving interest in the Far North and creation of its own Arctic initiative in 2008.

The Northern Dimension objectives were protection of the environment, sustainable development, Arctic research and indigenous people, which were identified in the Northern Dimension Partnership and the Northern Dimension Partnership on Public Health and Social Well-being (*Airolidi A., 2010*). The work of the Northern Dimension is based on two principles:

- 1) *Principle of partnership*, which helps to reach the targets and implement the projects in the region;
- 2) *Principle of co-financing* under which all the partners of the Northern Dimension and financial institutions sponsor the projects and programmes.

The Northern Dimension covers the Arctic and sub-arctic areas, the Barents and the Baltic Seas.

How come that the union, which has neither geographical nor historical ties with the Arctic, has such a strong will to be involved into the on-going debate? Among the reasons of this interest Archer C. distinguishes both internal and external reasons.

*To External reasons refer:*

- Climate and environmental changes;
- Russian active actions;
- Competition between Arctic states;
- Development of relations with Russia in terms of cooperation in environmental area, energy sector, etc.;
- Emerging Arctic policies by the Arctic states;
- Future economic benefits.

*Internal reasons are as follows:*

- “Inter-agency rivalry between the European Parliament, the European Commission and the High Representative”;
- “Geographic balance” between Member States of the EU;
- Ambitions of the EU in world politics (*Geopolitics in the High North, 2012*).

Moreover, actions which are going on in the Arctic region as well as its natural resources, climate change and new trade route have direct influence not only on its neighboring countries but the rest of the world both its European and Asian parts. The EU right to be an active player in the region is based on the fact that three Arctic countries are the members of the EU.

Although the EU has not got an observer status in the Arctic Council<sup>2</sup>, the Union is an active member of the BEAC and the Nordic Council of Ministers (NCM). However, this fact does not prevent the EU to develop its own Arctic policy, to initiate and to discuss it at the highest level.

A5 (Canada, Denmark, Norway, Russia and the US) does not welcome such a strong interest of the EU in the Arctic issues, and perceives the Union as a threat to their own interests. Such a negative reaction of great Arctic powers was the result of a document called “The EU and the Arctic Region”(2008) which defined the key areas of the Arctic Strategy. The main focus is given to the arisen environmental problems in the Arctic, which is not a surprise if one takes into consideration the fact that the EU is trying to implement its “lead by an example” strategy in the issue of climate change. Two other concerns are as follows: international cooperation and promotion of sustainable use of natural resources (*EEAS, n.a.*).

However, Sergunin A., Yarovoy G. and Heininen L. argue that the EU has quite a limited number of instruments to influence on the Arctic states. The only things the EU can do for now are research, monitoring, and persuasion and encouraging to act within bilateral and multilateral agreements (*Valdai, 2014*).

Started with the focus on the environmental issue, the EU priorities are shifting towards “traditional and complex, through “soft” politics” (*Airolidi A., 2010*). In 2008 when the policy debate over the Arctic region was introduced for the first time, it was hard to predict whether the EU would move further in its intention. Now, eight years later it is obvious that the EU is interested in widening and deepening of its presence in

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<sup>2</sup> Osthagen A. supposes, that the EU will not obtain the observer status in the Arctic Council “until the EU resolves its conflict with Canada over the import ban on seal products”. Moreover, the EU put a band on trade of seal products, and debate over a ban on Arctic oil and gas (*Osthagen A., 2013*). In 2015 the EU amended its Regulation (EC) No 1007/2009 and ended the ban on import (*European Commission, 2015*). Now, it is Russia who opposes the EU status in the Arctic Council.

the region. This can be proved by recent claim of Federica Mogherini, who said: “The Arctic is key in our (the EU) foreign security policy” (*Eriksson A., 2016*).

The EU – Russia cooperation in the Arctic region started in 1994, when the parties signed Partnership and Cooperation Agreement for 10 years, which “is automatically extended on an annual basis”. As a result the EU and Russia formed, so called, “common spaces” and developed tools for their implementation:

- Economic space, which also includes environmental issues;
- Space for freedom, security and justice;
- Space for cooperation (*Airolti A., 2010*).

