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The New Geopolitics of the North?

Jakub M. Godzimirski, NUPI

The goal of this brief study is to analyse how the recent domestic developments in Russia and Russia's renewed debate on the country's place in the world may impact on the development of the situation in the European Far North. This study will try to answer some crucial questions regarding what may be the future of Russia's relations with the most important regional and global agenda setters and how these relations may change the region in question. We will try to give answers to the following set of questions:

- How Russia's redefined relations with the outside world, first and foremost with regional 'agenda setters' – the EU, USA and Norway – may affect developments in the region?
- How those agenda setters' interests in the region – and their relations with Russia – may affect developments in the region in a mid-term perspective and what consequences this may have for Norway's position in the region?

Why is the European North important?

In 1999 one of the leading US specialists on Russian military strategy, Jacob Kipp wrote the following words on the impact the recent changes had had on the situation in the region:¹ 'A unique set of security issues has emerged from Russia's Northwest strategic direction in the post-Cold War era. The conjunction of Russian transformation and crisis has recast security issues in the Baltic and Nordic regions, reducing the risk of military conflict but raising a host of issues associated with Russia's Baltic relations, especially the status of the Russian minorities in Estonia



and Latvia and the dangerous legacy of a nuclearised Kola peninsula. The Western response to these issues, particularly in the Nordic countries and international institutions, has introduced a new sub-regional security system in Europe!

In order to answer the question regarding how this new sub-regional security system fits in the broader context of international relations we have to start by identifying the main actors shaping the region, identify these actors' regional interests and then analyse how this new 'interest mix' may contribute to changing the region and its importance in the broader international context.

Actors, arenas and agendas

A brief look at the physical and political map of the region helps us establish who are the most obvious regional actors. However, in order to understand who else may play a crucial role in the future development of the region we need to consult some other standard reference works, for instance those listing the countries' institutional affiliations and those showing whose economic interests may be at stake in the region.

The future of the region will be shaped by various types of actors. From the traditional realist perspective the most obvious regional actors are

nation states present in the region and those nation states for which the region is important, though they do not belong to the region in purely geographical terms.

If we apply this state-centred perspective there is no doubt that Russia appears as the main regional player. After a chaotic period of Yeltsin's rule, Putin's Russia is in the process of re-establishing itself as a major regional and global player. Due to Russia's former status as one of the two global superpowers, Russia's drive to become a global economic actor and the country's sheer size and nuclear arsenal, Russia established relations with almost all countries of the world and with almost all major institutions with global reach. This study focuses however only on Russia's relations with the actors with interests in the region. Two of these actors – Norway and USA – are classical nation states with their specific interests in the region. Two other actors in the focus of this study – the European Union and NATO – are of transnational or even supranational character, though one must remember that they consist of nation states and that some of these nation states have established special relationships with Russia.

In the case of Norway, the Far North is the country's closest backyard and an area where many important economic and political interests are located. For the United States the region is only one of the areas of global engagement of the sole remaining superpower. In a Norwegian perspective, the region is of crucial, if not of vital importance. For most of the other actors the region is either marginal or at least peripheral. Due to its past and current strategic importance and due to the fact that it may become a new Russian oil and gas province, the region has higher relevance for Russia. For Norway the region is one of the main arenas for foreign and

	Population (millions) 1997	GDP (\$ billion) 1997	Armed Forces (millions)
The US	272	7,834	1,448
NATO	718	16,255	4,003
EU	74	8,091	1,964
Norway	4,4	0,158	0,030
Russia	148	0,447	1,240

security policy, not least due to the fact that many of the country's unresolved foreign and security policy problems and economic strategic assets are located there. For all other actors the region

plays a less central and in the current situation mostly a rather diminishing role. This region has therefore various meanings for various actors. For actors who decided to stay outside of the European integration project like Norway, this region is a crucial area due to economic and political concerns and can become a source of tensions threatening the vital interest of the country. For many others, however, like for the US, the UK or the EU, the region is interesting to only a certain degree, either as a potential source of energy or as an area where a containment and deterrence policy used to play an important role in the bipolar world, but does not play this central role anymore, in a situation where one the former two poles simply disappeared.

This asymmetry in the perception of the region is crucial for our understanding of the processes that are taking place in the area. For most of the actors showing interest in the region this regional arena is only one of the arenas of their involvement, and in most cases definitely not the most important one. In order to understand which forces shape the regional environment we therefore have to place this region in a broader context of international relations – the role this region plays in international politics depends to a large extent on what is happening on other political arenas.

Relations between various actors are shaped by their interests and their agendas. Without going into details it is important to point that the ways the interests and agendas are defined depend on many factors. What is the role of the so-called state interests in the shaping of the agenda? Who defines what is 'the state interest' and who sets the agenda? Are those agendas of political, economic, social or security character? Which issues are politicised in bilateral and multilateral relations, which are seen as 'security relevant' and become 'securitised'? All these questions will have to remain unanswered in this study – they are recalled here only to show the complexity of the issues to be addressed.

Another aspect worth taking a closer look at is the problem of the temporal scope of the agendas. The goal of this study is to give a better understanding of the forces that are going to shape the region in years to

come. Although this study is based on the analysis of many single events, the main question is whether we witness the emergence of a new regional conjuncture in which relations between various actors will be redefined. Over the last 15 years we have witnessed not only a simple conjunctural shift, but rather a process that is often described as a political global earthquake. This results in the disappearance of the global bipolar system based on the ideological and geopolitical confrontation of the superpowers and in the emergence of a new still 'unfinished' world system, with only one remaining 'hyperpower'.

This tectonic shift has had huge impact on the situation in the region – from one of the potential arenas of a confrontation between the two powerful military and political blocs the region has been transformed into a part of a new sub-regional system built on a completely different set of liberal-institutional ideas. The stated goal of the new system is no longer the containment of Russia, but rather inclusion of Russia into a common European security, political and economic space.

There is a hope that this could result in a mutual economic interdependence, making the use of violent means also on the regional level a less probable option. Putin's choice of the post-11 September policy is sometimes interpreted as a classical realist bandwagoning with the West, and this may signal Russia's willingness to join the West in solving common problems also on the regional level. There are however also some signals showing that Russia may be willing to adopt a more assertive line in its relations with the West, and that this shift may also impact on the situation in the region.

The single most important influence and at the same time uncertainty on the regional level seems therefore to be the outcome of the Russian transition. Although the declared goal of the Russian leadership is Russia's integration in Europe, short of the formal membership in both the EU and NATO, Russia may still decide to choose another path. However, it seems that the forces of economic convergence, the lack of any viable ideological alternative to 'Westernisation', even with some specific Russian flavour, and the purely economic calculation will at the end of the day

result in making Russia a more reliable and compatible partner. It seems that Russia departs from conceptualising its security in purely geopolitical terms and is more willing to adopt a more cooperative geoeconomic approach.

Russia's changing role in the region? Security game and two potential energy games

In order to understand Russia's policy towards the region we need to understand what role is assigned to this region in Russian political debate. This area has for at least fifty years been playing a central part in first Soviet and then Russian strategic thinking. Due to important geographical constraints in other key strategic areas, the area around Murmansk has become a region of high strategic importance in the implementation of the global Soviet grand strategy. Although the main official driving force behind the Soviet global policy was of ideological nature – the confrontation of the new messianic Communist ideology with the traditional capitalist one – the successful implementation of this ideologically-driven Soviet grand strategy with the global reach required some special tools and access to specific areas.

