

ECONOMIC SECURITY POLICY IN THE BARENTS REGION

Iuliia S. MITINA¹,

¹Head of Arctic Research Centre,
International Banking Institute named after Anatoliy Sobchak,
St. Petersburg, Russia;

3rd-year PhD student in 41.06.01 "Political Sciences and Regional Studies",
Saint Petersburg State University;
St. Petersburg, Russia;

Address for correspondence: Iu.S. Mitina, 191023, St. Petersburg, Nevsky Prospect, 60
Т. : +79211707455. E-mail: mitina@ibispb.ru

Abstract

The Barents Region is undergoing unprecedented changes in its physical, social, economic and geopolitical realities. These rapid changes have a significant impact on the security of the Arctic as a whole and on certain aspects of security in particular. These aspects and challenges associated with them are often investigated and analyzed in certain autonomy from each other, considering only one side of the problem, but to assess the complexity of the risks is only possible when these problems are considered in connection with each other. This article is aimed at studying economic security policy by analyzing the priorities outlined in the strategies of the countries of the Barents Region and their real actions. National strategies of the countries of the Barents Region take into account the specific factors of the northern regions, the heterogeneity of their space and the uneven dynamics. The methodology of strategy formation is determined by a set of research methods of forecasting and planning, the goal, objectives and principles of regional management in a market-driven economy. At the same time, the main goals are to protect the national interests of the country and ensure the social and economic sustainability of the Barents Region and its countries.

Keywords

Economic Security Policy, Barents Region, Arctic discourse.

УДК 338

ПОЛИТИКА ЭКОНОМИЧЕСКОЙ БЕЗОПАСНОСТИ В БАРЕНЦЕВОМ ЕВРО-АРКТИЧЕСКОМ РЕГИОНЕ

Юлия Сергеевна МИТИНА¹,

¹Руководитель Центра арктических исследований,
Международный банковский институт имени Анатолия Собчака,
Санкт-Петербург, Россия;

аспирант 3 курса обучения по направлению подготовки 41.06.01
«Политические науки и регионоведение»,

Санкт-Петербургский государственный университет,
Санкт-Петербург, Россия

Аннотация

Баренцев Евро-Арктический регион переживает беспрецедентные изменения в своих физических, социальных, экономических и геополитических реалиях. Эти быстрые изменения оказывают значительное влияние на безопасность Арктики в целом и на отдельные аспекты безопасности в частности. Эти аспекты и связанные с ними вызовы часто исследуются и анализируются в некоей автономии друг от друга, при рассмотрении только одной стороны проблемы, но оценить всю сложность рисков возможно лишь тогда, когда эти проблемы изучаются в связи друг с другом. Данная статья направлена на изучение политики экономической безопасности посредством анализа приоритетов, обозначенных в стратегиях стран Баренцева Евро-Арктического региона, и их реальных действий. Национальные стратегии стран Баренцева Евро-Арктического региона учитывают специфические факторы северных регионов, неоднородность их пространства и неравномерность динамики. Методология формирования стратегии определяется совокупностью научных методов прогнозирования и планирования, целью, задачами и принципами регионального управления в условиях рыночной экономики. При этом главными целями являются защита национальных интересов страны и обеспечение социально-экономической устойчивости Баренцева Евро-Арктического региона и территорий отдельных стран, входящих в него.

Ключевые слова

Политика экономической безопасности, Баренцев Евро-Арктический регион, арктический дискурс.

Introduction

The considerable interest in the Arctic development is caused by geopolitical, economic and other factors. The unique territory of a rich space has sharpened the attention both to the Arctic countries and countries that are absolutely not geographically close to the Arctic territory. The Arctic has represented the meeting point of multiple interests and actors.