Obviously, cooperation with the EU can bring Russia significant benefits. Russia has not had technological base to conduct its research in the area and it needs such as technologies and innovations. Therefore, in terms of EU’s Space Policy and various programmes, e.g. Galileo and Horizon2020, it could conduct research, navigation and monitoring in the Arctic. On the other hand, the EU has technology for hydrocarbon extraction, which Russia needs, but does not have (*Daemers J., 2012*). The EU can act as a reliable partner, which can help Russia to make further steps in the development and investigation in the Arctic region.

However, the relations between the EU and Russia are not so pure and there is still place for misunderstanding and much has to be done. The Northern Sea Route is matter of concern between two actors. At the same time new legislation adopted by Russia is supposed to solve the disputes of the parties (*see Chapter 9*). Moreover, recently the EU has stressed that despite tough relations with Russia and imposed sanction, it will not influence on their cooperation in the Far North. The High

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Representative of the EU claimed after recent long debates that the actors will cooperate by “the principle of selective engagement where there is ground for global solutions to common challenges and threats” (*Eriksson A., 2016*).

Therefore, sanctions have not influenced on the previous agreements and projects of two actors. In terms of the cooperation in the Barents Sea region with Russia in particular and Barents region countries, the EU has contributed to the development of the region by adoption of such strategies and policies as (CBSS, 2015):

- *EUSBSR Horizontal Action Climate, which was approved in 2015*, is focused on climate adaptation;

- *The Baltic Leadership Programme on Sustainable Development (2014, 2015)* focuses on building a transnational and cross sectoral network working on resource efficiency and climate change. The Leadership Programme involves representatives from national and local authorities, NGO`s, pan-Baltic organisations across the region, including Russia, as well as the stakeholders from the 5 EUSBSR Flagships;

- *The Baltic Leadership Programme on Civil Protection (2014, 2015)* focuses on cross-border cooperation, and «effective implementation of the results of regional cooperation»:

- *EUSBSR PA Secure Flagship Project BaltPrevResilience* raises awareness of the consequences of climate change and focuses on cooperation to cope with floods and extreme weather.

