
Russia's Arctic Policy and the Northern Fleet Modernization



Pavel Baev

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Executive Summary

The interplay of the foreign, domestic and military dimensions of Russia's Arctic policy is characterized by peculiar incompatibilities. The position of power secured by the military superiority and ambitious modernization of strategic forces is supposed to grant Moscow strong influence and tangible advantages in the Arctic relations. In fact, military build-up generates suspicions among neighbors in the Arctic and has prompted them to urge NATO to pay more attention to the former "Northern flank". The heavy concentration of naval units and military-industrial enterprises in the Murmansk and Arkhangelsk regions is supposed to make them into a solid support base for the regime of president Vladimir Putin, while in reality problems with Armed Forces reform have produced discontent in the ranks and problems with financing the shipbuilding program lead to social tensions. The official talk about expanding Arctic cooperation and opening the Northern Sea Route is increasingly met with disbelief in North-Western Russia, where any protest acquires "strategic" importance due to high attention from the Nordic neighbors and implicit involvement of, or impact upon the Northern Fleet.

The plans for upgrading the strategic "muscle" are dubious and the military units in the Kola Peninsula, instead of performing the role of "security provider" and serving as a reliable instrument of the federal centre, are in fact a major source of political instability:

- The program for deploying a new generation of strategic submarines hangs on the final tests of the *Bulava* missile and requires a massive concentration of resources;
- The plans for deploying two Mistral-class amphibious assault ships (under construction in France) with the Pacific and Black Sea fleets show that the Northern Fleet is quite unsuitable for the role of the pivotal "blue water" Navy and its infrastructure for supporting major surface combatants is in decay;
- The politically-driven rush to construct submarines and mass-produce missiles increases the risk of technical failure and human error, including accidents involving nuclear weapons and reactors.

President Putin's interest to the Arctic geopolitics has a pronounced military-security character and is underpinned by his

deep involvement in the gas business, but it has also acquired an environmental agenda. His “pet project” is Russia’s claim over territory between the underwater Lomonosov and Mendeleev ridges adding over a million sq km to Russia’s seabed; it can only succeed with consent of the Arctic neighbors, so Moscow demonstrates readiness to engage in advanced cooperation in the Arctic Council and to improve bilateral relations. The domestic political crisis will probably spoil Putin’s intentions to expand personal trust-based ties with the West; it could push him to confrontation and even self-isolation, which does not bode well for his Arctic policy.

Introduction

Most of the goals officially defined in Russia's Arctic strategy—such as developing new oil and gas fields, restoring the Northern Sea Route (*SevMorPut*), or protecting the fragile environment—are positively impossible to advance with military means.¹ Yet, there is a distinct connection in Russia's policy-making between the tasks of strengthening the mechanism of the Arctic Council and submitting a new claim for expanding the continental shelf, and the plans to increase its military might, above all the Northern Fleet. This connection came out inadvertently in Vladimir Putin's answer to the question by the famous polar explorer Arthur Chilingarov about the plans for reviving the *SevMorPut*.

“Technically speaking, polar stations support the safety of this national route. Tomorrow, new naval submarines will arrive at Sevmash after completing factory tests and high-seas trial runs. We will also beef up our military bases there, and we will certainly increase national security in the north.”²

Several characteristic features of Russia's Arctic policy can be discerned in this quote and the preceding verbiage. Firstly, the economic interests are closely intertwined with issues of prestige, and the latter are strongly shaped by the traditional reliance on the military might. Secondly, it is the Northern Fleet, and first of all the nuclear-powered strategic submarines armed with ballistic missiles (SSBNs), that constitutes the central element of Russia's military might in the Northern theatre and is expected to secure Russian interests, even those that have no relevance whatsoever for the submarine activity. Finally, it is obvious that Putin, who has started his controversial third presidential term, has a strong personal interest in the Arctic, which cannot be reduced to his well-known particular attention to the gas business and has a pronounced militaristic character, perhaps shaped by his unshakeable belief in the primacy of “hard power.”

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¹ The document “The Foundations of the Russian Federation policy in the Arctic until 2020 and Longer Perspective” was approved by President Medvedev on 18 September 2008 and is accessible at the Russian Security Council website <www.scrf.gov.ru/documents/15/98.html>.

² The exchange took place during one of the many meetings with regional *nomenklatura* during Putin's election campaign in late 2011; see <<http://premier.gov.ru/eng/events/news/17004/>>.

