ARCTIC GOVERNANCE:

Understanding the geopolitics of commercial shipping
via the Northern Sea Route

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Abstract

The purpose of this study is to examine the implications of the development of the Northern Sea Route (NSR) with regard to governance in the Arctic. This topic is of importance as Arctic waters are getting bluer, more accessible, exploitable and attractive to investors, both public and private. Thus, numerous states and the international shipping industry are increasingly eyeing the NSR as an alternative trade route between Asia and Europe. However, the Arctic region and the NSR waters' sovereignty remain unclear. Moreover, an increased density of international merchant vessels in the Arctic Ocean, a military reasserted Russia and the growing influence of China in international politics and trade suggest that the geopolitics of the Arctic may be challenged by the NSR.

In this thesis, I have analysed the NSR's effect on Arctic governance by applying classic theories of International Relations and illuminating the research question with data from expert interviews and a comprehensive document base. The findings indicate that liberalist values triumph realism, and that the NSR therefore does not have the potential to interrupt the current institutionalised and peaceful international political environment of the Arctic. Conversely, there is a possibility that conflicts in other parts of the world may disrupt the prosperity of international shipping via the NSR due to spillover effects.

Acknowledgements

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A5:	Arctic five (Canada, Denmark, Norway, Russia and the United States)
A8:	Arctic eight (the abovementioned five, plus Finland, Sweden and Iceland)
AMAP:	Arctic Monitoring and Assessment Programme
BCM:	Billion cubic metres of natural gas
CLCS:	United Nations Commission on the Limits of the Continental Shelf
CNPC:	China National Petroleum Corporation
EEZ:	Economic exclusion zone
IMO:	International Maritime Organisation
LNG:	Liquefied natural gas
LNGC:	Liquefied natural gas carrier
MV:	Motor vessel
MT:	Motor tanker
NEP:	The Northeast Passage
NM:	Nautical mile
NSR:	The Northern Sea Route
NWP:	The Northwest Passage
SS:	Steam ship
SSBN:	Sub surface ballistic nuclear (also known as strategic nuclear ballistic missile submarine)
TSR:	The Transpolar Route
USGS:	United States Geological Survey
UNCLOS:	United Nations Convention on the Law of the Sea

1. Introduction

1.1 The issue

The Arctic region has in the last decade undergone extraordinary environmental and developmental changes. Since the collapse of the multiyear sea ice in the Arctic Ocean in 2007, prospects for commercial and economic opportunities have surfaced, due to the combination of new shipping routes and formerly inaccessible, vast natural resources. These opportunities have caught the attention of a number of different stakeholders seeking to profit on the Arctic's revived strategic significance, which is increasing due to the fact that as the sea ice recedes, ships are now able to penetrate an ocean that connects the world's three most developed continents.

The prospects of increased shipping in the Arctic are first and foremost associated with the *Northern Sea Route* (hereafter the NSR). The NSR is a navigation route in the coastal parts of the Arctic Ocean, following the northern coast of Russia, and providing the shortest sailing route between Europe and Asia. Numerous studies find that the thawing Arctic sea ice enables the commercialisation of east-west shipping via the NSR, shortening the travel distance with up to 40 per cent compared to the conventional Suez-Malacca route.[1] These studies have in the last years been confirmed by an increasing number of successful NSR transits by merchant vessels, fuelling the sea route's attention in international shipping and governmental settings.

Arctic shipping is not a new phenomenon; the passage has been used irregularly for about a century, connecting the Atlantic Ocean and markets in the west with the Pacific and its eastern trading partners. However, the last years' average sea ice melting rate has brought with it a drastic increase in the number of commercial transits in relative terms, both for intra-Russian destinational shipping and for international transit shipping (Buixadé Farré et al. 2014: 2; Moe 2014: 784). This rapid development has led to discussions in governmental, maritime industry and academic settings about how soon the NSR can be realised as a viable and regular sea passage between east and west, and what impact this will have on a global scale in commercial as well as political terms. While some researchers claim that the NSR inevitably will be integrated in the world economy and that the opening of a new sea

[1] See for example Hong (2012) or Schøyen & Bråthen (2011).

lane will have global consequences (Blunden 2012: 129; Liu & Kronbak 2010: 434), others are more modest and view the route as a minor supplement to the traditional Suez-Malacca route at best (Humpert 2013: 4; Keil & Raspotnik 2013). It follows that a great degree of uncertainty connected to what impact the NSR will have on global trade patterns exists today. However, should the NSR develop into a mere supplemental alternative, it is nonetheless probable that the route would attract a substantial number of international shipments. The current peaceful political situation in the Arctic might be interrupted, even in such a "mild" scenario. Thus, this thesis seeks to investigate in what way the NSR will impact and challenge Arctic governance.

1.2 Research question

In the last decade, climate change and military security matters have been at the center of Arctic attention, while the increased use of the NSR has seen only modest research efforts. Although several studies have been carried out, little has been done to coordinate this knowledge, notwithstanding the NSR's commercial and political significance (Pedersen 2013: 2; Østreng et al. 2010: 3). Earlier studies of the NSR have mainly focused on technological and economic aspects, settling that there is a possibility that the NSR can be developed into a stable and viable trade route. Its political features have rarely been considered, except by Brubaker & Ragner (2010: 17). In their extensive review of the NSR's history and future, they concluded that the political aspects of developing the route need further investigation. Moreover, Murray & Nuttall (2014) and Young (2009) claim that the increased prominence of Arctic issues on the international stage, such as shipping, will seriously affect the way governance over the Arctic will be shaped in the future.

Summarised, the foundations that the Arctic cooperation regime was built on some 25 years ago, are changing. These changes offer great potential, but also significant challenges (Hong 2012: 53). Policy makers can expect new and unfamiliar challenges if a future NSR is to develop into an important trade route and a power factor in the Arctic. In such a scenario, it is valuable to gain insight into these challenges, called for by researchers such as Tamnes & Offerdal (2014), Runge Olesen & Rahbek-Clemmensen (2014) and Young (2012). Therefore, this thesis aims at extending the

existing body of research by examining the increased use of the NSR and its significance for the international politics of Arctic, by answering the following research question:

What are the implications of the development of the Northern Sea Route with regard to governance in the Arctic?

This research question is approached through a thorough qualitative document analysis of reports and publications from relevant governments, non-governmental organisations, research institutes, corporations and media with interest in the NSR and Arctic development in general. The analysis will be coupled with semi-structured expert interviews with representatives from these sectors. The results and statements will continuously be assessed in light of a theoretical framework, which is introduced in the following section.

1.3 Theoretical framework

I have chosen to apply a theoretical framework to this thesis that combines the latter's central elements: geography and international politics. I have assessed that the theory of *geopolitics* is best suited for this task. The term geopolitics can be defined in various ways, but in this study I have chosen to understand it as the dynamic importance of how a geographical space interacts with international politics (Cohen 2009: 12). Following this theoretical definition, I will in subsequent chapters examine the geopolitical value of the NSR and its significance with regard to Arctic governance. As such, I will treat the NSR as a case of geopolitics and of Arctic governance. A more thorough explanation of the case selection is presented in chapter 1.4, but is accurately summed up by Dittmer et al. (2011: 203):

> Arctic geopolitics cannot be discussed without recounting the changing ice conditions of the Arctic Ocean, enabling the utilisation of the NSR and the extraction of substantial oil and gas reserves.

Geopolitics is a subfield to the classic theories of International Relations. The latter will thus serve as an overarching theoretical framework. In short, the International Relations spectrum ranges from the realism to the liberalist approach. The former is

preoccupied with states and their national security systems, while liberalists focus on the possibilities of cooperation through international regimes. I will in this thesis follow the tradition of numerous studies of Arctic geopolitics that address this spectrum, considered useful since national and international politics of the Arctic has been characterised as "an uneasy synthesis of neorealism and liberalism" (Dittmer et al. 2011: 203).

According to International Relations theory, certain regions may attract special attention if they are rich in resources and are strategic with respect to communications. The Arctic meets these basic criteria for geopolitical prominence with its rich petroleum, mineral and fish resources, vast geographical space, which may both link and divide powers and continents, and increasingly utilised communication lines (Tamnes & Offerdal 2014: 6). The link between the Arctic, International Relations theory and geopolitics is thus clear and relevant.

Lastly, a recent publication from Murray & Nuttall (2014: 20) concludes that the literature on International Relations has touched only the surface of Arctic affairs. This suggests that the application of Internal Relations and its subfield geopolitics as a theoretical framework for this thesis will enrich the current body of research.

1.4 Relevance

As previously mentioned, the Arctic has received attention due to its vast resources and opportunities unveiled by the decline in sea ice and permafrost as a result of climate change. This attention and its correlated spike in media articles containing the words "Arctic", "conflict" and "cooperation" owe much to the popular press' coverage of what happen in the Arctic (Brosnan et al. 2011: 173). However, the press coverage has mainly focused on the potential of conflict over the Arctic opportunities. Since 2007 the public has been presented headlines predicting scenarios such as "a scramble for the Arctic", "a new Cold War" and an "Arctic great game". Eventually, these phrases were also found in a fair number of academic papers, but as the years have passed, experts now seem to perceive such concerns as greatly exaggerated (Tamnes & Offerdal 2014: 2; Young 2009: 423). In fact, the Arctic's main characteristics rest on a mutual interest of cooperation, stability and peace, and the

region is largely regulated through a respected and thorough legislative framework (Tamnes & Offerdal 2014: 160). Nevertheless, the political debate that followed the headlines, greatly intensified after the symbolic planting of a Russian flag at the bottom of the North Pole in 2007, did raise questions regarding the way the Arctic should be governed. Dodds (2010: 63) asks; was the ice melting Arctic Ocean, with its resources, sea routes and strategic location all of a sudden to be considered an anarchic space, or was the area to remain untouched? As such, the Arctic came to the forefront of the stage of international affairs, for the first time since it was a hotspot during the Cold War era.

The last few years' developments in the Arctic Council also increase the relevance of Arctic governance. The Arctic Council has been revived and its political significance strengthened, for example through the Chinese observer status in 2014, as the region has received increased attention (Pedersen 2012: 152; Røseth 2014: 842).

Another example of Arctic prominence is how states and actors, ranging from the European Union to mining companies, the last years have begun to or already developed national strategies for the region. Norway, for instance, has declared developments in "the High North" their highest foreign policy priority since 2005 (Norwegian Ministry of Foreign Affairs 2006: 7; Sharp 2011: 308). I argue that with this attention comes a need to understand motives and implications for the bigger political picture, in order to ensure a peaceful further development of the vast Arctic possibilities. This would be an extensive task to map, well outside of this thesis' scope, underscored by Brosnan et al.'s (2011: 179) study of the five Arctic states' strategy documents. They found that there are as many as six comprehensive components that are said to possibly affect the Arctic's future: sovereignty, scientific research, resource development, environmental concerns, governance, and lastly, shipping. I will focus on one particular component that could affect the politics of the Arctic, and that is shipping and more specifically the increased utilisation of the NSR.

Arctic waters are getting bluer, more accessible, exploitable and increasingly attractive for economic utilisation. This may in due time imply that the NSR will develop into a shipping lane with higher prominence than it has today (Østreng et al. 2010: 5). For this reason, the NSR is more relevant than it has ever been, most evident

in traffic numbers, but also because the NSR can, for the first time in history, be considered a factor in the bigger picture of Arctic governance. Depending on the way a NSR transit is defined, a point I will return to in subsequent chapters, the traffic numbers show an increase from only four commercial vessels in 2010 to 71 in 2013, and a more than tenfold growth of tonnage of goods transferred both ways between Asian and European markets. Moe (2014: 784) considers this "a drastically increased number of transits, in relative terms". The numbers are, however, minuscule when compared to the Suez Canal's more than 17.000 annual vessel transits (Buixadé Farré et al. 2014: 5). Nevertheless, that an alternative sea route in an ocean that connects the three most industrialised and developed continents of the world is seeing a substantial increase in traffic numbers, should definitely be considered a factor in the Arctic political environment (Østreng et al. 2010: 41). A brief look at existing future plans for the NSR gives an additional relevance to this thesis' research question. For example, Russia's President Vladimir Putin has assigned 21 billion roubles to the construction and modernisation of maritime infrastructure in the Arctic, as a crucial part of marking a Russian stronghold in what they consider their own backyard (Korsvold 2014: 210; Murray & Nuttall 2014; Putin 2011). I will return to the significance of the NSR on Russian demarcation in the Arctic in subsequent chapters.

Shipping is itself a topic that is highly relevant for political science. Historically, shipping has existed to serve political ambitions, either through military, exploratory, colonisation or trading purposes. For centuries, the terms "power" and "sea power" were almost synonymous. Conversely, this situation is history, as merchant shipping no longer belongs to great national trading fleets. Instead, huge multinational corporations control them (Mitropoulos 2005). As such, the relationship between a state and its ability to exercise sea power has become confined to navy fleets. Nevertheless, the political power of merchant shipping remains immense. The world economy, closer and more interdependent than ever before, is completely reliant on the shipping industry, as it is the indispensible carrier of world trade.[2] For this reason, disruptions in shipping indeed have political significance. Imagine for example the political power Egypt or Panama would get by closing the Suez or Panama Canal,

[2] Over 90 per cent of the world's trade is carried by the international shipping industry, and it is by far the most cost-effective way to move *en masse* goods and raw materials around the world. Maritime transport is thus essential to the world economy (Norwegian Shipowners' Association: 2015).

respectively. Such a scenario is all but realistic, but nevertheless gives an impression of the close connection between shipping, politics and world trade. Furthermore, it serves as evidence of why Arctic shipping's political implications should be examined.

The last argument for shipping to be a relevant factor in Arctic governance is that in order for the region to be developed and the resources extracted, there is essentially only one means of transportation: shipping. Infrastructure in the Arctic is next to non-existent, with rarely paved roads and no railways. Airports are few and primitive, and the equipment to set up for example a mining site or natural gas extraction plant require a much larger transport capacity than what is realistic by air cargo over vast distances in a harsh and unstable climate. This is also true for the transportation of e.g. a load of crude oil or iron ore. That is why shipping is the only solution for a further developed Arctic, why the NSR historically has been a vital transportation link for the northernmost Russian settlements, and ultimately why we see an increased utilisation of the NSR today. Without the shipping of goods on the entire or parts of the NSR, development of much of the Arctic would fall short. In other words, shipping is an essential component in the future utilisation of the Arctic (Hagen 2015; Moe 2015).

1.5 Outline of the thesis

The *second chapter* of this volume addresses a number of central terms that must be defined before I can apply these in the continuation of this thesis, while *chapter 3* introduces the theoretical framework applied. In the latter, I present fundamental theories within International Relations, including the key term geopolitics, and reflect upon how these will be applied in the study's analysis.

In the *fourth chapter*, I present and reflect on the methodological choices I have made to ensure an objective and effective assessment of the research question. Furthermore, the reader will be informed on how I designed the thesis, why a qualitative case study was deemed appropriate, and how data was gathered. Lastly, I provide a clarification of the volume's reliability, validity and ethical issues.

Chapter 5 offers a thorough conceptualisation of the NSR, including its history, current status and its advantages and limitations compared to its most used alternative, the Suez-Malacca route.

In *chapter 6*, I examine the direct implications of the NSR on Arctic governance, by applying the theoretical framework presented in chapter 3. Firstly, I examine the international political situation through a realist lens. Subsequently, I repeat this procedure from a liberalist point of view. Lastly, the analysis addresses a scenario in which the effect from international conflicts may spill over into the Arctic, challenging the prosperity of international shipping along the NSR.

The final *seventh chapter* summarises the thesis, concludes the research question and reflects on areas of future research.

2. Definitions

This thesis has already presented key elements like the Arctic, the NSR and shipping, without addressing their ambiguous meanings. Before I continue, I will therefore define and limit these and other central terms that may be ambiguous, in order to avoid imprecise inferences.

2.1 The Arctic and Arctic states

Firstly, it is important to define *the Arctic*, as it constitutes the very space dimension of the study's research question. As of the present, competing definitions of the Arctic region, states and waters live side-by-side and are used interchangeably (Tamnes & Offerdal 2014: 2; Østreng et al. 2010: 5). Most common has been the use of geographic definitions, including e.g. the tree line, the 10°C isotherm for July, the continuous permafrost and the sea ice cover, but two core geographical definitions are central. However, the differences in aerial extension between these two amount to thousands of kilometres, and if not clearly defined, these could lead to much ambiguity when one seeks to examine Arctic shipping and political implications. The following introduction of these two alternatives illustrate this: the first option defines the Arctic simply as the area surrounded by the European, North American and Asian continent, i.e. the Arctic Ocean. Consequently, this definition means that *the Arctic states* necessarily are the Arctic Ocean's littoral states, namely the United States, Canada, Russia, Norway, and Denmark through their administration of Greenland. This group is commonly known as the *Arctic five* (A5). The second geographical definition holds that the Arctic region should be considered the area above the Arctic Circle, or 66° 32'N latitude. This implies that *the Arctic states* also should include Finland, Sweden and Iceland, consistent with the eight states that make up the permanent members of the Arctic Council (A8).

In an effort to define the Arctic in a way that is relevant for several areas of science, a working group within the Arctic Council, named the Arctic Monitoring and Assessment Programme (AMAP), has constructed a definition based on a compromise of various definitions:

> The AMAP area essentially includes the terrestrial and marine areas north of the Arctic Circle (66° 32'N) and north of 62°N in Asia and 60°N in North America, modified to include the marine areas north of the Aleutian chain, Hudson Bay, and parts of the North Atlantic Ocean including the Labrador Sea.
>
> (AMAP 1998: 10)

The AMAP area is, according to Heininen & Nicol (2007: 138), a broadly accepted definition, and has incorporated elements of the Arctic Circle, political boundaries, vegetation boundaries, permafrost limits and oceanographic features (see Figure 1). Therefore, *the Arctic* will in this thesis be treated in line with the AMAP definition. That further means that by *the Arctic states*, I refer to the eight aforementioned states within the Arctic Circle.

Figure 1: The Arctic as defined by the Arctic Monitoring and Assessment Programme. *Source: The Arctic Portal Library (2010a).*

2.2 The Northern Sea Route

I will go in further detail on the various aspects of the NSR in ensuing chapters, but I nevertheless find it appropriate to include an exact definition at this early point of the study. The purpose of this is to provide the reader with a clear understanding of what the NSR is and where it is geographically located. Moreover, stakeholders and

governments do not share a common agreement on what constitutes the NSR, thus making this an essential task.

Firstly, the shipping relevant areas of the Arctic Ocean are filled with varying amounts of drifting sea ice during the navigable months of the NSR, namely from approximately July to October (Hagen 2015). This is relevant for a definition of the NSR, because it makes it impossible for ships to follow a single, set course. Drifting sea ice means that they have to adjust their route continuously to the best ice and navigational conditions, meaning that the NSR in reality is a series of different sailing lanes. Therefore one must bear in mind that a definition of the NSR's geography imply that we cannot draw an exact shipping route through the Arctic Ocean, but must understand it as a broad transport corridor with several alternative navigational channels (Brubaker & Østreng 1999: 299; Østreng et al. 2010: 13).

There are two ways of defining the NSR in geographical terms. According to the official Russian definition, the NSR stretches from the Novaya Zemlya islands and the narrow Kara Strait in the west, to the Bering Strait in the east (see Figure 2). This definition includes a series of marginal and individual seas: the Kara; the Laptev; the East Siberian; and the Chukchi Sea. More than 50 straits, located in the Novaya and Severnaya Zemlya and the New Siberian Islands archipelagos, connect these seas.

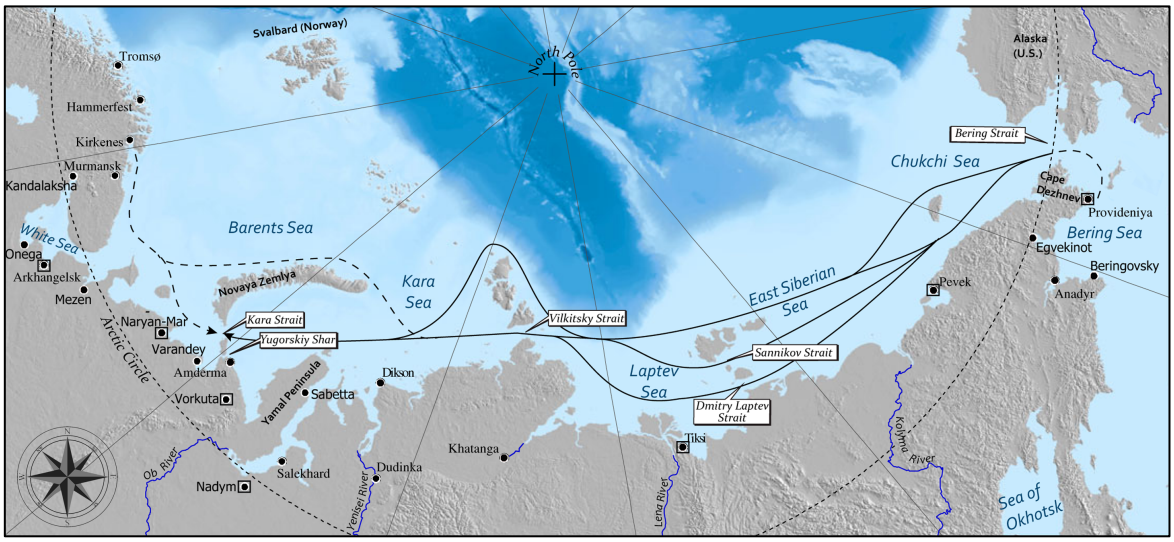

Figure 2: The Russian Arctic and route alternatives within the Northern Sea Route.
Note: The solid line marks Russian authorities' formal definition of the NSR, while this thesis' functional definition of the NSR includes the dashed line.
Source: Buixadé Farré et al. (2014: 11) (map is edited by author).

I argue, however, that the NSR for the purpose of this thesis is better defined in a functional manner, based on what constitutes a sea route. According to Østreng et al. (2010: 17), a sea route is a trading link between towns and cities, i.e. locations with ports with e.g. loading, service and reception facilities, transport networks, sizeable populations. The official Russian definition's geographical endpoints, the Kara Strait and Cape Dezhnev in the Bering Strait, are desolate places with neither of the mentioned sea route criteria. In order to include cities with significant ports and a sizeable number of ship calls, deemed decisive for a commercially viable NSR, I will in this thesis define the NSR as the sea route between Kirkenes in Northern Norway and Provideniya in Far East Russia. This means that the significant ports of Murmansk and Arkhangelsk and the busy Barents, White and Pechora Seas are included.

This definition complies with the term *the Northeast Passage* (NEP), yet another designation of the northern waterway between the Atlantic and Pacific Ocean. Given that the NSR constitutes more than 90 per cent of the NEP, many sources use these terms interchangeably (Buixadé Farré et al. 2014: 2). Even if the NSR in reality is a Russian term for a specific sea area, it is commonly used for the whole Northeast Passage (Moe 2015). I will comply with this view in my thesis.