An important Soviet-time policy tool giving the Communist superpower a say in global affairs was the country's blue-water navy. The most important geographical asset making possible the efficient use of the navy in a potential confrontation with the main challenger – the US and the Western military bloc – was undoubtedly the area around Murmansk. When compared with other Soviet 'maritime strategic areas' – the Black Sea with its main base in Sevastopol, the Baltic Sea with its main bases in Kaliningrad and Leningrad, and the Pacific bases in Vladivostok area – the bases in the Murmansk area gave the most important of the Soviet strategic fleets – the Northern Fleet – direct access to relatively open waters and closely located areas of strategic importance in a possible conflict with the US. As the father of the Soviet navy and the main Soviet naval strategist, Admiral Sergey G. Gorshkov, put it in his classical study on the sea power of the state 'this problem [the need to have a potent navy] became particularly acute in the post-war years when, as a result of the change in the distribution of forces in the world arena, the USSR and

other socialist countries came to be encircled by a hostile coalition of maritime states giving rise to a serious threat of a nuclear missile attack from the sea!²

The new Russia that emerged after the Soviet Union's collapse in 1991 had to devise a new national grand strategy reflecting its own interests and needs and taking necessarily into consideration new economic realities and new international balance of powers. An important question that all those who were responsible for designing and implementing the new Russia's national grand strategy had to face was the question of what Russia wanted to be on the international stage and where the country wanted to place itself on the global map. The decision on the future role of the strategically important Murmansk region – and therefore of the whole Northwest Russia – was definitely linked to the answers given to these crucial questions. Russia could try to retain its global role and its capacity to project sea power. In this case the navy bases and naval shipyards in the Russian North could play an important role as the springboard for Russia's global presence and for the retaining of the strategic parity with the US. But Russia also could redefine its international role and seek new solutions making the Northern Fleet less relevant or even redundant as a strategic security instrument. The choice was obviously not easy, and even today, 13 years after the demise of the Soviet empire, we don't have any clear cut answer to the question regarding the future fate and role of Russia's strategic assets in the region. Two events in 1990s reminded us however that the area was still important for Russian strategists.

If we are to believe President Yeltsin, on 25 January 1995 the world came closest to a nuclear conflict since the Cuban crises in 1962. The launching of a research rocket from the Norwegian island of Andøya was mistakenly interpreted as the launching of a U.S. Trident nuclear missile that was to blind Russian strategic radars. President Boris Yeltsin was directly involved in the assessment of the warning alarms and fortunately he decided not to launch a nuclear retaliation against the West.

On 12 August 2000 the *Kursk*, one of Russia's most modern nuclear-powered submarines, sank in the Barents Sea with a crew of 118 on board. A

dramatic rescue operation was launched, resulting in an unprecedented level of cooperation between the former enemies from the West and East. During his visit to the Northern Fleet in February 1995 the then Russian Minister of Foreign Affairs, Andrey Kozyrev, stated that the fleet 'has a secure future because it plays a diplomatic role in furthering cooperation between Russia and NATO'.³ The *Kursk* accident was a gloomy reminder that Russia really needed this cooperation in order to solve its most burning problems in the North. However, the main goal of the military exercise that began on 10 August was not to further cooperation with NATO but to give the Russian Navy a new boost and help it regain its self-confidence as an important tool of the state policy.

Only two weeks earlier, during his visit in the Russian naval base of Baltiysk, President Putin said: 'The navy is an important element in national defence and we give particular attention to the development of the military fleet. Russia cannot carry on without a navy if it wants to play a role in the new world order.'⁴ Only few days earlier the commander of the Russian Navy Admiral Vladimir Kuroyedov had presented his views on the role of the navy, the need for a new naval strategy and for funding that would make it again an efficient tool of the country's policy⁵ and warned that Russia was preparing a 'naval comeback' to the Mediterranean.⁶ The celebration of the Navy Day in Kaliningrad and the military exercises during which the *Kursk* accident took place were to mark a new beginning of the Russian Navy, the first steps in its revival and rebirth as decreed by acting President Putin's law on the country's naval policy signed on 4 March 2000. In this situation the *Kursk* tragedy had to be felt as a cold shower by all those who wanted to see the rebirth of Russia's global sea power. This made also the finding of a proper answer to the question regarding the future role of Russian naval strategic assets in the region an even more challenging task. So far Russia has not yet revised its official policy on the role of the North in the post-Cold war period.

According to one of the leading Russian military analysts and policy makers Andrey Kokoshin, the adoption in summer 1998 of the concept of the **Northern Strategic Bastion** was one of the most important measures implemented in connection with the realisation of the decisions of the

Security Council of the Russian Federation on the policy of nuclear deterrence. According to this concept the Northern Fleet was to secure strategic nuclear deterrence and become a naval force capable of securing Russia's interests at the global ocean and the area around the Kola Peninsula was defined as the area of special Russian security interests. The establishment of the Northern Strategic Bastion was to help Russia achieve one of the basic, doctrinal goals of the new concept of the building of its military forces, notably the coexistence of the nuclear deterrence and the strategic mobility of various integrated forces and means. In addition, according to Kokoshin, this option was also very cost-effective as the creation of the Northern Strategic Bastion does not require any radical increase in spending but only more systematic use of the already available resources. In Kokoshin's words, the Northern Strategic Bastion may also play an important part in achieving the global strategic stability by securing Russia's status as a great power.⁷

The situation of the Russian Navy is however not that rosy and it may seem that the simple reallocation of the scarce available resources is not going to solve all the problems and turn the Northern Fleet into a reliable policy instrument. In a recently published article *The Economist*⁸ described the problems facing the Russian navy in the following words: 'The navy's basic problem is too little cash for too big a force. Of some 250 nuclear subs built by the Soviet Union, nearly four-fifths are out of service, but fewer than half of those have been scrapped. The rest, many still with fuel in their reactors, sit and rust [...]. The navy was one of the guardians of the Soviet Union's nuclear deterrent. Sea-based nuclear missiles are still a large part of the total, but the *Kursk* tragedy showed that they are risky to maintain [...]. As a result, says Pavel Baev at the International Peace Research Institute in Oslo, the navy has lost clout, and "is probably the worst hit by the degradation in the military".'

This rather gloomy view on the current situation of the naval forces in general also reflects the situation in the region. Russian navy faces important challenges, but since this structure is only a part of a broader defence organisation and this defence organisation's roles are defined by the political leadership, the navy's future shape and role will depend to a



very large extent on the decisions taken at the highest political levels in connection with the formulation and implementation of the country's grand strategy.

Russian grand strategy – from realisation of weakness to focus on economic aspects

In his study of future possible scenarios in the European North and impact various actors may have on the regional developments Heikka described the choice of the future grand strategy by Russia as 'the biggest source of uncertainty'.¹⁹ Due to Russia's size, the country's regional interests and the fact that the country is still in the process of transition, and that the outcome of this transition is still unpredictable, our analysis starts with a closer look at Russia's actual and potential policy choices and these choices' actual and potential impact on the region.

Russia's regional cooperation with other actors is indeed a function of long-term strategic policy choices made by the country's leadership and these strategic choices are influenced by Russia's self-perception as an important international player.

Due to this self-perception as an important international player, foreign and security policy have always formed an important part of the Russian and Soviet political tradition. Soviet grand strategy was characterised by comprehensive 'securitisation' of almost all aspects of society, politics and economics. This 'securitisation', indirectly and in combination with other internal and external factors, caused in the end the collapse of the Soviet empire. As a result, the new Russian political decision-makers faced an entirely new framework for policy conceptualisation. They had to take into consideration the economic capabilities and needs of the country and devise a new set of ideas for establishing relations with the other 14 post-Soviet states, they had to rethink Russia's relations with the former vassals in Central and Eastern Europe, and finally, they had to redesign

relations with the most important partners in the West and find a new global role for Russia.