The Barents Region, which consists of northernmost parts of Norway, Sweden, Finland and North-West Russia, is undergoing unprecedented changes in its physical, social, economic and geopolitical realities. These rapid changes have a significant impact on the security of the Arctic as a whole and on certain aspects of security in particular. These aspects and challenges associated with them are often investigated and analyzed in certain autonomy from each other, considering only one side of the problem, but to assess the complexity of the risks is only possible when these problems are considered in connection with each other. This article is aimed at studying economic security policy by analyzing the priorities outlined in the strategies of the countries of the Barents Region and their real actions. National strategies of the countries of the Barents Region take into account the specific

factors of the northern regions, the heterogeneity of their space and the uneven dynamics. The methodology of strategy formation is determined by a set of research methods of forecasting and planning, the goal, objectives and principles of regional management in a market-driven economy. At the same time, the main goals are to protect the national interests of the country and ensure the social and economic sustainability of the Barents Region and its countries.

Economic growth and the essentiality of it are the key factors for the regional development in the Barents Region [1]. The priority tasks of economic security policies include strategic resource potential, efficient resource development, development of infrastructure (energy, transport infrastructure), formation of a single information space, improvement of regional governance, growth of investment attractiveness of the region, development of the Northern Sea Route and its transformation into an international commercial transit route.

The purpose of the research

The purpose of the research is to analyze the following strategic priorities of the economic security policy and their indicators outlined in the strategies of the Barents Region countries: 1) Strategic resource potential, efficient resource development; 2) Development of infrastructure (energy, transport infrastructure), formation of a single information space; 3) Improving regional governance; 4) Growth of investment attractiveness of the region; 5) Development of the Northern Sea Route.

Materials, methods and objects of the research

The following strategies have been analyzed within the research framework:

- Norway's Arctic Strategy: Between Geopolitics and Social Development (2017);
- Norway's Arctic Policy: Creating Value, Managing Resources, Confronting Climate Change and Fostering Knowledge (2014);
- Strategy for Developing the Russian Arctic Zone and Ensuring National Security through 2035 (2020);
- Strategy for Developing the Russian Arctic Zone and Ensuring National Security through 2020 (2013);
- The action plan for the update of the Arctic Strategy (2017);
- Update to the Arctic Strategy (2016);
- Finland's Strategy for the Arctic Region (2013);
- Sweden's Strategy for the Arctic region (2020);
- Sweden's Strategy for the Arctic Region (2011).

The texts of documents have been analyzed in accordance with 5 priorities for the frequency of mentioning the topics that constitute their conceptual basis,

using quantitative and qualitative methods, identifying the characteristic features, similarities and differences, as well as the priorities of the entities of the member countries.

Such an integrative model of quantitative and qualitative methods (mix method research) has allowed us to identify certain trends in the context of the economic security policy discourse.

The result of the research

The analysis of the economic security policy priorities outlined in the strategies (Figure 1) shows that most countries are building their policies in accordance with the stated priorities.

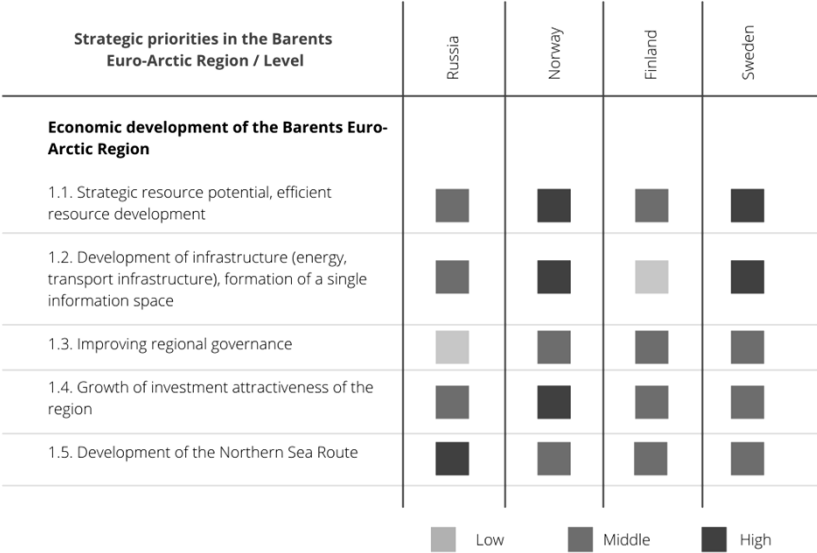


Figure 1. Strategic priorities in the Barents Region

The indicator «economic security» is presented in the countries of the Barents Region in the following percentage ratio (Figure 2).