It is worth noting that commercial shipping in the Arctic is not limited to the NSR. Two alternative routes exist: the Canada-coastal Northwest Passage (NWP) and the Trans Polar Sea Route (TSR), crossing the middle of the Arctic Ocean (see Figure 3). However, these routes are widely considered to be less attractive in a short and medium term than the NSR, due to more complicated navigation and considerably more sea ice, respectively (Buixadé Farré et al. 2014: 2). For this reason, and the significantly larger traffic numbers of the NSR, Arctic shipping will in this study be confined to the NSR if not otherwise stated.[3]

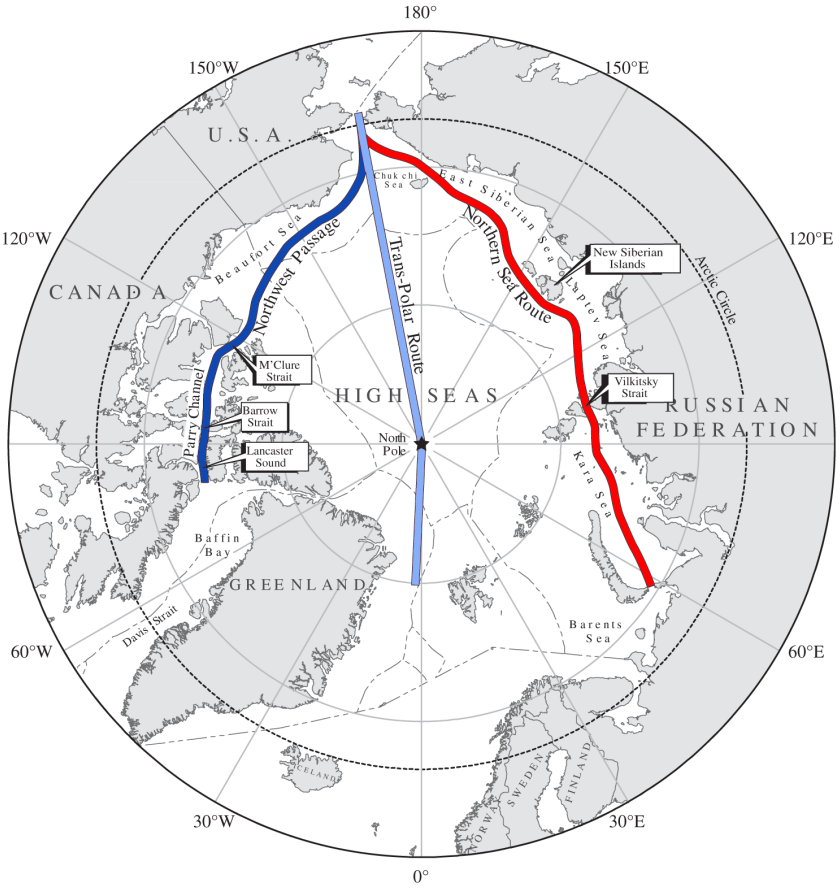

Figure 3: The Northwest Passage (dark blue) and the Trans Polar Route (light blue) in comparison with the Northern Sea Route (red).
Source: Buixadé Farré et al. (2014).

[3] For more comprehensive studies of the Northwest Passage and the Transpolar Route, see for example Buixadé Farré et al. (2014), Humpert and Raspotnik (2012) or Sharp (2011).

2.3 Shipping

Given that I have chosen to examine the implications of increased shipping via the NSR with regard to the political situation in the Arctic, a short explanation of what shipping as it is understood in this study is appropriate. It is here defined to cover all types of maritime transport, including tankers, cargo ships, bulk carriers, offshore supply vessels, passenger ships, tug and barge combinations, fishing vessels, and governmental and commercial icebreakers. Note that this definition focuses only on ship types that represent commercial use of the NSR. That means that shipping in this study does not include the activity of vessels with military, research or private leisure purposes. These are relevant only if explicitly stated.

2.4 Governance

Governance has already become a central term in this thesis' introduction chapter and research question. Being one of the most widely used terms in debates and theories in political science and International Relations, its definition has become multiple and unclear (Pierre & Peters 2000: 14). Therefore, a definition of its use in this study is appropriate. It should be understood in close relation with *government*, which signifies the structure and function of public institutions, their authority to make binding decisions, and their authoritative implementation of those decisions and allocation of revenues through policies and administration. *Governance*, however, is in this study understood as what embraces all actors, organisations, and institutions, public and non-public, simplified as all the stakeholders, which are involved in structuring policies and their relationships, either within nation states or outside in their interconnected relationship (Jensen 2008: 381). This definition implies that governance can take place on a regional as well as a national and global level.

I have chosen governance as the key element of the research question because it is a much more encompassing term than just government or state; it says something about what is happening, that states are in motion, and that the bigger political picture is complex and dynamic. As such, governance as it is defined here should be useful when examining the active and contemporary political situation in the Arctic.

The remaining central terms to define are connected to the study's theory body. Therefore, I have chosen to elaborate on these elements in the following chapter about the theoretical framework.

3. Theoretical framework

The purpose of this chapter is to present the theories best suited for answering the study's research question of how the governance in the Arctic may be challenged by the NSR. The international cooperation in the Arctic is complex, has undergone substantial changes the last 30 years, and has numerous stakeholders. It is therefore of importance that I present a thorough theoretical framework, that will serve as the backdrop in the subsequent chapters' analysis.

In an academic analysis of the causes and effects of a phenomenon, the application of theories is in practice unavoidable. The idea is that theory is meant to be a simplifying method to decide which facts that matters and which do not. This is also the case for theories of International Relations, whose objective is to better explain behaviour of states, the states' policy agendas and the nature of international politics (Kalnes et al. 2010: 14; Pedersen 2013: 17).

As this study's two main features are geography and international politics, I have found that International Relations and its subcategory geopolitics will serve as the appropriate theories. However, in order to understand this theory, one must first understand a basic foundation of international politics, and that is *the anarchic system of states.*

3.1 The anarchic system of states

The anarchic system of states is the form of international organisation established with the 1648 Peace in Westphalia that has been dominant to this day. It is characterised by a system of independent territorial states without a common sovereign ruler, as opposed to former imperial and feudal systems. The politics between states thus takes place in the absence of a collective policy for all stakeholders of the world, be it in the Middle East or in the Arctic. This is what we call *international politics*, defined by Nye (2007: 3) as "the politics among entities with no ruler above".

The prevailing order within national states versus the anarchy of the international system is illustrated by a key distinction between domestic and international politics,

and that is that law and order in the former state system generally is obeyed (Kalnes et al. 2010: 12). If not, the government has a monopoly on the legitimate use of force. This situation is not the case in the international system of states. International law rests on competing legal systems, and there is no international police. This absence of a higher government to rule and enforce law is why we say that international politics is an anarchic system. In this realm, a central point is that it can be argued that certain states are stronger than others and that it therefore always is a risk that these will resort to force in order to fulfil their international ambitions. Furthermore, most people place national concerns before international justice, arguably adding further mistrust and suspicion between states (Nye 2007: 4). This does not mean that international law and ethics have no role in international politics, but it says something about the gap between domestic and international politics in the absence of a common ruler.

Based on this fundament, two differing views of international politics are dominant; the classic realism versus liberalism approach. These two constitute the main cleavage within International Relations theory.

3.2 The two paradigms in International Relations

Since the 1970s, the two theories of realism and liberalism have stood out as the two most prominent perspectives or paradigms trying to understand international politics (Knutsen 1997: 252). They both serve as conceptual frameworks to interpret international politics through, and define differing agendas for research and policy making. Such frameworks are important to scientific research and interpretation of world affairs, but it should also be noted that such theoretical lenses to some extent may limit our conceptions (Pedersen 2013: 17). In addition, as with any application of theory to political science, neither of the approaches will fit perfect and give us complete answers, but may nevertheless further our understanding of the research question.

Serving as the two extreme points on a spectrum, with realism on the hand and liberalism on the other, both claim that they hold the most important features of understanding international politics and that they have a better explanatory force than

the rival theory. Hence, they are in competition with each other. Their common goals are, however, to explain and understand the causes and outcomes of cooperation and conflict in international politics (Murray & Nuttall 2014: 25).

Although the system of international politics over the centuries and decades have been in motion towards both sides of the International Relations spectrum, it has never been completely realist or liberalistic. It has and always will have features of the other paradigm (Nye 2007: 6). Even though the Cold War's bipolar world order or the interwar period in the 1930s had strong realist features, it nevertheless still had liberalism traits. Today's system of international politics is so multifaceted that to exclusively interpret it in only one of the perspectives would be misleading. Nevertheless, some experts have argued that the prevailing world order is moving towards one that is more global and liberal economical and political. At the same time, however, they recognise the crucial point that the international system still consists of sovereign states with different objectives, where security politics are the most important (Kalnes et al. 2010: 56). This perception of contemporary international politics is useful to bear in mind in subsequent chapters and when I now turn to the presentation of the two paradigms.

3.3 Realism in International Relations

Before competing paradigms emerged, realism was the dominant tradition in the study of international politics. As the theory has been developed over the years, more narrow and refined sub-classifications have emerged. The most acknowledged of these is neorealism. Therefore, when talking about realism in this thesis, the term should be interpreted in line with the following definition of neorealism:[4]

> "[In neorealism, t]he scope and ambition of a country's foreign policy is driven first and foremost by its place in the international system and specifically by its relative material power capabilities".
>
> (Murray & Nuttall 2014: 38)

[4] I have not found room in this thesis for a further distinction between realism and neorealism. Their central attributes, however, remain the same: they both follow the principles presented in the quote by Murray & Nuttall (2014: 38).

In this definition and for realists in general, the central point is that the international system is perceived as anarchic and that its central actors is the unitary state (Knutsen 1997: 277). With no international sovereign ruler, the states are forced to seek power over each other in order to secure its own survival. Therefore, the realist strand within International Relations has been called "the survival of the fittest", underlining the focus on the state and its power capabilities. Power, however, is not a goal, but a means to survive in the system, but this is a fine balance. Too much power demonstration can make other states insecure and fuel tension, while the opposite can make the state vulnerable and consequently loose position in the international system. Despite the anarchic character of the international system of states, realists claim that the more or less peaceful world today is secured not by cooperation and institutions, but rather by the power equilibrium between states (Kalnes et al. 2010: 60).

How a state can maintain its own position in the international system is planned and formulated through its foreign policy, founded on a constant awareness of other states' material power capabilities and strategic international goals. President Richard Nixon and his Secretary of State Henry Kissinger's foreign policy is often used to illustrate realism. In order to minimise the ability of other states to threaten US security, their goal was to maximise the power of the United States in the system of international politics. Typical for the realism paradigm, this was also the goal of the central rival state, the Soviet Union. Such mutual surveillance and suspicion led to high tension in the international system. Fortunately, the situation in this Cold War example did not lead to open conflict, which is the ultimate result of the rivalry of realism. However, it describes a central point in realism: how states are driven into a reciprocal, distrustful and continually process. Realists therefore portray interstate behaviour as inherently uncooperative, uncertain and tense (Murray & Nuttall 2014: 25). This does not mean that internal dynamics between states is non-existent in the realism paradigm. But when it takes place, the only reason for it is solely to secure the state's own survival, for example through a defence alliance. However, despite commitments and treaties, the anarchy of international politics means that no sovereign power can ensure compliance and punish deviation from these, inevitably fuelling the tension and uncertainty between states.

Key concepts of realism is thus summarised by Murray & Nuttall (2014: 27) as self-interest, military security, power maximisation and hard politics. These are all central in the sub categories of the realism framework. However, when the neorealism category was formulated in the 1980s, one central aspect was added that should be addressed here. In an effort to provide a more nuanced understanding of international politics through the realism lens, neorealists argue that a variety of intervening variables at the unit level must be acknowledged and taken into account in the process between state policies and international outcomes. Such factors include state-society relationships, state interests, and particularly personalities and the perception of politicians. Since political leaders execute states' foreign policies, it seems rational to take into consideration their perception, or indeed misperception, of their country's relative power in the anarchic system (Pedersen 2013: 19). Although this complicates the explanatory framework, such an inclusion is imperative according to Schmidt (2005: 544-545):

> [Neorealists] […] cannot simply assume that all foreign policy officials accurately apprehend the distribution of power or that the personalities of statesmen make no difference in the process by which the distribution of power is calculated.

The second noteworthy feature connected to the neorealist paradigm is state interests. Neorealists argue that states have differing motivations and ambitions in the anarchic system, and that these must be taken into account when examining their position in international politics. Moreover, these motivations do not necessarily correspond with their perceived power capabilities (Pedersen 2013: 20). For example has Russia a clear ambition of a strong Arctic presence and an active and commercially attractive NSR under its control, although these objectives are far from being realistic as per 2015. I will return to this topic in ensuing chapters, but as an example it nevertheless illustrates how a nation's foreign policy in neorealism should be examined in light of its stated interests, independent of their current situation and military power.

Essentially then, the realism concept in International Relations claims that a state's relative power capability, interests, and its politicians' state perception all shapes its foreign policy scope and ambition in the anarchic system of states. I find it interesting and useful to keep this notion as a backdrop when examining international politics, as

Arctic governance is a case of. Conversely, it would also be fruitful to keep in mind the most widely used alternative within International Relations theory, the liberalist approach. Therefore, I will in the next subchapter present realism's counterpart on the opposite side of the International Relations scale, namely liberalism.

3.4 Liberalism in International Relations

While realism focus on the individual state and its relative power in an anarchic system, liberals instead put emphasis on the global society as the central actor. Thus, international politics are in the liberalist view not directed by hard power solutions, but rather by a multitude of transnational institutions, corporations and legal regimes that all contribute to cooperation and conflict mitigation (Kalnes et al. 2010: 61; Murray & Nuttall 2014: 70, 73). Through these international actors, policies, people, culture, money and goods are crossing borders in larger quantities and with greater efficiency than ever before. This mechanism has in the liberalist view demolished the traditional realist notion of self-sufficiency and independency, and ultimately leads to a greater interdependence between states, corresponding with a lower likelihood of conflict. The notion is based on the belief that mutual economic dependency makes war costly and unprofitable. Therefore, liberalism as a theoretical framework gained attraction especially during the 1970s, with the European integration project's rapid economic growth and increasing global trade that changed the nature of international politics (Kalnes et al. 2010: 61; Nye 2007: 5).

Despite its focus on the institutionalised, global society, liberalism is not discarding the state as an actor. The state is still understood as a unitary entity, but it is its cooperation and independence sacrifices into for example the European Union or various free trade agreements together with other states that is central. Furthermore, their cooperation is not confined to economical spheres, but encompasses also e.g. security policy, which is a clear transnational subject. Kalnes et al. (2010: 116) note how e.g. terrorism is not confined to borders. The widening and deepening of state cooperation and worldwide interconnectedness is therefore important in understanding the evolvement of liberalism. Widening is understood as the gradual inclusion of more and more states and markets in the global society. The significance of Asian markets in 2015 versus 1950 is a notable example of this. Deepening means

that transnational activity is increasing, illustrated by the fact that most countries now import from abroad a much larger share of what they consume than they did a few decades ago (Baylis et al. 2014).

Similar to realists, liberals do not discard the notion of the anarchic system of states either. Despite the existence of world encompassing organisations such as the United Nations, they do acknowledge that no institution has the power or mandate to rule all states. However, in line with liberalism's optimistic character, they believe that the intrinsically anarchic system can be modernised and confined through the many institutions and cooperation bodies into a common system of norms and procedures (Kalnes et al. 2010: 56).

Liberals claim that the nature of modern international politics has changed and that realism's explanatory power has diminished in favour of liberalism. According to the acknowledged liberalist Richard Rosecrance, a state would in realism's heyday during the interwar period increase its power through aggressive territorial conquest. In the contemporary world, however, he argues that peaceful economic development and multilateral trade is the key to advance a state's position. He has used the experience of Japan to illustrate this perception: In the 1930s, Japan tried territorial conquest and was ultimately shattered by the end of WWII. Since then, Japan has become the second largest economy in the world, measured by official exchange rates. This has been achieved through trade and investments, without residing to major military force. As a consequence, Japan has yet again become a significant power in East Asia (Nye 2007: 5, 6).

3.5 Which one is right?

While liberals claim that the realists are cynical, stuck in the past and too conservative to change, realists have labelled the counterpart as utopian dreamers. This fundamental cleavage is not likely to be reconciled any time soon. So which one is right? There is no clear-cut answer to this question when discussing international politics. Both are right and both are wrong, since today's world is a mix of both of the paradigms' central features. Furthermore, international politics have no strong

determinist theory, since it always will involve the unpredictable and dynamic factor called human behaviour (Nye 2007: 6).

Despite this outcome uncertainty and the paradigms' different viewpoints, their common goals are as aforementioned to explain and understand the causes and outcomes of cooperation and conflict in international politics. That is why the discourse is relevant to this study. Lastly, these paradigms are so central in any discussion of international politics that although I will not apply these theories directly, they inevitably serve as an essential framework for the rest of the thesis. Therefore, and in order to give the reader a thorough understanding of the discourse, I have considered this presentation required. The same applies to my next and final subchapter of International Relations theory, where I will present geopolitics, the theory that is based on the notion that power and geography matters.

3.6 Geopolitics in International Relations

No single theoretical discipline is able to predict whether the Arctic will maintain its equilibrium or become a conflict zone. However, geopolitical theory focuses on international politics and the interactions between stakeholders − in light of the attractiveness of a given geographical area. In other words, geopolitics combine the two disciplines politics and geography, and I therefore deem the theory as particularly relevant for the Arctic and the NSR.

Geopolitics have traditionally been a product of its times, with its definitions evolving accordingly. In 1899, when Rudolf Kjellén first coined the term, geopolitics focused on which preconditions that were required for global hegemony, and were closely connected to classical *realpolitik* and realism (see chapter 3.3). A few decades later, geopolitics gained a distorted reputation as Karl Haushofer and Nazi Germany to a great extent and without scientific bounds used the term *geopolitik* in their Third Reich rhetoric (Cohen 2009: 11). Consequently, the term and theory disappeared from academic circles up until the Soviet Union's dissolution in 1991 turned the world's political and geographical patterns upside down. Geopolitics were then brought back onto the academic scene, but this time with a revitalised content. It was obviously out-dated as a tool for analysing how geographical control of territories could further their

imperial hegemony. Instead, geopolitics as we know it today have become more moderate and are now concerned with the dynamic importance of how a geographical space interacts with international politics, as defined in chapter 1.3.

Modern geopolitics have, in other words, cut its strict ties to realism, and now function as a paradigm in which the basic premise is that geography matters within international politics (Tamnes & Offerdal 2014: 6). Indeed, advocates of such views hold that international politics cannot be understood without taking into account the very geography of the world's states. They claim that stakeholders within international politics must acknowledge geographical proximity as a factor in the equation. Nye (2007: 35) quantifies this by an illustration of how half of all military conflicts between 1816 and 1992 began between neighbouring states. A close geography thus leads to more contact between states, regions, cities or the like, but at the same time points of potential friction.

Secondly, and particularly relevant for this thesis' focus on the NSR and the Arctic, a geographical area is interesting in geopolitical terms if it is important for communication purposes (Tamnes & Offerdal 2014: 6). Strategic maritime gateways such as Gibraltar, the Suez Channel, the Øresund Sound and the Strait of Hormuz, to mention a few, underscore this point. Dynamism is the last central feature within the modern understanding of geopolitics. It entails that geopolitical significance is in constant flux and can change almost overnight. For example, new trade routes or ways of communication, the movement of people and capital flows, or the discovery or depletion of natural resources, can alter a country or a region's geopolitical significance (Cohen 2009: 3, 4).

This modern interpretation of geopolitics is how I will understand and apply the term in this study. As such, I have chosen this thesis to be built on the foundation that the Arctic is a strategically important region due to its geography, access, natural resources, and communication routes. Furthermore, I hold that the Arctic has become this due to the dynamic character of geopolitics. In order to thoroughly underscore this claim and to show how modern geopolitics are playing out in the Arctic today, I will in the next chapter give a short presentation of how the geopolitical importance of the Arctic region has changed over the last years.

3.7 Geopolitics in the Arctic

Up until WWII, the Arctic was one of the few unexploited regions of the world from a military point of view. In 1940, this picture was dramatically altered due to a number of factors, including that Northern Norway was turned into a hideout for German naval forces, and that Murmansk became a vital port city both as the home port for the Soviet Northern fleet and the reception point for the Arctic convoys from Great Britain. In other words, the Arctic's military-strategic value changed dramatically in the 1940s, from a desolated ice mass to an international hotspot for war operations (Brubaker & Østreng 1999: 301).

This development continued in force towards the beginning of the Cold War, and eventually turned the Arctic into a top priority strategic area, highly militarised by both sides of the conflict due to its geographic location. Particularly the Kola Peninsula became a hotspot, as it hosted the only ice-free homeports of the Soviet Northern Fleet, including the bases for the backbone of Soviet warfare, the strategic nuclear ballistic missile submarines (hereafter SSBNs, short for Sub Surface Ballistic Nuclear). On American side, the naval air base at Keflavik on Iceland was only one example of how they countered Soviet's desired Arctic stronghold. Their surveillance base Thule on Northern Greenland serves as another case, especially important in monitoring the circumpolar North, which was the shortest approach route for US-Soviet intercontinental missiles (Claes & Østerud 2010: 2; Murray & Nuttall 2014: 197)

Summarised, both sides therefore interpreted the Arctic in realism terms during the Cold War, meaning that control over it was really not about its resources and communication purposes, since its petroleum deposits were not discovered, and sailing the NSR and the NWP were not commercially attractive yet. What mattered was instead to prevent the counterpart from the strategic use of Arctic space for military purposes (Tamnes & Offerdal 2014). This manifested itself in huge expenditures in defence and military, with supersonic aircrafts, satellites, surface vessels and submarines patrolling vast areas in order to assert state power and to gather intelligence. It is thus not unreasonable to interpret the Arctic as the world's

tensest region during the Cold War, and a location in which USA and Soviet displayed their hard power capabilities, however without it leading to open conflict.

This realism based geopolitical situation of the Arctic changed dramatically towards the end of the 1980s. President Gorbachev's "Arctic Zone of Peace" speech in October 1987 is often referred to as a turning point in Arctic geopolitics, as it ended up serving as a foundation for how the region over just a few years entered a period of cooperation across national borders, instead of rivalry:

> The Soviet Union is in favour of a radical lowering of the level of military confrontation in the region. Let the North of the globe, the Arctic, become a zone of peace. Let the North Pole be a pole of peace. We suggest that all interested states start talks on the limitation and scaling down of military activity in the North as a whole.
>
> (Mikhail Gorbachev, cited in Murray & Nuttall 2014: 200)

Interstate cooperation thrived, based on a shared interest of developing Arctic resources and a common understanding that the region was fragile and needed to be protected. A variety of initiatives aimed at fostering regional cooperation among Arctic states was introduced, institutions like the Arctic Council and the Barents-Euro Council was founded, and postmodern values such as environmentalism, research and human welfare were their drivers (Young 2012: 167). It can thus be argued that the Arctic during the 1990s moved on the International Relations scale from realism to a more liberalist character.