According to most official policy documents Russia's most important policy challenges are of domestic and not international character. In other words – Russia's most important problem seems to be Russia itself. It seems that also the new president, Vladimir Putin, acknowledged this when he said in his letter to Russian voters that Russia should focus on solving its domestic problems:

Hence another of our priorities: forming our foreign policy proceeding from the national interests of our own country. Essentially, we need to recognise the superiority of internal goals over external ones.

This realisation of the limitations imposed on Russian foreign policy by domestic developments is often described as the cornerstone of Putin's political pragmatism in foreign and security policy.¹⁰

There are three main paradigms that form the basis for the Russian foreign- and security policy debate in the post Soviet period.

The **Atlanticists** insist that Russia belongs to the Western (Christian) civilisation. They claim that the main task for Russian international strategy should be building a partnership with the West and joining Western economic, political and military institutions.

According to **Eurasianism** Russia is not a part of Western civilisation but rather a bridge between West and East. The country has a special mission that could be fulfilled first of all through cooperation with the former Soviet republics (within the CIS) and other powers with strong interests in Eurasia. China and India were often mentioned in this context, but also Japan, Korea and Islamic countries were listed as important partners.

The **realist/geopolitical** school is rooted in traditional Western realist approach to international relations, with its focus on the role of the state in politics and with power as the main policy instrument. 'Power politics', 'balance of power', 'national interests' are the central concepts; in its geo-

political variant, much attention is also paid to the spatial distribution of power and power relations between the various elements of the international system. In the Russian version of realism, special attention was paid to the creation of the multipolar world system as a counterweight to what was perceived as growing Western (US) hegemony and unipolarism.

A special version of realism is the **geo-economic** approach with focus on the economic rather than military instruments of achieving the goals. The geo-economic approach results in a redefinition of national goals and instruments in the sphere of international politics and security and more attention is given to the economic aspects of policy. Goals and interests are pursued through economic competition rather than through the use of military instruments.

Putin's own contribution to the Russian debate on the future grand strategy was his idea of having a **pragmatic approach** to the challenges the country was facing. This approach resulted in a reactive and even partly opportunistic policy that was steered more by short-term benefits than by any strong ideological principles.

Economic factors in Putin's grand strategy

The main reason why Putin decided to reject the classical ideological constraints and embark on pragmatism was probably the sheer realisation of the scope of the tasks he faced when becoming the country's leader. In his December 1999 manifesto Putin put that in the following way: First, Russia does not rank among the countries with the highest levels of economic and social development. And second, our Fatherland is facing difficult economic and social problems. Russia's GDP nearly halved in the 1990s, and its GNP is ten times smaller than the U.S. and five times smaller than China. [...]. The structure of the Russian economy has changed. Now the fuel industry, power engineering, and ferrous and non-ferrous metallurgy occupy the key positions in the national economy. They account for some 15% of Russia's GDP, 50% of our overall industrial output, and over 70% of exports [...]. The technical and technological standards of manufactured commodities largely depend on the share of equipment that is less than five years

old. In Russia, that share dwindled from 29% in 1990 to 4.5% in 1998. Over seventy percent of our machinery and equipment is over ten years old, which is more than double the figure in the economically developed countries.

Putin's focus on economy could be seen as a reaction to what his predecessors did when they decided to redefine relationship between security and economy. Gorbachev and Yeltsin undertook the task of an economisation of the country's security policy. In the opinion of most of the Russian analysts the result of this policy choice was tragic – the country has lost its position as one of the two global superpowers and even its status as an important global great power is today endangered.¹¹ Putin's focus on the economic revival can be interpreted as an attempt to 're-securitize' the economy.

This does not mean that Putin wants to see the rebirth of the Soviet military-industrial complex that in the end 'asphyxiated' the Soviet economy. What Putin seemingly wants is to see more state control over the strategic economic decisions, some control over the most important economic assets and money flows, and, last but not least, the fair share of incomes transferred as taxes to help the Russian state solve its most burning problems. What has been happening to *Yukos* over the last two years is the most obvious sign of the realisation of this policy and of the regaining of the upper hand in state's relations with the country's oligarchs.

Putin is aware that the realisation of the whole grand strategy is inseparably linked with the realisation of the economic part of the grand strategy. The main stated goal of the economic part of the grand strategy is the doubling of the country's GDP in the coming ten years. This would require a high and stable GDP growth rate over the next ten years, and the three main 'locomotives' of this growth could be the growing Russian participation in international trade, growing domestic demand boosting the development of the domestic sector of the Russian economy and, last but not least, the increasing inflow of foreign direct investments that could help Russia modernise its economy and make it more competitive.

The realisation of the economic part of the grand strategy depends how-

ever on two crucial economic factors the Russian authorities have only limited influence on – the price of oil on the global markets and rouble/dollar exchange rate.

By the end of 2004 we can clearly see the contours of the new Putin's Russia emerging from the first wave of reforms – Russia has become a country with relatively high economic growth, where the vertical of power has been effectively constructed and the political and economic power of the main potential challengers – regional elites and domestic economic tycoons – effectively curbed by a series of political and judicial and quasi-judicial moves.

The focus on the economic part of the grand strategy had to result in the pragmatic redrawing of the mental map of the world. The short- and mid-term economic gains have become the most important 'gauge' through which Putin's Russia measured the importance of the other global actors for Russia, though the geopolitical reading of the political space is not yet completely abandoned, if we were to judge by the sharpening of the tone in relations between Russia and the West in the wake of presidential elections in the Ukraine interpreted by Russia as the Western incursion in what Russia wanted to interpret in purely geopolitical terms as its exclusive sphere of influence.

Once the economy was defined as the main arena of the realisation of the first economic phase of Putin's grand strategy of modernisation of Russia, it also became clear that Russia's energy sector was to play a key role in this strategy.

Russia has traditionally been one of the largest oil exporters in the world. Currently it ranks second behind Saudi Arabia as an exporter, but in January 2003 it briefly took over Saudi Arabia as the biggest oil producer.¹² In the peak year of 1988, Russia exported 256.5 million tons of crude oil beyond its borders. 51.5 percent or 132.1 million tons went to the other former Soviet republics. In 2000, Russia's crude oil exports amounted to 144.5 million tons, but only 14.7 percent (21.2 million tons) was exported to the former Soviet republics while Russia's crude exports to countries

outside the former Soviet Union were up by 11.6 percent in 2000 and reached 125.3 million tons, actually surpassing the previous peak of 124.4 million tons achieved in 1988.

In addition, Russia is also the largest gas exporter in the world. Since 1998 Russia ships over 200 bcm beyond its borders (217.1 bcm in 2000, or 37.2 percent of production), including 129.0 bcm to countries beyond the borders of the former Soviet Union and 88.1 bcm to the former Soviet republics. Of the 129.0 bcm exported in 2000 to destinations outside the former Soviet Union, 38.6 bcm went to Eastern Europe, 80.1 bcm to Western Europe, and 10.3 bcm to Turkey.

There are many studies on the importance of the Russian energy sector for Russian economy and budget¹³ but the main reason why this sector was to play a crucial part in the realisation of this strategy was put forward by two leading Western experts:¹⁴ *Energy exports represent more than 20% of Russia's gross domestic product and roughly 50–60% of its total hard currency earnings. The oil sector alone provides 25% of the country's tax base.*

On 24 December 2001 in a nation-wide phone-in programme President Putin himself gave an even more remarkable description of the link between the country's energy sector and the State budget when he said: 'The Russian economy does not depend on oil prices. The Russian state budget, however, depends on global oil prices.'

