

ARCTIC ZONE: GLOBAL STRATEGIC PRIORITIES FOR INTEGRATED DEVELOPMENT AND INFRASTRUCTURE POLICY

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This article systematizes and summarizes the regularities of formation of international experience and trends of development of the Arctic territories. The main purpose of this article is to set out important points that predetermine the orientation and specificity of manifestation of national interests of states that are potential participants of the subsoil management in the Arctic zone. The following conclusions were obtained on the basis of the provided materials:

- Significant interest in the Arctic today is shown not only by the five countries (Russia, USA, Canada, Norway, Denmark) that own Arctic territories, but also by the polar states (Iceland, Sweden, Finland), the European Union and Asia. As a consequence of that, it is expected that in the XXI century, the Arctic region will be in the focus of attention of the official subarctic forty-five states and many states whose territories are quite remote.
- For many countries, especially for Russia, given the current acute political conditions (sanctions, confrontation with the West, Ukrainian crisis and war in the Middle East), development of the Arctic territories is somewhat pushed into the background, this issue generates no short-term but long-term agenda. This approach is fundamentally flawed and fraught with a number of threats, as the most industrialized countries do not reduce but rather increase their interest in the issue.
- Territorial confrontation of world powers that have direct rights to the Arctic shelf leads to instability in the region but does not represent a real threat for the emergence of a large-scale conflict. Therefore, making the choice between the hard pressure of national interests and harmonization of the interests of the subarctic states, the industrially developed countries, including the Russian Federation, should integrate the experience of international cooperation and consider mutual interests when developing its Arctic strategy.
- Considering the cooperation of the countries of the Arctic Council and their cooperation in the framework of a global economic forum G7, there are prerequisites for the solution of the Arctic conflict through negotiation and compromise. In this context, it is very important to develop the legal and regulatory institutional frameworks on the Arctic issue, which would be harmonized with international legal norms.

The scientific novelty of this study lies in the fact that based on the best world practices and trends in the field of exploration and development of the Arctic territories, in order to minimize the potential of energy-ecological-economic threats that can lead to disastrous consequences for the modern civilization, the following measures regarding the development and implementation of innovative economic policy for the Arctic coastal and other states are recommended:

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- increasing level of the technical sophistication and efficiency of the search and extraction of natural resources in the Arctic;
- formation of a reliable logistical infrastructure to secure future energy supplies;
- transformation of operational risks of development and exploitation of natural resources in the Arctic into financial risks through the mechanisms of public-private partnerships and venture capital;
- harmonization of domestic legislation in the area of development of Arctic territories with international law;
- liberalization of the production and sale of energy resources, lobbying national Arctic interests at the global level through the various supranational structures and institutions.

Key words: Arctic territories, Arctic shelf, subarctic states, territorial development, sustainable use of resources, Arctic strategy, institutionalization, geopolitics.

1. INTRODUCTION

There is no doubt that the current situation in the Arctic region attracts the attention of many research scientists. The Arctic in the XX-XXI centuries became much “closer” and more understandable to people. In recent decades, hydrocarbon reserves of global significance for the whole of human society have been found and proved. The Arctic transcontinental sea and air routes were developed and the research of the surface of the North Pole and the Arctic seabed were conducted a while ago (Farré, *et al.* 2014; Arctic opening: Opportunity and Risk in the High North. Research by Lloyds). However, modern scientists around the world continue to analyze and explore issues related to the geographical location and climate of the Arctic Ocean and the history of the development of the cold spaces of the Arctic ice in more detail.

The heterogeneity of interests and levels of development of the Arctic countries, together with the fact that the region is one of the richest in natural resources, could lead to increased tension in the North. An important factor in the struggle for the Arctic possession is the economic component. In 2008, the USGS – US Geological Survey – published their own conclusions about the fact that the Arctic could theoretically store up to 25% of world reserves of oil and gas (“Circum-Arctic Resource Appraisal: Estimates of Undiscovered Oil and Gas North of the Arctic Circle — CARA. Research U.S. Geological Survey” 2008; Future of the Arctic – A New Dawn for Exploration 2006). These data were confirmed by the consulting firm Wood Mackenzie, which estimates the deposits of oil in the Arctic as 166 bln barrels, while the pervasive oil reserves in the United States do not exceed 15 bln barrels (“Coal Supply Service Canada. Research by Wood Mackenzie”). In turn, European, American and Canadian researchers point at the extent of global warming, saying that between 1969 and 2004, the volume of ice in the eastern Canadian Arctic Archipelago has decreased by 15%. (Climate Change and Arctic Development 2009; Harsem, Eide and Heen 2011; Humrich 2013).