However, in line with the dynamism that describes modern geopolitics, the last decade has seen an upsurge in the Arctic's geopolitical importance. This development is not driven by a resurge of the Cold War's military strategy and national security aspects, but by climate change and commercial factors (Claes & Østerud 2010: 1; Young 2012: 165). The melting ice cap of the Arctic Ocean has enabled an increase in human activity in the Arctic, greater accessibility to Arctic resources, particularly petroleum and minerals, and new transport routes. Numerous stakeholders, ranging from states, the European Union, multinational corporations and organisations have therefore become eager to position themselves in this new environment. The Arctic's renewed attention clearly underlines how geopolitics' dynamic character rapidly can

draw attention and strategic importance to an area when resources are discovered or new transport routes emerges.

With regard to the International Relations paradigms presented in chapters 3.3 and 3.4, it could be argued that the last decade's increased strategic importance implies a motion back to realism on the International Relations scale. Despite this, Keating (in Murray & Nuttall 2014: 73) reasons that the extensive multilateral cooperation illustrates that today's Arctic governance still has clear traits of liberalism:

> States in the region have repeatedly stressed both in words and action their interest in working collaboratively and within the rules and regulations established by existing or developing international law. Such cooperation is exemplified in the Arctic with increased frequency and wider legitimacy, in managing competing states' interests in potential areas of conflict.

Although he acknowledges that the Arctic still is a fairly institutionalised region with a low possibility of conflict as of today, Young (2012: 169) nevertheless stresses that climate change inevitably is driving the Arctic towards a further integration into global economy, as a resource frontier and a potential altering of east-west maritime transportation. Adding to the picture comes the fact that the key actor in the region, Russia, has spent substantial funds the last years on upgrading their Arctic based armed forces, fleet, air force and military stations. Although the purpose, according to Russian authorities, solely is to ensure Russian jurisdiction and safety over human activity in the Arctic, such a build-up is nevertheless fuelling military tension and mutual suspicion (Korsvold 2014; Tamnes & Offerdal 2014: 155).

Furthermore, despite Arctic stakeholders' mutual interest in keeping the Arctic as a zone of peace, and the low probability of open conflict in the close future, the globalisation and multipolarity of today's international politics inevitably connect the Arctic to outside events. That implies that military conflicts in other parts of the world between states, such as the current Crimean Crisis, may very well spill over into the Arctic and its contemporary geopolitical configuration. In such a situation, Tamnes & Offerdal (2014: 92) note that competing interests in the Arctic may become less manageable, a topic I will return to in the study's analysis chapter.

The mentioned multipolarity constitutes another challenge, since it is no longer just Russia and USA with its allies that are the stakeholders in today's geopolitics of the Arctic. In fact, its new strategic value has broadened the focus to the Asian states. China, Japan, South Korea, India, and Singapore all have vested interest in both Arctic resources and new transportation routes between eastern and western markets. Thus, it has been argued that when talking about Arctic geopolitics, its centre of gravity is gradually moving eastwards, eventually making the geopolitical picture more complex (Claes & Østerud 2010: 10). Consequently, numerous academics, media sources and official sources argue that the Arctic has yet again been brought to the attention of global great powers. That is why we can say that the geopolitics and the Arctic indeed are closely connected, and that the region's contemporary geopolitical importance is revitalised and relevant. With this relationship, its actualisation, and central features of International Relations theory portrayed, I now turn to a presentation of the thesis's research design and how I will apply this theory in the continuation.

3.8 Applying the theory

In this chapter, I started with a presentation of the central cleavage within International Relations theory, with realism on the one hand and liberalism on the other. In the continuation of this volume, I aim at utilising these theoretical perspectives as frameworks to demonstrate how the implications of the NSR with regard to Arctic governance can be interpreted through realist and liberalist lenses. I repeat that the goal of both of these paradigms, as well as International Relations theory in general, is to contribute to a greater understanding of the nature of international politics. Hence, by applying these perspectives in this thesis, I aim at shedding valuable light on the international politics of the Arctic.

In addition, I have elaborated on the subfield geopolitics, and included a part on how this applies to the Arctic region. While I will make a more direct use of the two extreme points of the IR spectrum, the theory of geopolitics will not be applied in the same manner. I argue that regardless if the NSR and the Arctic are interpreted through a realist or liberalist perspective, the core concept of modern geopolitics will remain: a geographical space will always be in a dynamic interaction with international

politics, and this effect is amplified when the space is valuable and strategic, e.g. containing rich natural resources and advantageous trade routes. Since I argue that this description is particularly fitting for the NSR and the Arctic, I will continue to refer to the term geopolitics throughout the study. For this reason, I found it necessary to include a significant explanation of the role of geopolitics in this chapter.

With these central theories and plan for their application established, I now turn to the next chapter, in which I will reflect on the methodological framework of this thesis.

4. Methodological considerations

This chapter addresses the methodological choices I have made to ensure that the research question is illuminated as realistic and objective as possible, inevitably playing into the interpretation and generalisability of the findings and results presented in ensuing chapters. According to Kvale et al. (2009: 92), ethical scientific research is founded on transparent and verifiable practices that form the basis for analysis. Lining with this procedure, I will begin this chapter with an explanation of how this thesis was designed, as well as the process of data collection, which is based on qualitative interviews and document analysis. Thereafter, I will provide an examination of the data's reliability and validity, before I finalise the chapter with an elaboration on ethical considerations.

This thesis is qualitative, as it produces or utilises non-numerical data (Saunders et al. 2012). Contrary to a quantitative study, a qualitative research design entails a data collection and interpretation process that puts emphasis on descriptions, perceptions and understanding. These features are considered especially valuable when one seeks to develop an understanding of a complex, particular topic (Kvale et al. 2009: 31). To further our knowledge of the effect an increased use of the NSR will have on Arctic governance, I thus argue that a deep-going qualitative approach is the best-suited methodological approach.

4.1 Single-case study research design

The purpose of this study is to identify how the NSR can affect the international political situation in the Arctic. However, I note that the NSR accounts for only one of the Arctic's regional possible challenges.[5] Thus, I will employ a single-case study design to this thesis, by treating the NSR as a case of regional challenges within Arctic governance.

There exists a number of different ways to define what constitutes a case study. I have chosen to follow the characterisation provided by Yin (2009: 16), saying that a case

[5] Runge Olesen & Rahbek-Clemmensen (2014) have identified international shipping, the division of new natural resources, unresolved territorial claims and military strengthening and posturing as the Arctic's regional challenges.

study, involving either one single or multiple cases, explores a phenomenon within its real-time context. This aspect is especially relevant for the case in this study, the NSR, which is a trade route of contemporary interest and considerable on-going developments. Furthermore, Yin claims that a case study is particularly fruitful "when the boundaries between the phenomenon and context are not clearly defined". I argue that also this point is appropriate for my study, since I in ensuing chapters will show that there is in fact a complex set of intervening factors that influence the NSR's significance with regard to Arctic governance.

While Yin focuses on what constitutes a case study, Creswell's (2013: 97) definition instead offers a stronger emphasis on the work process:

> Case study research is a qualitative approach in which the investigator explores [a case] […] through detailed, in-depth data collection involving multiple sources of information (e.g. observations, interviews, audiovisual material, documents and reports), and reports a case description and case themes.

I argue that the definitions of Yin and Creswell are complementing each other, as all their aforementioned features are fitting for the case and research design in this study. The latter's description of the use of multiple sources of information is particularly describing for this thesis and the work process leading up to it, as I have approached the research question through *triangulating methods*. This strategy implies that I have collected data from different and multiple sources in an effort to approach the case and the research question from different angles (Yin 2009: 120). I will return to this aspect in the next subchapter.

Before turning to the data collection, it is worth noting that qualitative research has been subject to criticism for providing scientific studies that are inadequate to accumulate generalisable results. However, i.a. Flyvbjerg (2009: 92) asserts that generalisation is only one of many ways of accumulating science, and that generalisable science not necessarily is more valuable than case-based science. This is good news for this thesis, as it is the NSR as a case, and its implications on Arctic governance, that is of particular interest. For example, the purpose of applying theories of International Relations to this thesis is not to test or generate new theory, but rather to shed light on the NSR as a case, and then let the findings of that process

further our understanding of the bigger political picture of the Arctic. The objective of my theory application is, in other words, to develop a more coherent and theoretically informed understanding of the NSR and Arctic governance – without claiming that these findings should be generalisable to similarly strategic trade routes in other regions of the world. Thus, I do not claim that this research enables me to draw conclusions and generalisations to other cases than the NSR and Arctic governance. As such, by choosing a single-case study, I have traded external validity for internal validity, meaning that I have prioritised the detailed explanatory richness of the case study at the expense of the explanatory power across cases (George & Bennett 2005: 31-33; Gerring 2007: 43). I nevertheless argue that this choice do not downplay the value of the thesis' objective, which is to develop a greater understanding of the NSR and its implications on Arctic governance.

4.2 Data collection

One of the major advantages of case studies is that the researcher has the possibility of triangulating methods, i.e. using multiple sources of evidence, enabling what Yin (2009: 120) calls *converging lines of inquiry*. This implies that several sources of evidence point in the same direction, which ultimately strengthens the reliability of the study.[6] In line with this advantage, I have conducted several semi-structured interviews, undertaken a content analysis of relevant documents, as well as performed an extensive literature review. Moreover, I have found it necessary to constantly further my knowledge of the NSR and the political situation of the Arctic, as these are contemporary aspects that are in continuous development. I achieved this by a daily collecting of up-to-date information from various media sources.

The research question has been enlightened by the use of *primary* and *secondary* data. The former type are data collected for the purpose of a particular study, while the latter are data already collected for other purposes. This thesis' primary data consist of five qualitative expert interviews, conducted between February and April 2015. The secondary data consist of a number of printed sources, including i.a. academic books and articles, governments' and corporations' strategy documents, and

[6] Reliability and other strengths and weaknesses of the thesis' research design will be discussed at length in a later stage of this chapter.

publications from NGOs. In addition, I have collected a significant amount of background information from company websites, press releases and news articles published in media due to the need of staying updated on the contemporary developments of the NSR and Arctic governance.

According to Yin (2009: 49), it is important to conduct the collection of primary and secondary data in a clear and explicitly accounted for fashion, so that others in principle could repeat the procedures and still arrive at the same results. This strengthens the reliability of the study, and with this in mind, I will now turn to a presentation of the different data collection processes.

4.2.1 Semi-structured expert interviews

The purpose of conducting interviews for this thesis was to retrieve first-hand and up-to-date information from experts and stakeholders with special knowledge of the NSR. In order to gather this kind of information I conducted five in-depth interviews with selected key informants regarded as experts. This type of technique is called *expert interview*, and implies the selection of informants based on their perceived expertise. In this study, I sought to interview people with strong knowledge and relation to shipping in Arctic waters, the NSR and international politics in the Arctic. The expert interviewees were, in other words, not selected randomly, but rather as a result of their qualifications as informants with regard to the thesis' topic. Phillips (1981: 396) asserts that such qualities may be "particular status, specialised knowledge, or even accessibility to the researcher".

When conducting expert interviews, the first step is to decide whom and how many to talk to. These tasks are dependent on the objectives of the research project. According to Saunders et al. (2012), the recommended number of informants in qualitative interviews ranges from five to 22 interviewees. When the researcher has a sufficient overview of the topic and has reached *theoretical saturation*, i.e. when interviewees repeat one another instead of contributing with new information, it is reasonable to assume that the sample size is sufficient. After conducting my five expert interviews, the same topics and accounts emerged across different interviewees. I thus deemed that I had collected a sufficient basis of primary data to answer the research question.

I conducted my expert interviews in a semi-structured manner. A semi-structured interview is characterised by the researcher having a predetermined list of themes and key questions to be answered, compiled in an *interview guide*. The order of the questions may be varied depending on the conversation, and more questions can be added underway as they emerge (Saunders et al. 2012). The predetermined and thus recurring questions allow for different answers from the various respondents, enabling valuable comparisons and the enlightenment of a topic from multiple angles.[7] Questions in semi-structured interviews are mostly open-ended, allowing the interviewee to speak freely. As such, the chance of asking leading questions is minimised, and the informants are given more room to elaborate on their interpretation of the topics and questions. This technique is viewed as the best for exploratory and in-depth work, and increase the *response validity*, i.e. the data from each interviewee is more likely to be representative of the respondent's actual meanings about the inquired topic (Aberbach & Rockman 2002: 674).

Being well-prepared is imperative when conducting qualitative interviews. The reason for this is that the knowledge the researcher gathers on the topic in advance of the interview will define the type of questions being asked in the interview, ultimately determining the quality of the answers and data collected (Leech 2002: 665). Another aspect that can affect the respondents' answers is the level of trust the researcher manages to obtain with the interviewee. This trust can be achieved by conducting interviews in person. Furthermore, Leech (2002: 665, 666) points out that it is important for the researcher to demonstrate attentiveness, to listen and to be interested in the topic and the answers the respondent is sharing. This will make the participant more comfortable and at ease, thereby assuring that information is not held back due to anxiousness.

My respondents have been chosen through a mix of *strategic selection* and *snowballing*. In the initial process, I utilised the former selection method, in which I approached potential interviewees based on my perception of them having high competence and knowledge on the topic of this study. At a later stage, I profited on

[7] The interview guides were customised to each respondent. The reason for this was that the participants were experts on different subjects, e.g. military and shipping. However, their common attribute was their connection to the NSR, in one way or another. Thus, the interview guides followed the same model and categories, albeit with a few differing, tailored questions.

selecting interviewees by snowballing, i.e. choosing respondents that are suggested included in the selection by other interviewees (Grønmo 2004: 102). My first interview was deliberately conducted at a research institute I knew had an extensive network of contacts and experts, with the purpose of not only collecting data, but also getting strategic recommendations of whom to interview in the continuation of the fieldwork. Through similar recommendations from several interviewees along the way, I ended up with conducting five expert interviews with qualified respondents.

I argue that there are a very limited number of experts that possess relevant information about the NSR. Therefore, I perceived semi-structured expert interviews to be the most advantageous data collection technique. The reason for this is grounded in Becker & Meyers' (1974: 605) characterisation of interviews being "[…] most applicable when specific information is held by a limited number of people, treated as hard-to-get, and must be obtained". This is one of the advantages of semi-structured interviews, as well as their ability to give the respondents the chance and flexibility to shape their answers, and produce detailed insight, depth and an insider's perspective (Aberbach & Rockman 2002: 673; Leech 2002: 665).

On the drawback side of qualitative interviews, it is important to be aware of the chance of bias in the interviewees' answers, inaccuracies due to poor recall, and inadequate formulations. Furthermore, the researcher must be aware that he and the respondent, warily or not, will be under the personal influence of each other. Moreover, the researcher cannot control whether the respondent decides to withhold information, and there is also a threat of asking leading questions that will affect the answers (Yin 2009: 106, 113). In addition, Aberbach & Rockman (2002: 673) warn about the risk of experiencing problems to get access to expert respondents. When the access is made and the interview has started, one last issue is the potential asymmetric balance of power between the interviewer and the participant, particularly evident in expert interviews.

In summary, there are a number of challenges connected to qualitative, semi-structured interviews. However, I made substantial efforts to address these challenges. By thorough studies of the interview topics and the backgrounds of the respondents up-front, I sought to counterbalance the power asymmetry. Furthermore, I emphasised

the importance of constructing a well-organised interview guide with open-ended and non-leading questions, and to remain objective and factual in the interview setting. Lastly, I was fortunate not to encounter any difficulties in gaining access to respondents – on the contrary, the approached respondents showed interest in my thesis and research question, and were eager to contribute to it.

4.2.2 Conducting the interviews

Five participants were approached by e-mail containing information about the study, their possible contribution, and the application of data. They were also guaranteed anonymity, if wanted. When an interview agreement was reached, all participants were asked to sign a declaration of consent, containing information about the study, the methods of collecting data, the utilisation of these, as well as information about the opportunity to withdraw from the study at the participant' wish.[8]

Consequently, five interviews were conducted face-to-face in the offices of the interviewees located in Oslo, between February and April 2015. It was a natural choice for me to start my collection of primary data by interviewing one of Norway's foremost experts on the NSR, Arild Moe. As a senior research fellow at the Fridtjof Nansen Institute, he has been involved in a number of scientific research projects relating to the NSR and has great knowledge of Norwegian-Russian relations, thus accounting for a substantial contribution to this thesis.

Secondly, by interviewing Ulf Hagen, managing director at the shipping company Tschudi Arctic Transit, I gained an extensive insight into the shipping business' relation to the NSR and Russian authorities, as well as the logistical challenges connected to shipping in Arctic waters. The Tschudi Shipping Company was selected on the basis that they have been pioneers in the internationalisation of the NSR.

In order to shed light on the international political situation in the Arctic, I conducted an interview with advisor in the Section for the High North, polar affairs and marine resources in the Norwegian Ministry of Foreign Affairs, Tommy Flakk. He enlightened me on the Norwegian-Russian bilateral relationship, but could not offer

[8] See appendix A for declaration of consent (in Norwegian).

me adequate information regarding defence and military. However, he introduced me to his colleagues Rolf Arne Billington and Geir Winnæss, assistant director general and commander senior grade, respectively, in the Norwegian Ministry of Defence. They provided me with valuable data on geopolitical considerations in the Arctic, in particular on the unique contemporary military situation.

Lastly, I interviewed Kevin Luneborg Thomassen, advisor and project manager in the Norwegian Shipowners' Association, in order to gain an overarching view of the shipping business' operations in Arctic waters and along the NSR.

All interviews lasted about one hour, were tape-recorded and subsequently transcribed, making sure that all accounts were documented as they were originally stated.[9] In the beginning of the interviews, the respondents were asked warm-up questions about e.g. their background and work place, in order to get a gentle start and to establish a mutual trust. In the continuation, the conversation followed the flexible interview guide, enabling me to omit some questions and adding others when answers were deemed insufficient, varying from interview to interview.[10] When closing the interviews, respondents were lastly asked if they had anything more to add.

4.2.3 Written sources

An essential part of a research project's methodological considerations is to contrast and compare the answers from one source with data from other sources, in order to control the reliability of the data. This task is of particular importance when conducting semi-structured interviews, as statements from one respondent are not necessarily representative for a bigger population. For example may personal opinions affect the answers the researcher is presented, according to Yin (2009: 113). Therefore, and due to the need to achieve sufficient data to answer the research question, I have made an effort in comparing my primary data from the interviews with other type of documentation. These sources include governmental documents and a number of academic publications. Furthermore, as the NSR and the politics of

[9] Interviews were tape-recorded in order for me as a researcher not to be distracted by taking notes, and to minimise information loss. Moreover, this led to a more conversational style of the interview, in order to make the respondents more comfortable and open-minded in their answers. No respondents refused to be tape-recorded, and all quickly lost any reservations the recorder might have produced.
[10] See appendix 9.2 – 9.6 for interview guides (in Norwegian).

the Arctic are contemporary and dynamic issues, I have been reliant on media publications to keep my knowledge of the topics updated.[11]

A number of the written sources that constitute the data material in this thesis are collected from Internet sources, be they online newspapers, company websites, academic articles, press releases and the like. This was deemed necessary in order to obtain data as updated as possible. However, it should be noted that sources collected online have inherent, potential reliability problems. To minimise this challenge, I have applied a critical lens to my online sources and included data stemming only from what I have judged as recognised and reliable websites, such as *Strategic Analysis*, *New York Times* and *Reuters*.

The main advantages of written sources are, contrary to e.g. interviews, that they can be repeatedly examined, their coverage is very broad, and they most often offers exact information and references. On the other hand, Yin (2009: 107) argues that written sources not always are easy-accessed, and can suffer from bias. Furthermore, the researcher's selection of written sources may be biased itself, due to only a partial selection or a subconscious bias from the author. However, I did not encounter any problems getting access to the necessary documentation. The only challenge was to acquire official statistics for the NSR transits for 2014, but I nevertheless eventually managed to obtain these through sources with contacts to Russian authorities. Furthermore, I have sought to minimise the challenges of biased written sources by resorting to data triangulation, i.e. approaching the research question from different angles by using different methods, and have as such been able to acquire a rich and vast amount of valuable and credible information. However, one can never be guaranteed that the information extracted from written sources "contain the unmitigated truth" (Yin 2009: 108).

[11] For the same purpose, I have also been in irregular contact with researchers connected to these issues. It is, however, document analysis that has been the most central data collection method in addition to semi-structured interviews. Thus, I will not elaborate further on the value of consulting experts in the research process.

4.3 Assuring data quality

Assuring quality of social science research is an essential task, and is commonly conducted through two types of tests: *validity* and *reliability* (Thagaard 2009: 178). Regarding the former, Yin (2009: 45) divides this test into three subcategories: *construct*, *external* and *internal* validity. However, I will not test my thesis for internal validity, as this is mainly a concern for explanatory case studies, in which one seeks to explain causal relationships from correlations. This technique is not applicable to my exploratory study. I thus will focus on construct and external validity, starting with an assessment of the former.

Construct validity concerns whether one is actually measuring what one wishes to measure. The researcher must define for instance *the NSR* or *governance* in order to give the reader an understanding of exactly what is being investigated. I argue that my second chapter, entirely devoted to different definitions of key concepts, serves to ensure the construct validity of this thesis. Furthermore, the fact that I have used multiple sources of evidence (i.e. interviews and various written sources) and related my concepts such as the NSR to earlier research literature also increase the construct validity, since Yin (2009: 47) points out that these two strategies are fitting for this purpose.

External validity accounts for the scope of the findings of one's study and whether these can be generalised to other cases. Since I treat the NSR as a case of Arctic governance, it could be argued that external validity in this thesis is concerned with whether my findings also may be valid for other cases of Arctic governance. For example, can the implications of increased petroleum exploitation of Arctic waters be predicted based on the findings of this study? I believe that some of my results are applicable for other challenges in the Arctic region, as they are not all exclusively shipping related – some of the findings should be relevant also for other regional challenges in the Arctic. However, I underscore the general importance for scientists of showing humility and restraint before jumping to conclusions regarding their research projects' generalisability. Earlier I have anyway asserted that the aim of this thesis is not to produce generalisable science, but instead contribute with knowledge on the implications the NSR may have on Arctic governance. Thus, I argue that a high

external validity itself is not the goal of this thesis, but that some of its findings nevertheless may be valid for other cases of Arctic governance.

Regarding reliability, the objective of this test is to ensure that if a later scientist was to follow the same processes as the ones I have conducted in this research project, he should arrive at the same findings and conclusions (Yin 2009: 49). In order to enable a hypothetical repetition of my research methods, it has been important for me to document the procedures I have conducted. I have thus been careful to continuously provide references to my sources throughout the study, including both the primary and secondary data, and inform the reader where and how they were extracted. I argue that this transparency strengthens the reliability of my research. Nevertheless, I cannot guarantee that I as a researcher have acted completely free of bias, although I have taken the best care to avoid introducing subjective judgements and interpretations into the research project. That being said, I argue that by triangulating methods and using multiple sources that allows for different perspectives and information, I have taken concrete and probably effective steps to strengthen the reliability of this thesis.