Instead of perpetuating “stability,” Putin’s decision to take back the supreme authority—announced with great fanfare in September 2011—has triggered a profound political crisis in Russia, which has evolved since the March 2012 elections but is by no means resolved. Further development of this crisis will have massive and not easily assessable impact on every aspect of policy-making, including the implementation of ambitious plans for development of the Far North.³³

³³ The explosion of research attention to Russia's Arctic policy since Chilingarov's expedition in August 2007 has generated a stream of publications, in which one of the first solid works was E. Wilson Rowe (ed.), *Russia and the North*, Ottawa, University of Ottawa Press, 2009. The military dimension is examined in M. Roi, “Russia: The Greatest Arctic Power?” *The Journal of Slavic Military Studies*, Vol. 23, No. 4, December 2010, p. 551-575. A range of Russian perspectives is presented in A. Zagorski (ed.), *Arktika: Zona mira i sotrudnichestva* [The Arctic: Zone of Peace and Cooperation], Moscow, IMEMO, 2011.

The Domestic Political Crisis and Arctic Policy

The sharp increase in priority of the Arctic region in Russian politics in 2007-2008, marked with the famous flag-planting expedition to the North Pole, coincided with the previous election cycle, in which a reconfiguration of the leadership into the rather unusual “tandem” was accomplished. During the 2011-2012 election cycle, in contrast, the Arctic theme was practically non-existent in the highly contentious debates, primarily because the need to prioritize the development of the Northern areas is fairly obvious for politicians of all persuasions, perhaps with the exception of those operating in the North Caucasus. This does not mean, however, that Putin’s ambitions regarding asserting Russian leadership in the Arctic are widely shared or that his intentions for building the military muscle in the High North are accepted as feasible.

In fact, the attitude in the Northern regions to the demonstratively high attention from Moscow is very mixed, and the results of the parliamentary elections in December 2011 reflected this ambivalence. In the gas-producing Yamalo-Nenets Autonomous Okrug, the pro-Putin *United Russia* party won up to three quarters of the vote, but in North-West Russia, and particularly in the Murmansk oblast, which is the home of the Northern Fleet, only about a third of voters supported this party.⁴ The Kremlin had to resort to some urgent disciplinary measures, including the replacement of the Arkhangelsk oblast governor, to ensure much more agreeable results in the presidential elections. The Murmansk oblast governor Dmitri Dmitrienko loyally asserted that Putin was the only politician who understood the importance of the High North and assigned his region the role of a “locomotive” in developing the Arctic.⁵ That did not save his career, as he was forced to resign in April after only two years in the office and replaced by Marina Kovtun, who gained attention working in the regional parliament. Andrei Nelidov, the head of the

⁴ One precise analysis is H. Hale, “The Putin Machine Sputters: First Impressions of the 2011 Duma Elections,” in “Duma Elections 2011,” *Russian Analytical Digest* 106, 21 December 2011, <www.isn.ethz.ch/isn/Digital-Library/Publications/Detail/?Ing=en&id=17933>.

⁵ See “Dmitrienko: Putin is the Guarantor of Arctic Development,” *Barents Observer*, 7 March 2012, <www.barentsobserver.com/cppage.5029647-16149.html>.

Karelia Republic, was replaced under one of the first executive decrees of President Putin in May.⁶

It was not the urgent need to restore political discipline that propelled the Kremlin to replace the governors but the provisions of the new law on elections that was adopted under pressure from the newly-formed “white opposition.” The law is very restrictive but it nevertheless changes the political dynamics in many regions, where governors are now wary of provoking mass protests and have to invest energy in building local support bases. Resource-rich regions like Tymen or the Komi Republic could finance political stability, but most Northern regions cannot guarantee it, so the new appointees, whether locals like Kovtun in Murmansk or “carpetbaggers” like Aleksandr Khudilainen in Karelia, face difficult prospects of gaining credibility in a time of economic hardship.

For that matter, in the Murmansk region, high expectations related to the implementation of the Shtokman project are turning to frustration as *Total* and *Statoil* remain reluctant to commit to an investment decision.⁷ In the Arkhangelsk oblast, the main potential source of discontent are delays and cuts to the massive military shipbuilding program (as presented in the next section), which could produce a critical mass of hidden unemployment in the Severodvinsk shipyard. The official talk about expanding Arctic cooperation and opening the Northern Sea Route is increasingly met with disbelief in the North-Western Russia, where every protest acquires “strategic” importance due to high attention from the Nordic neighbors and implicit involvement of, or impact upon the Northern Fleet. The military units in the Kola Peninsula, instead of performing the role of “security provider” and serving as a reliable instrument of the federal centre, are in fact a major source of political instability.