The consequence of global climate change is opening up new opportunities for large-scale oil and gas extraction from the Arctic seabed, emergence of new transport hubs in the world, expanding opportunities for shipping navigation, as well as implementation of commercial operations in the Arctic. This, in fact, caused interest in the region from any and all Arctic states in order to study and practically use the northern opportunities for economic development and trade in the subpolar Arctic region. However, on the other hand, awareness of the Arctic countries of new environmental, geopolitical and socio-economic challenges faced by the region makes look for compromise ways of the development of the Arctic community.

At the present stage of development of the Arctic territories, there is a trend of Arctic resource management practice not only in the common interests of the planet and humanity, but also in the interest of individual countries, as well as commercial national and transnational corporations.

A certain interest in the exploration and extraction of natural resources in the Arctic and subarctic areas is demonstrated not only by the states located directly in the subpolar area, but also by countries such as China, Australia, South Korea, Singapore and India, which are geographically located at a considerable distance.

2. METHODOLOGY

This article was written using the methods of comparative content analysis (theoretical analysis), as well as comparative analysis of methodological and empirical publications devoted to the study of such important aspects as regionalization, the institutionalization of the Arctic, its geopolitical position and the importance of the role of the Arctic hydrocarbon reserves to provide global energy security.

For example, problems related to the geopolitical situation in the Arctic region at the beginning of the XXI century are considered by many scientists, but it should be acknowledged that this topic is still not investigated. In particular, the leading Russian scientists offer a new perspective on the institutionalization of the interaction of the subarctic and other countries through the creation of new geopolitical structures, such as the International Arctic Union "Arctic XXI": this organization should be established to ensure the safe and peaceful implementation of global projects by the leading states in the region (Lukin 2013).

The studies of I. Voznyuk and A. Barannik (Barannik, Voznyuk 2009), L. Haines (2015) and many other researchers, whose works have already been mentioned in this paper, are also relevant in this context. In their joint article, the scientists consider the Arctic as an important geostrategic region of conflict of interests of the leading countries of the world and come to the conclusion that today both the official foreign policy and informal action by states in the Arctic region are more active. Controversial issues can be resolved only through the implementation of international law and accession of a number of states to the UN

Convention on the Law of the Sea dated 1982 (“UN Convention on the Law of Sea”).

It should be noted that the development of geopolitical confrontation in the Arctic region generates more conflicts between the leading states of the world, and therefore requires further study and clarification.

3. RESULTS

Due to its geographical position and historical context of the development, the policy of subarctic states is traditionally based on the presence of specific interests and, accordingly, pre-emptive rights during the development of the Arctic territories and the determination of their legal status. This principle was recorded in international legal doctrine, namely “sectoral theory”, according to which each Arctic state has special rights in a particular polar sector – a triangle, which base is the coast of the relevant state and sides are the lines passing through the meridians to the North Pole.

Traditionally, the most active supporters of the theory of the sectoral division of the Arctic territories were Canada and the Soviet Union (and later the Russia Federation), which in a number of legislative acts and official statements asserted sovereignty over the land, islands and seas to the north of their Arctic coast. According to the terms of the “sector theory”, it was established that the sector adjacent to the coast is under the jurisdiction of the subarctic states; at the same time, the islands and lands in this sector are under the sovereignty of these states. Strategically, the current “balance of power” of the subarctic states on the basis of the actual area of the polar territory and population of the polar regions is displayed in Fig. 1.

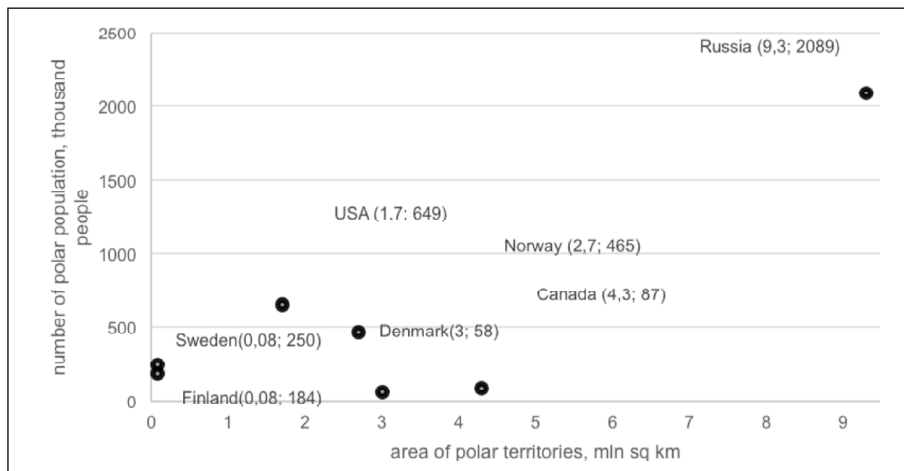


Figure 1: Strategic position of the subarctic states (area and population) (Timoshenko 2014)

