

## 6 Potential transboundary maritime energy disputes in the Arctic

### The Russian perspective

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#### Introduction

Presently, Russia does not have any acute maritime energy disputes with other Arctic nations. But there are some potential risks of future tensions. The first type of potential conflict is represented by the Russian-Norwegian residual bilateral problems concerning the Barents Sea. In spite of the 2010 Norwegian-Russian agreement on the delimitation of the Barents Sea, Moscow still worries that, in the future, when the extraction of Arctic oil and gas becomes a pressing need for Norway because of the depletion of its hydrocarbon resources in the North Sea, Oslo might start exploiting Barents Sea transborder hydrocarbon reserves without Russian participation.

An additional problem is related to the unresolved “Svalbard question.” For example, it includes the problem of Russia’s potential economic activities on the Svalbard shelf and concerns the significant difference in taxation levels between mainland Norway and the archipelago. On the other hand, Moscow is discontented with Oslo’s attempts to establish its own rules for exploitation of oil and gas deposits around the archipelago, which is seen as a violation of the 1920 Paris Treaty on Spitsbergen.

The second type of potential maritime energy dispute is related to the coastal states’ claims to those parts of the Arctic continental shelf that are not under their jurisdiction and that are presumably rich in gas and oil. In 2001, Russia became the first country to file a submission on the extension of its shelf beyond the 200-mile exclusive economic zone (EEZ) to the UN Commission on the Limits of the Continental Shelf (UNCLCS). However, the UNCLCS found the Russian claim to the shelf insufficient and asked for more scientific evidence. Since then, a series of research expeditions has been organized to collect data from the Arctic Ocean’s seabed. In August 2015, a revised Russian submission was filed to the UNCLCS and now is pending before this authoritative international body.

Other coastal states (except the United States, which did not ratify the UN Convention on the Law of the Sea, and Norway, which has already settled the limits of its continental shelf in the Arctic with the help of the 2009 UNCLCS decision) followed Russia. It should be noted that the 2014 Danish submission to the UNCLCS

overlaps with the Russian submission and a forthcoming Canadian submission may overlap with both the Russian and the Danish submissions.

This paper, on the one hand, aims to identify potential maritime energy conflicts in the Arctic with Russia's anticipated participation and, on the other hand, examines whether such nascent disputes in the region can be avoided and compromises found.

### **Theoretical framework**

In terms of theoretical underpinnings, this study is based on the so-called liberal intergovernmental approach (LIGA) or liberal intergovernmentalism. Based on the mix of various neoliberal theories by Putnam, Ruggie, and Keohane, it was designed as a coherent theory by Andrew Moravcsik (2009). Among other things, the LIGA aims to explain why states with diverging and even conflicting interests as well as with different systems of government and economy can still cooperate and integrate with each other. Russia's love-hate-type relations with its Arctic neighbors, including maritime disputes, represent an exemplary case from the LIGA point of view.

States' decisions to cooperate internationally are explained by the LIGA in a three-stage framework: states first define national preferences, bargain to make international agreements, and finally create or adjust institutions and regimes to secure these outcomes in the face of future uncertainty. The LIGA aims to examine what drives national preferences, bargaining strategies, and the nature of international institutions and regimes that emerge as an outcome of such multicausal processes. Regional and global integration is understood by the LIGA as a series of rational choices by national leaders. These choices respond to the constraints and opportunities stemming from the socioeconomic, political, and cultural interests of powerful domestic constituents, the relative power of states deriving from asymmetrical interdependence, and the role of institutions in supporting the credibility of interstate commitments.

In this study, we try to explain why Russia, mired in significant controversies with other Arctic powers on transboundary hydrocarbon deposits – proven and unproven – and often operating in an atmosphere of mistrust and under pressure from its energy lobby and nationalistic elements, still prefers legal and diplomatic instruments to solve the existing and potential energy/maritime disputes.

### **Data and method**

This paper is based on the following sources:

- International documents (conventions, treaties, agreements, resolutions, etc.). For example, the UN Convention on the Law of the Sea (UNCLOS) of 1982, Ilulissat Declaration of 2008, Norwegian-Russian Treaty on the Delimitation of the Barents Sea (2010), etc., are important for this study.

- Governmental/official publications and materials (Russian and Western), such as, for instance, Russian Arctic strategic documents, Russian and Danish submissions to the UN Commission on the Limits of the Continental Shelf, and so on.
- Published interviews with officials, politicians, NGO leaders, and experts
- Statistical information, geological surveys, etc.
- Research literature: monographs, analytical papers, and articles.
- Media publications.

### **Norwegian-Russian potential disputes**

As mentioned above, the first type of potential conflict is represented by the Norwegian-Russian residual bilateral problems concerning the Barents Sea. Although Russia and Norway have solved their 40-year dispute on the delimitation of maritime territories in the Barents Sea by signing a special agreement in September 2015, the two countries still have several unresolved questions concerning the region.