⁶ On the Murmansk oblast reshuffle, see O. Rahimdzhanova, “Marina Kovtun eto-krayne strannoe naznachenie” [The Strange Appointment of Marina Kovtun], *Moskovsky komsomolets*, 13 April 2012, <www.mk.ru/politics/article/2012/04/13/693084-marina-kovtun-eto-krayne-strannoe-naznachenie.html>. On Karelia, see N. Bashlykova, “Aleksandr Khudilainen poluchil iteshitelny priz”, [Aleksandr Khudilainen Received a Consolation Prize], *Kommersant*, 22 May 2012, <www.kommersant.ru/doc/1940112>.

⁷ In late March, Putin had a meeting with the CEOs of both European partners for *Gazprom* in this project seeking to get it going; see A. Kireeva, “Putin to Press Ahead with Shtokman, Paying the Price with Environmental Peril and Reckless Economics,” *Bellona*, 16 April 2012, <www.bellona.org/articles/articles_2012/Shtokman_reckless>. In May, Helge Lund, the CEO of *Statoil*, visited Putin again; see D. Belikov, “Shtokmany dobavili srochnosti” [Shtokman Gets More Urgent], *Kommersant*, 26 May 2012, <www.kommersant.ru/doc/1944294/print>.

Military Reform and the Northern Fleet

Dmitry Medvedev's presidency (2008-2012), while a great disappointment for many in Russia who see the need for modernization in the country, marked the start of radical reforms in one extremely change-resistant part of the state system—the Armed Forces.⁸ These reforms have brought some achievements and generated a great many problems. For this analysis it is important to note that the Navy and the Strategic Forces are the two elements of the military machine that have been only moderately affected by the poorly planned transformations initiated by Defense Minister Anatoly Serdyukov in autumn 2008 and executed with remarkable determination. At the same time, in the Russian national security thinking, as presented in Putin's article on this subject and his many election-trail statements, nuclear deterrence remains the absolutely central proposition.⁹ Putin admits the weakness of strategic planning but insists that no efforts and resources would be spared in advancing the top priority programs in modernizing the strategic forces, including the “sea leg” of the nuclear triad, which happens to be the expensive, the most technically complex and bedeviled with setbacks.

The Bulava-Borey mismatch

Until the last week of 2011, the future of Russian strategic naval forces had been critically uncertain, and it still remains far from assured. Of the armada of 62 strategic submarines (SSBNs) that Russia inherited from the USSR, only six *Delta-VI* (or project 667BDRM *Delfin*) could remain operational by the end of this decade, while three ageing *Delta-III* (or project 667BDR *Kalmar*) would be

⁸ My more elaborate analysis of this enterprise can be found in P. Baev, “The Continuing Revolution in Russian Military Affairs,” in M. Lipman and N. Petrov (eds.), *Russia-2020: Scenarios for the Future*, Washington and Moscow, Carnegie Endowment for International Peace, 2011.

⁹ See V. Putin, “Byt silnym: garantii natsionalnoy bezopasnosti dlya Rossii”, [Being Strong: National Security Guarantees for Russia], *Rossiiskaya gazeta*, 20 February 2012, <www.rg.ru/2012/02/20/putin-armiya.html>.

scrapped. The new generation of strategic “cruisers” (project 955 *Borey*) was developed back in the 1980s, and the keel of the pilot submarine was laid in 1996, but construction took 13 years, and it was only in 2009 that the SSBN *Yuri Dolgoruky* started sea trials, which are still ongoing. The first cause of delay was the questionable decision to cancel the development of solid-fuel *Bark* missile and to redesign the hull of the submarine for the R-30 *Bulava* missile, which was a modification of the well-performing land-based SS-27 *Topol-M* missile. The *Bulava* project was supposed to be cheaper and more reliable, but a series of failed tests threw the plan to deploying a squadron of *Borey*-class submarines by the mid-2010s into jeopardy, and it was only the successful salvo of two missiles on 23 December 2011 from *Yuri Dolgoruky* that put the project back on track.¹⁰

The *Bulava* setbacks generated a lot of negative publicity, but now the Ministry of Defense is eager to project the impression that problems are over and insists that by the end of 2012 both the *Yuri Dolgoruky* and the second submarine in the series, *Aleksandr Nevsky* (the keel was laid in 2004, sea trials started in 2011) will be included in the combat order. Only that could allow the Navy to resume the pattern of strategic patrolling so that at least one SSBN either from the Northern or the Pacific Fleet would be at sea at all times.¹¹ The very ambitious rearmament program approved in 2010 set the goal of building eight *Borey*-class submarines by 2020, but in February 2012, deputy prime minister Dmitry Rogozin and Navy commander Admiral Vladimir Vysotsky raised the aim even higher asserting that ten submarines will enter service by the end of the decade.¹² This acceleration fits well with Putin’s aggressive rhetoric on the election trail, but departs boldly from the well-established tempo: the keel of the third submarine, *Vladimir Monomah*, was laid in 2006 and it has not started sea trials as yet.