Securing relatively high oil prices and strategic shares on the global energy markets have therefore become one of the top priorities of Russian foreign, security and even defence policy. It is, amongst others, widely believed that one of the motives behind Putin's shift after 11 September 2001 was the interest in outplaying Saudi Arabia as the US strategic energy partner. On the other hand, the most recent presentation of the Russian defence and security strategy – the document on the future priorities in Russian military reform presented by Minister of Defence Sergey Ivanov on 2 October 2003 – underlines the role of economic interests and threats in realisation of the country's strategic goals.¹⁵

Energy cooperation – or dialogue as it is often officially labelled – has therefore become one of the cornerstones of Putin's grand strategy in building new type of relations with both the West and the former Soviet Union. Energy-related issues have also become very central in Russian domestic debate and politics. The last attempt to curb Russian oligarchs – the so-called *Yukos* case – may serve as an obvious example of the implementation of Putin's grand strategy at the domestic front; also the very needed reform of the whole Russian energy sector has become a central topic in Russian domestic debate, because there is a growing realisation that the most important but yet unexploited energy reserves in Russia are located not in the huge oil, gas or coal deposits but in thousands of Russian homes and factories that still have to embark on the effective policy of energy saving.

Having in mind that Putin defined economy as the main issue in the first stage of implementation of the grand strategy, we can securely assume that the assurance of favourable conditions for economic growth is one of the main driving forces of Russian foreign and security policy at this stage. We can also assume that this will remain the most important driving force of Putin's policy both in Russia as a whole and in the region in question until the end of his second term in 2008, and probably even beyond that date.

Two energy related projects of regional character but with potential global consequences – the transformation of Murmansk into an international oil hub by linking it through a pipeline with Russian oil fields in Western Siberia and the potential exploration and exploitation of the Shtokmanovskoye gas field in the Barents Sea may serve as the litmus test of Putin's real intentions in Russia's relations with the West. The main goal of the Murmansk project was to give Russia's private oil exporters a possibility to export oil to global markets – the US was defined as the main new potential oil customer – without sending it through the infrastructural bottlenecks that were controlled by the state owned *Transneft*.

Embarking on the exploitation of the Shtokmanovskoye field could be interpreted as Russia's response to the EU's growing future gas needs.

The potential realisation of these two projects could in the longer run strengthen Russia's relations with important global actors, for instance the US and the EU, and contribute to changing of the local 'balance of powers'.

In the worst thinkable scenario, in a situation where these global actors due to purely economic considerations and growing energy dependence on Russia could choose to value their relations with Russia higher than their relations with their traditional Northern ally, Norway could be left alone and exposed to pressure from its much stronger Eastern neighbour. This would definitely have very negative consequences for Norway's ability to realise the most important goals of its foreign and security policy and make Norway, that due to clearly visible disparity of human and military potentials is in need of 'importing' security in a crisis situation, much more vulnerable in relations with Russia.

In order to understand what is the probability of this worst-case scenario come true, we need to look into the nature of the new relations developing between Russia and other centres of power that Norway usually treats as the potential providers of political and military support and guarantors of Norway's security in a time of crisis.

Global agendas with local impacts

The US and Russia

When we look at the forces and processes that may have the biggest impact on the region we have to start with the actor who has the greatest potential to bring about the change both on the global and on the regional level. Although the US has lost much of its strategic interest in the region, at least when compared with the Cold War situation, the decisions taken in Washington still have impact on the regional development. In the mid-term perspective the most crucial questions will be the problem of the pattern of the US leadership in the world, the choice of the US strategy of addressing the global and regional problems, the question of the economic performance of the country and, last but not least, the question of the agenda setting in Washington.

The choice of the unilateral or multilateral strategy by Washington will be closely linked with the outcome of two electoral rounds. In 2004 President Bush was re-elected and it seems that he may be willing to adopt a less unilateral and more consensual policy. In 2008 President Bush will have to step down and we can expect a more or less visible shift in the US policy by that time. However, the main issue will be not the character – unilateral or multilateral – of the US global engagement, or who will be at the helm of the country's policy, but rather the level of US engagement in the global affairs. As one of the analysts put it – the main problem will be not how but whether the US will be interested in engaging itself in the world affairs.

The level of the US engagement will depend on the international agenda of the country. At the moment the US international agenda seems dominated by three issues – the war against global terrorism and the choice of the military path of addressing this difficult issue; the question of security of energy supplies to the country; and the US position in the international trade. Of these three central issues, two have already had impact on the regional Barents agenda.

It seems that one of the main driving forces behind the US post-Cold War engagement in the region is the fear of a proliferation of weapons of mass destruction. Until 11 September 2001 the question of the use of weapons of mass destruction in terrorist attacks against the US interests or territory was of rather theoretical character. After 11 September 2001 the threat became more imminent and it seems that the US continued engagement at the Kola Peninsula, an area that could become one of the main sources of the illegal fissile materials, has paid off. Since 1992, the United States has spent over \$3 billion in Cooperative Threat Reduction programme (CTR or "Nunn-Lugar") funds to help Russia dismantle nuclear weapons and ensure the security of its nuclear weapons, weapons grade nuclear material and other weapons of mass destruction.¹⁶ On the regional level this US–Russian cooperation resulted in the considerable lowering of the risk of a nuclear catastrophe and contamination at the Kola Peninsula.

The US engagement in the region through the CTR programme was a part of the broader US policy towards Russia.¹⁷ In the post-Cold War period there were three dominant approaches to the US Russia policy. They were labelled in a quite self-explanatory way 'Forget Russia', 'Contain Russia' or 'Engage Russia'. The US Congress analyst outlined the official US approach to Russia in the following way: ¹⁸ *Russia is not as central to U.S. interests as was the Soviet Union. With the dissolution of the U.S.S.R. and a diminished Russia taking uncertain steps toward democratization, market reform and cooperation with the West, much of the Soviet military threat has disappeared. Yet developments in Russia are still important to the United States. Russia remains a nuclear superpower. It will play a major role in determining the national security environment in Europe, the Middle East, and Asia. Russia has an important role in the future of strategic arms control, missile defense, nonproliferation of weapons of mass destruction, and international terrorism. Such issues as the U.S. budget deficit, the future of NATO, and the U.S. role in the world will all be affected by developments in Russia. Also, although Russia's economy is distressed, it is potentially an important market and trading partner. Russia is the only country in the world with more natural resources than the United States, including vast oil and gas reserves.*

With the ascent to power of the Bush administration it seemed that the combination of 'Forget Russia' and 'Contain Russia' policy could replace the 'Engage Russia'-line followed by the Clinton administration. The meeting between Putin and Bush in Ljubljana, Slovenia, and first and foremost Russian reaction to the terrorist attacks on the US resulted however in establishing of a better climate for cooperation on the personal level and contributed substantially to changing the US–Russian agenda. The most important glue of the new cooperation is the joint war on the international terror and the new US focus on the proliferation threat.

In addition, Russia and the US decided to open what is termed an energy dialogue. The main unofficial Russian goal of this new energy agenda is to increase the Russian share as oil supplier to the US from modest 2 percent today to the planned 13 percent in 2010 and to reduce Saudi Arabia's importance as the main supplier.



In the energy field the most important regional project was the *Yukos'* plan to build a new oil terminal in Murmansk area. However, it seems that there are strong forces in Russia that can effectively hinder the realisation of this ambitious project. The arrest of Mikhail Khodorkovskiy and the following 'dismantling' of *Yukos* have probably dealt a lethal blow to this ambitious energetic project with both regional and global impact. By embarking on the policy of closer cooperation with the US energy sector – there were even rumours that some of the US oil companies were interested in a merger with *Yukos* – Khodorkovskiy and *Yukos* hoped to become immune against the threats posed by the bullies from Putin's closest circle and by competing oligarchs who joined forces with the Russian *siloviki* in order to undertake a new round of redistribution of strategic economic assets.