Obviously, Russia and a number of industrialized countries are strategic leaders in the Arctic with the right of access to the largest area of arctic and subarctic regions. For example, the Polar region of the Russian Federation is home to more than 2 million people (as of 2014 Timoshenko 2014).

At the same time, in parallel with the “sectoral theory” in the definition of ownership of mineral resources of the Arctic mineral resources (and mainly – in contrast to it), the theory of “internationalization” of the Arctic has also evolved and spread (Arctic land as “the world’s condominium”). Implementation of this concept in practice was facilitated by the establishment of such a regional international organization as the Arctic Council in 1996 (“Arctic Environmental Protection Strategy”). The Declaration on the Establishment of the Arctic Council was signed by Denmark, Iceland, Canada, Norway, the Russian Federation, Finland and Sweden on September 19, 1996 in Ottawa (Canada). This international organization works to support and promote cooperation in the field of environmental safety and sustainable development of the subarctic territories.

The Arctic region is of great political significance due to the increased attention from the subarctic states in regard to the effective development of the shelf, the outer limits of which are still not clearly defined. The absence of international legal instruments and many of the unsettled problems lead to the process of internationalization of the Arctic, thus violating the national interests of the subarctic states. Numerous attempts are made by various states to strengthen their political and economic presence in the Arctic, and the willingness to develop new fields in terms of resource depletion is expressed.

Climate change in the world threatens to lead to a geopolitical crisis in the Arctic. Conflict of interest among the states interested in the development of the region is inevitable. First of all, let’s consider the policy of the US government and its actions directly aimed at addressing urgent issue – the Arctic crisis. The government of this country pays special attention to the prospects for development of the Arctic and is leaning toward developing a strategy aimed at obtaining a dominant position in the region. On the one hand, this means strengthening the political, economic, and US military activity in the Arctic and on the other – search for opportunities to provide a decisive impact on other countries in the region.

The peculiarity of the national approach to Arctic development and international cooperation in this area is the fact that this topic is not formally among the priorities of the national security of the United States. However, an analysis of official documents suggests carrying out serious work on the preparation and definition of the most important activities in the Arctic region in the political and expert circles of the country.

Closer US interest in the Arctic region is not due to any short-term development goals of territorial development. It should be assessed from the standpoint of strategic geopolitical trends – the drive of the United States for the world leadership.

The Americans consider the Arctic as a region, control of which could have a significant impact on the global balance of power. The importance of competition only increases, according to the views of the US government.

Obviously, the key answer to the question of why the world's leading countries have shown interest in the Arctic territories is that the region concentrates a considerable potential, one of the last undeveloped and not divided between the two countries, which is a vital resource for the development of modern economy. That is why the US geopolitical approach to this issue is not wrong; on the contrary, it reflects the most rational assessment of the current situation. According to American and European scientists, the US desire to be completely energy independent updates the geopolitical importance of the Arctic region and its role in shaping a new world order (Smith 2012; LaBelle and Goldthau 2014).

At the same time, the US government has no clearly stated official position. There are only platitudes about the need to work in the legal field, the multilateral partnership, caring for the environment. Potential trump of the US in the fight for the Arctic may be the policy of uncertainty. The matter is that at the moment the United States remains the only country in the world that lays claims to the Arctic region, and still has not yet signed the UN Convention on the Law of the Sea.

The country, which joined the UN Convention on the Law of the Sea dated 1982, is obliged to prove its claims for the Arctic shelf. According to the Convention, with access to the Arctic Ocean, the Arctic states may declare a 200-mile strip along their coast as their exclusive economic zone. It can be extended a further 150 miles if the country proves that the shelf is a continuation of its mainland.