What makes this plan dubious rather than not quite feasible is the parallel ambition for deploying a new generation of nuclear-powered attack submarines (project 885 *Yasen*). The construction of pilot submarine *Severodvinsk* began back in 1993 and it started sea trials in 2010, and the keel of the second one (*Kazan*) was laid in

¹⁰ One recent re-examination of this track record is V. Evseev, “Flot osnachshayut eshche odnoy groznoy yadernoy dubinkoy” [The Navy is Equipped with another Nuclear Stick], *Nezavisimoe voennoe obozrenie*, 10 February 2012, <http://nvo.ng.ru/armament/2012-02-10/8_flot.html>.

¹¹ On the importance attached to this aim, see S. Konovalov, “Glavkom VMF ushel na boevuyu glubinu,” [Commander of the Navy Went to Strategic Depth], *Nezavisimaya gazeta*, 6 February 2012, <www.ng.ru/politics/2012-02-06/1_vmf.html>.

¹² I. Safronov Jr., “Gosprogramma vooruzhenij priroslo ‘Yaseniami’ i ‘Boreyami,’” [State Armament Program has Expanded with *Yasen* and *Borey*], *Kommersant*, 7 February 2012, <www.kommersant.ru/doc/1867395/print>. Vysotsky was retired in May 2012.

2010, with the date of completion undetermined as yet.¹³ The construction of nuclear submarines at the Komsomolsk-na-Amure (*Amursky Zavod*) and Nizhniy Novgorod (*Krasnoe Sormovo*) shipyards has been discontinued, so even providing that the sea trials go smoothly (which is a “big If”), all twenty submarines (ten *Borey*-class and ten *Yasen*-class) would have to be built at the Severodvinsk (*Sevmash Zavod*) shipyard. Crediting this schedule is only possible by taking an extra-long leap of faith.

Besides the issues with construction, it is highly problematic that crews for that many submarines could be assembled and trained in such a short time, particularly since the issue, crucial in the whole military reform, of combining conscription with professionalization (in the limited sense of starting to build a corps of professional sergeants and midshipmen) is still unresolved. What could have secured the necessary concentration of resources and logistics was the spatial reorganization of the naval strategic forces, assigning all SSBNs to the Northern Fleet.¹⁴ This strategic rationale was, however, rejected by Putin, who claims credit for the decision to continue the deployment of nuclear “cruisers” in the Pacific theatre.¹⁵ The submarine base in Petropavlovsk-Kamchatsky is completely isolated and could be supplied only by sea from Vladivostok (which is 2,250 km away), while the bases on the Kola Peninsula are far better supplied and protected; yet, fear of appearing weak in the fast developing Asia-Pacific region—where naval strength is a crucial element of national prestige—prevails over the military-economic common sense.

The Mistral affair

Traditionally, the two central tasks for the Northern Fleet were the protection of the “strategic bastion” in the Barents Sea (from which the SSBNs could safely operate) and the interception of the sea lines of communication between the US and Europe in the Northern Atlantic. Neither of those tasks is relevant or indeed practical in the foreseeable future, but the ambition of sustaining a “blue water” Navy, codified in the *Maritime Doctrine 2020* (adopted in 2001), has reached a new high. The tasks underpinning this ambition are limited to “showing flag” in the ports of Cuba, Venezuela, or—most importantly in 2011 and 2012—Syria, as well as protecting commerce

¹³ One informed analysis is A. Khramchihin, “Bolshe korablej horoshih i raznyh” [More Good and Varied Ships], *Nezavisimoe voennoe obozrenie*, 17 February 2012, <http://nvo.ng.ru/armament/2012-02-17/7_ships.html>.

¹⁴ One sound argument for such concentration is M. Barabanov, “A New Fleet for Russia—An Independent Vision,” *Journal of Slavic Military Studies*, Vol. 24, No. 1, January-March 2011, p. 81-87.

¹⁵ V. Putin, *op. cit.* [9].

near the “pirate coast” of the Indian Ocean.¹⁶ The capabilities for performing these tasks include a handful of ocean-going ships, among which two major surface combatants of the Northern Fleet stand out—aircraft carrier *Admiral Kuznetsov* and nuclear cruiser *Petr Veliky*. Russian admirals have long argued the dire need for more “power-projecting” heavy ships, best of all by building several aircraft carriers, but in the short-term perhaps by modernizing the three old *Orlan*-class nuclear cruisers.¹⁷

Neither proposition is technically feasible but since mid-2009, a new prospect has opened—to purchase in France one or several *Mistral*-class amphibious assault ships to be utilized primarily as helicopter carriers. The Navy command was initially rather doubtful about this political idea aimed at establishing a “special relationship” of sorts between Moscow and Paris. Their doubts were fuelled by the acknowledgement of poor compatibility of these ultra-modern ships with the rest of the Russian Navy and by less than successful experience of deploying the *Moskva*-class helicopter carriers in the Soviet Navy.¹⁸ Gradually the realization dawned that it was the only real opportunity to add major combat ships to the shrinking squadrons, and the Navy command began to lobby enthusiastically for the deal, which was indeed finalized after much ado in late 2011.