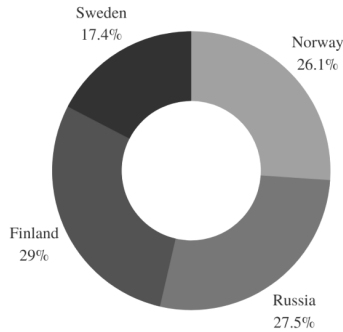


Figure 2. Economic security indicators

In *Norway*, economic security accounts for 26.1% of the total references under the *Norway’s Arctic Strategy: Between Geopolitics and Social Development (2017)*.

According to the strategy, the blue economy is likely to include industries such as marine biotechnology, energy, seabed mining (SBM) and maritime transportation.

The mineral and energy complex is shaping the economic agenda of Norway, both strategies include the development of the mining industry, considering the potential for increasing oil and gas activities.

Moreover, the *Norway’s Arctic Strategy 2017* deals with renewable energy sources, as Northern Norway has rich renewable energy sources and the region as a whole has a surplus of electricity. The government promotes the efficient use of renewable energy sources as a basis for business development and innovation.

The business sector in North Norway is thriving, and the rate of growth in the north of the country is currently higher than in the south. There are clear indications that economic growth in North Norway will continue in the years ahead. This will depend on several factors, such as companies in the region being able to find enough employees with the necessary skills and knowledge. The Government aims to make North Norway one of the most innovative and sustainable regions in the country.

Given the scale of economic activity, both documents – *Norway’s Arctic Strategy: Between Geopolitics and Social Development (2017)* and *Norway’s Arctic Policy: Creating Value, Managing Resources, Confronting Climate Change and Fostering Knowledge (2014)* emphasize the importance of the regional economy for Norway. For example, the *Norway’s Arctic Strategy 2017* mentions that the business sector in Northern Norway is thriving and growth rates in the

north of the country are currently higher than in the south. Norway's Arctic Strategy 2014 contains similar statements, explaining that GDP growth forecasts for Northern Norway for 2014 and 2015 are better than for the rest of the country, with 3% growth forecast for both years.

These two strategies recognize that the success of the northern economy depends on the people living in the region. But these two documents offer different approaches to providing the country with labor resources. The Norway's Arctic Strategy 2017 approach is to build a sustainable region to attract or retain people: creating attractive local communities that can offer jobs in both the private and public sectors is an important component of the government's strategy in the Arctic. In the Norway's Arctic Strategy 2014, the government's efforts are focused on priority sectors with growth potential and labor supply for these particular sectors.

The Norway's Arctic Strategies 2014 and 2017 are also focused on international economic cooperation, with the efforts of the prime ministers of Norway, Sweden and Finland to set up a group of experts to identify ways to strengthen business cooperation in the north.

The Arctic, with its abundant resources both on land and at sea, provides a home and a livelihood for many Norwegians. A profitable and adaptable business sector is vital for ensuring the region's sustainability. The spin-off effects from the resource-based sectors will affect future growth. Access to skilled labour, close cooperation between the research community and the business sector, and a more market-oriented approach can be expected to give companies in North Norway new advantages and increase their profitability. Digital solutions and new technology can limit the disadvantages of the shortage of labour and the long distances involved when doing business in the north [1].

In the *Russia*, the indicator of economic security accounts for 27.5% of the total number of references in the framework of the Strategy for Developing the Russian Arctic Zone and Ensuring National Security through 2035 (2020), which recognizes that the traditional economy and the technological sector are among the areas of economic activity of the Russian Federation. Indeed, there is a need to build a competitive scientific and technical sector in the development and implementation of advanced technologies, including the development of new ones or adaptation of existing ones in the Arctic conditions on the basis of appropriate technological platforms.

However, in the both Strategies for Developing the Russian Arctic Zone and Ensuring National Security (2013 and 2020), great attention is paid to the natural resources and energy sectors. Both documents discuss hydrocarbons and energy,

mining and housing. With regard to hydrocarbons and energy, both documents explain the importance of developing the hydrocarbon sector, especially on the Russian continental shelf [2].

