GLOBALIZING PETRO-ARCTIC: WHAT DO PRODUCING AND NON-PRODUCING ARCTIC STATES HAVE TO SAY?

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The recent years have witnessed a global surge of interest in the Arctic region and its resources, from both Arctic and non-Arctic states. To a considerable extent, this surge should be attributed to the remarkable oil and gas deposits discovered in the Arctic region. In this paper we analyze the main strategic documents of the Arctic states (both oil- and gas-producers and non-producers) in terms of main objectives, principles, and spheres of action in the Arctic region. We specifically focus on the economic goals and priorities related to the development of oil and gas.

Keywords: *global Arctic, the Arctic region, Arctic oil, Arctic policy of Norway, Arctic policy of Canada, Arctic policy of the USA, Arctic policy of Russia, comparative analysis, strategic perspectives.*

Introduction

Commercial development of oil and gas has been carried out in the Arctic region for over 80 years, particularly intensely since the 1960s. The major milestones in the history of oil and gas exploration in the Soviet Arctic were the discoveries of the Timan-Pechora (1930–1957) and West Siberian (1958–1968) oil and gas provinces. At the end of the World War II, mass exploration of new oil fields began in the north of Alaska (USA), as well as in the delta of the Mackenzie River in Canada. In 1977, oil production in the largest Alaskan Prudhoe Bay field began in the USA. In the 1980s and 1990s, the oil and gas industry began to conquer other Arctic territories, including offshore. Norway's oil and gas activities reached the Barents Sea, where large deposits were discovered. After the turbulent 1990s, the Arctic zone firmly regained its position as a strategic resource base of Russia and is currently recognized as one of the key priorities of national policy.

A new surge in global interest in the circumpolar region was due to a study by the U.S. Geological Survey (2008), which estimated undiscovered reserves of oil and gas resources at nearly 90 billion barrels of oil, 47 trillion m^3 of natural gas and 44 billion barrels of gas condensate liquids. At the same time, researchers emphasized that the resource potential of the Arctic remains largely uncertain, since the marine Arctic is still practically unexplored in terms of oil reserves outside several well-studied areas. Geological data still indicate that significant volumes of undetected oil remain outside developed areas. Available data and estimates indicate that the northern circumpolar region may contain something between 44 to 157 billion barrels of conventional oil and 22 – 85 trillion m^3 of conventional natural gas. In addition, a large amount of shale oil,

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shale gas, heavy oil, gas hydrates, *etc*. can also be found in the Arctic (Gautier *et al.* 2011).

Let us trace whatever difference these discoveries made to the Arctic policies of the Arctic states. We start with the non-producing states first (Denmark [Greenland], Iceland, Sweden, and Finland), and then move on to the oil- and gas-producing states (the USA, Canada, Norway, and Russia).

Arctic Policies of Non-producing States

Denmark, Greenland, and Faroe Islands. Kingdom of Denmark Strategy for the Arctic 2011–2020 puts peace and security, self-sustaining development, protection of the Arctic nature and climate, as well as international cooperation as its main strategic priorities. Among other things, the priority of self-sustaining development brings up the use of mineral resources based on the implementation of the highest international standards in the areas of safety, health, and environment, *etc*. Particular emphasis is put on the idea that society should receive a significant return on the extraction of such resources. Importantly, Denmark gives considerable attention to the prevention and regulation of potential harm from the extractive activities to the fragile eco-systems of the Arctic, implementing the 'polluter pays' principle and insisting on its implementation throughout the Arctic region (Denmark, Greenland, and the Faroe Islands 2011).