The keel of the first ship (called *Vladivostok*) was laid in the Saint-Nazaire shipyard on 1 February 2012 with the delivery date in mid-2014, and the second ship (*Sevastopol*) is due to follow suit in 2015. The question remains about two more ships as the contract stipulates that they will be built in Russia, while all Soviet aircraft and helicopter carriers were constructed in the Nikolayev shipyard in Ukraine, which lays mostly idle. The *Admiralty* shipyard in St. Petersburg has a heavy portfolio of orders for diesel submarines (including six *Kilo*-class for Vietnam) and for ice-class oil tankers; the shipyard in Kaliningrad is too small; and the one in Komsomolsk-na-Amure too far away to organize cooperation with Saint-Nazaire. That leaves the *Sevmash Zavod* as the only option, but it is barely possible

¹⁶ On the “friendly call” to Tartus, Syria in January 2012, see P. Felgengauer, “Finalnaya gastrol avianostsa Potëmkin” [The Final Show of the Aircraft Carrier *Potemkin*], *Novaya gazeta*, 16 January 2012, <<http://old.novayagazeta.ru/data/2012/003/26.html>>. On the successful operation against pirates, see A. Applebaum, “Somalia Pirates Clash with Russian Navy Reveals a Gap in Rule of Law,” *Washington Post*, 18 May 2010.

¹⁷ On the impossible dream about aircraft carriers, see Yu. Kirillov, “Proektsia sily v okeane nevozmozhna bez avianostsev” [Power Projection in the Oceans is Impossible without Aircraft Carriers], *Nezavisimoe voennoe obozrenie*, 16 December 2011, <http://nvo.ng.ru/armament/2011-12-16/8_proektsia.html>. On the plans for rehabilitating the cruisers, see V. Litovkin, “Rzhavoe zoloto kreiserov,” [The Rusty Gold of Cruisers], *Nezavisimoe voennoe obozrenie*, 7 October 2011, <http://nvo.ng.ru/history/2011-10-07/8_kreisery.html>.

¹⁸ Yu. Kirillov, “Mistral, ko dvory li on nachemy floty?” [Would *Mistral* Fit with Our Navy?], *Nezavisimoe voennoe obozrenie*, 25 June 2010, <<http://flot2017.com/index.php/item/monitoring/25689>>.

that this shipyard could work on the hugely demanding program for constructing nuclear submarines and on this new class of ships simultaneously.¹⁹ The experience with rehabilitating and modernizing the aircraft carrier *Admiral Gorshkov* (renamed *Vikramaditya*) for the Indian Navy with the long delays and huge overspend is far from encouraging.²⁰

Another question is about where the *Mistrals* could be usefully deployed. The Black Sea Fleet that must prepare to project power towards the conflict-riven Caucasus and is best placed for “showing the flag” in the Mediterranean and for chasing pirates in the Gulf of Aden is probably the first choice. The Pacific Fleet that is expected to demonstrate that Russia is prepared to play the “sea-battle” games in maritime disputes in East Asia comes a close second. As for the Northern Fleet, it is rather clear that Russian helicopters cannot safely operate in night-time and poor weather conditions, as the recent crash of the Ka-52 *Alligator* (which are supposed to make the main air force of the *Mistrals*) tragically confirmed.²¹

The case supports a wider conclusion about the very poor suitability of the Northern Fleet for the role of pivotal Russian “blue water” Navy. It is uniquely equipped for supporting the deployment of SSBNs, and this strategic profile may increase further if—as many Russian experts expect—the US proceeds with plans to build a missile defense system and deploy a squadron of ships armed with the upgraded *Aegis* interceptors in the Arctic.²² But as for performing Caribbean or Mediterranean “cruises,” not to mention sailing east along the *SevMorPut*, the Northern Fleet with its home-base at Severomorsk is poorly positioned, while the old concerns about “bottle-necks” in the Baltic straits and the Bosphorus are no longer acute. The task of monitoring the fisheries does not require major surface combatants, the search-and-rescue missions along the northern trade routes are best performed by civilian icebreakers, and the notion of protecting off-shore resources is entirely hypothetical.