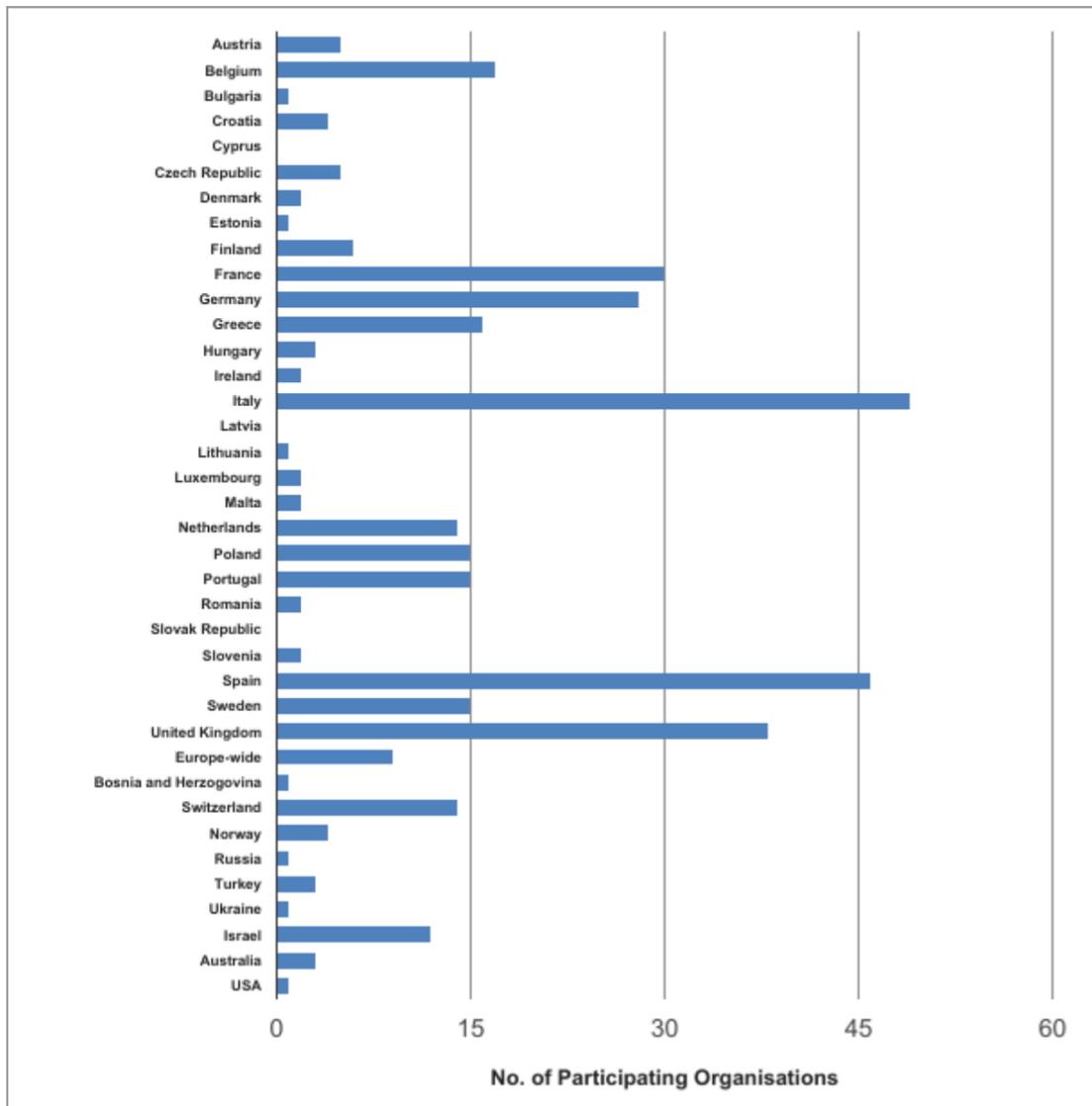
- *The Northern Dimension Environmental Partnership* focuses on water and wastewater treatment, solid waste management, energy efficiency and nuclear safety (*CBSS, 2015*).

Besides, the EU founded the Lapland Chamber of Commerce the aim of which is

to develop business and investment in the Arctic region. It promotes “the cooperation and networking of companies in the Barents Euro-Arctic region. It holds the presidency of the Euro-Arctic Chamber of Commerce (EACC) and the chairmanship and secretariat of the Barents Business Advisory Group (BBAG)”. From 2012 to 2022 125 bln.Euro will be invested in the northern parts of such states as Finland (22 bln. Euro), Sweden (30 bln. Euro), Russia (41 bln. Euro) (*Heikkila M., Laukkanen M., 2012*).

Moreover, European Union initiated complex research and project development regarding drones control in single sky area. “371 companies from 35 states participate in the EU European RPAS-ATM RnD projects” (*Eurocontrol, n.a.*) including the Russian Federation, Sweden, Finland and Denmark. On the graph one can see the involvement of the countries into the project by the number of projects.

**Figure 1. Number of Participating Organizations in the European RPAS – ATM RnD Projects**



*(Eurocontrol, n.a.)*

Hereby, Russia is presented in this project by Ural department of the Russian Academy of Sciences (RAN), which puts its input by working on monitoring methods. The EU allocated 174 460 Euro for this project (*Krivichev A., 2017*).