One problem relates to the transboundary gas and oil deposits in the Barents Sea (see Figure 6.1). For example, the Fedyn Arch gas field, which is considered to be the biggest one in the entire Arctic (even bigger than the Shtokman gas deposit, another field located in the Russian part of the Barents Sea), is of transboundary nature. Russian and Norwegian specialists argue about its exact size and location. For example, the Russian experts believe that the ratio is 90:10 in favor of Moscow while the Norwegian side disagrees with these assessments (Kutuzova 2016). Although neither Moscow nor Oslo have immediate plans to develop the Fedyn Arch, this issue has already become a subject of public debate both in Russia and Norway.

The 2010 Russian-Norwegian agreement had a rather detailed description of proposed procedures and mechanisms for the coordinated exploitation of transboundary hydrocarbon resources (Norwegian Ministry of International Affairs 2010). For example, Article 5 says that, if the existence of a transboundary hydrocarbon deposit is identified, the party of the opinion that the said deposit extends to its continental shelf should notify the other party and submit the geographic, geophysical, and geological data on which it bases its opinion. If such an opinion is submitted, Norway and Russia should initiate discussions on the extent of the hydrocarbon deposit and the possibility for exploitation of the deposit as a unit. If the existence of a transboundary deposit is proven, an agreement on the exploitation of the hydrocarbon deposit as a unit (a “unitization agreement”), including its apportionment between the parties, should be reached.

Annex II to the treaty has a detailed description of a potential unitization agreement, including aspects such as how a transboundary hydrocarbon deposit should be defined, the rights and obligations of each party, joint management bodies, inspection mechanisms, and conflict resolution procedures.

However, this document cannot preclude *per se* potential conflicts between Moscow and Oslo in this area. Russia is lagging behind Norway in off-shore

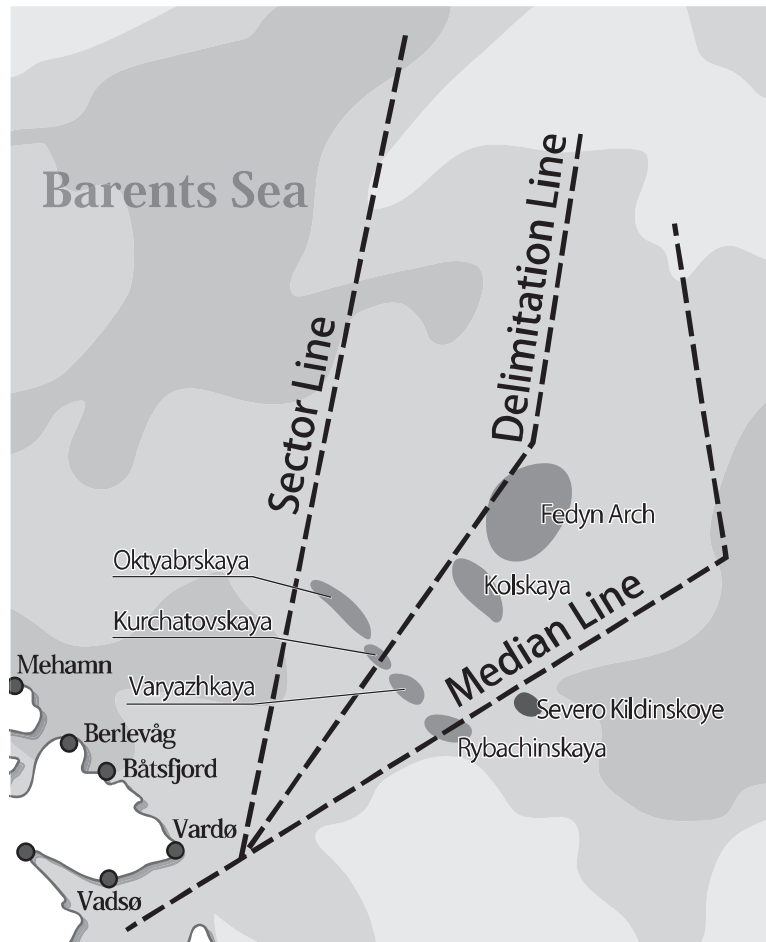


Figure 6.1 Transboundary hydrocarbon deposits in the Barents Sea

Remade from the figure in A. B. Zolotukhin, O. T. Gudmestad, M. A. Bulakh, *New Opportunities of the Oil and Gas Resources Development in the Barents Sea Region*, Slide 21

technologies and, for this reason, cannot compete with this country in exploring and developing gas and oil hydrocarbon deposits in the deep parts of the Barents Sea. For example, the widely discussed Shtokman project was frozen because the Norwegian energy giant Hydro-Statoyl, which has much-needed off-shore drilling technologies, withdrew from the international consortium in 2013.