Relying on the provisions of the Convention dated 1982 and taking into account the terms defined by the UN, the subarctic states intensified their research in the region to justify the belonging of the underwater Arctic ridges to their own land. So if Russian scientists manage to justify the position concerning the belonging of the Lomonosov Ridge to the Russian Federation, the country will be able to extend for another 150 miles its continental shelf, which stretches from the Kola Peninsula to Chukotka, and, according to preliminary estimates, comprises 15-20 bln tons of fuel. But it should be noted that the equipment for the extraction of natural resources at such depths is still in the development process.

As noted above, Canada traditionally actively supports the Arctic sector splitting. This country claims an extension of its continental shelf by means of the underwater Lomonosov Ridge. Canada has recently stepped up action in the direction of use of the adjacent Arctic possessions. Since 2008, it holds regular exercises of the armed forces in the Arctic, which aim to protect the sovereignty of Canada's northern borders. The government is concerned that Russia annually increases its military capabilities in the Arctic.

The Northern Dimension of Canada's Foreign Policy ("The Northern Dimension of Canada's Foreign Policy") is a tool to ensure the national interests

of the state, it is systemic in nature and focuses on four objectives – security and prosperity of Canadians (especially northern peoples and the indigenous population), provision of Canadian sovereignty in the North, establishment of the subarctic region as a unique geopolitical space within the international system based on law, as well as the promotion of bodily security of northern peoples and ensuring sustainable development of the Arctic (“Northern Foreign Policy”).]. The Strategy of Vital Development from the Canadian leadership defines the elements of its Arctic policy and establishes the priority of achieving the objectives in its bilateral, regional and multilateral relations. Significant financial, political and foreign policy resources are allocated for such activities.

The confrontation between Canada and the United States over the rights to the North-West Strait connecting the Atlantic and Pacific oceans has been lasting since the mid-80s. Ottawa insists on Canadian jurisdiction, while the American position is to maintain the international status of the northern route. On the basis of an agreement between Washington and Ottawa dated 1988 on their respective territories, the US Coast Guard must report to Canadian authorities in the case of use of the northern route. The Canada-US military agreement (April 2002) redefined the rule of Canada over the Northern territories and also determined the conditions of the deployment of US forces and the positioning of US warships in Canadian territorial waters. The neutrality of the subpolar regions is not profitable for Canada, as it denies its capacity for self-control of the territories, which, respectively, reduces Canadian influence in the region. Aside from the unresolved issue of the North-West Strait, Canada and the United States did not fully resolve the dispute over the borders between the US Alaska and the Canadian Yukon territory, where significant deposits of oil are located, which further aggravates the situation.

Beneficial to Canada is the fact that the US has not ratified the UN Convention on the Law of the Sea dated 1982, and, accordingly, may not appeal to it in the dispute over the Arctic territories.

Instability in the region is caused by the Canada’s dispute with Denmark over the Hans Island, which is located between Greenland and the Canadian territory. Ottawa refers to the fact that the island previously belonged to the United Kingdom – the former metropolis of Canada, while Denmark argues the island belongs to it due to its geographical proximity to Greenland (belongs to Denmark). The Canadian and Danish expeditions visit the island from time to time, and military exercises are carried out near the island.

Moreover, Canada cannot deny the influential role of Russia in the Arctic world, prompting Ottawa to establish and strengthen bilateral cooperation with Moscow, as well as to cooperate within regional forums on the Arctic issues. The Canadian leadership contributes to the implementation of the Canada-Russia Agreement on Co-operation in the Arctic and the North, 1992, as well as the Memorandum of Understanding concerning Cooperation on Aboriginal and

Northern Development, 1997 (“Circumpolar Liaison Directorate”), and contributes to the expansion of bilateral economic and business ties with Russia through cooperation with local authorities as well as private institutions and nongovernmental organizations. Ottawa supports the work of the Working Group on the Arctic and the North, under the auspices of the Intergovernmental Economic Commission. This includes the creation of the Canada-Russia Northern Commission for trade facilitation and promotion of northern transportation routes.

To confront the new challenges and promote better cooperation, Canada intensifies the dialogue in the framework of the UN, NATO and OSCE. In order to strengthen its sovereignty and protection of the population, as well as strengthen the security of the Arctic environment, Ottawa cooperates within the framework of the Arctic Council. Canada consistently increases the overall effectiveness of the Arctic Council and increases the contribution of indigenous peoples in its activities in accordance with the effective promotion of Canadian priorities, such as environmental protection, international cooperation and sustainable development. The Council itself is one of the major drives for the development of the Northern Dimension of Canada’s Foreign Policy.