Sweden has two projects ERA and ERA MIDCAS implemented by two partners AVTECG Sweden a.b. and ACRO Swedish ICT s.a. Finland leads six projects under which several universities and organizations work: Ajeco o.y., SpecimSpectral Imaging

o.y., Laurea University of Applied Sciences, Emergency Services College, Technological Tutkimuskeskus v.t.t., University of Lapland. Two Danish companies Integra Consult a.s. and Satcom 1 APS work on two projects. Although EU – Russia cooperation in this sector, imposed sanctions made it impossible to import several types of drones to the Russian territory (*Eurocontrol, n.a.*).

## 9. Russia and the Arctic Region

Russia is the largest Arctic State. In comparison with the EU Arctic Countries, besides claims of natural resources and the Northern Sea Route, Russia claims certain territories in the Far North. The country has a long history of presence in the Arctic region, which dates back to XI century. Several Arctic islands were mentioned for the first time on 20 September 1918 as the country's Arctic territory. That was made on the basis of the fact that, "they have been generally recognized as part of the Russian Empire" (Kovalev A., 2009). Then there were several legal acts during the Soviet period, in which these territory was mentioned as well.

However, besides historical background the interest of Russia in the Arctic region becomes obvious as 80% of all amounts of oil and gas resources in the Arctic are located in the Russian undisputed Arctic territory. However, "more than 400 onshore oil and gas fields have been discovered north of the Arctic Circle. About 60 of these are very extensive, but roughly one quarter of them are not yet in production. More than two-thirds of the producing fields are located in Russia, primarily in western Siberia" (*The Arctic, n.a.*). Consequently, Khanty-Mantsiysk Autonomous Region contains 57% of extracted oil in Russia. Moreover, 11 offshore oil and gas fields were discovered in the Barents Sea. Out of which 6 gas fields (natural and condensate): Ledovoye, Ludlovskoye, Murmansloye, North Kildinskoye, Pomorsloye, Stokman (the biggest gas field in the world, which has 4,000 bcm); 4 oil fields such as Dolginskoye, Medynskoye, Prirazlomnoye and Varandeyevskoye; and 1 field which contains both oil and gas is called North-Galyaevskoye field (*The Arctic, n.a.*).

### Map 3. Russian undisputed Arctic territory



(*Ministerstvo Prirody Rossii, 2015*).

It is evident that the main targets for the country are to explore and to secure. Main priorities and goals of the country as well as instruments to achieve them until 2020 are described in the Strategy. The document is quite straightforward without any sentiments, pointing out that Russia is going to achieve and implement its goals in terms of its national interests and sovereignty in the Arctic region.

Priorities of Russia in the development of the Arctic region is divided into six main objectives:

1) *Socio-economic development*, which includes both changes in the governance as well as development of life of indigenous people.

2) Development of *Science and technology* supposes various scientific researches and technologies with the support from the side of the government, business, science and education sectors.

3) Development of *Information and telecommunications* means creation of “communication centers, multi-purpose space system “Arctic” (Sokolov V., n.a.) as well as improvement of navigation system and meteorological services.

4) Due to the fact that in part of the Russian Arctic there are several cities and settlements, Russian government also has environmental concerns. Heavy industry in the region, plants, and extraction of natural resources as well as presence of military forces made the region highly polluted (Valdai, 2014). In terms of *Environmental security* programs are focused on protection and liquidation of the ‘hot spots’ in the Arctic.

5) *International cooperation* with other Arctic States on the bases of bilateral and multilateral agreements and international law.

6) *Military security* means “defense and protection of the state border of the Russian Federation in the Arctic” (Sokolov V., n.a.).