Given Russia's technological backwardness, some parts of the Russian expert community and mass media are very suspicious about Norway's future plans for exploring and developing potential transboundary gas and oil deposits in the Barents Sea because Moscow cannot match Oslo in this field (Avkhadeev 2013; Konstantinova 2017). For the time being, both sides are quite cautious about their policies on the transborder hydrocarbon deposits and try not to provoke each other in this field. Norway mainly focuses on the development of the gas field Snøhvit (Snow White) and the Goliat oil field, which are both located in the Norwegian

part of the delimited zone. Russia remains quite passive in terms of developing the Barents Sea's hydrocarbon resources; the implementation of the ambitious Shtokman gas field project was postponed for an indefinite time.

However, some Russian analysts (Avkhadeev 2013; Konstantinova 2017) do not exclude the possibility that, in the future, when the Norwegian oil and gas resources in the North Sea are depleted, Oslo may turn to the Arctic hydrocarbon deposits, some of which could have a transboundary nature. In this case, Norway could put pressure on Russia to start exploitation of these deposits although Moscow will be unready to do this because of the lack of relevant technologies and proper oil and gas infrastructure.

In the meantime, the 2010 Norwegian-Russian treaty does not provide an ideal conflict resolution mechanism for such cases. According to Annex II, if the parties fail to reach a unitization agreement, they should submit the dispute to an *ad hoc* arbitral tribunal consisting of three members. Moscow and Oslo should appoint one arbitrator, and the two arbitrators so appointed should elect a third arbitrator, who should serve as chairperson. The chairperson should not be a national or habitual resident of Norway or Russia. If either party fails to appoint an arbitrator within three months of a request to do so, either party may request that the president of the International Court of Justice make the appointment. The same procedure applies if, within one month of the appointment of the second arbitrator, the third arbitrator has not been elected.

According to the treaty, all decisions of the arbitral tribunal should, in the absence of unanimity, be made by a majority vote of its members. The decisions of the arbitral tribunal are binding upon the parties.

If Norway and Russia fail to reach an agreement concerning the apportionment of the hydrocarbon deposit between them, they should appoint an independent expert to decide upon such apportionment. The decision of the independent expert shall be binding upon the parties.

In other words, the conflict resolution mechanisms are mostly of bilateral character; international bodies (International Court of Justice or some international expert) could be involved only indirectly and as a last resort in most conflictual cases. This means that potential Norwegian-Russian disputes on transboundary deposits could be bogged down in discussions for years (if not decades). In turn, this could provoke either of the parties to act in a unilateral way that may further aggravate the situation.

To prevent potential conflicts, some Russian and international experts (Avkhadeev 2013; Kezik 2016; Zolotukhin 2015) suggest thinking about joint exploitation of transboundary deposits, at least those of them located in relatively accessible areas of the Barents Sea. Deposits such as the Fedyn Arch, Kolskaya, Kurchatovskaya, etc., are located in relatively shallow waters and at a short distance from the coastline (some 150–300 kilometers). These experts believe that if and when the prices of oil and gas normalize and hydrocarbon extraction is again viable in the Arctic, Norway and Russia could think about joint projects in this region, including joint development of transboundary gas and oil fields in the Barents Sea. For example, according to some Russian specialists, an off-shore gas mega-center could be



created in the Barents Sea, including the transboundary deposits. Some Norwegian experts even suggest creating a single Norwegian-Russian natural resource and environmental management system covering the whole of the Barents Sea (Moe 2010).

However, it should be noted that there is one important precondition for successful Norwegian-Russian cooperation in the region: the Western sanctions (which are actively supported by Oslo) against the Russian oil and gas industries must be lifted.

There is, however, an alternative school of thought in the Russian expert community. For example, Vasily Bogoyavlensky, research director of the Oil and Gas Institute of the Russian Academy of Sciences, is rather optimistic about the possibility of import substitution of equipment for the development of offshore fields. According to him, Russia has a lot of potential in this sector and, in a few years, the country could reach 100 percent replacement of foreign technology on the shelf (Fonseca 2015). If these assessments are true, the development of Russia's own offshore oil and gas technologies for the Arctic region could not only prevent a potential conflict between the two countries because of the transboundary deposits but also make them natural and promising partners in developing the region's hydrocarbon resources in a sustainable way and with a cooperative spirit.

However, there is one more problem in Norwegian-Russian relations with regard to the Barents Sea's natural resources. In particular, it is related to Russia's potential economic activities on the Svalbard archipelago's shelf and concerns the significant difference in taxation levels between mainland Norway and the archipelago. Russian companies accessing the Svalbard continental shelf believe that they should enjoy the rights envisaged in the 1920 Paris Treaty on Spitsbergen, particularly the right to pay taxes less than 1 percent of the cost of goods produced (including hydrocarbons).

But, as one Russian international law specialist explained,

If a deposit beginning within the limits of the archipelago's territory extends beyond its territorial waters, the Russian companies will be expected to observe the norms of Norway's continental mainland petroleum legislation, which means that 78 percent of their earnings from the hydrocarbons produced outside Norway's territorial waters will go away in tax payments to the Norwegian treasury.