Ottawa focuses on ensuring its leading role in the Arctic Council to promote Canadian priorities and involvement of the Arctic countries in accordance with the priorities of Canada’s northern policy. Ottawa provides financial and institutional support to the permanent members of the Council, provides support for comprehensive cooperation between Member States, and increases public support for increasing the role of Canada in the development of the Arctic community (“Northern Foreign Policy”). Such cooperation takes place through the Canadian research, which focuses on research on adaptation to the impacts of climate change.

In the Canadian north, attempts were made to save the individual depressed Labrador centers of iron ore industry, mining and timber centers in the provinces of Alberta and British Columbia, as well as to search for new sources of income for the population. Deep oil refining companies (petrochemical industry) have long been created and continue to be created in Alaska. In this context, the problem of diversification and economic restructuring is often called the problem of production – “import substitutes”, and the import substitution means not only goods but also services. Diversified economy was created in the northern parts of Norway and Sweden.

Norway is committed to the internationalization of the Arctic space and solving regional problems through joint efforts of all subarctic states. The country adheres to the principle of peaceful settlement of disputes without the involvement of third countries. The agreement signed between the Kingdom of Norway and the Russian Federation in 2010-11 includes provisions on cooperation in the region in the conditions of a real geopolitical division, mutually beneficial cooperation and the gradual formation of the so-called Arctic solidarity (Lukin 2010).

In turn, Denmark doubles its territorial claims in the Arctic. In the near future, the kingdom is going to declare the United Nations on its exclusive rights to 400,000 square kilometers of the seabed around the North Pole. It is twice more than before; in addition, territorial claims extend to the Canada's area of interest. Claims are determined by the fact that Canada has violated a preliminary agreement with Denmark on the forthcoming demarcation of the Arctic territories (Barannik, Voznyuk 2009),

Such Arctic states as Sweden, Finland and Iceland do not support the sectoral division of the Arctic. They adhere to the position, according to which the Arctic waters should be subject to the general principles of the open sea. The position of the above countries is determined by the fact that the sectoral approach puts them in an unequal position compared with the subarctic states and minimizes their claims to the Arctic territories.

The foreign policy of the European Union member states on the Arctic reflects, above all, their economic interests. Countries such as Britain, France, Germany, Poland, Finland and Sweden do not have the opportunity to participate in the direct spatial distribution of the Arctic, but they intend to be actively involved in the process of development of natural resources in the region. This position is also fully supported by the large European companies engaged in the extraction and processing of hydrocarbons, which have their own capacity and infrastructure in the north of Europe (Podoplekin 2011)

Representatives of the European Union, on the one hand, pay considerable attention to the problems of global warming and climatic changes on the planet, and on the other hand, study the opportunities associated with the development of new Arctic territories, the use of resources and the creation of new transportation routes thanks to this.

The European Union has a close relationship with the Arctic because of the many powers, policies and regulations that are directly related to this region in areas such as the environment, trade, energy, research, transport and fisheries. At the same time, the European Union has never been on the first roles in the development and management of the Arctic. However, over time, EU policy towards the Arctic acquired traits of coherence and consistency, resulting in a number of changes in the foreign policy of this integration association.

The dimension of the foreign policy of the European Union in the Arctic is considered by many scholars, among which the studies of O.B. Alexandrov occupy an important place. The author notes that the main thesis of the EU Arctic Policy is to ensure a balance between the two needs – preservation of the Arctic environment and the use of its natural resources. It would be extremely difficult for all participants in this process to achieve this objective. After all, each country pursues its own interests. So, on the one hand, the EU has high hopes for energy imports from the Arctic region. On the other hand, the northern seas are the main supplier of fish

resources in EU countries, and any disasters related to oil spills in the Arctic can be fatal (Alexandrov 2013).

Considering the role of the EU in the Arctic, the employee of the Finnish Institute of International Affairs Yu. Kapila says that through the influence exerted by the various member states with different interests, the European Union still lacks the Arctic strategy, so it moves forward only at the level of political statements. Yu. Kapila argues that the EU is seeking to play a greater role in addressing the Arctic issues, but it has to admit that the main players in the region are the countries of the Arctic, and it should focus only on the support of successful cooperation with the Arctic states and contribute to solving the region's problems (Käpylä 2013).