¹⁹ See “The first two *Mistrals* for the Russian Navy are called *Vladivostok* and *Sevastopol*,” *RIA-Novosti*, 1 February 2012; “Serdyukov: The Second Pair of *Mistrals* will be build on the *Sevmash*,” *RIA-Novosti*, 21 December 2011, <http://ria.ru/defense_safety/20120201/554039672.html>.

²⁰ See D. Litovkin, “Ne nado paniki, gospoda!” [No Reason to Panic, Gentleman], *Nezavisimoe voennoe obozrenie*, 3 November 2011, <http://nvo.ng.ru/realty/2011-11-03/1_dont_panic.html>.

²¹ See V. Sychev, “Poteryal svyaz”, [Communication was Lost], *Lenta.ru*, 13 March 2012, <<http://lenta.ru/articles/2012/03/13/ka52/>>.

²² This argument is elaborated in A. Khranchihin, “Neprikrytyj morskoy rubezh” [Unprotected Sea Frontier], *Nezavisimaya gazeta*, 30 November 2011, <www.ng.ru/nvo/2011-11-30/10_pro.html>.

The risk factor

The *Kursk* disaster in 2000 marred the beginning of Putin's "era" and proved beyond a doubt that poor maintenance and deficient logistics make even new submarines prone to technical failures, which could be severely aggravated by "human errors" caused by insufficient training of the crews. The performance of both the *Yuri Dolgoruky* and the *Severodvinsk* could be badly affected by their much prolonged stop-and-go construction, while the decreed rush with building many more submarines of these series, which could also be interrupted by cuts in financing, encourages the lowering of technical standards and relaxation of quality control. The mass production of the *Bulava* missiles might follow the same pattern, while it is informative that the eight failures in its series of eighteen tests were all caused by different technical faults. Each submarine patrol increasingly resembles a round of "Russian roulette," but any failure with the *Bulava* missile in the series of planned tests in summer 2012 or later in the "combat" deployment phase would signify a major setback with the introduction of the new generation of SSBNs.

Recent and most alarming evidence of high risks of a different kind was delivered in the last days of 2011, when the SSBN *Yekaterinburg* (K-84) caught fire while undergoing minor repairs in the Roslyakovo dry dock (some 6 km North-East from Murmansk) before making a scheduled patrol in the early 2012.²³ The fire raged out of control for some 12 hours until the dock was partly submerged. Worse, the accident could easily have turned into a catastrophe: the submarine had a full complement of torpedoes and nuclear missiles on board. Deputy Prime Minister Rogozin took personal control over the repairs and promised that *Yekaterinburg* (which used to be the best performing submarine in the Navy) would return to service by mid-2014, but there is no denying that the fire was caused by entirely trivial safety breaches which are commonplace in the whole logistical support system for nuclear submarines.²⁴ The US and Russia's Nordic neighbors have spent much money, including through the Nunn-Lugar Cooperative Threat Reduction program, on safely dismantling dozens of reactors and munitions and cleaning up the nuclear pollution on the Kola peninsula that had been produced by Soviet efforts to build a fleet of strategic submarines; now, however, Moscow has lost interest in this joint work and takes a cavalier attitude toward nuclear risks seeking restored strategic grandeur.

²³ The accident is accurately described in greater detail than the authorities provided in M. Lukin and I. Safronov Jr., "Palenaya lodka" [Burned Submarine], *Kommersant-Vlast*, 13 February 2012, <www.kommersant.ru/doc/1867264>.

²⁴ See V. Litovkin, "Yekaterinburg vernetsya v stroi tcherez dva goda" [Yekaterinburg will Return to Service in two Years], *Nezavisimoe voennoe obozrenie*, 27 April 2012, <<http://nvo.ng.ru/news/>>.

The Politics of Arctic Issues

Vladimir Putin's interest in Arctic geopolitics underpinned by his deep involvement in gas business has acquired, after several trips to the Northern regions, some "green" features colored by his sincere distaste for environmental pollution (for instance, around the Norilsk plants) and fascination with big animals, inevitably including polar bears.²⁵ These feelings were encouraged and exploited by several clans in the Kremlin, particularly by the former Minister for Emergencies Sergey Shoigu (now appointed as the governor of the problem-ridden Moscow oblast) and Secretary of the Security Council Nikolay Patrushev (former head of the FSB). They have focused their efforts on the idea of expanding Russia's "territory" by adding over a million sq km between the underwater Lomonosov and Mendeleev ridges to its maritime "exclusive economic zone."²⁶ This plan has become Putin's "pet project," but despite much political attention, scientific evidence is still lacking, and so the revised claim has not been as yet re-submitted to the UN Commission on the Limits of the Continental Shelf (UN CLCS).