(Oreshenkov 2010)

These financial stakes are bound to be at the core of future negotiations if Russian oil companies are to be involved in the development of hydrocarbon resources on the Svalbard shelf.

Moreover, Oslo has interpreted the 2010 Delimitation Treaty in a way that it now has a right to establish rules of its own for foreign oil and gas companies that plan to operate on the Svalbard shelf while other signatories to the 1920 Paris Treaty on Spitsbergen (including Russia) continue to believe that the rules have been already defined by this agreement. That is why, when the Norwegian

government included some blocs from the so-called Spitsbergen Square in the twenty-second and twenty-third licensing rounds (2013–16), the Russian Foreign Ministry energetically protested against these moves. The Russian diplomatic notes called on Oslo to observe the 1920 Paris Treaty and stop its practice of “creeping” revision of the agreement that provided all signatories with equal rights to economic activities on and around the archipelago (Holgova 2016). Remarkably, when in early 2016 the Norwegian government announced that it had included the “Gray Fox” bloc (part of “Spitsbergen Square”) into the twenty-third licensing round, the state-owned Russian company Rosneft (similar to other international oil giants Shell and British Petroleum) decided to withdraw from the competition. At the same time, some anonymous Russian Foreign Ministry officials informally admitted that Moscow would not object to the Russian private oil company Lukoil’s bid in the twenty-third round if it were treated with the same respect as other Norwegian and international companies (Holgova 2016).

Assessing Russia’s national preference formation in the Barents Sea-related cases, it should be noted that it is of a multicausal nature. On the one hand, there are alarmist/anti-Norwegian groupings inside Russia that are very suspicious about Oslo’s intentions regarding the transboundary hydrocarbon deposits and its current licensing policies in the “Svalbard Square.” On the other hand, there are Russian oil and gas companies lacking proper technologies for developing transboundary fields. Moreover, given the current low oil and gas prices, these companies often lack the economic incentive to expand their offshore businesses both in the transboundary areas and in the Russian Arctic maritime sector at large. However, they are eager to invest in certain energy projects on the Norwegian side of the delimited zone, at least where geological exploration has shown promising prospects and where proper technologies are provided by international partners.

Under these circumstances, Moscow’s international bargaining strategies tend towards a cooperative rather than a conflictual pattern and this has been mostly welcomed by Oslo. Despite the ongoing bilateral tensions, both Moscow and Oslo believe that the above problems can be solved in the foreseeable future through negotiations and on the basis of international law. These positions were confirmed by the Ilulissat Declaration (2008) issued by the Arctic-5 (Canada, Denmark, Norway, Russia, and the United States) and reiterated in the 2010 Norwegian-Russian treaty as well as in the 2013 Russian Arctic strategy. Moreover, the competent Russian governmental bodies, such as the Ministry of Energy and Ministry of Natural Resources and Environment as well as the Foreign Ministry, discuss Svalbard-related issues with their Norwegian counterparts on a regular basis (Holgova 2016).

### **Continental shelf disputes**

The second type of potential maritime energy dispute is related to the coastal states’ claims to the Arctic continental shelf. The Arctic is attractive to all coastal states for its vast natural resources. According to the US Geological Survey (2008), the mean estimate of total undiscovered conventional oil and gas resources in the

Arctic is approximately 90 billion barrels of oil, 1.669 trillion cubic feet of natural gas, and 44 billion barrels of natural gas liquids. Arctic deposits total approximately 240 billion barrels of oil and oil-equivalent natural gas, which is almost 10 percent of the world's known conventional petroleum resources (cumulative production and remaining proved reserves). And yet most of the Arctic, especially offshore, remains essentially unexplored with respect to petroleum (see Figure 6.2).

According to the UNCLOS, a coastal state has exclusive sovereign rights to explore and exploit the natural resources of its continental shelf up to 200 nautical miles from its shores. Beyond this limit, a coastal state has to provide scientific evidence to establish the extent of the legally defined continental shelf up to 150 nautical miles to exercise the same rights. According to international law, a coastal state can exploit living and non-living resources of the shelf's seabed and subsoil, but these rights do not extend to resources in the water column such as fish stocks, which are covered by a separate regime. The application should be submitted to the UN Commission on the Limits of the Continental Shelf (CLCS), a review body of scientists created under the UNCLOS. The CLCS covers continental-shelf claims beyond the 200-nautical-mile zone, up to a maximum of 350 nautical miles.