Up to a certain time, the EU did not take action in the Arctic direction, except for the appearance of the "Arctic window" in the framework of the "Northern Dimension". Interaction in this format, although formally included the entire territory of the European north, was more focused on the Baltic and Northern Europe, and did not concern the Arctic issues related to the division of the continental shelf, development of sea lanes, protection of the Arctic environment and other important issues. Therefore, 2008 can be considered the starting point for the Arctic policy of the European Union, when the communiqué "The European Union and the Arctic Region" emerged, adopted by the European Commission in March. The document proclaimed the inextricable link between the EU and the Arctic. The authors of the document focused their attention on climate change in the Arctic, which cannot but worry the EU.

This program noted that the environmental changes in the Arctic entail geostrategic changes, the effects of which could affect the global stability and European security. As a result, according to the authors of the document, the EU should develop a framework for its Arctic policy, aiming for "sustainable use of Arctic resources", as well as for active participation in the multilateral management of the Arctic region. Thus, the European Union announced its intention to pursue its own dimension of the foreign policy in the Arctic, which would be part of the collective efforts of the Arctic states and other stakeholders, aimed at joint management of this region.

The analysis of prospects for the implementation of this plan requires the establishment of EU resources in the Arctic and the range of partners, which will be a base for this association in promoting their interests. So, from the very beginning, the European Union outlined the goal to get permanent observer status in the Arctic Council. Within the framework of the Arctic Forum, the EU is represented by three countries – Sweden, Denmark and Finland. Six other member states of the European Union are observers in the Arctic Council. Two countries – Norway and Iceland – are parties to the European Economic Area, as well as partners of the EU in the "Northern Dimension" program. In fact, Denmark provides the

Arctic status to the European Union, or rather an autonomous territory of Greenland, which is not actually part of the European Union and has a wide autonomy from Denmark in the field of development and exploration of resources.

Prospects of increasing subjectivity in this aspect are fuzzy, since the EU is unlikely to put pressure on Greenland in providing any rights to European companies to operate in the Arctic region. Therefore, the European Union, in fact, remains an observer on the sidelines.

The EU is trying to influence the socio-economic development of the Arctic states and parties interested in the Arctic through investment in research and financing of cross-border cooperation in the Arctic region. In addition, the EU wants to have more active presence in the management of the Arctic. It is already a member of a number of relevant regional institutions and mechanisms, such as the Council of the Barents / Euro-Arctic Council and the Nordic Council (at ministerial level). The European Union may in the near future obtain permanent observer status in the Arctic Council, which will give it a new opportunity to influence the development of the Arctic and monitor the issues of the development and challenges faced by the parties interested in the Arctic. Thus, the European Union will be able to intensify and to provide the global nature of political competition in the region (Käpylä 2013). At the moment, Brussels is aware of the limitations of their capabilities in the Arctic, but does not lose hope to strengthen its influence in the region, including by improving its status in the Arctic Council. European member states of the Arctic Council – Sweden, Finland, Denmark and Norway and Iceland – have for several years been lobbying the decision to grant the EU permanent observer status in the Arctic Council, but Canada opposed that.

At the ninth ministerial meeting of the Arctic Council on April 24, 2015 in the Canadian city of Iqaluit, the European Union was again refused the status of observer. This time, Canada did not violate the EU's plans for observer status, as the EU has other opponents. For example, the relationships between the EU and Russia have been constantly deteriorating since September 2014, when Brussels imposed sanctions against Russia, which hamper its activities in the Arctic. In response to Russia's participation in the Ukrainian crisis, European sanctions prohibit the companies from the EU to enter into new contracts with Russia to take part in the Arctic, shale and deepwater projects on the exploration and production of energy resources. Responsive Russian actions may be a source of additional difficulties for the EU in its desire to eventually become an observer of the Arctic Council (Haines 2015).

At the same time, it can be expected that the total public and private lobbying on the part of Europe would be more aggressive in nature and rely on both the official (diplomatic, economic) mechanisms and the informal (environmental, international public) institutions of influence on the situation in the Arctic. As a priority partner in the development of Arctic resources, the European countries

will consider a State that will receive the most significant territories, and, accordingly, will receive strong geopolitical and economic positions in the region.

As for the Asian region, the China's interest in the development of the Arctic should be noted. China is located in the Northern hemisphere, so the strategic interest in the Arctic region is of great importance to it – it is linked to sustainable economic development and national security of China. Chinese ambitions in the Arctic are also stimulated by the fact that the Arctic formally belongs to no one from the international legal point of view. And that is despite the adoption of the 1982 UN Convention, which mainly complicated situation with the legal regulation in the Arctic. However, the question of the division of the Arctic has not been resolved at the international level, and China exploits it when trying to prove that nobody has the exclusive rights for the development of this region.