The fate of *Yukos* is a clear manifestation that there are limits to Putin's circle's engagement in the rapprochement with the West, even in the area that is officially defined as one of the top priorities. Russia may be willing to provide the US with oil, but the Russian State under Putin is not willing to lose the strategic control over the sector that provides the state budget with substantial amounts of money and Russia itself with an important foreign and economic policy leverage. It also seems that the US is neither very interested in replacing one form of dependence on foreign oil by another one, especially if this oil is to be provided by a former global challenger who still has some global ambitions and who may in the longer run become more troublesome a partner than the Saudi regime.

In addition there may be some serious doubts as to the economic feasibility of this project of Russia becoming a major supplier of oil to the US and to the global markets in general. According to Laurila¹⁹ by 2015 Russia may become a net importer of oil, and by 2020 the country may import as much as 25 million tons of oil in order to cover its energy needs. Also some Russian experts claim that Russia may face huge problems in the oil sector – and more generally with the exploitation of natural resources – without substantial investments in exploration of new deposits and its outdated infrastructure.²⁰ According to the most optimistic prognoses there were plans to ship as much as 120 million ton of oil via Murmansk by 2014. In the light of the expected decline in the oil production in Russia these ambitious plans might have been based on an overly optimistic assessment of the future of the Russian oil sector and Russia's future role on the global market. This also means that Russia's ability to establish itself as a substantial supplier of oil to the US and the potential use of the energy assets as a political leverage in relations with the US seems to be very limited.

The EU, NATO and Russia

Both the EU and NATO face some tough choices in the near future and their impact on the situation in the region will to a certain extent depend on the outcome of the current debates.

The most important challenge both these organisations face today is the challenge of enlargement and adaptation to the post-enlargement realities. Both the EU and NATO decided to enlarge and both enlargements will have some direct and indirect impact on the situation in the region. In 2004 Norway became the sole of Russia's European and non-CIS neighbours without an anchor in both previously exclusively Western clubs. Norway will have to find its new place on the European 'power map', and this could be a challenging task in a situation where NATO has to transform in order to retain its attractiveness to the US as a reliable European partner and the EU has to build its security policy capabilities and infrastructure from the institutional scratch without severing its relations with neither NATO nor the US.

Both the EU and NATO face many institutional challenges: This may make them more 'inward looking' and less willing to pay attention to the concerns of a European marginal – and self-marginalising – ally. The main problems facing the EU at this stage are considerable. Firstly, the debate on the future of the EU as a political project – the debate on the European constitution *versus* the Nice Treaty and the adoption of the constitution by all member states, the row between the more pro-American members representing the so called New Europe and the German-French core labelled Old Europe, the inner economic diversification of the EU after enlargement, and the relations between the EU's political core and periphery. Secondly, the debate on the EU's relations with the US and NATO that is a part of an even broader debate on the future of the EU as a global centre of not only economic and soft but also of hard military power – the debate on the future shape of the 'European Army' and role of the Common Foreign and Security policy.

Also the future of the enlarged EU's relations with the European outsiders is a hot topic, especially after some of the newcomers proposed launching of the EU's Eastern Dimension policy and the EU itself acknowledged the need to have a coordinated policy towards its neighbours. This new policy may have direct and mostly positive impact on the situation in the whole Barents region and contribute to the European 'socialisation' of both the region itself, but also in the longer perspective of Russia. The socialisation of Russia would mean a Russia that becomes closely tied with Europe by the development of the tissue of daily cooperation on the regional and central level and a Russia that is willing to develop a political and economic partnership with the EU. This would also mean a Russia becoming a member of the European and transatlantic community of nations basing their cooperation on the common European set of values and norms excluding the use of power in solving problems among the members of this community. This is undoubtedly a Russia that is a better neighbour to Norway than a Russia still longing for its imperial past and looking for revenge.

The EU has already done a lot for the development of the region especially after Finland and Sweden became members in 1995 and Finland

launched the EU's Northern Dimension programme. Although Russia is not a candidate for membership in the European Union in the foreseeable future, the EU can shape Russian economic and legal institutions in years to come. The EU is Russia's most important trading partner and the EU can become increasingly important over time as a 'provider' of legal and even political framework. According to some Western observers this need for harmonisation with the EU is the best guarantee for the future of market economy in Russia and one of the main driving forces behind Putin's modernisation effort. We can also expect that the possible process of harmonisation between the EU and Russia may result not only in changing the judicial and economic framework but also contribute to a substantial modification of the Russian political culture and narrowing of the 'political culture gap' between Russia and its most important partners. This multifaceted 'socialisation' of Russia would also have very beneficial effects on the regional level, as it could contribute to establishing of many regional and transborder economic, social, cultural, political and human networks that would add an important dimension to the already existing tissue of regional cooperation.

When it comes to EU relations with Russia, the most important development was the adoption of the EU's *Common Strategy on Russia* at the European Council Meeting in Cologne in June 1999.²¹ The document stated that the European Union looked forward to working with a Russia developing as an increasingly open, pluralistic, democratic and stable state, governed by the rule of law, and with a prosperous market economy. The document listed the main objectives of cooperation as follows:

- consolidation of democracy, the rule of law and public institutions in Russia;
- integration of Russia into a common European economic and social area;
- cooperation to strengthen stability and security in Europe and beyond;
- facing common challenges on the European continent.

Had EU been successful in achieving all the goals listed in the strategy – which does not seem to be the case at the moment – the result would be a more cooperative and less challenging Russia as Norway's – and EU's

– neighbour. This would be a beneficial development for both Russia itself and Russia's international environment, including Norway and the EU. The chance of this becoming reality seems, however, to be rather remote. The last postponed EU-Russia summit in The Hague on 25 November 2004 was widely interpreted as a proof of the chill growing in relations between the enlarged EU and Putin's Russia.

This growing chill notwithstanding Russia and the EU are doomed to cooperate in at least one field, the field of energy, where they have become really interdependent. 55% of Russia's exports to the EU consist of energy commodities, the EU's share in the export of oil from Russia is 53% and 63% of all gas exported by Russia goes to the EU. On the other side, 21% of net oil imports to EU comes from Russia and this import from Russia covers 16% of EU total consumption of oil. As far as gas is concerned, 41% of gas imported by the EU comes from Russia and the Russian gas covers 19% of the EU's total consumption of gas. According to most of the available analyses devoted to the future of the energy cooperation between Russia and the EU, the EU will become even more dependent on the supplies of Russian oil and especially gas in years to come.

To what extent Russia may use this dependence as a political leverage in its relations with both the EU and Norway remains an open question. So far Russia has proven a reliable energy partner, but as the example of Belarus in February 2004 most evidently showed, Russia is both able and willing to use energy as a political tool. Also the project of building a liberal Russian empire launched by Anatoliy Chubais on the eve of the State Duma elections in 2003 may give some hints on the link between the economic and the strategic dimension of policy making in Russia.

In the foreseeable future, however, the EU seems to be able to withstand a potential pressure from Russia and Russia is also aware that what was possible with Belarus may become a suicidal move in energy relations with the EU. Even during the Soviet period Moscow did never use energy as a political leverage vis-à-vis the West and today's decision-makers in the Kremlin know very well that Russia cannot afford to lose the EU as an energy customer. They also know that any attempt to openly politicise or 'securitise' the energy partnership with the EU may do an irreparable damage to Russia and can turn out to be a double edged and dangerous

weapon. It seems therefore that in the current situation – and in the foreseeable future – the possibility that the existing energy interdependence between Russia and the EU could turn into one-sided EU dependence on Russia as the energy supplier is fairly slight. As far as the Shtokmanovskoye project is concerned, Russia seems to have other easier available gas resources and can supply the EU with the necessary gas without having to embark on this rather costly and technically difficult project. The chance that the Shtokmanovskoye field will be operational in a foreseeable future, for instance by 2015, is not so realistic in the light of signals coming from Moscow.