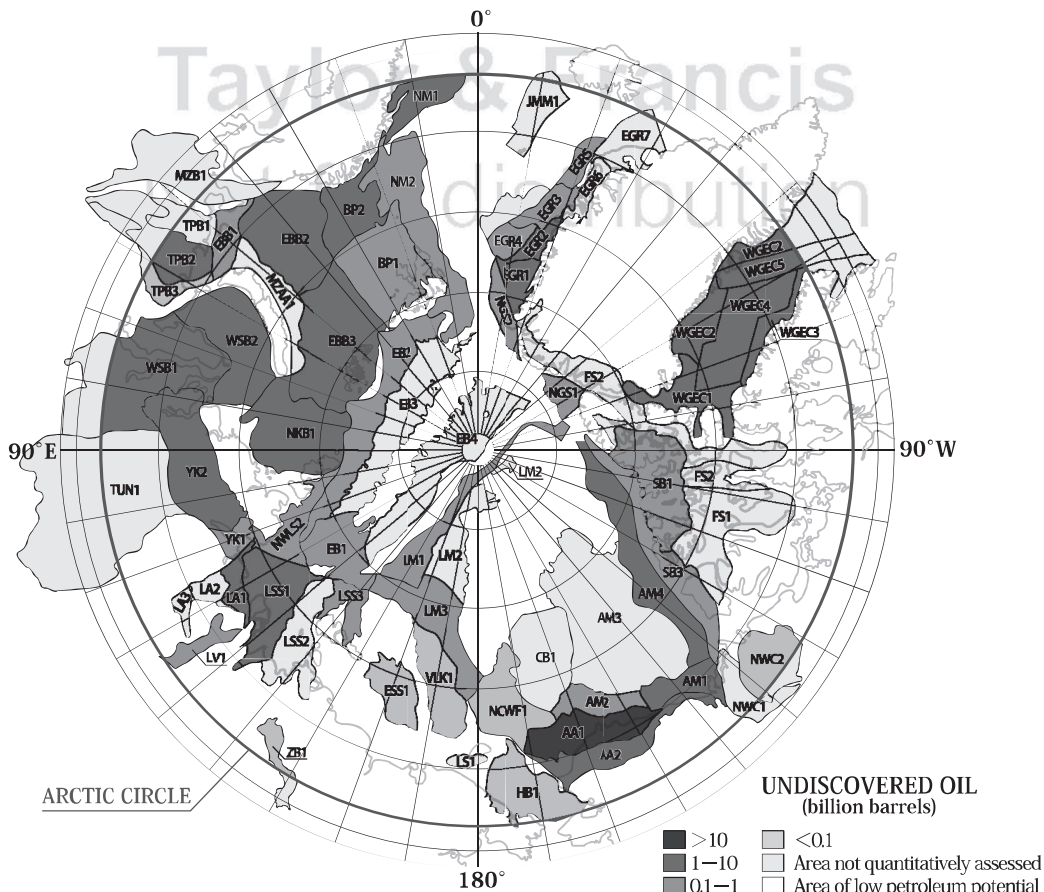


Figure 6.2 Offshore undiscovered oil in the Arctic



Due to marine research that has been systematically conducted in the High North since Soviet times and the growing significance of the Arctic's natural resources for both the Russian and global economies, in 2001, Russia became the first country to apply to the CLCS. Other coastal states (except the United States, which did not ratify the UNCLOS) followed Russia. For example, Norway was the second (after Russia) to submit an application to the CLCS in 2006 and the first among the Arctic states to receive a positive decision from the Commission in 2009. In its 2001 claim, Russia argued that the Lomonosov Ridge and the Alpha-Mendeleev elevation are both geological extensions of its continental Siberian shelf and, thus, that parts of the Central Arctic Ocean, as well as parts of the Barents Sea, the Bering Sea, and the Sea of Okhotsk, fall under its jurisdiction. In effect, Russia claimed sovereign rights over resources on a seabed area of some 1.2 million square kilometers outside the 200-mile line (see Figure 6.3).

However, the CLCS found substantiation of the Russian claim to the shelf insufficient and asked for more information. To collect data and make a new submission comprehensive, research expeditions were organized. The wide coverage by the Western mass media of the expedition of 2007 with its flag planting (as its by-product) was one of them.

Prior to the Ukrainian crisis, there was hope that the three Arctic powers involved in the dispute (Canada, Denmark, and Russia) could either reach an agreement on the division of the Arctic shelf before they make individual submissions to the CLCS or even make a joint submission (Byers 2012 and 2013; The Canadian Press 2013; Studin 2012). Even Moscow, who was working hard on resubmission of its claim, periodically sent messages that it was ready for a compromise. For example, addressing an international conference on the Arctic in September 2010, then prime minister Putin said: "Very serious economic and geopolitical interests intersect in the Arctic, but I have no doubt that all the problems existing in the Arctic, including problems over the continental shelf, can be resolved in an atmosphere of partnership" (cited in Weir 2010).

However, these plans were denounced by then Canadian Prime Minister Stephen Harper who claimed that the North Pole should be Canadian territory. According to the Canadian press, Harper was discontent with the work of Canadian scientists who were unable to collect sufficient geological and geophysical data to prove the Canadian claim to the North Pole in order to include it Ottawa's December 2013 submission to the CLCS (Breum 2013). "Canada has a choice when it comes to defending our sovereignty over the Arctic: Either we use it or we lose it," Mr. Harper said at one of the meetings with the national Navy representatives. "And make no mistake, this government intends to use it, because Canada's Arctic is central to our identity as a northern nation: It is part of our history and it represents the tremendous potential of our future" (cited in Chase 2014). Harper's aggressive stance and tough position on Canada's claims to the Arctic have provoked other countries to act separately.