4.4 Ethical considerations

All social science research projects gathering personal data, e.g. interviewees' personal accounts and interpretations, must be reported to the Norwegian Social Science Data Service. In line with this regulation, this research project was registered and approved in NSDS in early February, and thus meets their demands for ethical research practices.

Furthermore, I argue that the respondents' integrity have been thoroughly safeguarded throughout the research process. The participants were at the first point of contact presented with information about the aim of the study and their rights as informants, including the option to terminate their participation at any time. Moreover, the interviewees' information has been treated confidentially.

None of the interviewees expressed interest in my offer of anonymisation, but the representatives from the Norwegian ministries and the Norwegian Shipowners' Association preferred to be cited in the name of their employer, instead of as private

persons. However, they did not object being presented by name and position in this chapter. Lastly, all respondents received at a late stage in the writing process of the thesis a copy of all their statements applied in this volume. This way, they were given the chance of nuance their comments, strengthen their arguments or give more detailed descriptions.

4.5 Concluding remarks

This chapter has addressed this study's methodological design and has reflected upon challenges faced in conducting single-case studies and qualitative, semi-structured expert interviews. Furthermore, I have reasoned why I have applied this research design and attempted to provide transparency of the process of collecting primary and secondary data. I have also assured the quality of my research design by discussing the validity, reliability and ethical issues of the thesis.

With a chapter devoted to definitions, a thoroughly presented theoretical framework and an unambiguous research design in place, I now turn to chapter 5, devoted to an extensive conceptualisation of the NSR, as the phenomenon is an unknown topic for the larger audience. I argue that a thorough understanding of the NSR's history, contemporary status and development is crucial in order to encounter the research question.

5. Examining the Northern Sea Route

Recalling the research question of this thesis, I seek to answer how the development of the NSR affects governance in the Arctic. Conceptualising the NSR, then, is an essential task before I can elaborate on its implications with regard to the political picture. This chapter is thus dedicated to an in-depth presentation of the NSR, encompassing its history, an assessment of its current use, and an evaluation of the advantages and constraints of the NSR over the traditional Suez-Malacca route.

Starting out, I will place the NSR in a historical context by describing its development from early days until its contemporary status. Before this, however, I must address an aspect that is essential when examining the NSR, namely that shipping along the route takes place in different ways that ultimately may affect our understanding of the NSR.

5.1 Destination and transit shipping on the NSR

When analysing the development of shipping on the NSR, the terms destination and international transit shipping are often repeated. Furthermore, they are frequently used interchangeably in the popular press. These must therefore be addressed before I continue presenting the NSR. Although the NSR is a shipping lane between Europe and the Pacific and that this fact is the most geopolitically interesting, transportation on the route is naturally not happening exclusively between European and Asian ports. *International transit* is defined in this thesis as voyages along the NSR with port of departure or destination (or both) outside of Russia. A vessel with iron ore from Narvik or Murmansk to Shanghai is thus an example of international transit. Conversely, *destination shipping* concerns the traffic with both departure and destination within Russia, e.g. a shipment between Pevek in the Russian Far East and Kandalaksha on the Kola Peninsula.

As will be evident when I now turn to a historical presentation of the passage's development, these terms are central in our understanding of the NSR. When I will present statistics on the current NSR traffic later in this chapter, their different connotations will remain just as important. It is therefore critical to bear these definitions in mind in the continuation.

5.2 The historical development of shipping via the NSR

The NSR has played an interesting and strategic role over the centuries, yet to a varying extent. I have therefore separated this part into chronological subchapters in order for the reader to get a better overview of the historical events that have shaped the sea route.

5.2.1 Arctic exploration

In the 16th century, European colonial powers expanded their empires and trade patterns into East Asia. The regular, southbound east-west route was, however, monopolised by the Portuguese, so expeditions searching an alternative and shorter sea route to the markets in India and China were organised, mainly by Great Britain and the Netherlands (Østreng et al. 2010: 1). During the next centuries, commercial activities took place in several sections of the NSR. The Dutch explorer Willem Barents was particularly influential, conducting several expeditions into the Arctic, and his contribution can be traced back to the naming of the Barents Sea and Barentsburg at Spitsbergen. However, neither him nor his fellow navigators of the 17th and 18th century managed to penetrate Arctic waters further eastwards than the western coasts of Novaya Zemlya (recall Figure 2). However, while European explorers merely touched the entrance of the NSR, indigenous Russians hunted and whaled in the coastal waters of the Kara, Laptev, East Siberian and Chukchi Seas, all well beyond the Novaya Zemlya archipelago (Pedersen 2013: 5). At the same time, several Russian expeditions were sent out to the Arctic Ocean via the great Siberian rivers known as Ob, Yenisei and Lena. Contrary to western empires' reasons for Arctic exploring, the Russian expeditions were motivated by a desire to extend Russia's sovereignty further to the east and north, and to expand the profitable fur trade with indigenous people of the Arctic (Lykke Ragner, in Hallberg 2008: 115).

5.2.2 Commercialising the NSR

Collectively, most coastal parts of the NSR were over the centuries thus mapped due to the commercial activity in its various sections. But it was not until the Finnish-Swedish explorer Adolf Erik Nordenskiöld onboard the steamer *SS Vega* passed through the Bering Strait in the Russian Far East on 20th July 1879 that the first ever voyage between Europe and the Pacific Ocean was conducted in one expedition. His

journey was, according to Lykke Ragner (in Hallberg 2008: 116), considered a great historic achievement. Nordenskiöld himself, however, doubted that this European-Pacific passage would be of importance to present world trade patterns, as he deemed the eastern sailing conditions to be too difficult for commercial use. Instead, he had higher hopes for the possibilities of establishing a stable traffic between Europe and the Ob and Yenisei estuaries in the Kara Sea, perhaps even to Lena by the Laptev Sea. These news reached Russian and English authorities, and led to the beginning of the so-called Kara expeditions. Via what was called the Kara Sea Route, which constitutes the westernmost part of today's NSR, natural resources, fur products and agricultural goods were shipped from inner Siberia on the rivers of Ob and Yenisei and out towards Western European markets. This initiative was, however, only a modest success. According to Østreng et al. (2010: 2), only 75 out of 122 convoys between 1877 and 1919 reached its final western port, transporting as little as 55 tons of cargo.

More successful were the sealers from Northern Norway that started coming to the Kara Sea around the same time. A pioneer among these was the Norwegian Jonas Lied that founded the Siberian Steamship Manufacturing & Trading Company, which is said to have created the first modern, northern commerce route between Western Europe and Central Asia. Between 1912 and 1918, a number of vessels under his command were sent to Inner Siberia with supplies to the many small settlements in the Russian Arctic. In return, the vessels were filled with local export products. At that time, the NSR was not a defined term, nor was its value as an international transit waterway from the Atlantic to the Pacific Ocean commercially interesting. The destinational Kara Sea Route was far more attractive for traders. However, this situation lasted no longer than until the Russian Revolution and its aftermath stopped all foreign commercial exploitation of Russian waters.

Hydrographical surveys were issued by what eventually became the Soviet Union immediately after the revolution. Primarily, these took place in the Kara Sea, with the goal of improving navigation here (Østreng et al. 2010: 18). The different sections of the NSR were then increasingly developed as an important internal waterway, with the shipping of life supporting supplies in and natural resources out (Pedersen 2013: 6), but the international transit aspect was still deemed uninteresting. This situation

lasted until 1932, when a Soviet expedition led by Otto Yulievich Schmidt managed to sail from Arkhangelsk all the way to the Bering Strait. Contrary to Nordenskiöld that had to spend the winter on board the *Vega* stuck in ice, Schmidt's expedition was accomplished in one summer, and this led to a gradual belief among Soviet authorities that the route could be commercially attractive. Consequently, the Soviet Union in 1935 officially named the route and set up a special administration with wide-ranging authority called the Directorate of the Northern Sea Route (Moe 2014: 785). Over the first five years, it had spent an equivalent of 1 billion US dollars on research activity and scientific expeditions in the Arctic, and had nearly 40.000 persons on its pay roll (Østreng et al. 2010: 18).

Coupled with the extensive research taking place, commercial exploitation slowly begun, albeit not for foreign stakeholders (Moe 2014: 785). Traffic in the initial years of the commercial operation was mostly destinational and in the western part of the waterway, but the number of these shipments rose considerably towards WWII due to the Soviet industrialisation of northwest Siberia and the increasing knowledge of the NSR waters due to the scientific efforts made.

5.2.3 World War II and the strategic role of the NSR

Already from its early days, the NSR played a military role. According to Lykke Ragner (in Hallberg 2008: 116), the Soviet Union regarded the NSR as a strategic advantage as early as 1932 and 1933, when they established their Northern and Pacific navy fleets. Schmidt's expedition had given the Soviets the proof that when needed, the two fleets could come to each other's assistance by utilising the NSR. Interestingly, this theory was proven right when a convoy of warships traversed the route from the Pacific to the Barents Sea in 1942 to aid the Russian arms and supplies lifeline, namely the Arctic convoys from Great Britain to Murmansk and Arkhangelsk (Moe 2014: 785). 1942 was also the year when German submarines sank the highest number of ships in these convoys, thus leading the Allies to experiment with merchant convoys transiting the NSR. This strategy proved successful, and during the summer months, a total number of 120 ships with American fuel, armaments and other supplies sailed from the Pacific to western parts of the NSR avoiding German attacks (Lykke Ragner, in Hallberg 2008: 116). Summarised, the NSR events

connected to WWII proved that the transit aspect was feasible and that the route had a strategic value.

5.2.4 The NSR during the Cold War

Commercially, these opportunities were, with only a few exceptions, not further explored after WWII. Militarily, however, the notion of east-west transit became intriguing to Soviet admirals. As early as in the 1950s, officials claimed:

> […] the Soviet Navy in an emergency situation should, by way of the NSR, be able, undisturbed and in a short time, to transfer warships from one seaborder of [the] great Soviet Union to the other.
>
> (Brubaker & Østreng 1999: 304, 305)

That being said, hydrographical surveys of the NSR undergone in the 1960s tell us that this principle would not apply to the important strategic nuclear missile submarines (SSBNs). For this, the waters in the eastern part of the NSR are too shallow for the submarines to operate in. Regarding naval surface ships, no Soviet destroyer, cruiser or the like have to this day been constructed with ice-strengthened hulls due to speed requirements (Hagen 2015). This means that the mentioned transit would be achievable only for a period of 15 to 20 days per year without icebreaker assistance. Nevertheless, analyses tell us that during the Cold War, averagely 10 warships traversed the NSR annually either eastwards or westwards to strengthen the Northern and Pacific fleets. However, every third ship in these convoys had to undergo repairs due to ice-related damages, so the effectiveness of these operations can be questioned (Brubaker & Østreng 1999: 305). They nonetheless show how NSR transits from early Cold War days stood central from a military-strategic point of view.

The militarisation of the Arctic was intensified after 1962. Brubaker & Østreng (1999: 302) assert that after the Cuban missile crisis this year, Soviet authorities launched a grand plan to strengthen the navy, with the ambitious goal to enable its fleet to match forces with the US Navy wherever and whenever necessary. This national build-up was especially aimed at strengthening the Northern Fleet's ability to control Arctic territories and deter US forces, and it resulted in an unprecedented number of 203 submarines and 220 surface vessels by 1985. Ever since its foundation, the Northern

Fleet has been located at various ports of the Kola Peninsula, including its administrative base in Severomorsk. It has thus always been closely connected to the NSR. The Soviet Union's main weapon and means of deterrence, the SSBNs, still regularly frequents NSR waters. Albeit lower today after internationalisation of the NSR, the military strategic importance of the area should thus not be underestimated. This also explains why the NSR was kept firmly closed to foreign commercial vessels during this period, completely ruling out the possibility of multinational commercial shipping.

Parallel to the military-strategic developments in the Arctic did commercial shipping start to play a key role in the northern parts of the Soviet Union. During the 1950s, the country continued their pre-WWII exploitation of natural resources such as timber and ore and the development of industrial sites in the Arctic at a remarkable speed. This could not be achieved without the shipping of building materials and supplies into isolated areas and valuable resources and products in return, as there was no infrastructure in these regions. The fleet of nuclear icebreaking vessels eventually played a key role in this northern industrialisation. In 1959, the world's first nuclear powered surface ship, the icebreaker *Lenin*, was launched. This event marked a landmark year in the history of the NSR, as the Soviet range of operations in isolated areas was considerably expanded (Østreng et al. 2010: 2). Its successful expeditions, coupled with the substantial Soviet funds already being invested in nuclear research, resulted in the construction of several nuclear icebreakers over the years. In addition, the governmental company Atomflot was established to control what became the world's largest commercial nuclear fleet, at the height in the 1980s counting 38 ships. These vessels were imperative in supporting the increased amount of destination shipping to and from the many indigenous, military and scientific settlements in the Arctic, not least during the harsh winter months. In addition, a fleet of almost 700 vessels with ice-strengthened hulls were over the years constructed to operate along the NSR (Østreng et al. 2010: 18).

By 1978, the traffic was so developed and successful that the first permanent year-round liner route was established (Moe 2014: 785). This route between Dudinka on the Yenisei River and Murmansk, was set up in order to ship out the vast deposits of iron ore and metals found in the rich mining area of Norilsk, not far inland from

Dudinka. It still bears the name it was given at the beginning of the century's, the Kara Sea Route, and it continues to this day to be the most important destination traffic generator on the western part of the NSR. Furthermore, for many years, the Russian icebreaker fleet's main activity and income base was to keep the Kara Sea Route ice free and escorting vessels along it during the winter months.[12]

The heyday of Soviet maritime traffic in the Arctic was in 1987, when traffic on the NSR peaked with a total freight volume of 6.85 million tons. However, the dissolution of the Soviet Union in 1991 led to a dramatic fall in these numbers. The abolition of the centrally planned economy rapidly reduced economic activity in the north, which consequently took away the livelihood of commercial navigation via the NSR (Moe & Jensen 2010: 7). The massive economic recession that manifested itself in the new Russian Federation made it impossible to continue the high level of state subsidies required to maintain most activities in the Arctic. As a consequence, NSR cargo volumes diminished and the route's infrastructure with ports and navigational systems deteriorated (Lykke Ragner, in Hallberg 2008: 116; Moe & Jensen 2010: 7). At the same time, the end of the Cold War led to a downplaying of the Arctic's strategic value. Combined with lacking funds, the Northern Fleet gradually disintegrated due to scarcity of parts, lack of fuel, and poor equipment maintenance. Compared to the 1985 numbers, the Northern Fleet commanded 119 submarines and 98 surface vessels ten years later, reflecting the change in geopolitical realities of the Arctic after the Cold War (Brubaker & Østreng 1999: 303).

5.2.5 The NSR after Soviet times

As the Soviet Union in its last years gradually opened up, in line with the President Gorbachev's processes of *perestroika* and *glasnost*, sought to end the realist behaviour by both sides during the Cold War. His "Arctic Zone of Peace" speech (see Chapter 3.7) held in 1987 is, as aforementioned, regarded as an initiating event for the gradual introduction of more liberalist and cooperative principles in the Arctic. Not only was the speech founded on a general rhetoric on peace in the region; Pedersen (2013: 27) summarises that Gorbachev presented six distinct proposals:

[12] This type of assignments for Atomflot seized in 2008, when the company Norilsk Nickel established their own fleet of six ice class vessels able to operate independently in ice up to 1.5 meter thick (Norilsk Nickel Group).

> The first two were about establishing a nuclear weapon free zone in Northern Europe and reducing military activities. The other discussed confidence-building measures in northern seas, civilian cooperation in developing natural resources, coordination of scientific research, cooperation in environmental protection, and an opening of the Northern Sea Route for foreign vessels.

After the dissolution of Soviet Union, the last proposal of the speech was manifested by the formal opening of the NSR to foreign vessels on 1st of January 1991, for international transit as well as destination shipping. Together with the opening came high Russian hopes of making the sea route and particularly the aspect of international transit commercially attractive to foreign shipping companies and other stakeholders. The Russian motivation behind this was that an international commercialisation of the NSR would provide the state with much-wanted financial resources, as foreign vessels would have to pay fees to use the Russian icebreaker fleet for piloting. Despite a certain degree of international interest in the route's potential as a trade link, these optimistic outlooks of a boom failed, and the NSR never received the intended significance as an international shipping route between Europe and Asia (Østreng et al. 2010: 18). The shipping business associated the transit opportunities with too high operational, political and commercial risks. Only the destination shipping remained (Lykke Ragner, in Hallberg 2008: 116). That being said, Pedersen (2013: 41) nonetheless asserts that some cargo vessels made the transit during the initial years, but that these were Russian:

> […] [F]rom 1989 and onwards some Russian ship owners, if paid in dollar, managed to make substantial profits on transit traffic because of the grossly undervalued rouble, even with low freight tariffs.

By 1991, these international shipments grew to a total of 15, and peaked by tonnage two years later with the transport of 208.000 tons spread out over 30 shipments (Pedersen 2013: 14; Østreng et al. 2010: 18). But the goal of attracting non-Russian shipping companies was unsuccessful.

Despite this modest upturn in traffic numbers, the freight terms gradually worsened, eventually putting a complete stop to international transit shipments on the NSR from 1997. This downturn culminated in the dissolving of the Directorate of the Northern Sea Route in 1999 (Moe 2014: 785). Moreover, the intra-Russian destination traffic

decreased drastically. Around the millennium only a small, yet stable transport of approximately 1.5 to 2 million tonnes remained. These shipments proceeded the centuries long serving of the northern indigenous settlements and industrial sites at the estuaries of the great rivers of Siberia, returning with raw materials.

5.3 The modern NSR and its traffic numbers

Ever since the opening for foreign vessels to the NSR in 1991, Russia has encouraged international use of the route. These efforts were for a long time resultless, as only one single transit of all vessels sailing the route between 1991 and 2009 was non-Russian. It should be noted, however, that a certain number of other international ships traversed the NSR. However, these were leisure, research and military vessels. Concerning commercial international transits, statistics show only one incident during these years (Lykke Ragner, in Hallberg 2008: 117).

5.3.1 Traffic increase from 2009

From 2009, however, the NSR has seen a considerable increase in, most notably, international transit shipments, as well as destination shipping. This boost has been enabled by two reasons. Firstly, the effects of climate change on the sea ice extent have played an indispensible role. It is the fundamental reason why the Arctic's geostrategic position has been altered. Without the retreating ice coverage in the Arctic Ocean, the extraction of previously unreachable natural resources and a more accessible NSR less prone to ice challenges would not be possible.[13] The second reason for the boost was the 2009 restructuring of the tariff system Russian authorities imposed on shipping companies wishing to transit the sea route with the compulsory icebreaker pilotage. Atomflot was permitted by the authorities to modify these fees, which were last fixed in 2005, and could now offer discounts to attract customers. These amendments gave immediate results in terms of international shipments:

[13] Recall this thesis' chapter 3.6, in which I asserted that a country or region's geopolitical significance is dynamic and thus change rapidly in connection with e.g. the discovery of rich deposits of natural resources and new trade routes.

> […] [I]n late August 2009 the German company Beluga Shipping sent two cargo ships from South Korea via the Bering Strait westwards on the NSR to Ob Bay […]. A second, full transit journey – the first with a foreign carrier taking cargo between non-Russian ports – was organised by the Norwegian logistics company Tschudi in September 2010.
>
> (Moe 2014: 787)

Summarised, bluer Arctic waters and more profitable business conditions compared to the conventional Suez-Malacca route finally led to international attraction. As Figure 4 shows, the four transits in 2010 increased to 46 in 2012 and to 71 the next year, before the number declined to 53 in 2014.

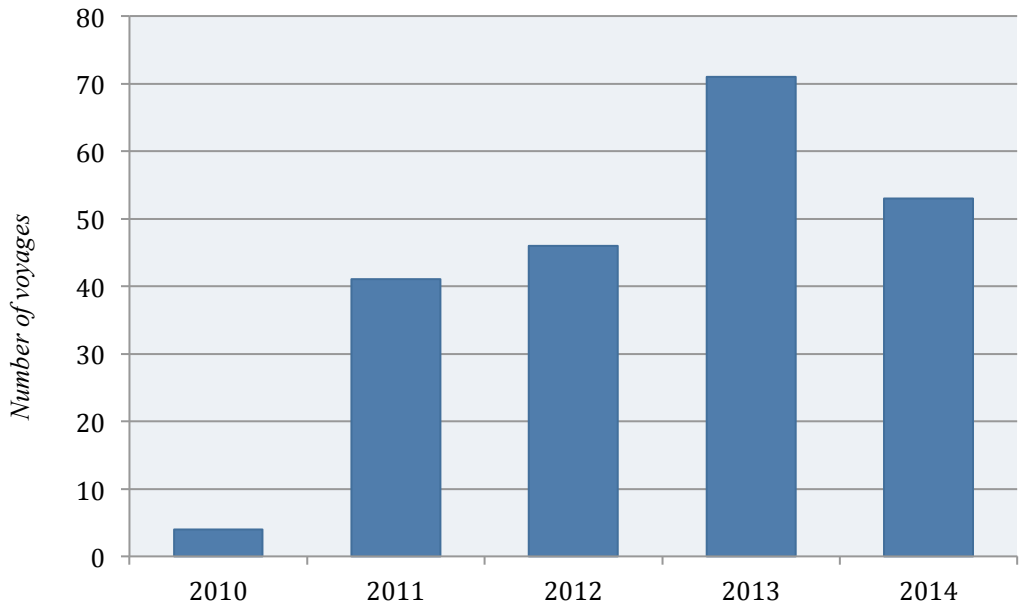

Figure 4: Total number of NSR shipments by year.
Source: Moe (2014: 787); Northern Sea Route Information Office (2011, 2012, 2013, 2014).

An essential disclaimer must be added to the numbers depicted in Figure 4. The data are sampled from the Northern Sea Route Administration, re-established by a law of 15th March 2013 and bearing the same name as the previous one, but with a much smaller and effective organisation. Their statistics are built exclusively on voyages sailing from the Kara Gates and eastwards along the coast of East Siberia, or vice versa (recall Figure 2). As such, the numbers presented in Figure 4 are in line with how Russian authorities officially define the NSR, as presented in chapter 2.2. It entails that these shipments' origin and/or destination may well be Russian ports – as long as the shipment traverses the mentioned waters, it is included in the statistics.

Hence, Figure 4 does not differ between destination and international transit shipping, and this is an important detail.

Furthermore, since this thesis follows my functional definition of the NSR as the sea route between Kirkenes in the west and Provideniya in the east, Figure 4 therefore does not take into account the traffic to and from Russian or international ports west of the Kara Gates, which constitutes the busiest waters in terms of commercial activity. I have nevertheless included the table since I argue that it is a good indicator of the considerable traffic increase that has taken place in the same waters that saw only one commercial voyage between 1991 and 2009. Concerning the traffic west of the Kara Gates, no data on this traffic exists, unfortunately.