Moreover, the main difference of Russian Strategy from the others, is that achievement of the objectives is divided into two periods until 2020. It is described in the table as follows:

**Table 1. Implementation of the Arctic Strategy**

	<b>1<sup>st</sup> phase: 2013–2015</b>	<b>2<sup>nd</sup> phase: 2016–2020</b>
	<ul style="list-style-type: none"> <li>Improvement of the legal base and the efficiency of public administration, coordination of the</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of the competitive advantages in the development of mineral resources</li> </ul>

<p><b>Main objectives</b></p>	<p>federal policy;</p> <ul style="list-style-type: none"> <li>• International legal registration of the continental shelf of Russia in the Arctic Ocean;</li> <li>• Establishment of the Coast Guard of the Federal Security Service Russian Arctic.</li> </ul>	<p>on the Russian continental shelf;</p> <ul style="list-style-type: none"> <li>• Development of border infrastructure and technical re-equipment of the border;</li> <li>• Establishment and development of multi-purpose space system “Arctic”, the modernization of long radio navigation system “RSDN-20*”.</li> </ul>
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*(Sokolov V., n.a.)*

*\*RSDN-20 – Radio-navigation long-range system.*

Nowadays, Russia is on the second phase of the implementation of the Arctic Strategy. However, no prove of the successful implementation of the first phase has been found. There several reasons can be highlighted, which lies in Russian government

and legislation as well as external factor such as sanctions. Therefore, if one takes problems within Russia, at least two main things can be distinguished.

First one is legislation, which does not contain any affective economic inducements for the development of nature-oriented technologies. Au contraire there are loopholes in the law not to implement technologies and equipment. Not taking into consideration international political and internal economic situation in Russia.

Second problem is that there are no conditions to create manufacturing of nature-oriented technologies (*Solovjanov A., 2017*). Until these problems are not solved it will be not possible to implement laws and governmental strategies and focus on import phase-out as far as the country is totally dependent on foreign companies.

The third problem is nonflexible conditions for foreign investments. It is evident that the government should create breeding grounds for investors and to work in cooperation with them and only in such circumstances it will be possible to develop the region. However, the scheme under which foreign companies enter Russian market is worth simplification. The current political and economic situation in Russia leads to stagnation of the Arctic region development. One of the solutions to change the investment climate in the country is to recognize the necessity of the government's power decentralization, which according to Allison Graham's Organizational Behavior Model in rational-choice theory, will lead to easier and faster decision-making process.

The fourth issue is sanctions and their influence on equipment in Russian Arctic. If one takes oil spill response (OSR) as an example, we will see that the country uses mechanical method to liquidate it. To make operations successfully there should be used special technologies and equipment. But now Russia is totally dependent on foreign companies as 75% of OSR technologies, which are created, to work in tough climatic

environment of Arctic are made outside Russia and because of the sanctions cannot be delivered to the country.

Several acts in the Arctic conducted by Russia made it to be perceived as the most aggressive country, which prefers 'hard' power rather than the way of negotiations and cooperation. However, such a forward behavior can be explained by the fact that Russian Arctic has the majority of the resources in the region and the country is focused to defend its economic interests to the full extent of its power (*Valdai, 2014*).

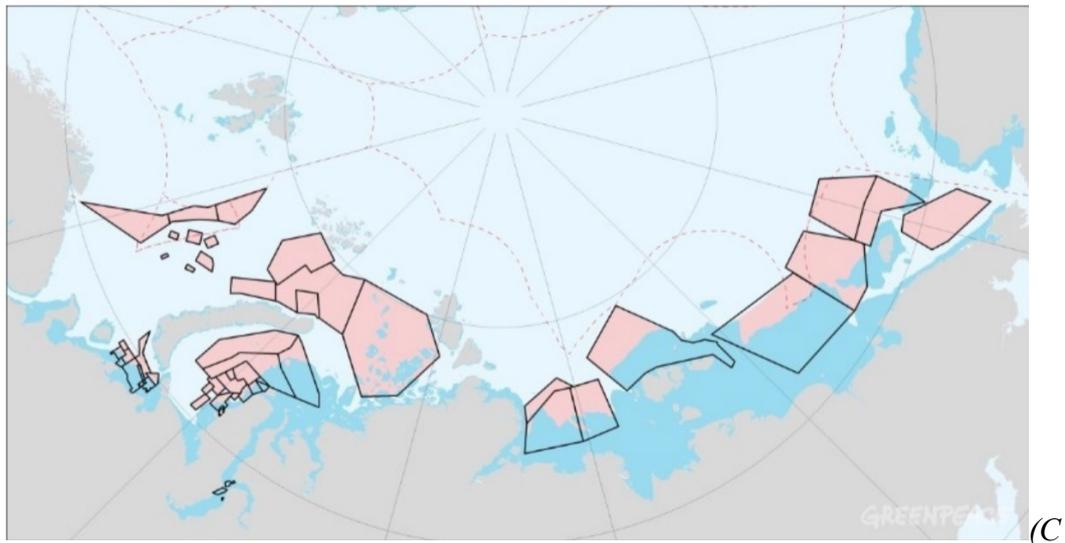
The majority of natural resources are concentrated in the Russian part of the Arctic area. Besides oil and gas, Russian Arctic is rich on mineral resources and bio-resources. The Norilsk Nickel plant is the main one in the country, which is located on Russian undisputed territory. Mining industry is highly developed in the northern part of the country, huge amount of copper, uranium, gold, diamonds are extracted yearly. "One-fifth of freshwater and several of the world's largest rivers are found" in the Far North (*The Arctic, n.a.*).