In December 2014, the Danish government together with the government of Greenland filed a submission to define the outer limits of its continental shelf in the Arctic Ocean with the CLCS (see Figure 6.4). The area consists of approximately



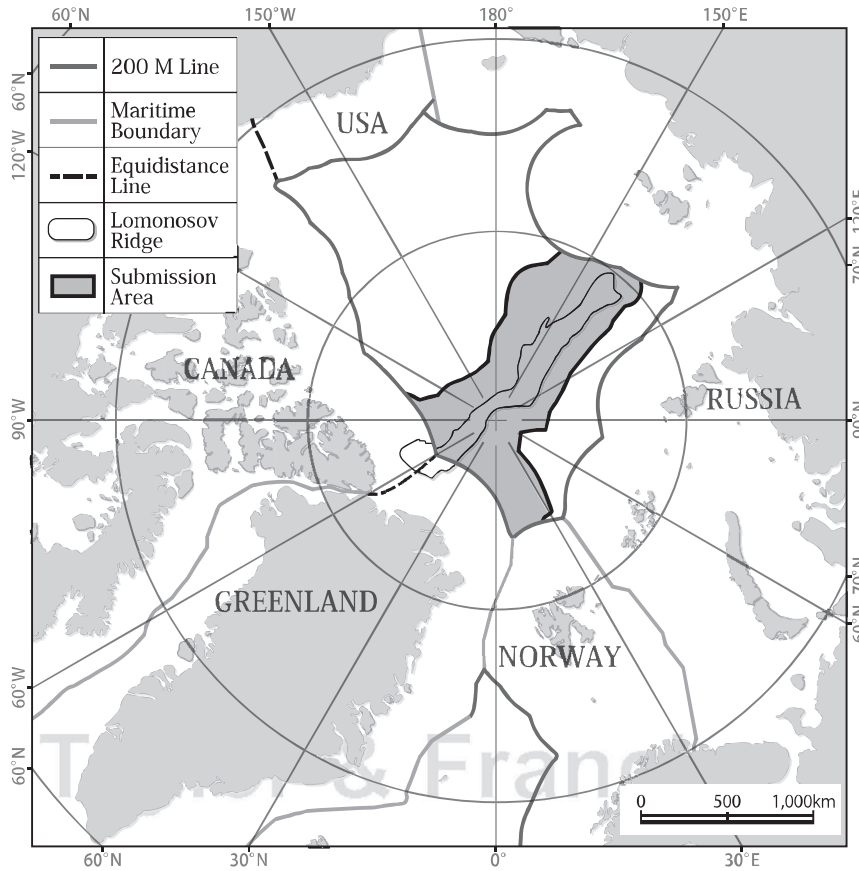


Figure 6.4 Danish claim to the Arctic continental shelf

Remade from the figure in The Local, 15 December 2014, Denmark makes ‘provocative’ Arctic claim. [www.thelocal.dk/20141215/denmark-makes-provocative-arctic-claim](http://www.thelocal.dk/20141215/denmark-makes-provocative-arctic-claim)

895,541 square kilometers beyond 200 nautical miles from the coast of Greenland (Danish Foreign Ministry 2014).

In August 2015, Russia officially resubmitted an application for the extension of its Arctic shelf (see Figure 6.5). The new application included underwater territories with a total area of about 1.2 million square kilometers and an estimated 4.9 billion metric tons of standard fuel (Russian Geographic Society 2016a). Stressing the importance of the Arctic for Russia, Minister of Natural Resources and Environment Sergei Donskoy underlined the fact that 594 oil fields and 159 gas fields as well as two major nickel fields and more than 350 gold deposits had recently been discovered in the entire AZRF. Initial recoverable fuel resources are estimated to be 258 billion tons of fuel equivalent, representing 60 percent of Russia’s total hydrocarbon resources (Pettersen 2015).

It is obvious that both Russia and Denmark have contested parts of the Amundsen Basin, Lomonosov Ridge, Makarov and Podvodnikov Basins, and Mendeleev