Moreover, the Strategy for Developing the Russian Arctic Zone and Ensuring National Security through 2020 (2013) explains the importance of economic security and measures taken by the government to facilitate the development and implementation of a system of state support and incentives for economic entities operating in the Arctic zone of the Russian Federation, in particular, in the development of hydrocarbon resources and water resources through the implementation of innovative technologies, development of transport and energy infrastructure, modern ICT infrastructure, improvement of customs tariff regulation and tax regulation [3].

As part of the Strategy for Developing the Russian Arctic Zone and Ensuring National Security through 2035 (2020), the government also strives to form a balanced labor market, update social guarantees and compensations for people working and living in the Arctic zone of the Russian Federation. Supporting economic development also means ensuring that a new regulatory framework is in place, and to address this problem, the government is seeking to improve the regulatory framework that contributes to the rationalization of property relations in the field of culture and business development through the development of a system of grants, sponsorship.

Various economic actors are involved in the Arctic economy of Russia: the state, business, science and education, however, according to strategies, the state is still the most involved [4].

In *Finland*, the indicator of economic security accounts for 29% of the total number of references according to the Finland's Strategy for the Arctic Region (2013), which has a special emphasis on economic development. In this strategy, Finland is taking on a key role in unlocking new opportunities and innovating in areas such as construction, technology, business, science and the shipping industry.

In addition, Finland's Strategy for the Arctic Region (2013) also discusses more «traditional» economic activities in the Arctic in the natural resources and energy sectors. The mining industry is important for employment as the mining industry is estimated to create up to 5,000 new jobs over the next few years. Forestry is also important because it plays a crucial role as the driving force behind a low-carbon bioeconomy, providing the basis for new products, materials, services and forms of energy.

The Finland's Strategy for the Arctic Region (2013) and Update to the Arctic Strategy (2016) focus on sustainable resource extraction and improving

opportunities for green business in the Arctic through the development of transport, communication and logistics networks.

Circular economy and other new principles of economic activity as well as technological solutions may also create entirely new business. To support this wide range of economic activities, both strategies appeal to a variety of economic actors. For example, the 2013 Strategy recognizes that the role of the public sector can be to build networks, launch and support framework projects, while the private sector can also create its own international networks. Moreover, partnerships are being established between research institutes, technology centers and private companies, and it is necessary to take advantage of the opportunities offered by international financial institutions.

The action plan for the update of the Arctic Strategy (2017) introduces the concept of economy of wellbeing that emphasizes the connection and balance between the three dimensions of sustainable development: social, economic, and environmental sustainability. Economy of wellbeing promotes social stability. Preconditions for an ecologically and socially sustainable economy are created by investing in people's wellbeing. A sustainable economy makes it possible to increase the wellbeing of people and the environment. Economy of wellbeing utilises indicators that depict economic, ecological and social wellbeing as a support and alongside traditional economic indicators. In economy of wellbeing, the wellbeing and health impacts of decisions are assessed extensively [1].

In *Sweden*, the economic security indicator is 17.4% of the total number of references within the Sweden's Strategy for the Arctic region (2020).

Trade development is an important economic activity: the Nordic countries work closely on trade issues within the EU / EEA and the Nordic Council of Ministers, and Sweden works in the Council of Ministers to facilitate the free movement of goods and services.

The Sweden's Strategy for the Arctic region (2020) states that, unlike other states, Sweden does not have a direct national energy interest in the Arctic and does not participate in initiatives for cooperation in the field of energy policy in this region.

Sustainable development is important for regional economic activity. Sweden's Strategy for the Arctic Region (2011) presents a number of measures for sustainable economic development in the long term, so as not to destroy the social or natural environment for the people living in the region.

There are many actors of different levels that help Sweden in economic activities in the Arctic. At the regional level, Sweden cooperates in this direction with the countries of the Barents Region, for example, in the framework of the

Baltic Sea Region Energy Cooperation (BASREC) and the Nordic Council of Ministers. At the local level, the participation of Swedish businesses in local communities and the willingness to adhere to the principles of human rights, labor laws, social responsibility, sound environmental and sustainable development efforts, and anti-corruption provide a competitive advantage.