Greenland and Faroe Islands are attractive for oil and gas exploration. About 31 billion barrels of oil and gas are proved off the coast of Northeast Greenland, with more possible discoveries west of Greenland. Ever since January 2010, the whole scope of activities related to the mineral resource sector has been under the Greenland Self-Government, and The Committee for Greenlandic Mineral Resources to the Benefit of Society has already been established for the benefit of future generations (same as in Norway; Alaska, USA; and Russia). Today, Greenland is still part of the Kingdom of Denmark, but has been self-governing since 2009. Ultimately, Greenland seeks to become (financially) independent of Denmark, for which it needs to diversify its national economy, which is currently largely dependent on fisheries, tourism, and the public sector. The development of oil and gas activities is seen as an important element of this strategy. The United States Geological Survey suggests that up to 90 bbl of oil equivalent (approximately 13 per cent of undisclosed global oil resources) and 47.3 trillion cubic meters of technically recoverable natural gas may be later discovered in the region (Gautier and Moore 2017: 8). Until the 2010s the explorative activity had been limited in Greenland, when it somewhat took up, first and foremost in terms of seismic data collection. However, further progress in this field is hindered by rather strong domestic opposition pointing at the risk of oil spills and other potentially harmful consequences of explorative and extractive activities on the fragile Arctic ecosystems in general and marine mammals in particular, which are all notably important for local livelihoods (Smits, Justinussen, and Bertelsen 2016: 128).

Iceland. Iceland's Arctic Policy, as stated in the Parliamentary Resolution, is based on twelve principles which mostly have to do with international regulation and governance, international cooperation (in security, trade, science, environmental protection, and other key spheres), and international law (especially with respect to protecting the rights and well-being of indigenous peoples) (Althingi 2011). Oil and gas production is never mentioned in this document. The 'Island a nordurslodum' only briefly mentions

the industry when speaking about environmental protection and preventing of the oil spills, which would be no less than catastrophic for the Artic nature (Icelandic Ministry of Foreign Affairs 2009).

Commercial-size oil and gas field may exist near Jan Mayen. As early as the fall of 2013, the China National Offshore Oil Corporation announced a deal for exploration of oil reserves off the southeast coast of Iceland (Blank 2013; Ingimundarson 2015). A new surge of interest to exploring the area has come with the settlement of the territorial dispute with Norway over this area. So far, two exploration permits have been issued, one held by a consortium of China National Petroleum Company (CNOOC International, 60 per cent, operator), Petoro Iceland AS (Iceland, 25 per cent), and Eykon Energy (Iceland, 15 per cent), the other one held by a consortium of Ithaca Petroleum (Great Britain, 56.25 per cent, operator), Petoro Iceland AS (Iceland, 25 per cent), and Icelandic Kolvetni (Iceland, 18.75 per cent) (National Energy Authority of Iceland 2016).

The reason for such marked presence of non-Icelandic companies is that Iceland's own experience in offshore hydrocarbon exploration and production is currently very limited, so they rely on attracting international scientific and engineering skills, knowledge and experience. The Icelandic Parliament has passed new legislation on the licensing of oil and gas activities. Most likely, Icelandic companies (at least initially) will ensure their participation in the development of the oil and gas sector of Iceland, 'serving' international oil companies (Smits, Justinussen, and Bertelsen 2016).

Sweden. Sweden groups its Arctic policy priorities into three categories, namely environment protection, economic development, and human development. The only mention of oil and gas production in the Arctic region is found in the economic development category, where Sweden states that it will work to ensure that any possible future extraction of oil, gas, and other mineral resources be carried out in a sustainable way in ecological, economic, and social terms (Government Offices of Sweden 2011: 30).

Finland. Finland groups its Arctic policy goals into several categories as well, namely the ones related to social sustainability, indigenous peoples' well-being, science and education, business, environment, and international cooperation. The business goals include a whole bunch of goals related to the development of energy sector, as well as to mining. However, the general analysis of Finland's Arctic strategy reveals two main areas which are considered as the greatest competitive advantages in the global arena:

- Finland as a key provider of practical solutions to various Arctic development problems;
- Finland as an attractive hub in the trans-Arctic transportation (Väätänen 2019).

The oil and gas industry appears in Finland's Arctic strategy only as a risk factor for environmental pollution; related goals, accordingly, include reducing these risks through a more careful regulation, as well as increased preparedness for the effective reaction to emergency situations.