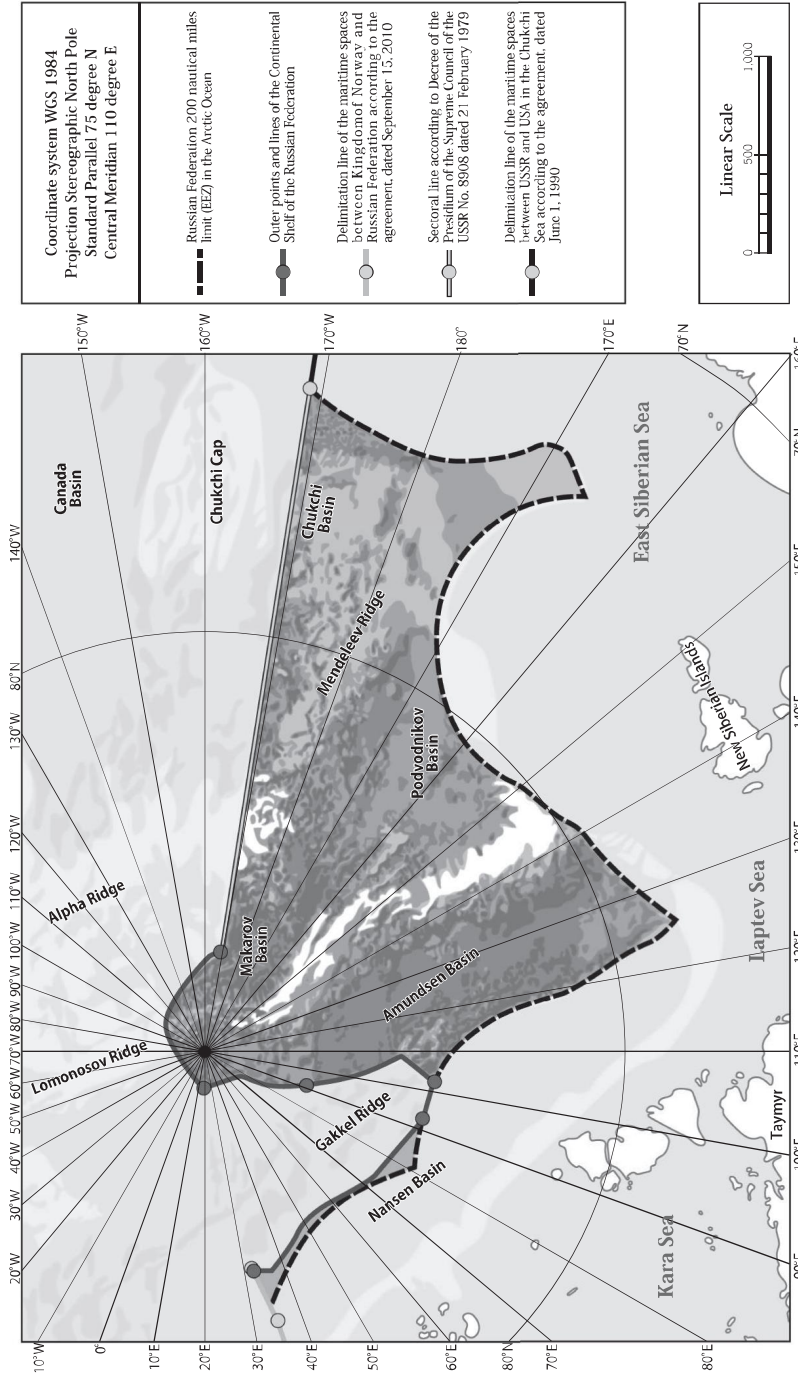


Figure 6.5 Russian claim to the Arctic continental shelf (2015)

Remade from the figure in Partial Revised Submission of the Russian Federation to the Commission on the Limits of the Continental Shelf of the Russian Federation in the Arctic Ocean. Executive Summary. 2015, p. 7. [www.un.org/depts/los/clcs\\_new/submissions\\_files/rus01\\_rev15/2015\\_08\\_03\\_Exec\\_Summary\\_English.pdf](http://www.un.org/depts/los/clcs_new/submissions_files/rus01_rev15/2015_08_03_Exec_Summary_English.pdf)



Elevation. A part of the Makarov Basin and Mendeleev Elevation is contested by both Russia and Canada (although Ottawa is still preparing its submission). For reasons outlined above, Denmark's application significantly overlaps with Russia's, in particular around the Lomonosov Ridge.

However, Moscow plans to peacefully solve its maritime disputes with its Arctic neighbors. Representing the Russian resubmission at the fortieth session of the CLCS at the UN headquarters, Minister Donskoi mentioned the consultations that Russia held with Denmark and Canada. He stressed that the parties had reached an understanding concerning the consideration of applications. The Minister added that the commission had received three verbal notes from Canada, Denmark, and the United States. "None contained an objection to the partially revised Russian application being considered by the Commission on the Limits of the Continental Shelf," Mr. Donskoi said (Russian Geographic Society 2016b).

In any case, the future of this conflict will to a large extent rest in the hands of the CLCS.

Some international experts (Moe 2014) suggest several scenarios for further developments if a second, revised Russian submission is returned by the CLCS. One extreme would be for Moscow to withdraw from the UNCLOS, return to the sectoral principle of division of the Arctic maritime spaces, and just declare unilaterally that its continental shelf reaches up to the North Pole. Russia would still retain the right to a continental shelf, and would find itself in the same position as the United States, which remains outside the UNCLOS, and would have to rely on customary law to support its claim.