We should note that in May 2013 the Arctic Council agreed to recognize China as an observer in the Arctic region. At present, China is actively involved in polar research. China is also becoming one of the largest mining investor in Greenland; in addition, the country intends to conclude a free trade agreement with Iceland. Thus, China uses different approaches. On the one hand, the country is seeking benefits by actively working with “small” countries. On the other hand, this country doesn't mind to use contradictions between the other great powers.

Japan also has certain interests in the polar latitudes. For the Land of the Rising Sun, as well as for Singapore, the Arctic is a platform where innovative Japanese technology can be implemented. The Northern Sea Route has significant economic attractiveness for Japan: its use will increase the flow of goods between the Japanese and Western European ports, as well as ensure Japan's leadership in shipbuilding. According to experts of the Center of Strategic Studies and Forecasts, “Russia is considered by the Japanese government as one of the main partners in the development of Arctic resources and shipping along the Northern Sea Route.” However, the authors of the report point out that the prospect of year-round navigation on the NSR increases the value of the Kuril Islands (ports, warehouse infrastructure, facilities of the security systems, etc.), which will give a new impetus to the dispute over the islands. Experts summarize that the Russian-Japanese relations in the Arctic are primarily commercial in nature, but on security issues, Japan will definitely be partner of the US.

Studies of the Russian authors A.I. Tatarkin, I.G. Polyanskaya and others in the field of state and perspectives of institutional innovation of subsoil management in the Arctic have shown that the institutional framework of the development of the Arctic shelf is most developed in countries such as the US, Canada and Norway.

The Russian Federation, in spite of the highest strategic and resource potential, lacks a developed institutional base, its position in this respect is comparable with countries that have the third level of access to the Arctic territories (see Figure 2).

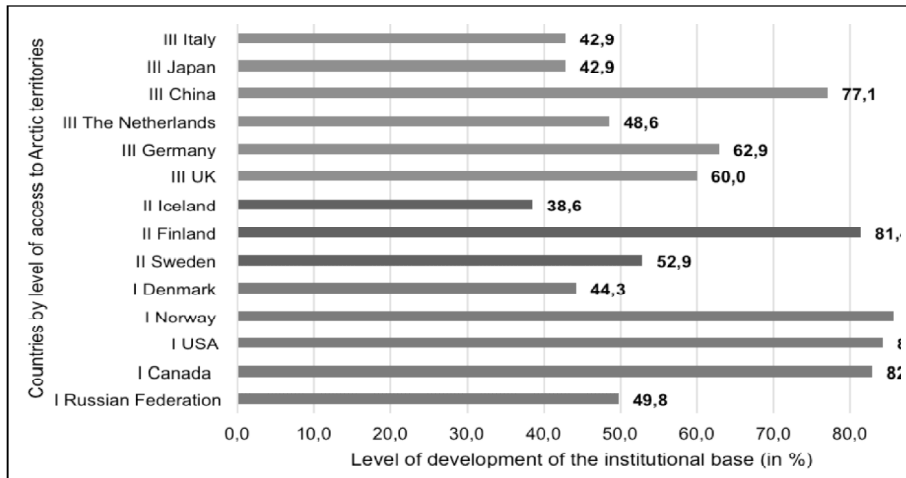


Figure 2: Evaluation of the development of the institutional framework in the development of the Arctic shelf, taking into account the data by the countries – potential participants (Tatarkin, Polyanskaya, Ignatyeva and Yurak 2014).

At the same time, the leading states in the evaluation of the development of the institutional framework (USA, Canada, Norway) also show the lowest level of the gross value of the potential loss, while both for Russia and Denmark this level is estimated above average (see Fig. 3).