Arctic Policies of Oil- and Gas-Producing Arctic States

United States. Oil production has been a priority of the US Arctic policy ever since the development of the Prudhoe-Bay oil field in Alaska began in the 1970s. At that time, the United States proclaimed their support for Arctic development with minimal environmental impact, as well as for security and international cooperation. Further on, oil

and gas production received a more pronounced position in the US Arctic policy, as onshore and offshore Arctic territories were recognized to possess vitally important energy resources which could decrease the country's dependence on foreign energy sources (United States Arctic policy group 1971). Presidential Decision Directive NSC-26 of 1994 mostly covered only two main priorities of Arctic policy, namely, US military security in the Arctic region and environmental protection (The White House 1994). The 'Arctic part' of this Directive was reversed in 2009 by a whole new National Security Presidential Directive/NSPD-66 which added a range of new perspectives to the US Arctic policy, including the development of offshore territories, Arctic economy, energy, international governance, *etc*. Its goals included, among other things, evaluation and assessment of the developmental project of oil and gas production, as well as development of infrastructure, international cooperation for implementation of the best practices in oil and gas exploration, production, reservoir management, drilling, data sharing, dealing with ecological consequences, *etc*. (The White House 2009). This Directive remained in effect only for four years until the National Strategy for the Arctic Region was released in 2013. It emphasizes only three priority areas of the US Arctic policy, namely, the US security in the Arctic, responsible governance in the Arctic region, and international cooperation. The energy-related goals were subsumed under the 'security' category (as parts of achieving energy security), and the stance of the US administration on Alaskan oil and gas was made very clear:

> The Arctic region's energy resources factor into a core component of our national security strategy: energy security. The region holds sizable proved and potential oil and natural gas resources that will likely continue to provide valuable supplies to meet U.S. energy needs. Continuing to responsibly develop Arctic oil and gas resources aligns with the United States 'all of the above' approach to developing new domestic energy sources, including renewables, expanding oil and gas production, and increasing efficiency and conservation efforts to reduce our reliance on imported oil and strengthen our nation's energy security. Within the context of this broader energy security strategy, including our economic, environmental and climate policy objectives, we are committed to working with stakeholders, industry, and other Arctic states to explore the energy resource base, develop and implement best practices, and share experiences to enable the environmentally responsible production of oil and natural gas as well as renewable energy (The White House 2013: 7).

However, the Obama administration was rather cautious in preserving the balance between the proponents of expanding Arctic production of oil and gas, on the one side, and Arctic environmentalists, on the other side. Thus, at the end of his second term Obama permanently banned exploratory oil and gas drilling in most parts of Alaska, as well as exploratory and production drilling in the Beaufort and Chukchi Seas. As for the ongoing oil and gas production in the US Arctic, the state of Alaska poses its strategic goals for the period between 2017 and 2022, which are related to business climate, investments, use of funds, support of innovations, *etc*. (Alaska Department of Commerce… 2017: 8).

The Trump administration tried to reverse Obama's ban, starting from two particular areas, namely Arctic National Wildlife Refuge and National Petroleum Reserve-Alaska (Nong, Countryman, and Warziniack 2018). The development of mechanisms aimed at simplifying the access of oil and gas companies to obtaining exploration li-

censes has begun under the pretext of increasing the tax inflow to the federal budget. Alaska's 'big three' oil producers (Conoco Phillips, British Petroleum, and Exxon Mobil) may well have had a say in the decision and very likely approved Trump's shift from 'energy security' to the 'energy dominance' concept (Worland 2017).

However, in March 2019, U.S. District Court Judge in Alaska, Sharon Gleason, overturned Trump's attempt to open vast areas of the Arctic and the Atlantic Ocean to oil and gas exploration and production, and left Obama's restrictions intact. Gleason said that Trump's attempt to reverse Obama's ban violated a certain federal law, as in this case Obama's ban could be revoked only by an act of Congress (Reuters 2019).