All in all, the energy dialogue between Russia and the EU has also entered into a difficult phase. The main reason is what Lynch describes as the divergent visions of the nature of the 'partnership' held in Moscow and Brussels.²² According to him, Russia's main goal is to attract the European investment to modernise its energy sector, while the EU priority is to ensure long-term stability of energy supplies. Those goals are not completely incompatible, but it seems that Russia still has problems with understanding of what is the link between the political decision making in the EU and the purely economic decisions taken by independent economic actors. These actors could be convinced to invest in Russia not by the EU bureaucrats but first and foremost by the Russian policy-makers who are responsible for creating conditions for development of a better investment climate in Russia.

When it comes to NATO's future role in the region, NATO has to solve its inner problems before the alliance can decide on the future of its regional engagement. The main dilemma facing NATO is the future role of the alliance – the organisation can become either an instrument of the US global policy or retain its role as a transatlantic organisation for collective defence in Europe. The main question is whether the US needs NATO as an instrument in a situation where the US can act on its own and without need to consult its formal allies, some of whom have embarked on what Washington sees as a policy of obstruction and destruction of the transatlantic security cooperation. The second important question is who is to be defined as the most probable source of existential threat in a situation

where Russia, the main historical threat, has been given a place at the NATO 27 table and became a semi-member of the alliance?

The new rapprochement between Russia and NATO – and even more between Russia and the main NATO ally, the US – has been one of the most visible effects of the 11 September 2001 choice of a new path by President Putin. Especially important for smooth functioning of this new partnership was the idea of an institutional upgrading of relations between NATO and Russia. On 28 May 2002 in Rome Russia and NATO signed the document establishing the new body for cooperation between Russia and NATO, named the NATO–Russia Council (NRC). The official communiqué from the Reykjavik meeting stated that the main goal was to create a new body 'where NATO member states and Russia will work as equal partners in areas of common interest, while preserving NATO's prerogative to act independently'.²³ The following areas are defined as the areas of cooperation:²⁴

- the struggle against terrorism;
- crisis management;
- non-proliferation;
- arms control and confidence-building measures;
- theatre missile defence;
- search and rescue at sea;
- military-to-military cooperation and defence reform;
- civil emergencies;
- new threats and challenges.

Relations with Russia were only one of the challenges facing NATO. Another important challenge was the form and the content of the transatlantic cooperation between the European NATO members and the US. It seems that NATO may be transformed into an advanced toolbox from which the US can pick up the needed 'tools', making the potential coalitions of the willing also the coalitions of the capable. For Norway the main problem in this situation is the need to find its place in the new NATO and make itself a reliable and credible member of the alliance. Only by acting as both willing and capable can Norway make other allies, and

first of all the US, willing to engage in the potential defence of the area that seems to have lost much of its Cold War time strategic importance in a situation where Russia is no longer defined as a hard strategic threat but rather as a regional soft-security challenge.

Another development that can change the situation in the region rather drastically is the possible next wave of NATO enlargement that could encompass not only some new members from the south of Europe, but also Finland and Sweden. An even more drastic change would be the Russian full-fledged membership in NATO, an idea that was put forth some years ago by President Putin only to be put off by both Russian and the Western decision-makers only weeks after it had been first aired.

Of all the issues in relations between NATO and the EU – and indirectly between the EU and the US – the creation of the European security pillar at least partly independent of the US has been the issue that has caused most problems in bilateral relations. In Russia the emergence of the EU as a security actor was welcomed, mostly because it was interpreted, not maybe so rightly, as the emergence of a new potential pole in the European and even global security architecture.²⁵ EU plans for a rapid reaction force of 60,000 by the end of 2003 and the Union's reluctance to apply military means in order to solve humanitarian and other crises in Europe and outside Europe (Iraq) without a UN mandate have been welcomed by Russia. One reason for this is that the 'Europeanisation' of security can give Russia a greater say in European matters. Moscow may also hope that the creation of European security structures could eventually lead to further US withdrawal from Europe, especially if Washington were to face adjustment problems in relations between NATO and the EU, lack of will on the part of Europeans to reconsider burden-sharing within NATO and lack of understanding for the US global role and policy of the containment of the terrorist threat by military attacks on what the US chooses to define as 'terrorist safe havens', be it Afghanistan or Iraq.

The EU–US relationship is multi-dimensional, and Moscow could expect – and hope – that misunderstandings or conflicts in the economic sphere could result in the weakening of cooperation in the security sphere, espe-

cially at a time when Europe sees no immediate threat to its security and is thus not particularly motivated to cooperate with the US. This could mean that Europe could be left alone with Russia, thereby giving Russia better chance to achieve its political, security and economic goals in the region through the reestablishment of a purely European concert of powers in which Russia could play a leading role. For Norway staying outside the EU, the situation with the US withdrawal from Europe and most probably weakening of NATO's role in Europe, could pose a huge challenge as it would force Norway to reconsider its whole security policy and force it to seek closer cooperation with those who could 'replace' the US and NATO as security providers in a time of crisis.

It seems however that the economic links and interests in relations between the US and the EU are too strong to be strained by an argument on the future Common Foreign and Security Policy of the EU. As a leading US specialist on the issue put in his recent analysis:²⁶ *The United States and the European Union (EU) share a huge and mutually beneficial economic partnership. Not only is the U.S.-EU trade and investment relationship the largest in the world, but it is also arguably the most important. [...] Annual two-way flows of goods, services, and foreign investment transactions exceeded \$1.1 trillion in 2002. Viewed in terms of goods and services, the United States and EU are each other's largest trading partners [...] Based on a population of some 378 million citizens and a gross domestic product of about \$7.9 trillion (compared to a U.S. population of 285 million and a GDP of \$10.2 trillion) in 2001, the fifteen members of the EU provide the single largest market in the world [...]. By 2004, with enlargement to 25 countries, the EU market will grow to 450 consumers and will become even more important as a destination for U.S. exports and investments. The fact that each side has a huge investment position in the other's market may be the most significant aspect of the relationship. By year-end 2001, the total stock of two-way direct investment reached \$1.45 trillion (composed of \$871 billion in EU investment in the United States and \$628 billion in U.S. investment in the EU), making U.S. and European companies the largest investors in each other's market.*

Another uncertainty in the relationship within the NATO, the EU and Russia triangle is the possible re-nationalisation of security policies of single NATO and EU members, first of all of Germany, France and to a lesser degree the UK.²⁷ Both France and Germany seem to play a special role in Russian grand strategy as potential strategic partners in Europe also in the post-NATO and post-EU setting. In the current situation three factors seem crucial for the functioning of this French-German-Russian 'subsystem'. These are the personal chemistry between the three leaders, a common interest in the counterbalancing of the US (most visible in the 10 February 2003 joint statement on Iraq) and last but not least a sort of interdependence in the area of energy. In fact, France and Germany are the most important Russia's energy customers and Russian energy incomes depend on Russia's position at the European gas and oil market.

It seems however that much of what has been declared in relations between Russia and the two European great powers is more a lip service than a real policy, because the most important interests of both France and Germany are located within the EU system, and their strategic partnership with the US is in fact much stronger than the last tensions could suggest. Russia in turn, is in a way forced to remain a credible EU partner because of the country's dependence on trade surplus coming from relations with this important economic actor with growing interest in common foreign and security policy.