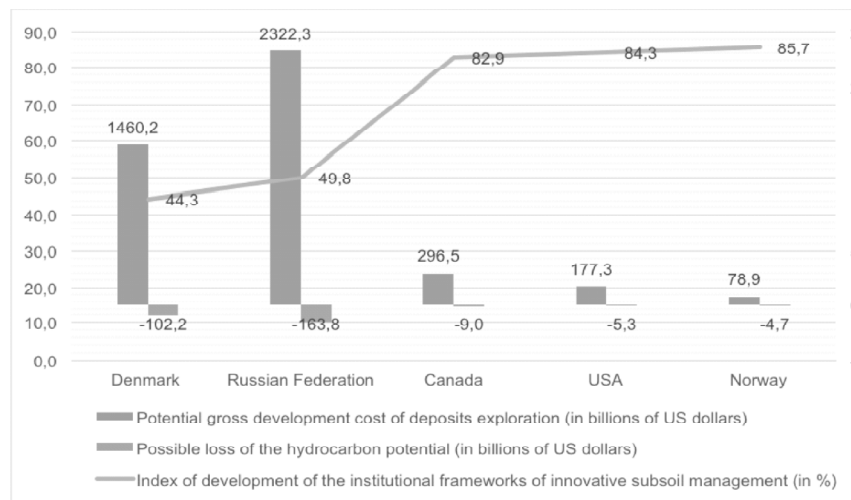


Figure 3: Analysis of the relationship between the level of development of the institutional framework and the likely loss of hydrocarbon potential by the subarctic countries of the first level of access, taking into account the institutionalization of the subsoil management (Tatarkin, Polyanskaya, Ignatyeva and Yurak 2014)

Thus, there is an inverse relationship between the level of development of the institutional framework and the potential loss of gross value, which leads to the conclusion that the key driver in the way of global leadership in the development of the Arctic territories is the organizational and financial institutional support for the development and extraction of resources.

4. CONCLUSIONS

In general, the growing interest of a number of countries to the northern territories today activates an important task in ensuring the national security of the Arctic countries – solution of the Arctic issue as a part of creating safe environment. The most serious contenders for the Arctic shelf are five states of the “Arctic Club” – the United States, Canada, Denmark, Norway and Russia – which actively develop projects to expand their economic zones in the Arctic with the aim to gain a foothold in the region.

However, considerable interest in the Arctic region is not only shown by the five countries (Russia, USA, Canada, Norway, Denmark) that have territories there. The subpolar countries (Iceland, Sweden, Finland) worked out their own Arctic strategies; the European Union pursues its own goals. Certain economic, technological, military-strategic and other interests are also shown by Asian countries: China, Japan, India, South Korea, Singapore. Thus, we can confidently predict that the Arctic in the XXI century will be in the focus of attention not only of the official subarctic states, but also of a number of states whose territories are quite remote.

It should be noted that in today’s complex foreign policy terms, the development of the Arctic territories for a number of countries, according to experts, was apparently excluded from the immediate priorities. This trend can also be partly explained by the falling oil prices. Thus, it seems that the development of the Arctic is somewhat postponed, being transferred to tomorrow’s agenda or even the day after. This approach is fundamentally flawed and fraught with a number of threats, as the focus on the current situation on the global oil market is a short-sighted and, therefore, ineffective position.

Local oppositions of the Arctic countries lead to instability in the region, but do not represent a real threat of emergence of a large-scale conflict. Studies of the Arctic shelf do not increase the territories of the Arctic states. In turn, the deployment of military bases in the Arctic requires a lot of time and resources. In addition, the three Arctic states are included in the Group of Eight, whose members stand on national and global interests in order to maintain global security and stability when making consolidated decisions.

Making a choice between the hard pressure of national interests and harmonization of the interests of all the subarctic states, one should base on international cooperation and mutual consideration of interests.

Given the cooperation of the Arctic countries of the Arctic Council and the cooperation in the framework of a global economic forum G7, there are prerequisites to the solution of the Arctic conflict through negotiation and compromise. In this context, it is worth talking about the importance of the development of the regulatory framework for Arctic issues both on a bilateral basis and at the level of international agreements.

Taking into account the best international practices and trends in the field of exploration and development of Arctic territories, the following measures regarding the development and implementation of the Arctic policy must be taken:

- improving technological equipment and the efficiency of the exploration and extraction of natural resources in the Arctic;
- achievement of reliability of logistics infrastructure to secure future energy supplies;
- transformation of operational risks of development and extraction of natural resources in the Arctic and financial risks through the mechanisms of public-private partnerships and venture financing;
- harmonization of domestic legislation in the area of development of Arctic territories with international legislation;
- liberalization of the production and sale of energy resources;
- lobbying national Arctic interests at the global level through the various supranational structures and institutions;
- currently, the Arctic should have the status of a world heritage of universal and strategically important region, on the basis of which an international research cluster must be created.

The following aspects were not covered in this paper: the main areas of harmonization of national legislations of the subarctic states in accordance with international law; ensuring environmental security through research and exploration of the resource base of the Arctic; key decisions on infrastructure and civil society in the subarctic territories. The authors suggest that these and many other aspects related to the development of the Arctic will be discussed in future articles.

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