Russia has been developing its Arctic territory since Soviet times. Already then the region was industrialized: electronic power plants, pipelines, the Bilibin nuclear power plant were built; and explorations and researches were made. However, now all the systems need restoration and significant financial resources to build new plants and platforms for investigations and to develop and implement new technologies. Besides, huge amount of investments is needed.

By now there are 15 investment projects (11 of which are hydrocarbons and 4 – ore and coal) and 75 licenses, which are shared by five oil and gas companies: Gazprom, Rosneft, Lukoil, Novotek and Severneftegaz. However, because of the tough climate conditions and such a peculiar thing as ice movement and their long 'life', no single technology exists now in Russia and the world, which could let setting of new

platforms in areas where depth of the sea is more than 40 meters (*Grigorev G., Novikov U., 2015*). For this reason it is more likely that most of the licensed projects will be impossible to start not even in the near future but this century. (*Chuprov V., 2017*). On the map below one can see the areas, where licensed project are located. Black lines show us boundaries of licensed projects for further exploration and extraction; blue color - area with the depth less than 40 meters; pink color –those areas, where depth is more than 40 meters and technologies are not available.

**Map 4. Availability of natural resources on Russian Arctic territory**



(*Chuprov V., 2017*)

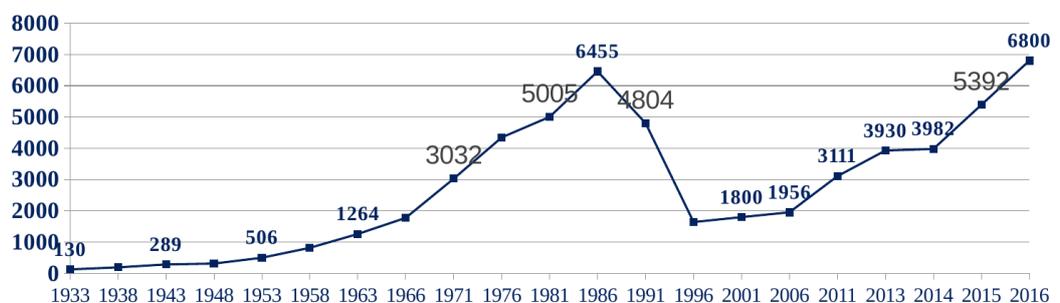
Another problem in Russian Arctic is oil transportation. 10 deposits are located on land, however paradoxically extracted minerals are transported by sea. And development of these deposits became possible only after transportation system was set (*Grigorev M., 2017*). However, the country suffers from shortage of atomic icebreakers. By now, there are only four icebreakers which were built as far back as in the USSR and their operation life has been already extended for several times. This

affects both oil transportation within and outside Russia and transportation through the Northern Sea Route. Nevertheless, Rosatomflot – the only transport organization, which provides Russia with atomic icebreakers – plans to extend the number of them and by 2020 two more vessels start to operate in Russian Arctic waters, by 2025 new multifunctional atomic icebreaker will be built and by 2030 multifunctional offshore vessel. (*Golovinskij S., 2017*).