Given its large dependency on export, Sweden's economy is faced with the challenge of both maintaining and expanding its global market share. To this end, the government has set itself the objective of playing a more hands-on role in promoting small- and medium-size businesses abroad. With regard to the Arctic region, there is consensus that local businesses are better placed to come up with relevant services and products, which can create jobs and prosperity and address socio-economic challenges faced by the region and its population. Some, while not all, Arctic communities have similar climatic and, albeit to a lesser extent, cultural and societal characteristics, and thus local businesses can establish a presence in other Arctic regions and states easier and more cost-effectively [5].

The Swedish government is directly and indirectly, by encouraging the private sector, investing heavily in the startup scene of its own Arctic region, setting up incubators. These efforts are further complimented by Finnish and Norwegian policies, which pursue the same priorities when it comes to the economic development of their Arctic regions.

Moreover, the government is working on a strategy for new industrialization that aims to improve the conditions for Swedish industry to become a world leader in modern industrial production.

Conclusion

Conceptual analysis of the economic security priorities of the Barents Region revealed which indicators have the highest percentage of references in the framework of certain strategic, which priority areas in ensuring economic security policy certain countries have.

The fact is that each region has its own specific features in development, which predetermine the features in assessing economic security. For example, the Barents Regions is characterized by: a huge natural resource potential, harsh natural and climatic conditions of life, critical dependence on the import of the most important types of essential products, a special geopolitical and military-strategic situation, therefore, the list of indicators itself, and threshold values for different countries remain different.

Список источников

1. **Heinen L.** Future Security of the Global Arctic: State Policy, Economic Security and Climate. – London: Palgrave Pivot, 2016.

2. **Пилысов А.Н.** Арктика Азии и Арктика Европы: будут ли расходиться траектории развития? // Экономика Востока России, 2015. №1.
3. Север и Арктика в новой парадигме мирового развития: актуальные проблемы, тенденции, перспективы: Научно-аналитический доклад / под науч. ред. д.э.н, проф. В. С. Селина, д.э.н., проф. Т. П. Скуфьиной, к.э.н., доц. Е. П. Башмаковой, к.э.н., доц. Е. Е. Торопушиной. Апатиты: КНЦ РАН, 2016.
4. **Абалкин Л.** Экономическая безопасность России: угрозы и их отражение // Вопросы экономики, № 12, 1994. С. 5
5. **Wezeman S.T.** Economic Capabilities in The Arctic – [Электронный ресурс] // Stockholm International Peace Research Institute. – Режим доступа – <https://www.sipri.org/sites/default/files/Military-capabilities-in-the-Arctic.pdf> (дата обращения: 14.08.2021).

References

1. **Heinen L.** Future Security of the Global Arctic: State Policy, Economic Security and Climate. – London: Palgrave Pivot, 2016.
2. **Pilyasov A.N.** Arktika Azii i Arktika Yevropy: budut li raskhodit'sya trayektorii razvitiya? // Ekonomika Vostoka Rossii, 2015. №1.
3. Север i Arktika v novoy paradigme mirovogo razvitiya: aktual'nyye problemy, tendentsii, perspektivy: Nauchno-analiticheskiy doklad / pod nauch. red. d.e.n, prof. V. S. Selina, d.e.n., prof. T. P. Skuf'inoy, k.e.n., dots. Ye. P. Bashmakovoy, k.e.n., dots. Ye. Ye. Toropushinoy. Apatity: KNTS RAN, 2016.
4. **Abalkin L.** Ekonomicheskaya bezopasnost' Rossii: ugrozy i ikh otrazheniye // Voprosy ekonomiki, № 12, 1994. S. 5.
5. **Wezeman S.T.** Economic Capabilities in The Arctic – [Elektronnyy resurs] // Stockholm International Peace Research Institute. – Rezhim dostupa – <https://www.sipri.org/sites/default/files/Military-capabilities-in-the-Arctic.pdf> (data obrashcheniya: 14.08.2021).