Norway and Russia

The main Norwegian uncertainty in the coming years is the question of an EU membership and the form and the content of its membership in NATO. Over the last 50 years Norway's relations with the Soviet Union and then with Russia have been largely a function of the country's membership in the Western security alliance. NATO, and indirectly the US, provided Norway with security and Norway 'provided' NATO with the strategically important territory that helped contain the Soviet strategic threat. With the disappearance of the strategic threat the relations between Norway, the US and NATO on the one hand, and Norway and Russia on the other had to be redefined. NATO has lost much of its previous interest in the region with the emergence of the new threats and new institutional, organisational and conceptual challenges that forced the alliance to rethink

its strategy, its relations with both old and new security actors and its approach to broadly defined security. All this has had visible consequences for Norway.

The security dimension of the enlarging Europe has become more obvious and catalysed the debate on Norway's relationship with both NATO and the EU. The most dramatic change took place, however, on the regional level where a liberal-institutional project was launched. The Barents Euro-Arctic Region (BEAR) was set up in January 1993. The primary objective of this regional organisation was to bridge the gap between the countries in the former Soviet sphere of influence and the West. Russia has been the member of the BEAR from the start. In many ways, this membership was a result of the implementation of the Atlanticist, liberal foreign policy line pursued by A. Kozyrev. Cooperation with the West was to facilitate Russia's return to the West. Regional and supra-regional structures were to create a new qualitative situation and help to reincorporate Russia in Europe. Participation in regional cooperative structures was to pave the way for substantial cooperation with the West and involve the West in the reforms in Russia.

After the collapse of the Soviet Union Norway could treat Russia as an opportunity, as a challenge or as a threat. The launching of the BEAR initiative in January 1993 was a manifestation of the Norwegian version of an 'Engage Russia' policy. But there was also another line in the Norwegian approach to the new Russia that can be described as a more cautious 'Watch Russia' policy. Russia is perceived as a constant albeit rather unstable and unpredictable element of the Norwegian security environment. In the post-Cold War period Russia has been seen more as a security risk than as a military threat to the country. The environmental issues – Nickel and the issue of nuclear waste at the Kola Peninsula – rather than the military ones have dominated the Norwegian–Russian agenda of the 1990s. In addition there were some problems with what could be termed overlapping sovereignty claims in the region – the most important of them being the problem of delineation of the sea border between the two countries and the interpretation of the legal regime around the Svalbard archipelago – and some practical problems with the common management of the regional sea resources.

Russian–Norwegian relations have also an important 'energy dimension'. In his

study of the geopolitical aspects of the Norwegian energy policy Kibsgaard²⁸ listed five factors decisive in shaping Norway's perceptions in the international context. Four of these factors are of economic (gocioeconomic) nature – three of them are directly related to energy resources – and only one is referred to in geopolitical terms. Although the Cold War is over, Russia still seems to be the main potential 'challenger':

- Norway is the world's second/third biggest exporter of crude oil, and may therefore pose a socioeconomic threat to Russia since both countries are dependent on revenues from the sale of oil on the same global market.
- Norway is the second biggest exporter of gas to the European market and competes directly with Russia.
- Because of high revenues from the sale of gas and oil (maintained through Norway's State Petroleum Fund) Norway can also become one of the important exporters of capital, and Russia is the country in the closest vicinity that could have some interest in attracting not only Norwegian capital but also Norwegian know-how.
- Norway is responsible for the management of maritime resources in the biggest economic zone in Europe (ca. 2 million km²) located next to areas controlled by Russia. Russia may become a major source of contamination of this economic zone due to the storage of nuclear waste in the area bordering on it, Russia's potential problems with the this waste, the country's plans for importing nuclear waste from abroad and the possible problems linked with oil exports from Murmansk.
- The only geopolitical point on Kibsgaard's list concerns the geographical location of the country in an area defined as strategically important by both the Trans-Atlantic community and by those forces in Russia that see Russia as a global or regional power and a challenger of the Trans-Atlantic community. This becomes especially relevant now that Russia seems to be focusing on the Far

North and North Fleet as the main assets for realising the country's new naval strategy for 2000–2010, signed by President Putin on 4 March 2002.

An interest-focused analysis of relations between Norway and Russia reveals a certain asymmetry of perceptions. While Russia, even weakened after ten years of the crisis, has remained a major factor in shaping Norwegian policy and a challenge for Norwegian policy-makers, Norway is seen by Russia primarily within the broader context of Russia's relations with the West and its institutions, first of all NATO.²⁹

Norway is in a rather special position vis-à-vis Russia. Due to the internal crisis in NATO, tensions between some of the main European allies and the US, and more generally the US refocusing of its interests to the Middle East, the reliability of NATO as a hard security provider can be uncertain in the mid- or long-term perspective. Norway lacks an institutional anchor in the EU, and has only limited say in the shaping of the EU Common Foreign and Security Policy, even though the country decided to earmark some of its troops for the common 'European army'. At the same time the country's biggest neighbour has been rather successful in establishing closer strategic partnership with some of Norway's traditional allies and domestic developments in that country may herald a new tougher line in relations with the outside world.

Due to the fact that Norway and Russia compete on the same mainly European energy market and the countries have some unresolved problems in bilateral relations, Norway may face tougher times in relations with a more assertive Russia pursuing its mainly economic agenda. The source of potential conflict may be not so much geopolitical rivalry or ideological clash between the two countries, but rather a pure conflict of (geo-) economic interests in the area of contact of both countries. As Norway's role as oil producer and exporter is decreasing after the country reached the top of its oil production in 2001 with production of 3.4 million barrels/day and Russia seems to be willing to promote itself as a reliable and alternative source of oil and even to a larger extent of gas to the European market, the two countries may come on a collision course. This could be the case for instance in the situation where the drop in global oil prices could be caused by the inflow of the Iraqi oil on the global

oil markets and the only option to retain high and needed revenues from the sale of oil would be to increase production and to squeeze some competitors in order to take over their market shares.

A good illustration of Russia's strategic positioning on the European gas market and the country's response to what could be perceived as a strategic 'gas challenge' was the country's reaction to the Norwegian attempt to get some bridge-heads at the Central European gas market. The proposal to construct the new Baltic gas pipeline (NEGP) linking Russia directly with the Western markets can be clearly interpreted as *Gazprom's* – and Russia's – countermove and an attempt to cut Norwegian suppliers from the Central European gas market.

We can say that the main driving force behind Norwegian policy in the Barents region is the need to be provided with the sufficient level of security vis-à-vis the whole range of potential problems originating mainly, but not solely, from relations with Russia. Those problems are mostly of geoeconomic, social and environmental nature and Norway's traditional security provider, NATO, has quite seemingly problems with coping with this sort of issues, especially in an area that has become rather marginal due to the transformation of the whole global, continental and regional security system and emergence of new, more imminent threats on the global security agenda.

The development of strategic partnerships between Russia and both NATO and the EU and the realisation of both NATO and the EU's goals in relations with Russia would have mostly positive consequences for the whole region and for the international position of Norway. Russian-British-Norwegian-American cooperation in facing and solving problems caused by nuclear waste at the Kola Peninsula may become a model of this kind of mutually beneficial cooperation both on the continental and regional level.