### 9.1. The Northern Sea Route

Russia considers the Northern Sea Route (NSR) – a new intercontinental transport route – belongs only to it and for this reason everything what is going on there should be controlled by the Russian government. It is easy to imagine how much economic benefits it could bring when the ice melt and the new passage will connect Europe with Asia. On the graph below one can see the cargo traffic along the route from 1933 till 2016. By the projections of experts, this amount will grow year by year.

**Graph 1. Cargo Traffic along the Northern Sea Route in the period between 1933 – 2016.**



(*Golovinskii S., 2017*)

A new law about the creation of “Administration of the Northern Sea Route” came into force in February 2013. Under this law, federal administration of the country considers claims on the right for sailing in the waters of the NSR. The fees are paid only for services such as port services, pilotage and icebreakers. This law has allowed to increase the number of vessels from 46 in 2012 to 204 in 2013 (*Pettersen T., 2014*).

The passage covers 4 mln. sq. km. and 1 mln. people. The NSR became one of the most vital part of the country in terms of transportation and sustainment of its northern regions, connecting European and Asian part. The NSR will help to cut time as well as transport costs of long-distance haulage twofold. For Russia it has huge political and economic meaning.

Russian authorities claim that the safety of the NSR and developed infrastructure, including military one is top priority of the country. That is how Sergey Lavrov, the Minister of Foreign affairs of Russia, explains Russian military presence in the Arctic: “With such active interest in this international route along the Russian borders, we, as a littoral state, bear a special responsibility for ensuring not only the route's effectiveness but also its safety. It is essential to ensure reliable and effective control not only over sea areas but also over the coast along these areas” (*The Arctic, 2016*).

However, analyzing Russian “behavior” in the Arctic region as well as recent developments in foreign policy of Russia, namely Russian military presence in Ukraine, annexation of Crimea and active participation of the state in military conflict in Syria, one can come to a conclusion, that general perception of Russia among Arctic states as well as the EU has changed and the relations between the actors become rather strained. Consequently, the USA argued that Russia wants “redraw the borders established after World War II”. In its turn Canada refused to participate “in an Arctic Council meeting

of the Arctic Council Task Force for Action on Black Carbon and Methane in Moscow” (*Klimenko E., 2014*). Then, the USA together with the EU imposed targeted sanctions on Russia. Although these measures have no connection to the Arctic, the consequences do fall even here. Though Russian officials claim that sanctions has no significant affect, they do. As an example, work of two Russian companies in the region Rosneft and Novatek has been limited and for now they are not able to continue their exploration and extraction of natural resources at full pace because of the lack of relative technologies and equipment, which was mentioned above in the research.

After this chain of events, Russia had to change its aggressive behavior in the Arctic region and choose the opposite strategy, based on cooperation rather than confront with other parties and follow “soft” power. Nowadays, official Moscow encourages others to maintain peaceful dialogue and find “effective solutions on the basis of true partnership”. This can be supported by the recent speech of Sergey Lavrov: “Russia has always considered the Arctic as a territory of mutual respect dialogue. We are convinced that all the necessary conditions for enhancing this dialogue have been established: international law clearly defines the rights of both coastal and other states. We are strongly committed to resolving any disputes through civilized negotiations” (*Ministry of Foreign Affairs of the Russian Federation, 2016*). The other plan of Russia could be enhancement of cooperation with China, which has a strong interest in future benefits that the Northern Sea Route can bring to it.