5.3.2 International transit shipments via the NSR

Thus far, I have demonstrated that traffic in Arctic waters is increasing, and that this applies to both destination and transit shipments. These developments are not only concerning the western parts of the route, but also the stretch of the NSR between the Kara Gates and the Bering Strait that was neglected for years. But since Figure 4 does not differ between the destination shipping and the international transits involving only one or none Russian ports, its value for this thesis's research question is limited. I seek to find the implications of the development of the NSR with regard to governance in the Arctic, and this assignment has an international character. Therefore, the analysis has to encompass more than just intra-Russian shipping. Thus, I argue that a closer look on the internationality of the recent years' traffic on the NSR is in place. Figure 5 serves this purpose, and shows that for 2013, the busiest year in terms of total traffic, only 28 out of 71 ships called at minimum one non-Russian port.[14] This implies that for the total number of registered shipments presented in Figure 4, less than half are actually involving other stakeholders than Russian actors. Commenting on these data, Moe (2015) asserts:

[14] Data for the ports of origin and/or destination in 2014 and the voyages by cargo in 2014 are not yet published by the Northern Sea Route Information Office, and are therefore excluded from Figure 4 and 5, respectively. However, Moe (2015) and Hagen (2015) assert that just five of the 53 ships in 2014 called at non-Russian ports only, compared to ten in 2012 and 16 in 2013. These numbers mean that the majority of the shipments that are not destination voyages in fact involve one Russian and one non-Russian port.

> For the past few years, several of these [international transit shipments] should be viewed as experimental, where one has tried to see if it is feasible.

But even if the total numbers of non-Russian shipments are small and experimental, I argue that this internationality is a most interesting feature of the NSR with regard to the research question of this thesis. To underscore the truly international character the NSR possesses, which may alter traditional transportation patterns between east and west, a few examples from the 2013 shipment season is summarised in Table 1.

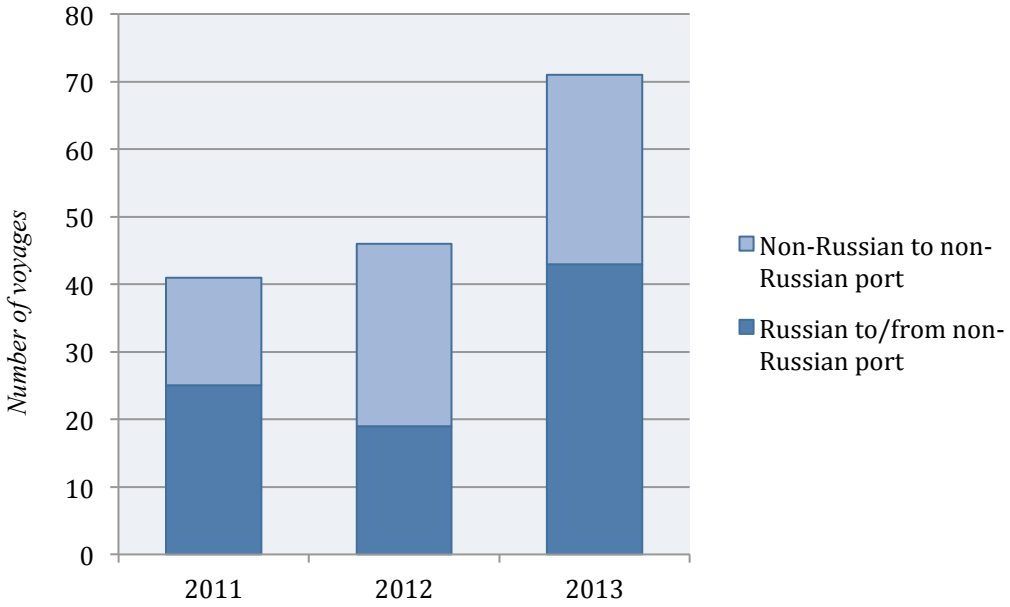

Figure 5: Number of NSR shipments by year and calls at Russian or non-Russian ports.
Note: Data are based on numbers from the Northern Sea Route Information Office.
Source: Moe (2014: 788).

Vessel	Port of departure	Port of destination	Type of cargo in tonnes
LNGC Arctic Aurora	Hammerfest, Norway	Futtsu, Japan	66 868 tonnes LNG
MV Nordic Bothnia	Xingang, China	Amsterdam, Netherlands	41 578 tonnes general cargo
MV Nordic Odyssey	Vancouver, Canada	Pori, Finland	73 500 tonnes coal
MT Mari Ugland	Mongstad, Norway	Mailiao, Taiwan	62 147 tonnes naphtha
MT Propontis	Mongstad, Norway	Mizushima, Japan	79 846 tonnes naphtha
MT Propontis	Ulsan, South Korea	Skagen, Denmark	109 090 tonnes fuel oil
MT Viktor Bakaev	Yeosu, South Korea	Rotterdam, Netherlands	88 024 tonnes jet fuel
MV Yong Sheng	Busan, South Korea	Rotterdam, Netherlands	16 651 tonnes general cargo

Table 1: Selected international transit shipments via the NSR in 2013.
Source: Northern Sea Route Information Office (2013).

Figure 6 illustrates the type of cargo that has been shipped between one or two non-Russian ports along the NSR in recent years.

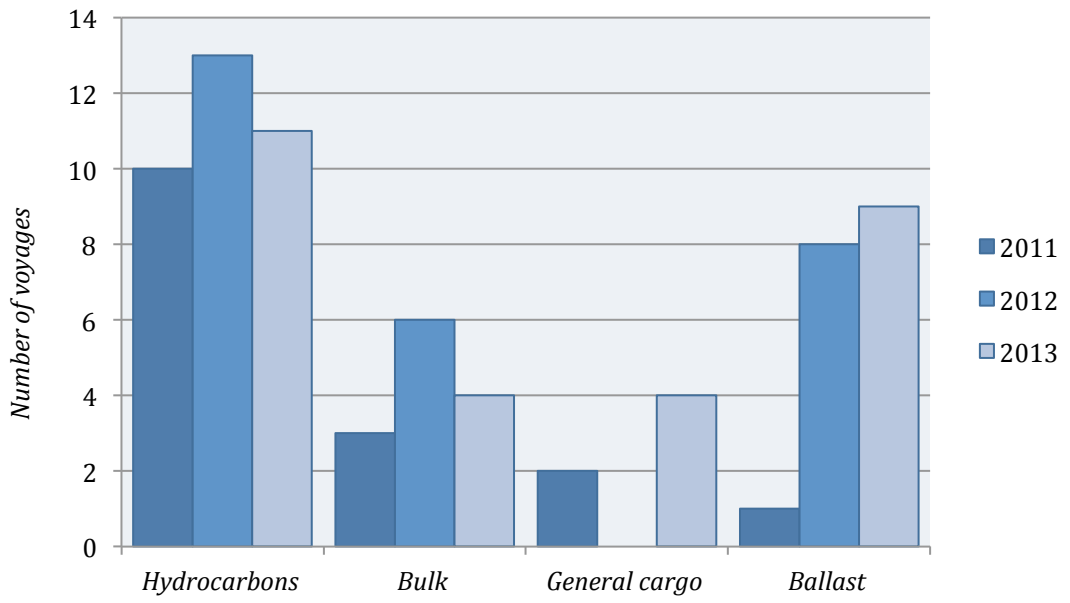

Figure 6: Number of international transit shipments via the NSR by type of cargo and year.
Source: Moe (2014: 788).

The shipping of hydrocarbons dominates the statistics presented here. However, the data only covers the waters eastwards from the Kara Gates, as previously noted. This means that the big developments in petroleum extraction in the Arctic the last years are not reflected in these statistics, as this activity so far has been confined to the Barents and Kara Seas, i.e. west of the Novaya Zemlya archipelago and the waters that must be sailed for a voyage to be registered by the NSR Administration.[15] The valuable and increasing tanker traffic with hydrocarbons from newly developed oil and gas terminals such as Varandey and Prirazlomnoye in the Kara Seas, exported directly to Western European markets, is therefore not included. Moreover, this would anyway be problematic to quantify, as no statistical data exists on this traffic. However, such traffic does indeed apply to this thesis' functional definition of the NSR, in which I have included the waters between the Kara Gates and westwards to Kirkenes in Northern Norway. Therefore, I note that these shipments are commercially interesting and substantially increasing in connection with the new oil and gas fields discovered in these waters. The Barents and Kara Seas can thus be expected to become much more busy, as they already have been compared to only few years back.

Despite that this good share of hydrocarbon voyages sail westwards and therefore is not registered in the datasets from the NSR Administration Office, there is still a significant number of vessels transiting the NSR with petroleum products, according to the data in Figure 6. One of the reasons is that there exist a few other oil and gas fields in Northern Russia east of the Kara Gates that are served by ship. But more decisive for the numbers in 2011 and 2012 are the shipments that originated in Asia and in non-Russian as well as Russian ports west of the Kara Gates that has traversed the NSR. Concerning the latter kind, the shipping of gas condensate produced by the company Novatek has been central. The gas is extracted in the inland of West Siberia, then transferred by rail to the port of Vitino by the White Sea and lastly shipped to international markets.[16] However, this specific traffic has come to a near complete stop after the company opened a new terminal at Ust-Luga by the Baltic Sea west of

[15] Except for seismic shipping, which is currently taking place to a large extent in the Laptev and Chukchi Seas. I have regarded this activity as research related, and it is thus not included in the statistics (cf. this thesis' definition of shipping in chapter 2).
[16] If shipped eastwards, the voyage is registered by the NSR Administration Office, and subsequently included in Figure 3. Westward shipments are not registered, as Vitino is located west of the Kara Gates.

Saint Petersburg in 2013. Therefore, Novatek's gas condensate has since then mostly been directed towards western markets. However, when Asian interest has been voiced, the business conditions been favourable and the route been free of ice, the NSR has been used and as such remained as a profitable alternative for Novatek (Port News 2013).

Despite the redirecting of Novatek's gas condensate traffic, the transport of hydrocarbons is expected to remain the dominant cargo type shipped along the NSR (Humpert 2014: 4). The reason is that the Arctic petroleum activity is under development, and that the transport of other types of hydrocarbon transport has increased. Other types of petroleum industries that have followed Novatek's initiative and found profitability in the NSR as a trade route include producers and suppliers of crude oil, jet fuel, naphtha and liquefied natural gas (LNG). An interesting characteristic of these is that most of them are purely international, involving ports in Finland, Norway, the Netherlands and Denmark in the west, and Japan, South Korea, Taiwan and China in Asia, whereas the bulk and general cargo categories often involve one Russian port. Another noteworthy finding on the important transport of hydrocarbons, also evident in Table 1, is commented by Moe (2014: 790):

> […] [I]t is interesting to note that oil products go both ways on the NSR, indicating that the route is useful for taking advantage of price differentials between Pacific and European markets.

From Figure 6, we can also read that a substantial number of the voyages are ballast and repositioning, meaning that the vessels traverse the route without cargo to deliver on their destination. Such movements are a natural part of the shipping industry and are made in waters all over the world by ship owners that relocate their vessels in the most profitable and effective ways. As such, the modern NSR has become a lucrative shortcut opportunity. However, it could be argued that for the shipping industry, it is worrisome that so many ships travel the NSR with empty cargo holds. It is a clear sign of the lack of return cargo, a negative aspect that decreases the commercial attractiveness of international transit shipments along the NSR.

Concerning the bulk category, it is dominated by the shipments of iron ore from the mines in Murmansk to Chinese markets, counting four voyages in 2013. With the

increased Chinese demand in raw materials like ore and coal, and the growth in extraction of mineral resources in Northern Siberia, the international bulk traffic is expected to increase or at least remain at current levels, with minor fluctuations like between 2011 and 2013. Summarised, it thus seems that it is the hydrocarbon industry that so far has been the most successful over bulk and the heterogeneous category general cargo in utilising the NSR as a trade route involving at least one non-Russian port.

Concerning container shipping, this is a different situation. At a first glance, the NSR could very well be a viable alternative for the substantial container traffic running from Asia to Europe. Closer analyses, however, have concluded that the NSR is too unpredictable for this type of transport, as it is extremely sensitive to time delays (Langberg 2014). For example, if a container vessel was forced to wait one or two days in the Laptev Sea for an icebreaker to arrive for westward piloting through the narrow Vilkitsky Strait, the costs would be all too high for the ship owners and trade companies. A similar situation is not as crucial for a ship with a load of e.g. iron ore, as these types of industries are not as time sensitive (Buixadé Farré et al. 2014; Hagen 2015). Therefore, and for a number of other reasons such as the shallow East Siberian Sea versus the big draught of the colossal modern container ships that has developed to make container shipping profitable, only very few shipments of this kind have passed through the NSR. Therefore, it is excluded in the statistics presented here.[17]

5.3.3 Destination shipments via the NSR

Although the research question of this thesis has an international focus, I will include a short elaboration on the destination shipments taking place via the NSR, since the majority of the total number of shipments from the Kara Gates to the Bering Strait are between Russian ports only (recall Figure 5). As has been the case for the last century, ships supplying isolated settlements in the Arctic continue to dominate these voyages departing and ending within Russia. Through the heavily government subsidised *Northern Deliveries* programme, a steady number of vessels are sailing annually from e.g. Murmansk or Vladivostok to remote villages like Tiksi or Pevek with fuel, food, building materials and other necessities. This traffic is evident in Figure 7, in which I

[17] For a more comprehensive study of the prospects of container shipping on the NSR, see for example Verny and Grigentin (2009), Liu and Kronbak (2010) or Buixadé Farré et al. (2014).

have merged the two cargo categories hydrocarbons and general cargo since these both are serving the *Northern Deliveries* Programme. For 2013, these shipments accounted for a total of 235.000 tonnes of cargo transported over 30 voyages (Moe 2014: 788). It is expected that the increase will continue to grow in correspondence with the Russian developments of new industrial sites along the coast of Eastern Siberia and the Far East as a consequence of increased accessibility from climate change. As previously noted, for establishing e.g. a gas extraction plant in the Arctic, there is often no alternative way of transporting its components other than by ship along the NSR.

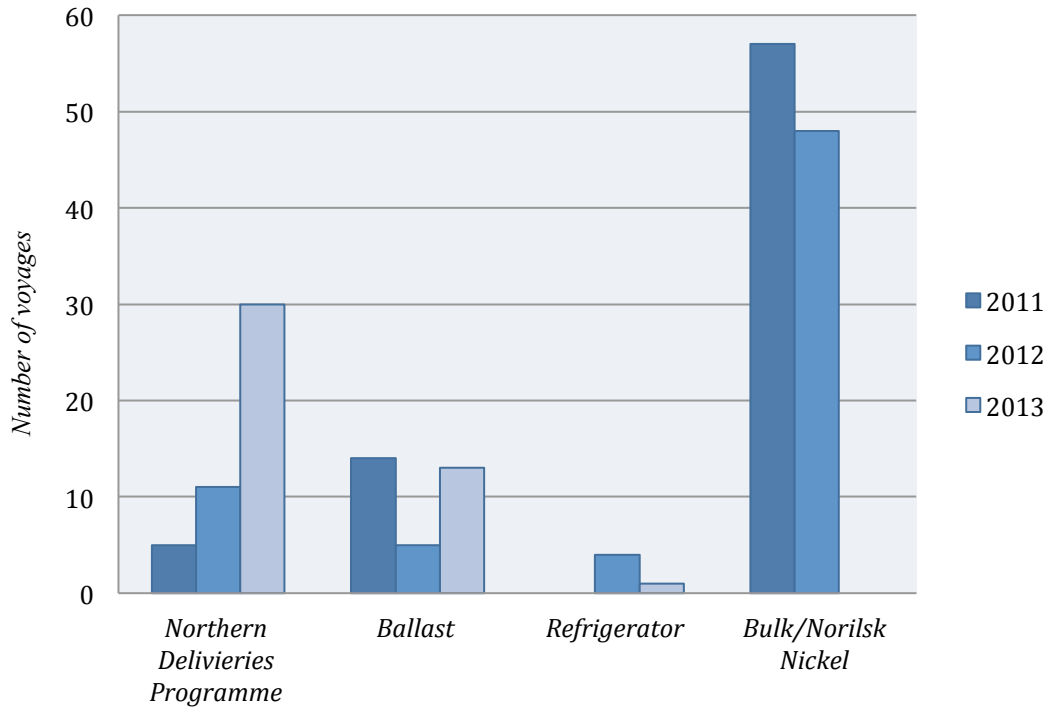

Figure 7: Number of destination shipments via the NSR by type of cargo and year.
Source: Moe (2014: 787); Norilsk Nickel Group; Northern Sea Route Information Office (2011, 2012, 2013, 2014).

The *Northern Deliveries* shipments are not directly relevant for the research question of this thesis, as such a subsidised arrangement hardly can be termed commercial in the normal sense. But the destination shipping is not limited to this kind of voyages only. The figure also holds a category of several ballast voyages, and a small, yet interesting number of refrigerator ships. A total of five vessels of the latter kind transported frozen fish from the Kamchatka Peninsula to St. Petersburg via the NSR. However, they stopped using the route completely in 2013, suggesting that "these are

a reflection of short-term possibilities in the markets and freight conditions rather than a determined effort to use the NSR" (Moe 2014: 788). The opportunity of ballast voyages remains, however, a viable option.

The last main cargo group is the bulk category. These voyages are completely dominated by the highly profitable export of iron ore and processed metals from the Norilsk Nickel industrial complex via Dudinka to Murmansk and further westwards (recall the Kara Sea Route, as presented in chapter 5.2.4) (Lykke Ragner, in Hallberg 2008: 17). Therefore, I have merged the bulk category, which has seen no voyages the last years, with the shipments from Dudinka. The figure nevertheless shows how Norilsk Nickel generates a substantial traffic to and from Dudinka with their own fleet of icebreaking, double-acting bulk vessels. By August 2010, the company had delivered its millionth tonne from Siberia to Rotterdam, illustrating Norilsk Nickel's already international outlook (Blunden 2012: 118).

Even though it is the commercial, international transit shipments via the NSR I find the most interesting with regard to how the NSR may affect governance in the Arctic, the destination traffic is nevertheless of some importance. Moe (2015) explains:

> There is a link between the destination and transit shipments. More destination traffic leads to more general activity, infrastructure, icebreakers, and so on that can be used for international transit. If there were no destination traffic, then the foundation for international transit shipping would worsen.

5.3.4 Traffic decline in 2014

Regarding the international transit shipments, concerns have been raised about the rapid decline in these numbers for 2014 (Hagen 2015). The official data published to this date only identifies the general number of vessels that have traversed parts of or the entire NSR in its Russian definition. Whereas previous years' statistics have described cargo, tonnage, ice class, speed, time spent, ship owner and port of departure and destination, the 2014 data does not include this information. Therefore, it is not possible to identify in the numbers reported by the NSR Administration Office for 2014 which voyages are destination or transit shipments. The information per May 2015 only holds that the total number of sailings in these waters were 53

voyages. Furthermore have Hagen (2015) and Moe (2015) in interviews in connection to this study asserted that out of this number, only five were transits along the NSR without involving Russian ports. That being said, when seeking to identify which transits were international and which were destinational, I repeat that I deem a transit international also if it originates or terminates in a Russian port. For example would I regard a shipment between Murmansk, Russia and Ulsan, South Korea just as international as one between Skagen, Denmark and Vancouver, Canada. A closer examination of the datasets for the sailing seasons before 2014 reveals that a substantial number of the sailings involved one Russian port, often Murmansk, and one international port. Based on this, I assume that the number of international transits in 2014 were somewhat higher than Moe and Hagen's five voyages. Nevertheless, since the total numbers have decreased, it is unlikely that in 2014, the number of NSR transits excluding Russian ports would amount to more than the 16 voyages of the same kind in 2013. Therefore, it is safe to say that the traffic numbers on the NSR, at least in the Russian definition of the route, have declined in 2014. Figure 8, in which I have included a trendline based on the traffic numbers, illustrates this downward tendency.

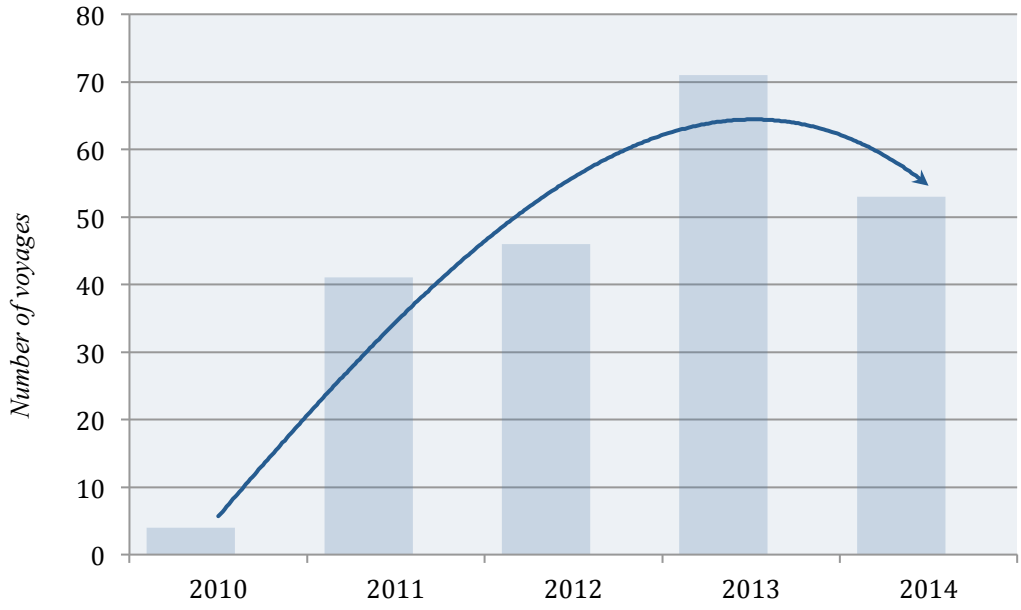

Figure 8: Total number of NSR shipments by year, with trendline.
Source: Moe (2014: 787); Northern Sea Route Information Office (2011, 2012, 2013, 2014).

The reason for the 2014 decline is not completely clarified, as different explanations exist. According to Moe (2015), the reason may be that the relatively high numbers

between 2011 and 2013 are explained by shipping companies that have experimented with the NSR as a trade route and eventually concluded that it is not profitable, a view confirmed by i.a. Blunden (2012: 118). Furthermore, he reasons that another cause may be that the profitable business conditions offered by Atomflot may have been altered:

> It is a possible scenario that Russia wanted to establish a market and generate an international interest by cutting the fees. And then later realised that the discounts that have been given have been too generous so that they have not earned anything. It has been indicated that the discounts have been substantial – perhaps have they now been more normalised again.

Lastly, he assumes that the decline can be caused by reasons not directly related to the conditions of the NSR itself, for example if the market rates for e.g. jet fuel, transported in large quantities particularly in 2012, have altered and thus made shipping of it along the NSR unprofitable.