Canada. The main priorities of Canadian Arctic policy include various goals related to responsible and eco-friendly governance, international cooperation, security, sustainable development, expansion of trade and search for investment, deepening the understanding of Arctic, protecting Arctic environment and supporting indigenous communities, *etc*. The development of Arctic energy resources is related to sustainable development in this context. With regard to Arctic oil and gas, Canada's main goal was stated as the development of research-based guiding principles and standards (Government of Canada 2010). Indeed, Canada actively participated in the Arctic Council's work on updating the guiding principles and standards for various activities related to offshore oil and gas in the Arctic in 2009. However, Canada's overall strategic vision for developing oil and gas in the Arctic is limited to one generally-worded statement that Canada will continue to support responsible and sustainable development of the industry.

Canada's policy on its own Arctic territories proclaims such priorities as the exercise of sovereignty, promotion of socio-economic development, protection of ecological heritage and improvement of the northern territories governance (Government of Canada 2009: 2). As for the oil and gas sector, Canada currently sees a growing interest in the exploration and development of offshore oil and gas fields in the Beaufort Sea (including deep-sea). In 2008, the Canadian government launched a project called 'Geomapping of Energy and Minerals.' Initially, the project was designed for a five-year period, but in 2013 its second stage was launched, which was to last until 2020. The main objective of the project is to obtain a detailed map of the reserves of energy and mineral resources in the Canadian North (including the Canadian Arctic Archipelago). Currently, the Arctic provinces of Canada only provide a small contribution to the whole volume of oil and gas produced in the country, as most of it is supplied by Alberta, followed by Saskatchewan, Newfoundland and Labrador.

Nevertheless, technically recoverable oil reserves in the Canadian Arctic are quite large and are currently estimated at 1.23 billion barrels in the Northwest Territories (of which approximately 667 million barrels of oil are offshore). An additional 18.25 billion barrels of recoverable crude oil are allegedly located in Nunavut, of which approximately 4.2 billion are in the Sverdrup basin, where active exploration was carried out in the 1970s and 1980s. As for natural gas, its proven reserves in the Northwest Territories are estimated at 464 billion m^3 (16.4 trillion cubic feet), of which about 38 per cent are in offshore fields; proven reserves in the Yukon amount to 226.5 billion m^3 (8 trillion cubic feet); and 5.14 trillion m^3 (181.4 trillion cubic feet) in Nunavut (Government of Canada 2020).

Moreover, in 2015, the National Energy Council of Canada published a study pointing to two new fields, Canol and Bluefish, in the Northwest Territories (both located in

the Mackenzie River Valley about 145 km south of the Arctic Circle), with total oil reserves possibly reaching 200 billion barrels of shale oil. The technically recoverable reserves are estimated at 'only' 7 billion barrels, which are comparable with the recoverable reserves of the Bakken oil formation in North Dakota (USA). Exploration drilling has already started in the Canol field (Canada National Energy Board 2015).

However, Canada is also extremely cautious in taking any steps related to oil and gas production in the Arctic. On December 20, 2016, the Prime Minister of Canada imposed an open-ended moratorium on issuing new oil and gas licenses for sites located on the Canadian Arctic shelf. Every five years, the moratorium should be reviewed on the basis of scientific estimates of the situation. The moratorium aims at protecting the fragile natural balance of the Arctic environment from the potential consequences of large-scale hydrocarbon production, especially from emergency situations (oil spills, *etc*.). However, Canadians met this decision with mixed feelings. Thus, the representatives of indigenous people of the Arctic territories blame the ban on the development of Arctic hydrocarbon deposits for their failure to receive a significant part of their rightful income (Huebert 2018).

Norway. The High North has been a priority in Norwegian policy ever since the end of the Cold War at the very least, and became a top priority in the mid-2000s. The main spheres where Norway aims at realizing its High North policy include cooperation with Russia, expansion of Arctic diplomacy, accounting for climate change, sea governance, development of new oil and gas province, accepting the principles of naval law, and forming cooperation networks (Norwegian Ministry of Foreign Affairs 2011: 12–13).