## 10. Conclusion

The primary objective of the thesis was to examine the relations of the Russian Federation with the EU Arctic states (the Kingdom of Denmark, Finland and Sweden) as well as the EU in particular; and to prove or reject the assumption that the Arctic is a place of a new “Cold War”. The thesis took a line of the rational choice theory, which has been suitable for analysis of the strategies of above mentioned actors. One of the basic ideas of the theory is that when a state knows the strategy and intentions of the other actors, it helps to find one’s own solution (*Kafler R., 2011*). However, this research shows that it does not always work this way. The problem arises when the essence of rational and right action should be defined for each actor it can be different because they are guided by their own interests and only in the second turn they pay attention to common goals. An example can be sanctions imposed on Russia, which had influence on common projects in the Arctic region; or Russian external politics, which lead to negative impact on the reputation of the country. Though the thesis assumes that some of the rational actions can correspond in Arctic strategies of observed states.

Every chapter looked at the nature of the interests of the countries in the Arctic region, their strategies and on the basis of these, their cooperation with Russia and relations with the EU were observed. It was found out that besides the fact that Sweden does not have any costal line with the Arctic, it still has strong ties with the region, and the most significant one is “cultural tie” according to which “the Sami people are the very link between Sweden and the Arctic”. At the same time the country does not consider Russia as its strategic partner, arguing that cooperation will be conducted only in the framework of the Arctic Council, UNCLOS, IMO and on the basis of multilateral

agreements. The same attitude towards cooperation with Russia was noticed in Danish strategy. By contrast, both Sweden and Denmark support the EU interest in the region and its desire to obtain observer status in the Arctic Council. However, it does not stop Finland to express its interest in partnership with Russia, as well as its will to have joint projects in investigation, extraction of natural resources, offering its technologies and know-how. Returning to the Finland – EU relations, the country is a strong supporter of the EU participation in the Arctic affairs. Finland becomes the chairman of the Arctic Council in 2017, the year when the EU application for the observer status will be considered for the second time. Taking this fact into account, hypothetically Finland will manage to persuade Russia to change its mind and not to exercise veto power this time.

As for the Russian Federation, it is evident that nowadays, country's economy is too weak to support and develop its Arctic projects by itself, for this reason it needs to collaborate with other actors of the region. In terms of Russia, the EU has been already playing vital role in the Arctic through its Member States, which represent not only their interests in terms of domestic foreign policies but also represent the EU's interests.

Analyzing different approaches of four Arctic States and the EU as a supranational actor, the research comes up with the conclusion that the choice of countries' strategies depend on the internal interests of the given players and policies and to a greater extent to external political environment, which has nothing in common with the Arctic region (for example, Russian–Ukrainian crisis, active participation of Russia in Syria).

Surprisingly, having so many claims over the Arctic, developing the region, making countless researches, Russia still does not have complex legislation on the Arctic. Besides, the region is neither controlled on the federal level nor on the local one

*(Pilyasov A., 2010).*

As for the EU role in the Arctic region, nowadays we can observe a clear shift of the EU from 'low' politics, which was concentrated on environmental issues and indigenous people of the region, to 'high' politics with a strong focus on security, energy and trade *(Weber S., Romanyshyn I., 2011)*. At the same time the EU should be ready to play backseat but not the lead as it got used to on the global stage. The union will add value by cooperation with the Arctic states within multilateral agreements and within IMO, UNCLOS and other organizations.

Some scholars, like Osthagen A. argues that the EU will continue to develop its strategy in the Arctic region and pointed out that to some extent the EU has stronger interest in the region than its northern member states. At the same time, the union is going to make its strategy value-added and to suggest benefits, which would help all interested parties to achieve the targets in the Arctic *(Osthagen A., 2013)*. His hypothesis has been justified recently after the claim of Federica Mogherini about adoption of the EU Arctic Strategy.

The main contribution of the research is that previously no such research has been conducted in terms of relations of Russia and the European states in the Arctic region and the EU in particular. It could be helpful for further investigation, moreover, there is space to make the other research and examine relations between Russia Canada and the USA and then make a complex comparison of two blocks: "Russia and the EU Arctic States" and "Russia, Canada and the USA". Such an analysis will help to go deeper in the research of the relations between the states and their choices of strategies.

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