Ulf Hagen represents the company Tschudi Shipping, which has sent several ships through the entire and parts of the NSR. He claims, on the other hand, that it is the unpredictable and worsened ice conditions that have caused the decline. Accordingly, the sailing season in 2014 was much shorter due to colder temperatures, thus limiting the number of vessels transiting the route:

> In 2014, the NSR was not opened until the third week of August, whereas in 2012, the waters were ice-free in the beginning of July, when the first vessel transited. […] And then they froze again around 10th to 12th October. That was about one month earlier than in 2012.
>
> *(Hagen 2015)*

He also stresses that the 2014 ice was the first in several years with so-called multiyear ice, i.e. ice that has survived more than one melting season. This ice is much harder and difficult to penetrate for the vessels. For this reason, it is hard to predict when the upcoming sailing season of 2015 actually opens, leading to uncertainty among ship owners and stakeholders of the NSR, which in turn may further the downward tendency of the NSR's transit numbers. Secondly, he too problematises Atomflot, but not their tariff system:

> The last two years, Atomflot has been required by Russian authorities to commercialise their operations in order to earn more money. […] This entails, in summer months, assisting in industrial developments along the coast, tourism and escorting the Russian Navy. […] Therefore, we did not manage to get any discounts on escorts in 2014.
>
> (Hagen 2015)

Regardless of the reason, we can observe a decline in the number of voyages along the NSR in 2014. Moe (2015) concludes that so far, there are no big, international actors that have committed themselves to a regular utilisation of the NSR by developing its infrastructure, ordering new ice-strengthened vessels, and so on. The numbers have instead been a result of short-term possibilities. That being said, he by no means dismiss the route's potential:

> These developments do not mean that the numbers will not rise again. We might expect a substantial increase in relative terms, but clearly, it will be a drop in the ocean in an international shipping context.
>
> (Moe 2015)

I follow Pedersen (2013: 42) when I underscore that this so-called substantial increase in traffic numbers, both the one already observed and the predicted future growth, must be seen in relative terms. The last years' numbers derive, after all, from a very low number of shipments during the 1990s. Compared to the Suez Canal's more than 17.000 annual transits, the NSR is by no means a Suez competitor. Nevertheless, I have in this chapter pointed out that there is a potential for the NSR to grow considerably, and not only for destination shipping. It may eventually develop into a more regularly used trade route for international shipping companies. Regardless of the 2014 decline, the increased number of international shipments along the NSR has created new and high expectations both among Russian authorities, international shipping companies and stakeholders including powerful states, the European Union, NGOs, ship constructors and traders in east and west. Furthermore, adding to its attractiveness come a number of other competitive strengths. In the following chapter, I will present these advantages in detail.

5.4 Advantages and pull factors for a greater utilisation of the NSR

As I have repeated in previous chapters, climate change is the main reason why the Arctic has been brought back to the international politics stage. It has catalysed the retreat of sea ice, which in turn has made Arctic waters more accessible and exploitable.[18] As I have shown in chapter 5.3, this development has already been manifested through increased maritime transportation along the NSR. The numbers have been modest thus far, but they may increase significantly due to a number of aspects that may influence operators to take advantage of the NSR. The first and most evident pull factor for an increased utilisation of the NSR is the significantly shorter transit time and distance.

5.4.1 Shorter sailing distance

Compared to the Suez-Malacca route, the NSR offers a considerable reduction in sailing distances between Asian and European markets, illustrated by Figure 9. However, the NSR gradually loses its advantage over the Suez-Malacca route as one moves south towards Ho Chi Minh City, Vietnam, where the two routes become virtually equidistant. Therefore, the European ports north of the Mediterranean Sea and Northeast Asia, including Japan, South Korea and China, are the most attractive for NSR shipping (Buixadé Farré et al. 2014: 4). Interestingly, Asia's busiest ports are located in this region.

[18] Since satellite observations began in 1979, the seven lowest recorded minimum sea ice extents of the Arctic Ocean have occurred in the years between 2007 and 2014 (Buixadé Farré et al. 2014: 14). However, this thesis has not found room for a further description of Arctic ice conditions because of a necessary limited scope.

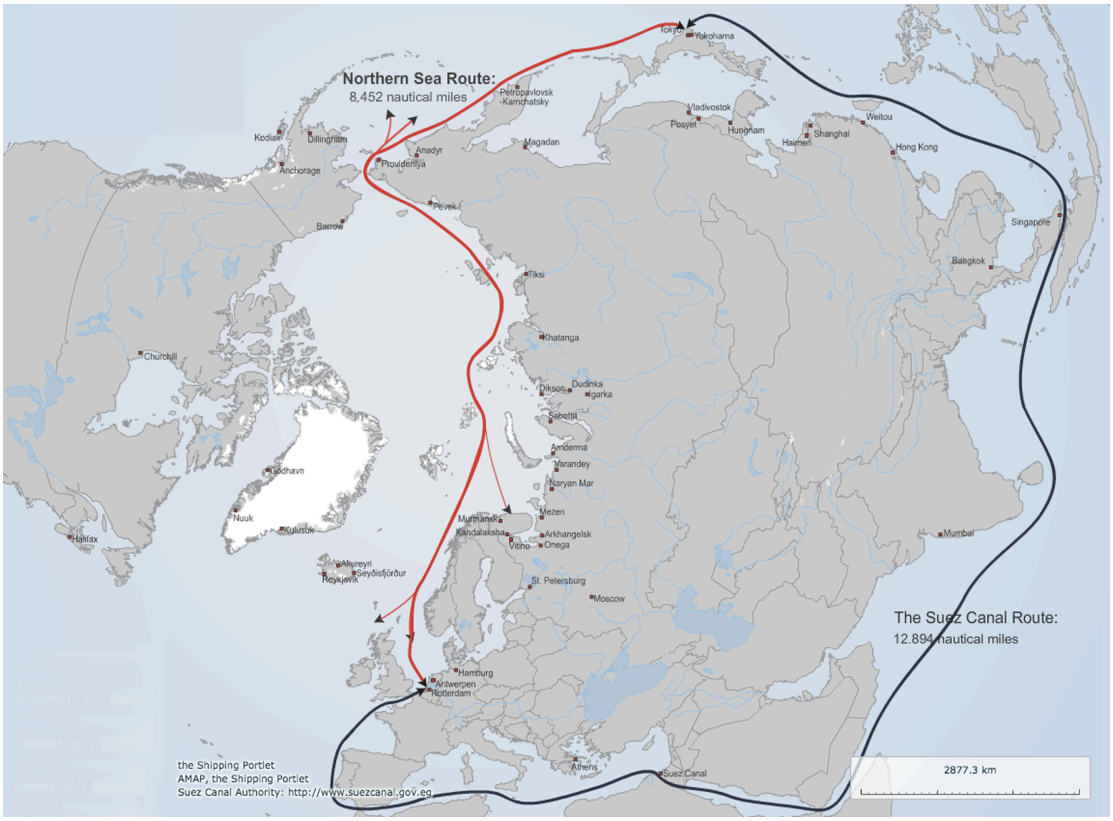

Figure 9: The Northern Sea Route (red) and the Suez-Malacca Route (black).
Source: The Arctic Portal (2010b).

Table 2 illustrates the sailing distance between Asia and Europe, from the busiest ports of each of the Asian countries to the most important European port of Rotterdam, via the Suez-Malacca route and the NSR:[19]

[19] Voyages around Cape of Good Hope constitute a third Eurasian trade route, but are not included here since the most utilised and best comparable route to the NSR is the Suez-Malacca route.

Port of departure	Via Suez-Malacca	Via NSR	Route difference
Yokohama, Japan	11.133	7010	37 %
Busan, South Korea	10.744	7667	29 %
Shanghai, China	10.557	8046	24 %
Hong Kong, China	9701	8594	11 %
Ho Chi Minh City, Vietnam	8887	9428	-6 %

Table 2: Sailing distances between Asia and Europe (Rotterdam), in nautical miles.
Source: Buixadé Farré et al. (2014: 4).
Note: Sailing distances assume no route diversions owing to e.g. ice conditions or piracy threats.

While Table 2 presents the advantage of shorter distances of up to 40 per cent by traversing the NSR, a real life example can tell us about the time advantage as well. In August 2013, the *MV Yong Sheng*, operated by the Chinese shipping line Cosco, shipped containers and a load of steel and heavy machinery from Dalian, China to Rotterdam, Netherlands via the NSR. She completed the voyage in 35 days, which otherwise would have taken on average 48 days via the Suez-Malacca route (McMillan 2015). Shorter distances means cuts in operational costs. Furthermore, the shorter time spent at sea is substantial too, in a business in which timesaving always matter.

Shorter transit times moreover mean less fuel spent. This is an important aspect, as it is estimated that fuel bunkering accounts for 70 per cent of vessel's voyage cost (McMillan 2015). Alternatively, in an environmental friendly mindset, a ship sailing between Rotterdam and Tokyo can use the shorter distance of the NSR to reduce its speed by 40 per cent and still arrive at the same time as if using the Suez-Malacca route. This is called super-slow steaming, and result in greater fuel efficiency, lower fuel costs and reduced greenhouse gas emissions (Buixadé Farré et al. 2014: 5; Humpert & Raspotnik 2012: 292).[20]

[20] Speeds under 18 knots are called super slow steaming. According to marine engine manufacturer Wärtsilä, fuel consumption can be reduced by 59 per cent by decreasing ship speed from 27 knots to 18 knots, at the cost of about one week extra sailing time on Europe-Asia routes (White 2010).

5.4.2 Political instability on the Suez-Malacca route

As well as shorter shipping times and distances, another advantage of sailing the NSR is how strategic chokepoints of thousands of shipments can be avoided. Since the 1950s, shipping on the world's oceans has increased considerably, and an interruption along crucial shipping routes will have significant effects on international trade and international politics.

Regarding the main Euro-Asian trade route, this passes through two keyholes, namely the Suez Canal and the Malacca Strait, both vulnerable to deliberate or accidental disruption (Sharp 2011: 299). An obvious example of this vulnerability is the closure of the Suez Canal between 1956 and 1957 that forced ships to circumnavigate the southern tip of Africa, ultimately altering world trade and clearly underscoring the geopolitical importance of strategic waterways patterns (Humpert & Raspotnik 2012: 296). A similar closure of the Suez Canal, with its more than 17.000 annual vessel transits, is not completely unrealistic in the future. For example, the unrest connected to the Arabic spring in Egypt made the shipping business anxious about what would happen to the Suez Canal, according to the Norwegian Shipowners' Association (2015). Considering for example the last years' increased terror activity at the Sinai Peninsula, the region is by no means stable and disruption in the Middle East can indeed affect shipping. Therefore, given that the NSR becomes sufficiently developed, it could become a genuine alternative to the Suez-Malacca route. If for example the situation in Yemen, bordering the Red Sea, should deteriorate further, the NSR may become a preferable alternative passageway (Blunden 2012: 118; Hong 2012: 51).

Furthermore, the Red Sea region is still ridden by piracy off the Aden coast. In fact, between September 2008 and March 2009, the heightened risk of piracy raised the insurance cost for ships travelling via the Gulf of Aden towards the Suez Canal tenfold. Piracy attacks are also a threat in South-East Asia, and in particular in the narrow, but crucial Malacca Strait, the principal passageway between China and India with around 60.000 annual vessel transits (Humpert & Raspotnik 2012: 296). The last years' multilateral efforts in curbing the piracy activity in the strait have been effective, but piracy has instead increased further north, in the South China Sea.

Piracy is, however, not enough to turn the NSR into a full-fledged Suez-Malacca route alternative, according to Blunden (2012: 119, 120). She claims that it would take political instability, outbreak of war or civil unrest in regions bordering the latter route for the NSR to shift global trade patters:

> There is now a real possibility that not just piracy, but other organized crime and violent Jihad could escalate, with serious implications for the security of vessels carrying oil and other commodities through the Suez Canal […]. Lawlessness on both shores of the Bab-el-Mandeb Strait would, at the very least, increase shipping insurance costs. Developments such as these, no longer unthinkable, would provide a powerful incentive to overcome the present obstacles to the commercial use of the NSR.

Summarised, interruptions connected to political instability in the Middle East and the threat of piracy in both the Red Sea/Gulf of Aden and Malacca Strait/South China Sea may create incentives for a further development of traffic on the NSR, as an alternative to the traditional Suez-Malacca route between Asia and Europe.

5.4.3 Arctic natural resources

Unlike shorter time and distance, as well as piracy threats and political instability, the aspect of Arctic natural resources does not give the NSR a direct advantage over alternative trade routes. It is nevertheless a key feature as it poses a pull factor in generating increased traffic in Arctic waters in general and along the NSR in particular.[21]

As illustrated in the traffic statistics in chapter 5.3.2, petroleum products have become the major cargo type shipped along the NSR. A share of it origins in ports outside of Russia, e.g. Norway and South Korea, but an increasing tonnage is transported from petroleum terminals and platforms that are being established in Russia's Arctic waters. This trend is likely to continue, if we take into account the findings of the United States Geological Survey (USGS). Accordingly, the Arctic may hold as much as thirteen per cent of the world's undiscovered oil, and 30 per cent of the world's

[21] Due to this thesis' limited space, I will in this subchapter of natural resources not focus on mineral, fish and forestry resources, but instead go in detail on the petroleum industry. However, I shortly note that according to Østreng et al. (2010: 86-89), deposits in the Arctic of mineral resources are substantial by any standards (recall the aforementioned success of Norilsk Nickel), that the Russian forestry industry has a substantial potential to grow, and that Arctic fishing is stable and sizeable.

undiscovered natural gas (Hønneland 2012: 45; Sharp 2011: 297).[22] Most of this is believed to be located in increasingly accessible offshore waters of the Arctic, so that an increased future exploitation of petroleum products and the consequent transhipment of these along the NSR can be considered an essential Arctic shipping enhancer (Humpert & Raspotnik 2012: 300, 301; Røseth 2014: 851). More available natural resources and increased maritime transportation in the Arctic are thus interrelated, as the logistical challenges related to accessing oil, gas and minerals are largely dependent on an effective shipping system.

A highly significant driver for an increased year-round transhipment of hydrocarbons along the NSR is the Yamal LNG project in northwest Siberia (Norwegian Shipowners' Association 2015). The grandiose project is seen as crucial for the further development of the sea route, and is projected to alone increase the cargo volume on the NSR tenfold from its current levels (Fjærtoft et al. 2014: 38). As a joint venture of Novatek, Total, and China National Petroleum Corporation (CNPC), the plant will extract natural gas from a number of fields at the Yamal Peninsula (recall Figure 2), and then shipped out via the NSR. Thus, the construction of a major port in the Arctic settlement of Sabetta started in July 2012, with substantial Russian governmental investments.[23] The production capacity of the Yamal LNG project is estimated to be 16.5 million tonnes of LNG per year when the first part of the plant is ready by 2017, but can be increased to as much as 50 million tonnes by 2030, according to the Russian Ministry of Transport (Staalesen 2012). It is planned that a fleet of 16 ice-strengthened LNG carriers, currently under construction in South Korea and designed to operate autonomously in up to 2.1 metres of ice, will transport the gas to international markets. Year-round westward deliveries in the winter months are foreseen, but it is the Asian markets that are the primary target for Yamal LNG. The project is as such an example of Russia leaning more towards China and Asia in its future energy policy, and the reason for this is twofold. As Russia's relations with Western countries have become increasingly problematic, its interest in diversifying its energy export markets also increases. In addition, this development has been

[22] Since the USGS assessment methods rely heavily on assumptions about geological conditions in the Arctic, of which little is actually known, these estimates warrant prudence (Fjærtoft et al. 2014: 10).
[23] It is expected that the development of Sabetta may be a contributing factor to increased Arctic shipping, as it is one of the first major infrastructure investments made along the NSR since Soviet times (Moe 2014: 792).

fuelled by the stagnation in European energy market even before the Ukraine crisis. By looking to China as a key partner, Russia hopes to fulfil this strategic diversification. Traditionally, the Russian oil and gas export infrastructure has been oriented westwards, but adding an eastward diversification is in progress and a Russian priority, according to Røseth (2014: 849).

Secondly, Asia and particularly China, have rising demands for raw materials and hydrocarbons, both of which Russia can offer. Buixadé Farré et al. (2014: 6) illustrate this by pointing out that the Chinese energy demand is projected to double by 2040. Therefore, they too seek to diversify their energy imports, and the two countries have consequently signed multiple petroleum development projects in the Arctic, including Yamal LNG. These agreements have led to better Sino-Russian relations than at any point in the last 50 years (Ferdinand in Røseth 2014: 841), an aspect that in itself is a pull factor for an increased utilisation of the NSR.

5.4.4 China's interest in the Arctic and the NSR

Despite its lack of physical proximity to the Arctic, China has demonstrated a significant and sustained interest in the region. This awareness is much due to China's geopolitical energy situation. The country is ailing from an overdependence on oil imports coming from tankers from Africa and the Middle East. Moreover, the Chinese have a feeling of vulnerability and overreliance on shipments travelling through unstable waters such as the Strait of Hormuz, the Indian Ocean and the Malacca Strait, and passing unfriendly neighbours in the South China Sea, according to Buixadé Farré et al. (2014: 6). Thus, China has sought to diversify this reliance and hence turned to Russian energy markets in the Arctic. The most prominent example is probably the deal signed by Gazprom and CNPC in May 2014. It is believed to be worth US$ 400 billion, and will provide China with up to 38 billion cubic metres of natural gas per year over a 30 year period (Fjærtoft et al. 2014: 19). CNPC's investments in the Yamal LNG project and plans for increased shipments of Arctic hydrocarbons are other examples:

> In November 2010 Sovcomflot Group and CNPC signed a strategic long-term cooperation agreement, which sets the framework for utilizing the Northern Sea Route for transit shipments of hydrocarbons as well as delivery of oil and gas from Russia's Arctic offshore fields.
>
> (Sovcomflot 2010)

The relationship between Russia and China has, in other words, been improved due to their interest in diversifying their energy export and import, respectively. It is also probable that we will see more joint Chinese-Russian energy projects in the future. Such a development will eventually contribute to an increased use of the NSR, as the example with the shipping company Sovcomflot tells.

However, the shipment of increased Russian hydrocarbons is only one of the reasons why Humpert & Raspotnik (2012) have argued that China is the most important non-Arctic actor when it comes to the development and future of shipping in Arctic waters. China is heavily reliant on its foreign trade, being the world's largest exporter of manufactured goods and the second-largest importer of globally shipped goods. But these goods are to a great extent transported through the Malacca Strait, outside of Chinese control. For this reason, President Hu has described China's supply and trade situation as strategically vulnerable, and has called for the development of new communication lines. Therefore, Russia sees with great enthusiasm on the Chinese interest in developing the NSR. If constructively prepared, Yang Huigen, director general of the Polar Research Institute of China, optimistically estimates that five to 15 per cent of China's international trade will go via the NSR 2020 (Røseth 2014: 851). Jong-Deog Kim at Korea Maritime Institute furthermore approximates that as much as 25 per cent of the traffic between Asia and Europe could pass through the NSR by 2030. A prediction like this would translate into thousands of ships in Arctic waters in the future (Langberg & Barstad 2013), but not all projections are as optimistic as these. Nevertheless, the Chinese motivation for an increased Arctic shipping is clear. China wants to decrease their strategic vulnerability by diversifying energy and trade routes, and the NSR may serve this purpose (Fjærtoft et al. 2014: 18).

5.4.5 Reform of the NSR Administration

While shipments along the NSR up to 2013 had to be applied for at least four months in advance (Franckx 2009: 337), the process has since then been simplified through the implementation of the federal law "Rules for Navigation on the Northern Sea Route". Applications and documentation can now be sent electronically, and are handled much faster by the renewed Northern Sea Route Administration, who determines i.a. if icebreaker escort is required, based on the vessels' ice-classification and the current ice situation along the route. Furthermore, a new arrangement regarding the tariff system was implemented in 2012:

> The fees should no longer be a general payment for going through the sea route, but rather "payment for services rendered".[24] This was seen as a very important step forward by shipping companies who do not expect always to be dependent on Russian icebreakers.
>
> (Moe 2014: 793)

This flexibility illustrates a positive development in the previously bureaucratic regime connected to the NSR, and reflects a Russian understanding of the importance of being competitive. The growth in international transit may indicate that shipping companies appreciate these developments.

Based on this overview of advantages and pull factors for an increased use of the NSR as an alternative to the Suez-Malacca route, it is not unlikely that the numbers will rise significantly. Climatic, logistical and political developments are slowly pushing this development forward in an intricate system of causes and effects. However, there are a number of factors that currently limits the NSR from being a stable international shipping lane that I will elaborate on in the following chapter.

5.5 Limitations of the NSR

The most optimistic commentators, like Fjærtoft et al. (2014: 12), assert that sea ice has already ceased to be the critical challenge on the NSR, although climatic variations complicate the picture to a certain extent. This proclamation is probably not accurate, as for example The Norwegian Shipowners' Association claims the

[24] The NSR Administration applied a narrow definition of "services rendered", i.e. only icebreaker escort. Other services such as navigational or meteorological support were considered extra features.

opposite. The statement from Fjærtoft et al. is nevertheless interesting in that they emphasise that today's traffic on the NSR is primarily limited not by ice, but unstable operation conditions, such as unpredictable icebreaker assistance, poor sea maps, limited communication possibilities and a general lack of search-and-rescue capabilities. These factors are mainly connected to infrastructure. Taken into consideration that the Arctic is one of the world's most scarcely developed areas in terms of infrastructure, this is hardly surprising. Heavy investments will therefore quickly have to be devoted to e.g. harbour facilities, new icebreakers, and meteorological and oceanographic monitoring and forecasting. As traffic gets heavier, it may even be necessary to implement vessel traffic systems to regulate the NSR's narrow straits (Ho 2010: 714, 715). Russia has made structural plans for the implementation of up to ten new search-and-rescue centers along the NSR, but the financing of these remains unclear. Regarding communications, several systems are under development, able to meet the demand of better communications for ships operating in NSR waters, deemed decisive for shipping by Fjærtoft et al. (2014: 20).

According to (Moe 2014: 794), the capacity of the Russian icebreaker fleet is a crucial issue. The fleet is considered a backbone of year-round transit shipments along the NSR, as only a minority of the vessels expected to transit the NSR in the future will be capable of transiting the route autonomously during the winter and spring months. By 2014, Atomflot had four operational nuclear vessels, out of which two are designed for operations in shallow river mouths, not oceans. Thus, only two icebreakers are in reality available for escort service along the entire NSR. Moreover, the fleet is aging and three of the vessels are approaching the end of their service life. However, official plans have called for the construction of two exemplars of the world's biggest nuclear icebreaker (Staalesen 2015). After much dispute regarding financing, the Russian government has decided to fully cover the costs of both. But only one is currently under construction, scheduled to be finished in 2017. This situation means that we are entering a critical period in which Russia promotes increased NSR traffic, while at the same time their icebreaker fleet is aging and its capacity becomes questionable, and there is uncertainty whether the new ones may be available or not (Ragner in Hallberg 2008: 120; Moe 2015). Russia thus needs to rapidly renew its icebreaker fleet if it is to continue today's level of icebreaking

services.[25] This is, however, a big challenge, as Atomflot's reduced escort prices the last years in order to attract international shipping have been so low that nothing more than operational costs have been covered.