Speaking of the development of the new oil and gas province in the southern part of the Barents Sea, Norway claims a number of achievements. Thus, the oil and gas resources management plan has been seriously updated for the Barents Sea and Lofoten. Geological surveys of the area west of the demarcation line between Norway and Russia in the Barents Sea are conducted. An environmental impact assessment process has begun for the Jan Mayen area, and seismic surveys are carried out. Reviews and assessments are undertaken to provide a knowledge base for the construction of a new oil terminal (Kirkenes has been revealed to be the only existing port that meets the requirements). Overall, Norway states that a record level of oil and gas activity has been reached in the north, and new fields are open for exploration (Norwegian Ministry of Foreign Affairs 2011: 35).

As regards the Norwegian strategic vision for further development of oil and gas resources in the Arctic, its priorities include expanding activities in the Norwegian part of the southern Barents Sea, carrying out technical assessment and possibly opening new areas for licensing on the basis of this assessment, increasing knowledge on the potential consequences of oil and gas activities in the unopened parts of Nordland and Troms, increasing employment and creating knowledge clusters, stimulating international cooperation and foreign activities of Norwegian oil and gas companies in other parts of the Arctic (for the sake of gaining more knowledge and experience), *etc*. (Norwegian Ministry of Foreign Affairs 2011: 35–36).

The advancement of the technological frontier in oil and gas industry is one of the most important priorities of Norwegian policy in this sphere. Back in 2001, the Norwegian National Technology Strategy for the oil- and gas sector (OG21) was developed, which set priorities on developing effective solutions for the operations of the oil sector

on the Norwegian continental shelf. Its another task was to provide a platform for cooperation between oil companies, universities and research institutes, equipment suppliers, as well as government bodies in order to develop and regularly update the strategic vision for the development of technological aspects of the oil and gas industry in Norway. The marked and very fast advances in the technological development of the Norwegian oil and gas industry are clearly visible from the comparison of two OG21 reports, submitted in 2010 and 2016. The first report stated the following strategic goals: added value growth through production and addition to reserves; increased energy efficiency and cleaner production; oil and gas technology export; skills and competence development (OG21 2010: 12–13).

The 2016 report added a whole new strategic priority to the previously mentioned ones, namely, digitalization and automation (both were virtually absent from the first report). In terms of technological advancement, four target areas were specified in the 2016 report: 1) energy efficiency and environmental friendliness; 2) exploration and enhanced oil recovery; 3) drilling, completion of wells and downhole operations without drilling rigs; and 4) mining, processing and transportation. A list of ten priority technological needs for the development of the oil and gas industry was compiled, corresponding to these four target areas: increasing energy efficiency; zero carbon emission; outer environment protection; expanding knowledge on sub-soil geology and reservoirs; effective drilling and completion of wells; optimization of production; improvement of subsea unmanned vehicles and drones in terms of their usability and functions; enhanced oil recovery; digitalization, automation, and ICT for all spheres of oil and gas sector (from smart wells and smart drilling to SUVs, drones and robots, to unmanned platforms, to Big Data collection and analysis for decision-making support) (OG21 2016: 10). Unfortunately, the report does not provide quantitative estimates of the potential effects of introducing the above technologies; however, experts suggest that lowering the cost of downhole work and designing smart wells can significantly increase oil recovery by 'adding' 1.5 billion barrels of oil equivalent to the current hydrocarbon reserves (OG21 2016: 92).

Russia. In the 1990s, the Arctic policy of Russia considered the Russian North as a passive object fully depending on state support, rather than a region with colossal resources and growth potential. The population outflow was actually supported (in sharp contrast with current demographic policies). Radical changes in Russian Arctic policy became apparent in 2008 in the framework of the Basics of the State Policy of the Russian Federation in the Arctic for the Period till 2020 and for a Further Perspective. In this fundamental document, the Arctic zone was proclaimed the strategic resource base of Russia, aimed at helping in various aspects of the country's development. The Arctic oil and gas sector was presumed to progress mostly extensively (through the development of existing fields, as well as search for new ones). Importantly, this document was the first to set the task to develop and introduce new technologies for Arctic exploration and production.