The strong nationalistic groupings in Russia would support such unilateralism. They represent the Arctic as a "battlefield" between Russia and the West as well as Russia's "last chance" and as a possible way to take "revenge on history." The Arctic is presented as rightful compensation for the hegemony lost with the disappearance of the Soviet Union (Laruelle 2014, 39–43; Sergunin and Konyshev 2016, 37–38). There are even some Russian international lawyers who support such a unilateralist approach and return to the sectoral principle of the division of the Arctic maritime spaces (Ovlashenko and Pokrovsky 2012).

However, this "unilateralist/irredentist" option is hardly acceptable to the Kremlin because it would provide a much less secure legal position than would a CLCS decision, which is considered a legitimizing ruling. As Russia's strategic documents (Arctic strategies of 2008 and 2013) and political leaders' statements demonstrate, Moscow's official policy undoubtedly lies within the UNCLOS framework. Russia has much to lose if it undermines the authority of the UNCLOS in the Arctic. Moscow tries to avoid a conflict situation because any conflict, even if not armed, would prove to the world that the UNCLOS does not work and weaken the legitimacy of the Convention. Such weakening is seen by Moscow as dangerous and unacceptable. Russia systematically tries to portray itself as a responsible UNCLOS actor, regularly demonstrates its respect to the CLCS, and plays an active role inside the Commission itself.

As Moe (2014) put it, the other extreme scenario would be for Russia to accept that the submission was too ambitious and not substantiated by geophysical

research and come back to the Commission with a revised, less expansive position. On the one hand, this alternative would definitely show respect for international law. However, on the other hand, such an initiative would entail large domestic political costs for a Russian leader who would dare to abandon Russia's ambitious Arctic claim. As mentioned above, there are marginal but rather vociferous nationalistic groupings inside Russia that would not accept any "concessions" on the Arctic (for details, see Laruelle 2014, 39–43; Sergunin and Konyshev 2016, 37–38). As the Russian 2015 submission shows, it basically repeats the 2001 claim, which means that Moscow would not follow the second scenario.

Neither foreign nor Russian experts excluded one more, third, scenario, which, they believed, was both possible and the most likely. That option was Moscow's agreement to postpone the revision of the new submission by the CLCS (Moe 2014; Zagorsky 2013). First, it will take the CLCS years or even decades to consider the existing and forthcoming applications. Even if it becomes clear that the Russian claims to the Lomonosov Ridge and Mendeleev Elevation cannot be substantiated, all the Arctic states may decide that it is better to agree to disagree and continue business as usual.

Besides the need to preserve the UNCLOS in the Arctic, a realistic assessment of their economic interests and technical capabilities also prevents the littoral states, including Russia, from engaging in conflict over the disputed areas. These areas are very deep and extraction of oil and gas there will not become profitable for many decades. Moreover, as the most authoritative assessment of Arctic mineral resources from the US Geological Survey maintains, most hydrocarbon resources are likely to be found in relatively shallower waters, within the 200-mile limit (US Geological Survey 2008). Most of these uncontroversial continental shelves are relatively unexplored and the conflicting parties should develop them first.

As the recent Danish and Russian submissions demonstrate, however, this scenario was not implemented, either.

### **In lieu of conclusion**

In terms of national preference formation, it should be noted that, despite the existence of vociferous and noisy nationalistic groupings, they are unable to affect Russia's decision-making system and mainly target the Russian public rather than the government. As for the Russian energy lobby, it basically stays aloof with regard to the discussions on the extension of Russia's continental shelf in the Arctic Ocean for at least two reasons: first, since the exploration and development of this area is a matter of a distant future, the Russian oil and gas business is still unable to think in such strategic categories being focused on more pressing – short- and mid-term – needs. Second, in terms of long-term strategic planning, the Russian energy lobby trusts the Kremlin in the certainty that the government will protect its interests in dividing the Arctic "hydrocarbon pie."

Such national preferences necessitate Moscow's cooperative bargaining strategies in the international arena and stimulate the search for non-traditional solutions to existing problems.

For instance, in principle, the “cooperative/compromise scenario” discussed prior to the Ukrainian crisis is still possible. Based on its authority, the CLCS could encourage the three contenders to negotiate a compromise variant of an agreement that could include the idea of making the Central Arctic a zone of international cooperation and/or natural reserve governed by the UN. Such an idea is still floating among the academic and expert communities of the coastal states (Finne 2015; Kharlampieva and Lagutina 2011; Medvedev 2013; Vasilyeva and Chen’sin 2011).

Moreover, the five littoral states and some non-Arctic nations such as China, Japan, Iceland, and South Korea managed to launch a negotiation process on banning unregulated fishery in the Central Arctic Ocean (Norwegian Ministry of International Affairs 2015), a process that can be replicated in the same area with regard to prohibiting industrial activities on the seabed.

In any case, as Moscow has repeatedly underlined, the Kremlin plans to solve the problem within the UNCLOS framework, peacefully and on the basis of solid research data.

\* This research was conducted within CANARCT project no. 257638 funded by the Research Council of Norway and project no. 16–18–10315 funded by the Russian Science Foundation.

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