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JUL 29 2011

The Ministers

RUSSIA'S ACTIVITIES IN THE ARCTIC

Please find attached for your information a briefing note highlighting Russia's activities in the Arctic. Following Russian activities and intentions in the Arctic will be essential as we continue to progress with our *Northern Strategy*.

Robert Fonberg

Enclosure(s): 1

Canada

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BRIEFING NOTE FOR THE MINISTER AND ASSOCIATE MINISTER

RUSSIA'S ACTIVITIES IN THE ARCTIC

ISSUE

- The announcement by Russian Minister of Defence, Anatoly Serdyukov, on 1 July 2011 to “create” two new brigades for the Arctic follows through on commitments made in Russia’s Arctic policy released in 2009.
- There is no doubt that the economic potential of the Arctic is a major driver of Moscow’s calculations. However, the extreme environment and long distances make the actual economic feasibility of extraction in the High North, beyond its Exclusive Economic Zone, prohibitively expensive.
- Russian surveying of the seabed is a continuation of the work it has been conducting to determine the extent of its continental shelf and is in no way threatening to Canadian interests. Russia is following the same process prescribed by the *United Nations Convention on the Law of the Sea* to define its outer jurisdictional limits as other coastal states, including Canada.
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BACKGROUND

- On 1 July 2011, Russian Minister of Defence Anatoly Serdyukov announced that Russia will “create” two new military brigades in the Arctic (nearing 10,000 troops) to protect the country’s interests in the North. This announcement follows through on commitments made in Russia’s Arctic policy released in 2009 – *Fundamentals of the Russian Federation’s Policy in the Arctic for the Period Up To 2020 and Beyond* – which calls for the creation of a new group of forces (primarily border guards) and a functional Coast Guard system. These measures, in addition to increased Arctic domain awareness, are intended to secure Russian Arctic borders.

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CONSIDERATIONS

Russia.

- Since Russia embarked on its most recent iteration of military modernization and reforms in 2008, the emphasis has been on consolidating and amalgamating existing divisions and brigades to find efficiencies and reduce costs. With respect to the Arctic,

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Among the Ministry of Defence's top priorities during the past several years of reform has been the modernization and sustainment of its strategic nuclear forces and their means of delivery (e.g., through development of the new Bulava intercontinental ballistic missile)

Great Power Status

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It also endorses the sanctity of international law and established global governance mechanisms as the preferred means of dispute resolution. Indeed, the recent conclusion of an agreement between Russia and Norway to delineate their maritime boundary in the Arctic is illustrative of Russia's long-held public stance on international law and demonstrates a willingness by Moscow to act in a cooperative manner on Arctic issues.

Russian Surveying of the Seabed in the Arctic

- Russian surveying of the seabed is consistent with the activities of littoral states all over the world, including in the Arctic, that are in the process of delineating their continental shelves pursuant to the *United Nations Convention on the Law of the Sea* (UNCLOS).

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- It is possible that the extended continental shelves of the Arctic Ocean coastal states will overlap but the extent and the location of these overlaps is not yet known. Any overlaps will be resolved by the states concerned through discussions, negotiations and/or arbitration, in accordance with international law. All Arctic Ocean coastal states reaffirmed this commitment in the May 2008 Ilulissat Declaration.

The Economic Potential of the Arctic

- With energy exports making up roughly one quarter of the total Russian GDP, there is no doubt that the economic potential of the Arctic is a major driver of Moscow's northern strategy. At the end of 2010, Russia proper (i.e., not including any claims to the Arctic) possessed over 77 billion barrels of oil and nearly 45 trillion cubic metres of natural gas. Revenues from energy exports to Europe (and increasingly China) have steadily become the key enablers of Russia's foreign and defence policy for over a decade, and there does not appear to be any signs that this situation will change in the near- to mid-term. That said, it is important to note that despite the broad range of estimates on the total amount oil and natural gas reserves stored in the Arctic (up to 90 billion barrels of oil, and 1.7 trillion cubic feet of natural gas according to the US Geological Survey, which was both probabilistic and based on limited data), the extreme environment and long distances make the actual economic feasibility of extraction from the Arctic basin prohibitively expensive – and even beyond current technological means in some cases. What has received little attention is the fact that the majority of known energy reserves in the Arctic already fall within the well-established Exclusive Economic Zones of the littoral Northern states, including Canada, and are therefore not subject to the UNCLOS-prescribed process to delineate the outer limits of the shelf beyond 200 nautical miles.

Other Considerations

- A number of other considerations should also be kept in mind with respect to Russia's activities in the Arctic. First, **Russia is on the verge of presidential elections in 2012**, and

Second, notwithstanding disagreements with NATO surrounding the Conventional Armed Forces in Europe Treaty, **Russia has the sovereign right to station its troops wherever it wants on Russian territory**. While developments such as this are no doubt of interest to Canada from a defence and security perspective,

Third, **this latest announcement is also consistent with other lofty announcements in recent months**, most notably Moscow's stated commitment to increase military spending by \$740 billion by 2020 (

Finally,

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COMMENT

- While many observers have commented in the media on Russia's perceived provocative actions in the Arctic, there has yet to be any serious cause for alarm.

Moreover, DFAIT has noted in the past that both countries also share common challenges related to policy making in the Arctic. Indeed, these commonalities could yield political and commercial opportunities for cooperation between Moscow and Ottawa. From a Defence perspective, in spite of disagreements over Russian LRA flights, there is mutual interest with regard to cooperation in SAR and Arctic domain awareness. Defence is continuing to explore the potential for further cooperation with Russia in these fields.

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Russia launches Arctic expedition, beefs up military presence

BY JEFF DAVIS, POSTMEDIA NEWS JULY 5, 2011



Prime Minister Stephen Harper takes part in Operation Nanook in Allen Bay in Resolute, Nunavut August 25, 2010. A Russian scientific expedition — led by a nuclear-powered icebreaker — has set sail on a mission to solidify Russia's claim to a resource-laden tract of the Arctic seafloor, in a summer that will see intensified military activity in the high Arctic. Russia has also announced it will station two new Arctic warfare brigades north of 60 degrees — a move that will expand Russia's northern military capabilities far beyond those of Canada.

Photograph by: Chris Wattie, Reuters

A Russian scientific expedition — led by a nuclear-powered icebreaker — has set sail on a mission to solidify Russia's claim to a resource-laden tract of the Arctic seafloor, in a summer that will see intensified military activity in the high Arctic.

Russia has also announced it will station two new Arctic warfare brigades north of 60 degrees — a move that will expand Russia's northern military capabilities far beyond those of Canada.

The research vessel Akademik Fyodorov will conduct a sub-sea mapping exercise of the Lomonosov and Mendeleev ridges in Russia's second mission to determine the boundaries of Russia's Arctic continental shelf.

If Russia's claims to these two ridges named for iconic Russian scientists is successful, they will gain more than one million square kilometres of Arctic territory.