The Strategy of Development of the Arctic Zone of the Russian Federation and the Provision of National Security for the Period to 2035 (2013) and the state program 'Socio-Economic Development of the Arctic Zone of the Russian Federation' (2014) introduced a number of important new focal points to the Russian Arctic policy, and brought more details into some priorities generally outlined in the Basics. Thus, the macro-task

for the development of the Arctic resource base set in the Fundamentals received a set of subordinate tasks, including a comprehensive study of the shelf, the formation of a reserve fund of deposits in the Arctic zone, the development of a high-tech marine service complex, *etc*. Other important focal points were described even in more detail. Thus, the Strategy points out the lack of Russian proprietary technologies and technical complexes for search, exploration, and development of offshore hydrocarbon deposits in the Arctic as a serious risk factor.

In general, our analysis of the 2013 Strategy and of the 2014 state program shows that the strategic importance of the development of the oil and gas sector in the Russian Arctic territories by that time was clearly recognized by the Russian leadership. However, a systematic plan for the complex development of Russian Arctic territories and their oil and gas sector in particular was still absent and essentially replaced in the initial version of the Program by a number of individual projects. The need to develop measures of state support and stimulation of the Arctic oil and gas industry was emphasized, but the system of measures of such support was not proposed in the Program.

In 2017, a number of important additions and amendments were made to the State Program. In general, the comparison of the 2014 and 2017 versions of the State Program reveals a considerable amount of work that has been done to improve the Arctic policy, update its principles and mechanisms, while still preserving its continuity in terms of main goals and objectives.

Thus, ever since the Basics, Russian Arctic policy continuously emphasized the importance of introducing innovative technologies for offshore oil and gas development. However, it was in the 2017 version of the State Program that this priority clearly shifted towards the development of Russian proprietary technologies and technical complexes necessary for working with Arctic hydrocarbons; a whole separate subprogram was devoted to this issue. The intensive development of the Arctic was emphasized throughout the updated document, in contrast to the extensive development which received more attention in the previous documents. Here, though the exploration and development of new fields naturally remained among the top priorities, the main emphasis was put on increasing the efficiency of the Arctic oil and gas sector through technical and technological advances. Moreover, technical and technological development necessary for the Arctic oil and gas sector is viewed not as a catch-up development, but rather as a significant intensification of Russian R&D efforts and implementation of their results in the extraction, processing, and transportation of Arctic hydrocarbons. It is important that this goal is not 'theoretical,' but has a bunch of attached KPIs (such as the share of import in technologies and equipment purchased by companies for the development of Arctic deposits, which is bound to decrease markedly).

However, all Russian Arctic policy documents, in our opinion, retain a critical 'gap' with respect to an important resource which is a labor force for the Arctic projects. The 2017 version of State Program finally made some progress in implementing the concept of 'priority development areas', which first appeared in the Basics as the basis for the development of the Russian Arctic. The 2017 version of the State Program there were proposed Mineral-Raw Centers as the practical mechanism for creating these 'priority development areas' in the Russian Arctic. However, these centers give zero attention to the issue of attracting and training the necessary supply of skilled labor force with various qualifications (meanwhile, due to the population aging, the older

generations of specialists are retiring). The "stronghold zones" themselves do not provide space for a scientific and educational complex. Such a 'gap' indicates that Russian approach to the Arctic development is still not systematic enough, as there is offered no systematic solution for one of the greatest challenges – the challenge of human resources aspect.

Globalizing Arctic

During the twenty-first century, the circumpolar region is likely to become the focus of close attention not only for the eight Arctic states, but also for many other countries, even the ones situated rather far from the Arctic. The most striking example here is China's intensified Arctic policy. China is particularly interested in participating in the development of Arctic hydrocarbon reserves. At present, China actually positions itself as a maritime and 'near-Arctic' power, intending to develop multilateral and bilateral cooperation along six main directions including oil, gas and other natural resources (as well as the development of science, tourism, the Arctic shipping, high technology, culture, and education). In addition to the agreements with Iceland (see above), some of the largest Chinese oil and gas corporations started negotiations with Russian Rosneft Oil Company, aiming at participation in oil production on the Russian Arctic shelf (starting with a joint study of some areas of the Barents and Pechora Seas) (Blinova 2015). China's position in the Arctic is viewed with great caution by the Arctic states, but there is no consensus among them on this issue yet.

