

The (Russian) Arctic is open for business

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In the 1990 thriller *The Hunt for Red October*, the rogue captain of a Soviet submarine evades the U.S. and Soviet navies by threading his way through a narrow – but precisely charted – mid-ocean trench.

In real life, the Soviet navy's charting efforts extended to the heart of the Canadian Arctic. Soviet-era charts, available today, show more depth soundings in the Northwest Passage than Canada's most recent charts do.

The Cold War is over, but Russia still takes the Arctic seriously. Russian nuclear-powered submarines still sail under the sea ice, where Canada's diesel-powered submarines cannot venture.

Russia is intent on transforming its Arctic coastline into a commercially viable alternative to the Suez Canal. In 2011, President Vladimir Putin [said](#): "I want to stress the importance of the [Northern Sea Route](#) as an international transport artery that will rival traditional trade lanes in service fees, security and quality."

Russia uses icebreakers to escort commercial vessels, and charges fees for the service. In 2007, it launched the Fifty Years of Victory, a nuclear-powered [behemoth](#) able to break 2.5 metres of ice at speed.

Canada's diesel-powered icebreakers are much older and smaller. Although some money was recently budgeted for refits, there are plans for only one new vessel – and no construction contract has been signed. Canadian icebreakers generally aren't used for escorting commercial vessels in the Arctic, and when they are, no cost recovery takes place.

Russia is building 10 search-and-rescue stations in the Arctic, each with its own ships and aircraft. The stations will supplement the icebreakers, their on-board helicopters and numerous military bases.

Not a single Canadian search-and-rescue aircraft is based in the Arctic. Helicopters and 45-year-old Hercules planes are deployed from Canada's more southerly regions. An attempt to procure replacement planes began in 2002, but again, no construction contract has been signed.

Russia has 16 deep-water ports in the Arctic. Canada's sole Arctic port is at Churchill, Man., nearly 2,000 kilometres south of the Northwest Passage. A plan to transform a disused wharf on Baffin Island into an all-year naval base, announced in 2007, has been delayed and curtailed.

The combination of melting ice and Russian state investment has led to a recent tenfold increase in shipping along the Northern Sea Route, with more than 40 large ships – mostly bulk carriers and oil tankers – sailing through last year.

Traffic through the Northwest Passage is increasing less quickly, due to the absence of good charts, search and rescue, icebreaker escorts and ports of refuge. Sea ice is a rapidly diminishing problem: For the past several summers, the entire waterway has been ice-free.

Russia generates 20 per cent of its GDP in the Arctic, mostly from oil and gas that is increasingly discovered and extracted using foreign capital.

In 2010, the Chinese government gave Russian state-owned companies Transneft and Rosneft \$25-billion to build an oil pipeline from Siberia to China. The pipeline already carries 300,000 barrels a day. Earlier this year, China advanced another \$60-billion so Rosneft could develop offshore fields in the Arctic. At the same time, Rosneft entered into a joint venture with ExxonMobil that foresees investments of up to \$500-billion in the Arctic offshore, while Gazprom signed a similar agreement with Royal Dutch Shell.

No offshore drilling has taken place in the Canadian Arctic since 2006. Inadequate infrastructure is part of the reason: Canada lacks any roads or pipelines to its northern coast, or any capacity to deal with a major spill.

Knowing that oil companies will not drill in contested waters, Russia [recently concluded](#) a boundary treaty with Norway that resolved a dispute over 175,000 square kilometres of hydrocarbon-rich seabed.

Canada has a similar dispute with the United States in the Beaufort Sea that should be even easier to resolve – thanks to the common energy market under NAFTA, which reduces the stakes. But unlike the Russians, the Canadian government has preferred to wait.

Through its willingness to seize the moment, Moscow has become Washington's preferred partner on Arctic issues. Together, the two countries have led negotiations on search and rescue, ship safety, oil-spill response and fisheries management.

Canada has been relegated to the second tier of Arctic diplomacy; it signs agreements that others have forged.

In both Russia and Canada, some politicians use the Arctic to stoke nationalist pride. In 2007, the [deputy chairman of the Russian Duma](#) descended 4,000 metres in a submersible to plant a flag on the seabed at the North Pole. One of the scientists involved in the exercise later described it as a “publicity stunt.”

In public, Canadian Prime Minister Stephen Harper asserts that Arctic sovereignty is a “use it or lose it” matter. In private, according to a [diplomatic cable](#) released by Wikileaks, he insists that “Canada has a good working relationship with Russia with respect to the Arctic” and “there is no likelihood of Arctic states going to war.”

Unlike Mr. Harper, Mr. Putin sees no reason to be coy.

In 2010, he told reporters: “It is well known that, if you stand alone, you cannot survive in the Arctic. It is very important to maintain the Arctic as region of peace and co-operation.” By which he meant: The Arctic is open for business. Well, at least the Russian part.

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