Apart from the lack of infrastructure, including ports and port facilities, roads, search-and-rescue assets, means of surveillance and icebreaker capabilities, the economic viability of the NSR is also highly dependent on the performance of international seaborne trade at large. The system of global trade by sea is highly complex, in that it involves a great number of factors:

> These variables include the fluctuations of bunker fuel costs, potentially high costs for shipping insurance and icebreaker escort requirements, vagueness of global trade forecasts, evolving marine infrastructure and technological development, and differences in cost of container shipping, tanker transport, and LNG shipping […].
>
> (Humpert & Raspotnik 2012: 292)

All of these factors may complicate the prospect of increased shipping along the NSR. That being said, these variables also apply to shipping along other trade routes. But the Suez-Malacca route profits on the three key factors of global shipping, namely predictability, punctuality and economy-of-scale, all of which are limited in Arctic shipping due to the aforementioned constraints.

From a less economic perspective, a debate about future maritime traffic in the Arctic Ocean should also include an evaluation and acceptance of risks, including environmental and human hazards, linked to navigation in ice-infested and desolate waters. Keil & Raspotnik (2013) asks: How safe is safe enough? What kind of risks can be accepted? Questions like these are crucial to answer and act in accordance to before traffic numbers rise.

With this brief assessment of the NSR's advantages and constraints, I have shown that although significant limitations exist, the sea route nevertheless has a potential for

[25] A series of diesel electric icebreakers also operate on the NSR. Most of these are, as the nuclear vessels, in need of replacement. A total of eleven new diesel electric icebreakers are under construction or planned, that will increase the capacity of icebreaking services on the NSR. However, these vessels are effective only if long periods of autonomous operation are not an issue, as they need refuelling (Moe 2014: 796; Staalesen 2015).

increased use. The biggest issue is perhaps that the Russian perception generally has been that traffic should increase before the infrastructure is improved, which is a very difficult proposition. Conversely, there is now a growing Russian realisation that infrastructure must be improved first (Moe & Jensen 2010: 11). The problem is the uncertainty of the financing of these developments, despite official declarations from the Kremlin of the importance of the NSR. However, a deeper analysis of this situation is beyond the scope of this thesis.[26]

So far, I have conceptualised the NSR by presenting its history, its current use and trends, and lastly its advantages and constraints over the traditional Suez-Malacca route. I argue that this forms an important understanding that is necessary when I now turn to the next chapter, where I will go in depth on the implications the NSR has on Arctic governance.

[26] Recommended readings going in depth on the NSR's advantages and constraints include i.a. Østreng et al. (2010), Pedersen (2013), and Brubaker & Ragner (2010).

6. The implications of the NSR on Arctic governance

Shipping numbers in the Arctic as of today are undoubtedly minuscule compared to other waters around the world. However, chapter 5 evidenced that a significant rise in traffic is probable, if the conditions for a further development of the NSR evolve in a favourable manner. This result is in line with the findings of Tamnes & Offerdal (2014):

> One cannot but agree with the fact that, if current trends – such as melting Arctic ice, expected growth in commercial maritime traffic, piracy and political instability along the route through the Suez Canal – persist, then by the end of this decade the NSR could become a full-fledged transport corridor.
>
> (Tamnes & Offerdal 2014: 211)

According to geopolitical theory and the strategic importance of communication lines and newly discovered natural resources, such a development would lead to an alteration in the current geopolitical landscape. It would therefore not be unreasonable to suppose that the NSR has the potential to challenge the current state of governance in the Arctic. As I will show in the following part of this chapter, several scholars and experts underscore this assumption. I argue that such a perspective is highly interesting, considering that I previously have asserted that the Arctic and the NSR both have clear traits of geopolitical attractiveness. Therefore, the purpose of this chapter is to assess the effect of an increased use of the NSR on the Arctic governance situation.

I will start out by presenting examples of how realists interpret the Arctic and the increased international attention of the NSR, and how this affects its geopolitical salience. Accordingly, trade routes in general and the NSR in particular have the potential to alter global trade patterns, thus raising the chances of competition and conflict, for example if control over such passages become an issue. Later, however, I will show that it rather is institutions and legal frameworks that dictate the prevailing political situation in the Arctic, in line with a liberalist interpretation of International Relations theory. As I will point out, it seems unlikely that an increased international use of the NSR alone can jeopardise the international political environment in the Arctic. That being said, the last part of this chapter addresses the fact that although it

is improbable that the development of the NSR as a regular and busy trade route alone will be able to challenge Arctic governance, the future is not all carefree. The lure of International Relations, the spillover effect, can potentially play a decisive role that eventually nevertheless may turn the NSR into a contested waterway, in line with realists' most deterministic prophecies of the Arctic becoming a region of high tension again.

6.1 Interpreting the NSR from a realist point of view

In a realist line of thinking, a more accessible Arctic Ocean with its valuable natural resources and seaways linking the three most developed continents might generate a substantial level of tension between states. A number of statements and events can be identified and claimed supportive of this view.

6.1.1 Territorial aggression

The most notable example that actors leaning towards realism cite is the Russian scientific expedition that in 2007 used a nuclear icebreaker and an unmanned submarine to plant a Russian flag on the seabed under the North Pole, well beyond what the world recognises as the country's economic zone (Dodds 2010: 63; Kramer 2013). This posturing led to worries among Arctic states about the geopolitical tension over sovereignty that seemingly intensified in the following years. Interpreted as a sign of territorial aggression, global media quickly started to warn about a race for the Arctic. *BBC News*, for example, presented the following headline in response to the Russian flag plating: "Arctic neighbours draw up battle lines" (Carter 2007). According to realists, this was evidence of a return to a normalisation of international politics. Whereas liberalist features of postmodern politic fields, interstate cooperation and a shared interest for a peaceful Arctic had characterised the post-Soviet era, they believe that realism now has regained its rightful place. As such, Scott Borgerson (2008: 65), a notable publisher in *Foreign Affairs*, has written that with the return of realism to Arctic affairs, "the region could erupt in an armed mad dash for its resources" and "the Arctic powers are fast approaching diplomatic gridlock".

Summarised, the most basic realist understanding of the current international political situation in the Arctic is that melting ice, surfacing natural resources and new trade

routes are correlated with increasing international tension and potential conflict over securing these opportunities. However, predictions going beyond this understanding have also been raised. The most deterministic realists have contended that Arctic infrastructure such as ship straits, pipelines or petroleum terminals might become potential targets for terrorist organisations seeking to undermine states' trade routes or energy security (Byers 2010).[27] That being said, these predictions have not gained widespread support yet, and it is arguably difficult to envisage such a scenario for the Arctic, considering its transformation from a highly militarised to a peaceful and prosperous region only about 25 years ago.

6.1.2 Aggressive rhetoric

However, realist prophecies cannot be completely ruled out. Scholars and journalists regularly underpin this, but even more significant is the fact that high profile diplomats and politicians at regular intervals have contributed to realist interpretations of the future for the Arctic. I will present two examples illustrating this. Firstly, Deputy Prime Minister to Russia, Dmitry Rogozin was cited in the Moscow based newspaper *Pravda* as late as in 2013, claiming that

> [a]n active development of the Arctic shelf will inevitably lead to a conflict of interests between countries. Addressing these conflicts may go beyond diplomatic means. It is likely that Russian oil and gas production facilities become targets of hidden sabotage by competitor countries.
>
> (Dmitry Rogozin, cited in Murray & Nuttall 2014: 620)

The former Finnish Foreign Minister Alexander Stubb serves as a second example. Albeit more modest than Rogozin, Stubb also spoke in realist terms in a keynote speech at the University of Lapland in 2009:

> [T]he Arctic is evolving from a regional frozen backwater into a global hot issue. […] Picking up of the military activity is part of the growing interest. Several coastal states have increased their military presence in the High North as well as bolstered their naval capacity.
>
> (Stubb 2009)

[27] Recalling Figure 2, the NSR runs through several relatively narrow straits, including the Kara, Vilkitsky, Sannikov, Dmitry Laptev and Bering Straits, which all potentially could be subject to deliberate disruption.

6.1.3 China's increasing geopolitical weight

Realists have furthermore expressed concerns over national security and the level of tension in the Arctic in connection to the increasing significance of China. This development is a reflection of the fact that the economic centre of gravity in Europe and Asia is moving northwards. In the latter it is being transferred from the west to the northeast with the development of Central and Eastern Europe and the German economy, while the growth of China moves the centre from southeast to the northeast of Asia (Blunden 2012: 120). A stronger China clearly favours an increased number of shipments along the NSR, but from a realist point of view, this might change the state of international politics in the Arctic. Such a point has been underscored by i.a. Rob Huebert, Associate Director of the Centre for Military and Strategic Studies at the University of Calgary, asserting that

> [w]hat we're seeing here is the changing geopolitical realities in terms of the arrival of China as a much more assertive country in the international system.
> (Rob Huebert, cited in Sibley 2011)

In line with Huebert's statement, Margaret Blunden (2012: 116) presents a realism scenario connected to increased Chinese influence on the NSR and its potential altering of geopolitical realities:

> One possible scenario of Chinese naval vessels [sic], tasked with protecting Chinese merchant ships, in the seas north of Russia or in the North Atlantic, would confront Russia and NATO with a challenging new security environment.

Although Blunden's prediction probably has a time perspective of several decades, it is unlikely that such a scenario will gain much support in the near future. For that to happen, the situation in today's international politics arguably has too many traits of liberalism. I will soon return to this central point, but will first address one last and on-going development in the Arctic along the NSR that is interpreted in realism terms.

6.1.4 Strengthening of Russia's armed forces

The large-scale Russian remilitarisation of previously abandoned airfields and bases scattered along the Siberian coastline in the Arctic Ocean can easily be interpreted in realism terms. Firstly, the Russian exercise activity in the Arctic has increased significantly. In March 2015, Kremlin carried out one of the biggest shows of military strength since Cold War times, involving more than 45.000 troops from the navy, army and air forces (Grove 2015). Secondly, President Putin has called for a stronger permanent presence in the Arctic. Therefore, abandoned and weary military infrastructure from the Cold War located in remote places such as Novaya Zemlya and the Kotelny and Wrangel Islands is to be restored and put back to use again. This process has already started, with paratrooper drops and shipments to the two latter locations. The equipping of the scant Kotelny Island, for example, involved no less than the world's largest surface combatant vessel and the flagship of the Northern Fleet, the *Pyotr Velikiy*, as well as the entire nuclear fleet of Atomflot for escort. When the upgrades are completed this year, a total of 6.000 soldiers are to man these bases, which will include radar facilities, airfields capable for strategic bombers, but also search-and-rescue capabilities (Staalesen 2013). Moreover, the Russian navy "plans to sail regular naval patrols along shipping lanes in its territory in the Arctic Ocean", according to Kramer (2013). From a realist point of view, this statement can imply that Russia will safeguard the NSR with military means. This situation would strongly reduce the attractiveness of sending international merchant vessels via the NSR and Arctic waters in general, which in turn might aggravate actors that seek to profit on the sailing route or exploit Arctic resources. The ultimate results are thus higher tension and in worst case the risk of conflict.

In summary, several events and statements since 2007 have made realists claim that the Arctic is about to refreeze into diplomatic gridlock and that conflict over resources and sailing routes is looming. In reality, however, the political situation in the Arctic seems to be far less deterministic. I argue that Sharp (2011: 317), concluding his article *Implications of ice melt on Arctic security*, successfully illustrates this:

> In spite of isolated moments of inflammatory rhetoric and grandstanding, the relationship between the key Arctic states and stakeholders has been marked by optimism and mutual cooperation. [...] [W]hat is needed above all is continued cooperation and goodwill between all the parties that stand to gain from the opportunities […].

Consequently, I will in the next section argue why the realist strand is not yet a probable vision of the politics in the Arctic, through a series of counterarguments from the liberalist side of International Relations theory.

6.2 The NSR through a liberalist lens

I will start the liberalist review by addressing the realists' prime evidence of Russian *realpolitik* in the Arctic, namely the flag planting at the North Pole. Liberalists quickly undermined this incident by pointing out that no Russian official ever claimed that the placement of the flag was "evidence of an effective occupation or legally empowering of Russian annexation of the Arctic Ocean", in the words of Dittmer et al. (2011: 209). They have furthermore assessed that President Putin, on the contrary, has emphasised the need to discuss the matter with international organisations.[28] Congruent with a liberalist perspective, there are a number of such international organisations that President Putin and the other A5 and A8 head of states can consult and mediate through. Indeed, the primary framework that Arctic states are operating in is "not one of unmitigated anarchy, but one that is significantly defined by international law and institutions" (Murray & Nuttall 2014: 71).

6.2.1 The legal regime of the Arctic and the NSR

When talking about cooperation in the Arctic, hereunder the distribution of natural resources and increased international commercial traffic along the NSR, the most important organisational framework is the United Nations Convention on the Law of the Sea (UNCLOS). At the minister meeting in another key institution, the Arctic Council, in Ilulissat at Greenland in 2008, the A5 states united on the UNCLOS as the framework for governing and dividing the Arctic. Consequently, the conflict potential of territorial disputes in the Arctic was significantly moderated. Since then, all states

[28] Following the 2007 Arctic expedition including the flag planting at the North Pole seabed, President Putin met with the expedition's polar researchers Arthur Chilingarov and Anatolii Sagalevich. In this meeting, President Putin called for a discussion of territorial claims with international organisations.

with stakes in the NSR have shown respect to this crucial convention (Fjærtoft et al. 2014; Tamnes & Offerdal 2014: 91).[29] The UNCLOS is essentially a mechanism that since 1982 has determined what parties have access rights to the ocean spaces of the world. It defines the territorial sea border of a coastal state and this state's economic exclusion zone (EEZ), normally out to 200 nm from the coast. A waterway is sovereign to a country if it is located within the state's EEZ, and can thus be enforced with national laws on sea traffic, including the charging of transit fees and restriction of vessels engaged in activities other than innocent passage. Furthermore, according to UNCLOS' article 76 and 77, a state can apply for an extension of its EEZ if it can prove that its continental shelf continues out from the territorial sea beyond the 200 nm point (Platzöder 1995: 3, 7).[30] Therefore, the A5 states are either in the process or have already done undersea mapping of the Arctic Ocean in order to examine whether they can extend their EEZs into attractive regions of the sea. Eventually, the states can submit their claims to the UN Commission on the Limits of the Continental Shelf (CLCS), which will make a final decision if the EEZ borders should be redrawn.[31]

I argue that since the five littoral states of the Arctic Ocean explicitly have stated their commitment to an orderly settlement of overlapping claims through the well-established UNCLOS, it serves as a security enabler, consisting of a thorough framework for determining states' territorial claims. A high-tension scramble for Arctic territories is in other words highly unlikely as states' plans for expansion are regulated by a firm legal regime. With implicit reference to UNCLOS, Tamnes & Offerdal (2014: 160) thus writes:

> Compared to many other maritime regions in the world, the Arctic scores high both in institutional terms and in the strength and stability of its coastal states.

[29] The United States is the only state that has not yet ratified UNCLOS. Both the Bush and Obama administrations have supported the convention, but the Congress has not seen a sufficient majority (Sharp 2011: 320; Kao et al. 2012: 834). However, USA has done nothing but abiding by UNCLOS rules thus far.

[30] For a far more detailed description of UNCLOS's purpose and functioning, including article 76 and 77, consult e.g. Platzöder (1995).

[31] The CLCS can only make recommendations with regard to submitted claims. However, the states agree that the recommendations shall be final and binding, according to Sharp (2011: 302 303). This gives the CLCS's recommendations the *de facto* status of rulings, despite the Commission not formally being an arbitration body with mandate to settle conflicting or overlapping claims. Thus far, however, the international community seem to accept these conditions.

As a general rule, UNCLOS mandates free navigation within the EEZ, as long as a vessel only uses the waters for innocent passage.[32] Hence, Russian management and control of the traffic along the NSR may at first sight seem illegal. However, Russia's authority over the NSR rests on the peculiar Article 234 of UNCLOS:

> Coastal States have the right to adopt and enforce non-discriminatory laws and regulations for the prevention, reduction and control of marine pollution from vessels in ice-covered areas within the limits of the economic exclusive zone […].
>
> (UNCLOS 1982: 115)

Although the polar sea ice is receding, there is no doubt that the NSR will remain ice-infested in the coming decades. In fact, the ice melting itself leads to the disintegration of big ice floes into numerous icebergs that will continue to infest the NSR in the future. It thus seems that Russia can continue to apply Article 234 as a legal alibi to continue to control the area and its international traffic in the forthcoming decades.[33]

That being said, it should be noted that the NSR anyway is a contested waterway. Contrary to the Russian position, the US, EU and Chinese statements say that the NSR passes through international straits outside of Article 234's realm.[34] However, the different sides have agreed to disagree, and so far, stakeholders such as China have not challenged Russia's *de facto* control (Blunden 2012: 116; Lykke Ragner, in Hallberg 2008: 125). This disputed jurisdictional claim is interesting, as it essentially means that Russia has imposed a legal regime on an unsettled territory and waterway. Buixadé Farré et al. (2014: 13) mark: "[i]n the future, Russia could choose to exercise its self-granted authority to deny passage for political reasons". Furthermore, at some point the ice might recede to such an extent that the NSR waters no longer can be considered applicable to Article 234. But according to Runge Olesen & Rahbek-

[32] The transit of a merchant ship along the NSR would be regarded as innocent passage and can thus not be affected by Russian authorities, despite it sailing within the Russian EEZ. Conversely, a vessel conducting e.g. fishing, seismic or military activity in the zone would be subject to Russian enforcement (Moe 2014: 786).

[33] Similarly, Canada also refers to Article 234 when claiming that they have the authority to regulate shipments through the NWP.

[34] Regarding China, observers say China needs to be careful in asserting claims to the Arctic Ocean. The notion that the polar waters should be international territory might be turned against its own claims to sovereignty in the South China Sea, including the Senkaku and Diaoyu Islands.

Clemmensen (2014), a conflict arising from these two scenarios is unlikely. They point out that cooperation is much more worth than confrontation, which will have no clear winners and many losers:

> As the sea-lanes become more accessible, policymakers may have to determine the status of these passages. Yet, disagreements aside, instability and strife over the issue will only mean that no one ends up benefitting from the new sailing routes. Agreements based on shared interests should therefore be possible.

For example, if international transit shipping increased significantly, the Arctic states would have a common interest in providing various needed maritime support functions, including e.g. search-and-rescue missions and pilot services (Claes & Østerud 2010: 17). Conversely, a high-tension realism situation would make such necessary, multilateral measures impossible to implement, thus ruin the NSR's commercial possibility, leaving Russia, China, shipping companies and all other stakeholders empty-handed. Furthermore, the need for the development of new and tailored solutions should not be downplayed, according to (Tamnes & Offerdal 2014: 65):

> As climate change creates new challenges in the Arctic, including more Arctic shipping and changes in the marine ecosystems, the legal and political arrangements covering these issues will need to be developed accordingly.

A notable example of such an institutional response is the revision of the Polar Code, deemed highly valuable for an increased use of the NSR. Constructed through the International Maritime Organisation (IMO), the Polar Code will provide a legally binding system of classes for vessels operating in ice-infested waters when implemented within 2018 (Tamnes & Offerdal 2014: 64). The Polar Code's framework development has been one of the fastest ever made by the IMO. Interestingly, the Norwegian Shipowners' Association (2015) indicates that this fact might be due to the increasing attention towards Arctic shipping. In light of this, I therefore argue that an increased traffic along the NSR seems, from an environmental and safety perspective, to be underway to become well-regulated through a robust and institutionalised framework.

6.2.2 The distribution of natural resources

Contrary to the viewpoint from realists and numerous media publications, an imagined battle between Arctic states for sovereignty over natural resources is highly unlikely.[35] The reason is again connected to the well-established and respected fact that the dividing of territories will take place through the UNCLOS. More importantly, the bulk of the most coveted energy resources are anyway located in undisputed areas already divided. Russia possesses the majority of these resources, as well as the *de facto* control over the NSR. As I have noted, Arctic cooperation over conflict is much more worth for Moscow. Russia needs stability to attract the investments and knowhow required to extract the resources and to develop the NSR. Furthermore, with regard to the remaining territorial disputes, including the infamous Lomonosov Ridge debate, Runge Olesen & Rahbek-Clemmensen (2014) identifies a central and promising point:[36]

> […] [I]t should be kept in mind that many of the Arctic's mineral and energy resources are only slowly becoming accessible. This leaves policymakers with time to come up with agreements about still-contested areas. The 2010 agreement between Norway and Russia over the Barents Sea is an example of how such agreements can be reached.

6.2.3 The Arctic Council

The Arctic Council is the strongest proponent of liberalism and institutionalisation of cooperation in the Arctic area, providing a regular venue to discuss Arctic matters and collaborate on issues of contemporary importance. As such, it helps to avoid misunderstanding and mistrust among the Council's members, participants and observers, according to Sharp (2011: 316) and Tamnes & Offerdal (2014: 62). Per 2015, its permanent members are the A8 countries, while a number of states (including major powers such as China, France, Germany, Japan and India) and intergovernmental organisations have been granted observer roles. Since its foundation in 1996, notable Arctic Council successes include environmental protection agreements and the first legally binding instrument negotiated and adopted

[35] For media publications applying a realist lens on the Arctic, see e.g. Barnes (2014), Goodman & Titley (2015), Mandraud (2014), Parmar (2013) or Samuelsen (2015).
[36] A more detailed presentation of the Lomonosov Ridge is offered by e.g. Byers (2013) and Sharp (2011).

under its auspices, namely the 2013 Arctic search-and-rescue agreement (Runge Olesen & Rahbek-Clemmensen 2014).[37]

That the Council gradually has broadened its base of observer states is a crucial development, as Arctic stability is conditioned not only by internal dynamics between the A5 or A8 countries, but also by how the international community participates in shaping the Arctic (Tamnes & Offerdal 2014: 66). Therefore, the Council's decision at the ministerial meeting in Kiruna in May 2013 to appoint eight new observer states in 2013 has been interpreted as important for the future of Arctic governance:

> Any negotiations [for the future of the Arctic] […] will need to balance the protection of the national interests of the eight Arctic states and at the same time accommodate the influence and expectations that non-Arctic observer states of the Arctic Council will bring to bear on debates over issues of sovereignty, security, and international cooperation in the Arctic region.
>
> (Murray & Nuttall 2014: 618)

China, with its grand expectations and big investments in the Arctic, serves as a prime example of this statement. By appointing China observer status in 2013, the Arctic Council took an important step to mitigate a potential source of security-based friction. Although observer states are not allowed to cast votes, the important aspect here is that by having granted access to the Arctic Council, China and other stakeholders are invited to participate and air their opinions towards the A8 countries, eventually limiting the risk of conflicting issues. Lastly, that the Arctic Council incorporates new observer states in order to curb tension and to debate contemporary issues underscore its reputation of a remarkably successful intergovernmental forum, as well as the fact that Arctic governance continues to be characterised by liberalism features.

6.2.4 A stronger Russian presence in the Arctic

Contrary to the realist perception, the last years' significant Russian investments in its armed forces, coupled with the strengthening of its Arctic presence, can hardly be regarded as Russian preparations for conflict, according to a number of expert sources. Not even the Norwegian Ministry of Defence, responsible for safeguarding

[37] The treaty was concluded in May 2011. After a ratifying process, it entered into force in January 2013. For further details on the SAR agreement, refer to e.g. Kao et al. (2012).