Other non-Arctic states (especially the observers in the Arctic Council) are actively promoting their Arctic policies as well. Among the East Asian states, Japan and South Korea show interest in the Arctic (Ikeshima 2016). While Japan seeks to develop a variety of directions in its Arctic policy, South Korea is primarily interested in the construction of offshore oil platforms and transportation of LNG. The interest of these countries in the Arctic is so great that the term 'Asian-Arctic region' has already come into use in global research (Bennett 2014; Ikeshima 2014).

Among the European states, Great Britain shows a very active interest in the Arctic region. Although Britain does not have an approved Arctic Policy Strategy, in 2015 the House of Lords published its first report of the Arctic. Among the priorities of its Arctic policy is the discovery of new deposits of mineral resources. To strengthen its position in the Arctic energy sector, Britain acted through its world's largest oil and gas multinationals. So far, the main directions of the British Arctic policy include research and military-geopolitical activities, although British oil and gas multinationals are likely to continue to look for ways to 'integrate' into the development of the Arctic shelf. Moreover, in recent years, not only individual European countries, but also the European Union in general has been trying to build the Arctic policy.

Comparing the policies of Arctic oil and gas producing countries, one can confidently define at least one similar feature, and that is the critical role played in decision-making by the largest producing companies operating in the Arctic areas and/or the Arctic shelf. The practical extent of their impact is defined by the inclination of the governments. Currently, Canada and the USA have to heavily counterbalance the development of Arctic oil and gas sector against the environmental considerations (up to the point of total or partial ban on exploration and extraction of Arctic hydrocarbons). Norway and Russia decide in favor of rather active Arctic oil and gas exploration and development, though with ac-

count of ecological considerations and mitigating all the environmental risks as much as possible at every step of the process. The rivalry for Arctic resources is rather calm at present (but in no way 'calm' should be taken for 'non-existing'). Mostly it takes the form of disputes over a part of an Arctic area (the Jan Mayen dispute between Norway and Greenland) or providing geological evidence to support a country's claim for a part of the Arctic shelf (Russian claims over the Lomonosov Ridge, a multilateral dispute over the Mendeleyev Ridge *etc*.).

However, there is clear evidence that not only Arctic states but many other countries (including strong players in the international arena – China, India, Brazil and others) try to intensively promote and secure their presence and their interests in the Arctic region. In addition, the relations in the region, especially between Russia and the United States, are exacerbating.

A number of strategy documents are in preparation in all four Arctic countries. For example, all countries speak of global, universal significance as a strategic resource base. At the same time, every country (the USA, Canada, Norway, and Russia) emphasizes and plans to strengthen its real or future exclusive leadership in the Arctic and also speaks of the need to develop the economic and social sphere, improve the quality of life, improve management, and develop scientific research, including via international cooperation. At the same time, hardly anyone forgets about the military presence in the region, speaking about the need to build it up and improve respective infrastructure. The political and economic aggravation of relations in the Arctic is largely reflected in the relations between Russia and the United States. Formally, both states seek to ensure the sustainable development of the Arctic. The main contradictions between the countries lie in the sphere of determining the status of the Northern Sea Route and the Arctic Council as an international organization. In addition, they differ in approaches to the development of the region.

Russia speaks of the Northern Sea Route as a Russian national treasure, while the United States insist on its internationalization. Russia advocates vesting the Arctic Council with broad regulatory powers, whereas the US is opposed to this. Russia invites other countries to develop the wealth of the region jointly. The United States as a superpower, striving to maintain global hegemony, seeks to act independently.

Russia is militarizing the Arctic in response to the increasingly obvious claims of other countries to its territory and resources. The USA, as the strongest power, is ready to consider the possibility of unleashing interstate conflicts in the region in its interests. The role of the Arctic in the resource support of national and global development gradually increases which makes us consider the strengthening of the platforms for multilateral and bilateral interstate dialogue as the only possible optimal way for development of the region.

This all makes the situation likely to escalate with any new round of a significant increase in hydrocarbon prices in the world market, making the Arctic yet another 'hot spot' of the world.

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