The main concern is objections from neighbors in the Arctic, so Moscow demonstrates readiness to engage in advanced cooperation in the Arctic Council and to improve bilateral relations, particularly with Norway after the settlement of the old maritime dispute with the 2010 border treaty.²⁷ The neighbors are interested in exploring options for Russia's closer engagement even if such themes as, for instance, the rights of indigenous peoples remain foreign to Moscow, but they cannot ignore the pronounced emphasis on rebuilding military might, so plans for expanding NATO role in the Arctic remain on the table.²⁸

²⁵ In November 2009, Putin made himself the Chair of the Board of Trustees of the suddenly reinvigorated Russian Geographic Society; its third meeting in April 2012 went with very little fanfare, unlike the first two, see K. Latuhina, "Kapitany grantov" [Captains of Grants], *Rossiyskaya gazeta*, 11 April 2012, <www.rg.ru/2012/04/11/putin-rgo.html>.

²⁶ One elaborate presentation of the Russian view is A. Fenenko, "Rossiya i sopernichestvo za peredel pripolyarnykh prostranstv" [Russia and the Competition for the Re-division of Polar Spaces], *MEIMO*, No. 4, April 2011, p. 16-29.

²⁷ Attentive analysis of this course can be found in I. Oldberg, "Soft Security in the Arctic: The Role of Russia in the Barents Euro-Arctic Region and the Arctic Council," *UI Occasional Paper 4*, Stockholm: UI, 2011, <<http://www.ui.se/upl/files/52240.pdf>>.

²⁸ H. Haftendorn, "NATO and the Arctic: Is the Atlantic Alliance a Cold War Relic in a

Starting production of “big gas” on the Yamal peninsula would have a potentially more important impact on shaping Russia's Arctic policy. First of all from the Bovanenkovskoe field, even if most of this impact has already been factored into projections, since the project is much delayed. What *Gazprom* and *Novatek* (which continues to promote its project for an LNG terminal on Yamal) are set to discover is that the gas market even in the promised “golden age” will remain highly competitive and dominated by buyers.²⁹ Their high operational costs depress profit margins so much that their huge investments might never be recovered, so “strategic” projects in fact make little economic sense. *Rosneft* will also see slow progress in implementing its recent deals with *Exxon Mobil*, *ENI* and *Statoil* on joint exploration of the Arctic shelf, which have increased its market capitalization and might prove useful for executing its partial and fraudulent privatization.³⁰ Putin would accordingly have to acknowledge that the oil-and-gas business provides little if any political leverage and requires instead plenty of political support to prevent the shrinking of Russia's share in the European market and to stimulate Western partners to commit to the joint projects.³¹ This may curtail the excitement about Arctic prospects in the Russian political elite.

The issue that is certain to generate much controversy and demand “manual management” from the president, who has already shown signs of irritation about this morass, is the financing of the massive shipbuilding program, first of all as far as the Severodvinsk shipyard is concerned. Defense Minister Anatoly Serdyukov engaged in protracted conflicts with the United Shipbuilding Corporation (OSK) in both 2010 and 2011 over the pricing of every project in their portfolio and in particular on nuclear submarines, forcing Putin to interfere and impose a compromise.³² Now it is up to Deputy Prime Minister Dmitry Rogozin to manage this conflict, but he is more eager to gain publicity than he is to struggle trying to square the circle of fast-rising production costs (which necessarily include hidden taxes of corruption) and fixed acquisition expenditures in the defense

Peaceful Region Now Faced with Non-Military Challenges?” *European Security*, Vol. 20, No. 2, September 2011, p. 337-362.

²⁹ The proposition on the “Golden age of gas” is advanced by the International Energy Agency; see *World Energy Outlook 2011* (particularly p. 170-173), Paris, IEA, 2011.

³⁰ On the rationale behind these deals, see I. Kezik and A. Grivach, “Vsem sestram po shelfu” [Shelf for all Sisters], *Moskovskie novosti*, 26 April 2012, <http://mn.ru/business_oilgas/20120426/316546369.html>; on the plans for Rosneft's privatization, see V. Milov, “Russian Know-How—Privatization without Profit,” *Forbes.ru*, 28 May 2012, <www.forbes.ru/sobytiya-column/vlast/82520-rossiiskoe-nou-hau-privatizatsiya-bez-dohodov>.

³¹ On the promises for a more favourable tax regime, see K. Melnikov, “Na shelfe otkroyut off-shornuyu zonu” [Off-shore Zone to be Opened in the Shelf], *Kommersant*, 13 April 2012, <www.kommersant.ru/doc/1914513>.