NATO's border towards Russia, considers the military activity and reinforcement as illegitimate:

> Considering the deprivation of military infrastructure in Russia during the 1990s, they have had a legitimate need to re-establish and renew their military capacities. These forces must exercise, and they have the possibility of doing this in the whole of its own territory […].[38] The Russian reinforcement and modernising is not meant, and should not be interpreted as, a provocation towards Norway.
>
> (Norwegian Ministry of Defence 2015)

Secondly, as the ice recedes and the borders at sea thus become more relevant, it could be argued that military presence in these border areas is neither unusual nor illegitimate. As James Collins, a former US ambassador to Russia puts it: "[t]his is the Russian coastline, after all. There is not anybody else going to look after it" (Kramer 2013). In addition, an increased military capability in the Arctic area can, conversely, be a method to strengthen the development of traffic on the NSR. Navy surface ships, be they Russian or not, at patrol in the Arctic Ocean will be legally bound to assist a merchant vessel in distress along the NSR.

Moreover, despite its at times strong rhetoric, Russia has been regarded as one of the "most proactive of all Arctic states in identifying its roles in the Arctic, and working closely with the international community, and particularly the Arctic Council […] (Sharp 2011: 303). It is therefore reasonable to argue that Russia thus far in fact has been at the forefront at finding legal and workable solutions to key security stress points in the Arctic.[39]

The reason for Russia's stronger presence as well as their cooperation-based approach towards to Arctic security issues is largely based on the fact that Russia links its international position and strength with its unexploited energy reserves. Russia has no reason to engage in any military confrontation that could potentially damage their chances of taking advantage of these hydrocarbons. Open conflict involving a Russian

[38] "[…] they have the possibility of doing this in the whole of its own territory" was said in connection with a discussion on how Norwegian medias frequently publish articles in which a concern is expressed towards the Russian armed forces' exercise activity in its north-western regions, e.g. the Kola Peninsula and the Barents Sea.

[39] Moreover, it should also be noted that Russian rhetoric on Arctic issues has generally been much more conciliatory compared to other regions, including Eastern Europe or the Middle East (Runge Olesen & Rahbek-Clemmensen: 2014).

part is thus unlikely. That being said, the Russian energy exploitation sectors are suffering as of today anyway. Although conflict in the Arctic is far from manifestation, the sanction regime imposed after a conflict thousands of kilometres away, namely the Crimean Crisis, causes problems for Russian activity in the Arctic. However, as previously indicated, it is unlikely that Russia can afford more severe or much prolonged sanctions, as they are reliant on the know-how from e.g. Norwegian offshore activity in icy waters, or Finnish experience with construction of ice-strengthened hulls. In other words, closing the Russian Arctic for foreign investments will effectively make it practically impossible for Russia to exploit its Arctic energy resources. The long-term consequences of the Ukraine conflict are still unknown, but many believe that mutual economic dependency and corporate interests will trump politics (Fjærtoft et al. 2014: 19):

> I do not think Russia can live with it, since the sanctions start to take its toll to such an extent that I believe they [Russia] have to address the situation. Thus, I believe that even Putin to a certain degree must yield, so that the conditions become more attractive.
>
> (Hagen 2015)

6.3 An Arctic zone of peace

In summary, my impression of the international politics of the Arctic is that these are dominated by liberalist values. The development of the Arctic is taking place alongside a maturing, international and institutionalised community that is growing through e.g. the expansion of the Arctic Council's observer states. Moreover, the legal framework for the region seems to become increasingly robust, exemplified by the remarkably efficient negotiation and implementation process of the Polar Code. The two most important liberalist features of Arctic governance are arguably the mutual respect for UNCLOS, and the value of shared economic interests with regard to transit shipping along the NSR and the exploitation of vast natural resources. The Arctic stakeholders simply cannot afford to transform the Arctic into a zone of conflict. Therefore, it is improbable that this situation will change in the foreseeable future (Buixadé Farré et al. 2014: 9; Tamnes & Offerdal 2014: 67).

I thus argue that it is unlikely that the NSR has the potential of a negative interruption of Arctic governance. On the contrary, it could be reasoned that shipping in Arctic

waters has constituted a new dimension for cooperation among its stakeholders. Since it has brought forward the need for and creation of a new safety standard and a search-and-rescue agreement, the states have been forced to make multilateral and binding agreements. Ultimately, this has contributed to a reduced risk of conflict and to maintain the Arctic as "a remarkably peaceful and stable region", in the words of Runge Olesen & Rahbek-Clemmensen (2014). In conclusion, matters within the Arctic area, including the division of natural resources, the resolving of territorial disputes, military strengthening and posturing, and international shipping, are conducive to cooperation rather than conflict.

From a peace promoting perspective, the findings are optimistic and encouraging. However, these factors alone are not enough to guarantee that governance in the Arctic will remain cooperative and prosperous. As they only represent regional aspects of the Arctic, they fail to take into consideration the fact that no geopolitically important area can be isolated from the bigger picture of international politics. This important scenario-based aspect will be addressed in the final chapter of this analysis.

6.4 Conflict spillover in the Arctic

Governance in the Arctic is not only dependent on a well-functioning cooperative order, since globalisation and multipolarity inevitably connect the Arctic to outside events. The peaceful state of affairs is therefore not permanent, even though I have shown that it is unlikely that i.a. increased international shipping is no threat to Arctic governance. The Arctic may still re-emerge as a region of high tension again, but it is unlikely that regional challenges will spur this. Instead, a possible military conflict in the Arctic would most likely emerge only through the concept of spillover from a conflict with its basis elsewhere in the world:

> [T]he regional dynamics in the High North are not a ticking bomb under broader international security. It is a remarkably peaceful and stable region. In fact, it is much closer to being the other way around: conflicts elsewhere on the globe […] may spill over into the Arctic and threaten the benign state of affairs that has otherwise characterized the region. Arctic security dynamics depend on global great power politics.
>
> (Runge Olesen & Rahbek-Clemmensen 2014)

The outbreak of unrest in Ukraine in 2013, followed by the Russian annexation of the Crimean Peninsula and ensuing Ukrainian civil war, provide a contemporary and illustrative example of how global level conflicts spill over into the regional level, i.e. the international politics of the Arctic. It has led to a serious deterioration of Russian-Western relations, and has resulted in an extensive sanctions regime that has paralysed military and commercial cooperation. Consequently, we now see a major shift in the geopolitical landscape, with Russia re-aligning its relationship with Western states and perhaps establishing more strategic ties to China (Fjærtoft et al. 2014: 19; Røseth 2014), through their mutual interests in energy, raw materials and trade, all of which involves an increased use of the NSR between the two states.

This thesis' research question asked how the development of the NSR could challenge the Arctic political environment. Conversely, the effect of spillover means that it instead could be the international politics of the Arctic that may challenge the development of the NSR, illustrated by (Moe 2015):

> In light of the deterioration of the [Russian-Western] cooperation, it is not unlikely that this will spill over to the more innocent commercial, mercantile activity, hereunder shipping along the NSR.

Summarising this last subchapter, I firstly identified that a shared economic interest of a well-developed NSR, as well as a thorough institutional framework to guide this development, are not sufficient factors to guarantee a peaceful Arctic future, due to the lure of the spillover effect.

Secondly, I conclude that the spillover effect actually can affect the NSR's development in a negative way. A further worsening of Russian-Western relations will make foreign investments impossible, and without these, Moscow cannot carry out the necessary improvements to make the NSR commercially attractive, unless China provides for the massive investments needed. It is, however, highly unlikely that China and Russia should develop the NSR alone – the sea route is far more attractive to numerous other stakeholders for this to be a reality.

It is important to acknowledge these two aspects related to the spillover effect, as there is a small, albeit real possibility that they can play out. Nevertheless, after this

thorough assessment of the NSR and Arctic governance, it is my belief that such realist scenarios probably not will be able to trump the liberalist features of the Arctic's international politics. Compared to the economically beneficial alternative of cooperation and peace, conflict in the Arctic over natural resources and the NSR as a trade route is simply too costly for all stakeholders. With regard to Arctic governance, I thus believe that the implications of an increased international traffic along the NSR will be in line with how the Norwegian Ministry of Foreign Affairs' (2015) envisions the future of the Arctic: "High North, low tension".

7. Conclusion

The goal of this master thesis has been to investigate the implications of the development of the Northern Sea Route (NSR) with regard to Arctic governance. The topic is highly relevant considering the developments that have taken place in the Arctic area the last years. The effects of climate change are not only making formerly inaccessible natural resources exploitable, but are also enabling regular shipping between Asia and Europe via the NSR. I have asserted that it is highly unlikely that the shipping route will be a competitor to the traditional Suez-Malacca route, but have nevertheless presented a number of pull-factors in favour of the NSR, including e.g. political instability in the Middle East and a geopolitically stronger China. In such a scenario, with more shipping directed into an ocean that connects the three most industrialised and developed continents of the world, it is not unreasonable to believe that the prevailing political situation in the Arctic may be challenged. This assumption constitutes the core of my research project.

Treating the NSR as a case of Arctic governance, a large effort was made to collect relevant and contemporary data through semi-structured expert interviews and document analyses in order to shed light on the research question from different angles. Furthermore, as international politics is the overarching theme of this thesis, I applied a theoretical framework consisting of the two most central paradigms of International Relations theory within political science. Firstly, I conceptualised the NSR for the reader by presenting a thorough review of its history of development and strategic significance, as well as its current usage. Recent data showed that traffic on the NSR in relative terms has increased drastically. Subsequently, I examined the implications of the NSR with regard to Arctic governance through the first perspective within International Relations, namely realism. In this analysis, I found that proponents of realism, backed by statements and events, indeed have reason to claim that tension and conflict over the NSR may become a possibility.

However, I argue that the Arctic is better described through a liberalist lens. The region has developed from a geopolitical hotspot during the Cold War, to an area in which liberalist values triumph over realist features. This statement rests on my assessment of the international politics of the Arctic, where I found that the region is

characterised by a number of well-established cooperative institutions and arrangements, such as UNCLOS and the Arctic Council. In addition, none of the stakeholders of the Arctic's future have an interest in transforming the region into a conflict zone – the value of shared economic interest in international transit shipping via NSR and the connected exploitation of natural resources is too high. Therefore, I argue that not even the most optimistic commercial outlooks of the development of the NSR, with thousands of annual shipments, will be able to negatively interrupt the international politics of the Arctic. On the contrary, increased shipping along the NSR has brought with it a new arena of cooperation between its stakeholders, resulting in new multilateral agreements, ultimately limiting the tension level.

Although I have shown that it is unlikely that international shipping or similar regional events will interrupt the prevailing political situation in the Arctic, conflict is not completely unthinkable. However, such a scenario will most likely be the result of spillover from a conflict somewhere else in the world, exemplified by the Ukrainian civil war, which has frozen the relationship between Russia and the West. As a consequence of the conflict in Ukraine, diplomatic, business, and military cooperation between the mentioned parties have been put to a halt, also in the Arctic. So far, Western sanctions have near stopped all developments in the previously prosperous international offshore petroleum industry in the Arctic, but have not taken its toll on the international traffic on the NSR. However, it is not unlikely that Russian benevolence towards shipping companies with stakes in the NSR may deteriorate due to the sanctions they face. As a result, shipping companies may abandon the NSR, with the consequence of Russia not being able to attract enough investments to make the route attractive. That being said, my analysis shows that a number of experts doubt that Russia can afford a prolonged sanction regime, and that the current entrenched situation will improve.

I conclude this volume by claiming that a busier NSR does not have the potential to affect the international politics of the Arctic. The region is too interdependent on peace and liberalist values. Conversely, the spillover effect may imply that international politics will challenge the development of the NSR.

7.1 Suggestions for further research

Furthering this research, it would be of great interest to include the views of representatives from Atomflot and the NSR administration. This task was not deemed necessary for the research question of this study, but could nevertheless have shed light from yet another angle onto the topic.

In addition, the implications of climate change and the melting of the Arctic Ocean's sea ice have only been treated from a beneficial profit and exploitation point of view. It could be interesting to contrast this view with a more critical one, assessing the implications of increased Arctic shipping with regard to e.g. environmentalism or indigenous peoples living in affected areas.

Hopefully, this thesis and the proposed further research will contribute to a wider understanding of what happens to the international politics of the Arctic when the region is exploited.

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9. Appendix

9.1 Declaration of consent

Dette dokumentet inneholder informasjon vedrørende din forespurte deltakelse i et intervju som vil utgjøre datagrunnlag for min masteroppgave i sammenliknende politikk ved Universitetet i Bergen, planlagt publisert 1. juni 2015. Oppgavens tema er den politiske betydningen av utviklingen av Den nordlige sjørute. Intervjuets formål er å innhente informasjon fra ressurspersoner fra myndigheter, akademia, sikkerhetspolitikk, medier og næringsliv, som skal belyse og utfylle øvrig data.

Intervjuet vil ta form som et delvis strukturert intervju, der det overordnede temaet vil utgjøre intervjuets utgangspunkt. Videre er intervjuguiden delt inn i undertemaer. Oppfølgingsspørsmål vil bli stilt for å sikre at relevant og korrekt informasjon innhentes. Intervjueren kommer til å benytte båndopptaker og ta notater underveis. Samtalen vil ta om lag 45 minutter, og tid og sted avtales i samråd på forhånd.

Din deltakelse er frivillig, og du har mulighet til å trekke deg når som helst både før, under og etter intervjuet, uten nærmere begrunnelse. Om ønskelig kan intervjuobjektet anonymiseres i oppgaven. Dersom du trekker deg vil alle innsamlede data, inklusive opptakene, bli slettet når oppgaven ferdigstilles. Du kan, ved forespørsel, få tilsendt transkripsjon av enten intervjuet i sin helhet eller anvendte sitater for gjennomlesing, innen oppgavens publisering.

Ved å underskrive dette dokumentet samtykker du til å delta i intervjuet innen rammene som er listet her. Til informasjon er studien meldt til Personvernombudet for forskning ved Norsk samfunnsvitenskapelig datatjeneste AS.

Spørsmål rettes til min e-postadresse *hanspetter.bjorkli@gmail.com*, til telefon 480 38 610, eller min veileder Per Selle ved UiB på e-postadressen *per.selle@rokkan.uib.no*.

Med vennlig hilsen,
Hans-Petter Bjørkli

Samtykke: Jeg har mottatt og lest informasjonen om datainnsamling til studien om Den nordlige sjørutes politiske betydning og ønsker å stille til intervju:

Sted, dato: Navn:

9.2 Interview guide for Arild Moe

Spørsmålsoversikt til intervjuobjekter i forbindelse med masteroppgave om den politiske betydningen av utviklingen av Den nordlige sjørute (heretter NSR).

Den nordlige sjørute

a) Hva er status for NSR per 2015 hva gjelder utvikling/investeringer og optimisme, tatt i betraktning fjorårets nedgang?
b) Er NSR et fullgodt Suez-alternativ i fremtiden, eller kun et supplement?
c) Har NSR potensial til å endre maktbalansen eller på andre måter påvirke samarbeidsklimaet i Arktis?

Involverte aktører

a) Hva forklarer den store russiske optimismen for NSR, når andre er mer moderate?
    - Hvorfor er det så stor diskrepans mellom pengene russerne hevder de vil investere i NSR, og de pengene som faktisk brukes?
b) Hvilken sammenheng er det mellom den russiske militære opprustningen i Arktis og utviklingen av NSR?
c) Hvordan vurderer du de asiatiske statenes rolle i utviklingen av og bruken av NSR?
d) Hvilke muligheter åpner NSR for norsk maritimt næringsliv?

Internasjonale relasjoner i Arktis

a) Er det generelle samarbeidsklimaet mellom de fem statene med grenser til Det arktiske hav preget av realisme eller liberalisme (maktkamp eller institusjonalisert samarbeid)?
    - Varierer dette mellom hvilke samarbeidsområder det dreier seg om?
b) Hvilken effekt har Ukraina-konflikten på samarbeidet i Arktis?
c) Hva betyr det at asiatiske stater har fått observatørstatus i Arktisk råd?
d) Vil en økt bruk av NSR være en kilde til konfrontasjon eller en ny samarbeidsdimensjon i Arktis?

9.3 Interview guide for Ulf Hagen

Spørsmålsoversikt til intervjuobjekter i forbindelse med masteroppgave om den politiske betydningen av utviklingen av Den nordlige sjørute (heretter NSR).

Rederiet Tschudi Arctic Transit og NSR

a) Kan du fortelle om rederiets involvering i utviklingen av NSR?
b) Hva har involveringen resultert i av konkrete gjennomseilinger og investeringer?
c) Hva forklarer rederiets entusiasme for prosjektet?
    - Ev. hvorfor er NSR fremdeles et satsningsområde for bedriften, tatt i betraktning trafikknedgangen i 2013 og 2014?
d) Hva er rederiets tanker om betydningen NSR kan ha for norsk maritimt næringsliv?
e) Hvordan vil du beskrive kontakten mellom rederiet og russiske myndigheter/NSR-administrasjonen?
f) Hvordan fungerer rederiets samarbeid med Atomflot?
    - Hva er egentlig betydningen av isbryterassistanse langs NSR?
g) Hvilke investeringer mener dere er de mest avgjørende som må på plass for å gjøre NSR kommersielt attraktiv?

Geopolitisk perspektiv

h) Hvordan vurderer rederiet betydningen av NSR som handelsrute?
    - Er NSR en regional nisjerute, eller kan den i fremtiden konkurrere med/avlaste globale handelsmønstre?
    - Dreier det seg om destinasjonstrafikk eller internasjonal gjennomseiling?
i) Hvilken betydning har den økende russiske militære tilstedeværelsen i Arktis på rederiets involvering i NSR?
j) Hvordan vurderer rederiets asiatiske interesser i utviklingen og bruken av NSR?
k) I hvilken grad påvirkes samarbeidsklimaet og rederiets involvering i NSR av sanksjonsregimet knyttet til Ukraina-konflikten?
l) Hvilke tanker gjør et rederi seg omkring skipsfart og strategiske handelsruter som politisk maktfaktor?

9.4 Interview guide for Tommy Flakk

Spørsmålsoversikt til intervjuobjekter i forbindelse med masteroppgave om den politiske betydningen av utviklingen av Den nordlige sjørute (heretter NSR).

Norske myndigheter og NSR

d) Hvilken interesse viser norske myndigheter for NSR?
e) Hva forklarer myndighetenes eventuelle interesse for NSR?
    - Ev. hvorfor vurderes ikke NSR som interessant?
f) Hvilke tanker gjør Utenriksdepartementet seg om betydningen av NSR som en internasjonal handelsrute?
g) Hvordan vurderer norske myndigheter skipsfart og strategiske handelsruter generelt som en politisk maktfaktor?
h) Hvilke muligheter mener Utenriksdepartementet at en økt bruk av NSR kan ha for norsk maritimt næringsliv?

Samarbeid i Arktis

a) Er det generelle samarbeidsklimaet mellom de fem statene med grenser til Det arktiske hav preget av realisme eller liberalisme (maktkamp eller institusjonalisert samarbeid)?
    - Varierer dette mellom hvilke samarbeidsområder det dreier seg om?
b) Hvilken rolle spiller Arktisk Råd for norske myndigheters involvering i nord?
c) Har NSR potensial til å endre maktbalansen eller på andre måter påvirke samarbeidsklimaet i Arktis?
    - Vil en økt bruk av NSR være en kilde til konfrontasjon eller en ny samarbeidsdimensjon i Arktis?
d) Hvordan kan det bilaterale forholdet mellom Russland i dag beskrives, sammenlignet med forholdet før Ukraina-sanksjonene?
e) Hvilken betydning har den økende russiske militære tilstedeværelsen i Arktis for norske myndigheter?

9.5 Interview guide for Kevin Luneborg Thomassen

Spørsmålsoversikt til intervjuobjekter i forbindelse med masteroppgave om den politiske betydningen av utviklingen av Den nordlige sjørute (heretter NSR).

Norges Rederiforbund og NSR

a) Hva er Rederiforbundets holdning til bruken av NSR som transportrute?
    - Er NSR en regional nisjerute, eller kan den i fremtiden konkurrere med/avlaste globale handelsmønstre?
    - Dreier det seg om destinasjonstrafikk eller internasjonal gjennomseiling?

i) Hvordan er Rederiforbundet eller norske rederier eventuelt involvert i utviklingen av NSR?

j) Hvilken betydning kan NSR ha for norsk maritimt næringsliv?

k) Har Rederiforbundet noe kontakt med russiske myndigheter/NSR-administrasjonen/Atomflot på vegne av norske rederier?
    - Hvordan vil du i tilfelle beskrive denne kontakten?

l) Hvilke investeringer er de mest avgjørende som må på plass for å gjøre NSR kommersielt attraktiv?

Geopolitisk perspektiv

a) Hvilke tanker gjør Rederiforbundet seg omkring skipsfart og strategiske handelsruter generelt som en politisk maktfaktor?

b) Hvilken betydning har den økende russiske militære tilstedeværelsen i Arktis på norske rederiers involvering i NSR?

c) Har de pålagte næringssanksjonene i forbindelse med Ukraina-konflikten hatt innvirkning på norske rederiers involveringer i nordområdene?

d) Er økt asiatisk interesse i utvikling og bruk av NSR en samarbeidsdimensjon eller en konkurranseutfordring for norsk rederinæring?

9.6 Interview guide for Rolf Arne Billington and Geir Winnæs

Spørsmålsoversikt til intervjuobjekter i forbindelse med masteroppgave om den politiske betydningen av utviklingen av Den nordlige sjørute (heretter NSR).

Nordområdene og NSR

f) Hvorfor anser Norge nordområdene som sitt viktigste strategiske satsningsområde?
    - Hva er Forsvarets rolle i denne satsningen?

g) Hvilken betydning har NSR for Norges nordområdesatsing?

h) Hvordan forholder Forsvaret seg til en økt bruk av NSR?

Geopolitikk og samarbeid i Arktis

m) Hvilke tanker gjør Forsvarsdepartementet seg rundt betydningen av NSR som en internasjonal handelsrute?

i) Hvordan vurderer dere skipsfart og sentrale handelsruter generelt som en politisk og strategisk maktfaktor?

j) Har NSR potensial til å endre maktbalansen eller på andre måter påvirke samarbeidsklimaet i Arktis?
    - Vil en økt bruk av NSR være en kilde til konfrontasjon eller en ny samarbeidsdimensjon i Arktis?

Norges forhold til andre stater

a) Hva er det som skiller norske og russiske nordområdeambisjoner?

b) Hvordan er Forsvarsdepartementets syn på russisk styrkeoppbygging og modernisering i nordområdene?
    - Er alt legitimt, eller tolkes noe som provokasjon?

c) Hvordan vil dere beskrive det bilaterale forholdet til Russland i dag, sammenlignet med forholdet før Ukraina-sanksjonene?

d) Hvordan har det militære samarbeidet forandret seg siden sanksjonsregimet ble innført?

e) Hvilke andre stater er sentrale aktører som norsk forsvar må forholde seg til i nordområdene?