The most important uncertainty from the Norwegian perspective is whether the development of the strategic partnership between Russia and the two important pillars of the European security architecture – of which Norway is today the member of only one – will result in a further marginalisation of Norway in the European context. Due to the expected fall in Norwegian oil production, Russia's strong and strengthening po-

sition on the European gas market – this position could become even stronger with the planned construction of the strategically important and potentially detrimental to the Norwegian gas interests North European Gas Pipeline (NEGP) and oil terminal in Murmansk – and Russia's signalled willingness to more assertively pursue its own economic goals, Norway can risk ending in a sort of European shadow zone. With NATO no longer paying so much attention to the region and with the lack of an EU anchor, Norway can have problems with finding a credible strategy of minimising potential risks to its own security in an area where Norwegian and Russian interests partly overlap but may also come on a collision course.

Another important uncertainty is what constitutes the ultimate long-term goal of Putin's policy. According to official statements the domestic economic revitalisation is the main goal, and the foreign and security policy are to play only an instrumental and supportive role in that process. There is, however, a high probability that the domestic economic revitalisation is not a goal *per se*, but rather an instrument in the country's foreign and security policy – the ultimate goal is not to improve the economic performance of Russia. In fact, the ultimate goal is to strengthen Russia economically in order to once again make it a factor and an actor others would have to reckon with.

Commenting on this dilemma the US analyst D. Goldman wrote the following: *This is not to say that Russia's new western orientation is permanent and unchangeable. The economic revival that Putin seeks through integration with the West could eventually strengthen Russia to the point that it is able revert to previous patterns of antipathy toward the West. On the other hand, the economic revival that Putin seeks, and other changes in Russia and in the international environment, might transform Russia and its perception of its place in the world such as to anchor it in the West. In any case, Putin seems to acknowledge that for the near- and medium-term future, cooperation with the West is a necessity.*³⁰

It seems that in the period until 2015 we will see the same international trends in shaping the future of the region. The international involvement will be there, especially in the areas of common interest, like the reduction of environmental and proliferation risks or exploitation and shipment

of energy resources. We will probably not see a break-through in Russia – Russian policies will be characterised by stop-go approach; Russia is going to send mixed signals as to what are the strategic goals of the country in the region, but we can expect that the natural causes – such as the deterioration of technical infrastructure and military hardware – will force the Russian authorities to reconsider the strategic role of the region.

The modernisation of the land-based strategic rocket forces with the deployment of modern *Topol-M* systems undertaken recently in Russia may point in the direction of a reduced importance of the naval element of the strategic triad. This would have serious consequences for the future development of the region as it could mean the disappearance of the Northern Fleet as an important regional agenda setter or at least lead to the redefining of its role. The Russian withdrawal from the realisation of the Northern Strategic Bastion project combined with the postponement of the exploitation of the Shtokmanovskoye field and the putting on ice of the Murmansk oil hub project would substantially lower Russian stakes in the region, reducing in that way the risk of serious confrontation with external actors, Norway included.

Another important uncertainty is the character of the Russian rapprochement with the West. Russia is the biggest conceptual challenge in the Norwegian security environment, not only due to the geographical size of the country, but also due to the many dramatic policy shifts we have seen over the last two decades, shifts that make a prediction on the future course of the Russian politics a rather challenging task. The question is whether Russia's last rapprochement with the West is a long-term strategic choice that will mark Russia's foreign and security policy in many years to come, or only a sort of political *maskirovka* exercise whose goal is to mislead the West and secure favourable condition for Russia's domestic modernisation. This will in the longer-run help Russia regain its strong position in international affairs and make it more assertive on the international stage, also through the use of energy resources as a political leverage. All this is the main conceptual challenge faced not only by Norwegian but also by all Western policy-makers.³¹ It seems that we will have to live with this uncertainty for some years to come...

Endnotes

¹ Kipp 1999.

² Gorskhov 1979, p.155.

³ FBIS Daily Report. Russian National Affairs FBIS-SOV-95-037, 24 February 1995, p.25.

⁴ AFP 30 July 2000.

⁵ Defending his doctoral dissertation, Admiral Vladimir Kuroyedov argued that the country needed a single state-controlled naval strategy. He added that the Navy could justifiably expect an appropriate share of funds earmarked for the Russian armed forces, and that funds from the federal budget should be allocated for a military ship-building programme until 2010. Bemoaning the current state of the navy, he warned that Russia's fleet would be reduced to a mere 60 ships unless it could be upgraded by 2016. (See *RFE/RL Newslines* 26 July 2000.)

⁶ *RFE/RL Newslines* 31 July 2000.

⁷ Kokoshin 2003, pp.319-320.

⁸ 'Slow, inglorious death'. *The Economist*, 4 September 2003.

⁹ Heikka 2002, p.41.

¹⁰ The first signal that Putin was willing to devise a new grand strategy was visible already in his manifesto published on 31 December 1999 on the web site of the Government of the Russian Federation at www.gov.ru/ministry/isp-vlast47.html while he was prime minister and acting president of Russia. He had however to wait until 11 September 2001 attacks on the US to give a decisive push for the implementation of this new policy.

¹¹ For more on that debate, see Kokoshin 2002.

¹² *The Electronic Telegraph* (UK) on 10 January 2003 wrote: 'In the last quarter, Russia pumped an average of 7.97m barrels of oil a day, against 7.86m barrels from Saudi Arabia.'

¹³ See for instance Tabata 2002, Rautava 2002 and Laurila 2002.

¹⁴ Jaffe and Manning 2001: p.134.

¹⁵ Commenting on the arrest of Khodorkovsky Sergey Ivanov said: 'The state must not lose control of the strategic sectors of the economy. The level of production and exploration operations should be controlled by the state. All the oil currently being produced is the result of work carried out during the Soviet era. Mineral and energy resources belong to the state, they are not private property.' (quoted by AFP on 17 November 2003).

¹⁶ For more on the challenges of this type see Mærli 2002 and Mærli 2004.

¹⁷ For more detail see Westgaard 2003.

¹⁸ Goldman 2003, p.5.

¹⁹ Laurila 2002, p.20.

²⁰ According to the prognosis prepared by the Russian Ministry of Natural Resources Russia may face the end of its oil Bonanza already in 2015 - for more on that see: <http://www.lenta.ru/economy/2004/11/05/end/> and the official website of the Russian Ministry of Natural Resources at: <http://www.mnr.gov.ru/part/?act=more&tid=736&pid=122>

²¹ For more details on Russia's relations with the EU see Haukkala & Medvedev 2001.

²² Lynch 2003: p.65.

²³ <http://www.nato.int/docu/comm/2002/0205-icl/0205-icl.htm>

²⁴ <http://www.nato.int/docu/basicxt/b020528e.htm>

²⁵ Typical of the Russian approach are formulations from the Russian mid-term strategy on relations with the EU delivered by Vladimir Putin at his meeting with EU officials in October 1999. In paragraph 1.5.2 the authors of the strategy openly state that one goal of this strategy is 'to work out Russia's position on the "defence identity" of the European Union with the Western European Union to be included in it, as well as to develop political and military contacts with the WEU as an integral part of the EU, and to promote practical cooperation in the area of security (peacemaking, crisis management, various aspects of arms limitation

and reduction, etc.) which could counterbalance, inter alia, the NATO-centrism in Europe.'

²⁶ Ahearn 2003.

²⁷ For more on the special UK–Russia relationship, see Pilch 2003.

²⁸ Kibsgaard 2000, pp.4–5.

²⁹ For more on Norwegian readings of Russia as a factor in Norwegian policy-making, see Neumann 2002, 4–10. On the Norwegian reading of Russia's regional interest see Godzimirski 1998.

³⁰ Goldman 2002, p.17

31 For more on that debate see Wilhelmssen 2004, especially Foreword. On the nature of the Russian regime and domestic uncertainties and challenges see Flikke 2004.

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