³² A. Kolesnikov, “K borty OSK prishvartovalis 280 milliardov” [The OSK Settled for 280 billion], *Kommersant*, 10 November 2011, <www.kommersant.ru/doc/1812186>.

budget.³³ This exercise was difficult in the years when the State Armaments Program was fully financed—2012 will probably be the last year where this is the case—but its guidelines for the near future are certain to prove unsustainable.

Then-Finance Minister Aleksei Kudrin refused to work in Medvedev's government (and was duly sacked) stating his disagreement with the steep increase of funding for rearmament in the barely balanced state budget.³⁴ He argues that the unreformed military-industrial complex cannot absorb the money that is allocated toward starting large-scale programs while in the short-term the low expansion of revenues (not to mention their possible contraction due to a fall in oil prices) would cause cuts in the funding that could derail these programs that envisage steady growth of production costs. Already by summer 2012, it has become plainly clear that the volume of expenditures in the state budget has to be slashed, and while only some social programs are currently targeted for trimming it appears quite definite that in 2013 some hard military choices will become necessary. Modernization of strategic forces could be defined as the top priority but it would still mean revising unsustainably high expectations downwards.

³³ On the limits of the latest compromise, see S. Konovalov, "Atomnym submarinam poobeshchali dostoyuy budzhetnyuyu zhizn" [Budget Lifeline is Promised to Nuclear Submarines], *Nezavisimaya gazeta*, 28 May 2012, <www.ng.ru/nvo/2012-05-28/3_kartblansh.html>.

³⁴ A. Kudrin elaborated his position in the article "Bortom k volne" [Against the Tide], *Kommersant*, 18 October 2011, <www.kommersant.ru/doc/1797533>. Speaking at the Gaidar Forum in early 2012, he argued that the government made an error in sheltering the defense industry from market reforms; see "Kudrin rasskazal pochemy VPK ne smozhet vpolnit' Gosoboronzakaz" [Kudrin Explained Why Russia will be Unable to Fulfill the 2012 Defense Order], *RBC Daily*, 19 January 2012, <<http://top.rbc.ru/economics/19/01/2012/634022.shtml>>.

Conclusions

The interplay of foreign, domestic and military dimensions in Russia's Arctic policy is characterized by very peculiar incompatibilities. The position of power secured by the military superiority and ambitious modernization of strategic forces is supposed to grant Moscow strong influence and tangible advantages in the Arctic. The heavy concentration of naval units and military-industrial enterprises in the Murmansk and Arkhangelsk regions is supposed to make them into a solid support base for Putin's regime. In fact, neither proposition comes true in real political life. Military build-up generates suspicions among the Arctic neighbors and prompts them to urge NATO to pay more attention to the former "Northern flank," while technical risks associated with nuclear programs make Russia look positively backward. Problems with Armed Forces reform produce discontent in the ranks and above all in the officer corps, while problems with financing the shipbuilding program lead to social tensions. The possibility that protests among the workers and urban middle classes would find support in the Navy makes the Murmansk oblast one of the most politically dangerous "hot spots" and conjures the specter of the 1905 mutinies.

Putin may have petro-interests in the Arctic and some eco-feelings about the region but he could not produce any meaningful responses to these challenges. In fact, his attention has drifted from the North towards the East, and one of the main initiatives for his new presidency is the creation of a new ministry and, possibly, a powerful state corporation for the development of Siberia and the Far East.³⁵ There is, nevertheless, a promising avenue for advancing Russia's interests in the North—and it leads toward greater cooperation with the Arctic neighbors. Medvedev made a good start with the maritime border treaty with Norway, but Putin has shown little appetite for exploiting this breakthrough and distanced himself from this not very "patriotic" compromise.³⁶ His own big project—expansion of Russia's

³⁵ See B. Grozovsky, "Doroga k rabstvu proekt osvoeniya Sibiri i Dalnego Vostoka" [The Road to Slavery: The Project for Developing Siberia and the Far East], *Forbes.ru*, 24 April 2012, <www.forbes.ru/sobytiya-column/vlast/81515-doroga-k-rabstvu-proekt-osvoeniya-sibiri-i-dalnego-vostoka>.

³⁶ On the Russian doubts about this treaty, see A. Oreshnikov, "Arctic Square of Opportunities," *Russia in Global Affairs*, Vol. 9, No. 4, December 2010, <<http://eng.globalaffairs.ru/number/Arctic-Square-of-Opportunities-15085>>.

continental shelf to the North Pole—can only succeed, however, if a cooperative solution is found with Canada and Denmark and if the US does not raise objections, as it did in 2001. The domestic political crisis will probably spoil Putin's intentions to expand personal trust-based ties and could push him to the track of tensions with the West and even self-isolation, which does not bode well for Arctic policy.