

Environmental Politics on Russia's Pacific Edge: Reactions to Energy Development in the Russian Sea of Okhotsk

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Abstract: In two regions of Pacific Russia, Sakhalin Oblast and Kamchatka Krai, emergent environmental politics are associated with political and socioeconomic transformation in the post-Soviet period. While transnational development of hydrocarbons in the Sea of Okhotsk is in the spotlight, the socio-cultural milieu and ecological settings in which extraction occurs is also replete with change. As in resource peripheries in other global locales, long-time residents of Sakhalin and Kamchatka question their cultural identities, socioeconomic futures and rights to land and resources as transnational development continues, leading to multiple politicized actions related to the environment.

Keywords: Sakhalin; Kamchatka, environmental and indigenous activism; oil and gas development; Sakhalin-2; West Kamchatka Shelf

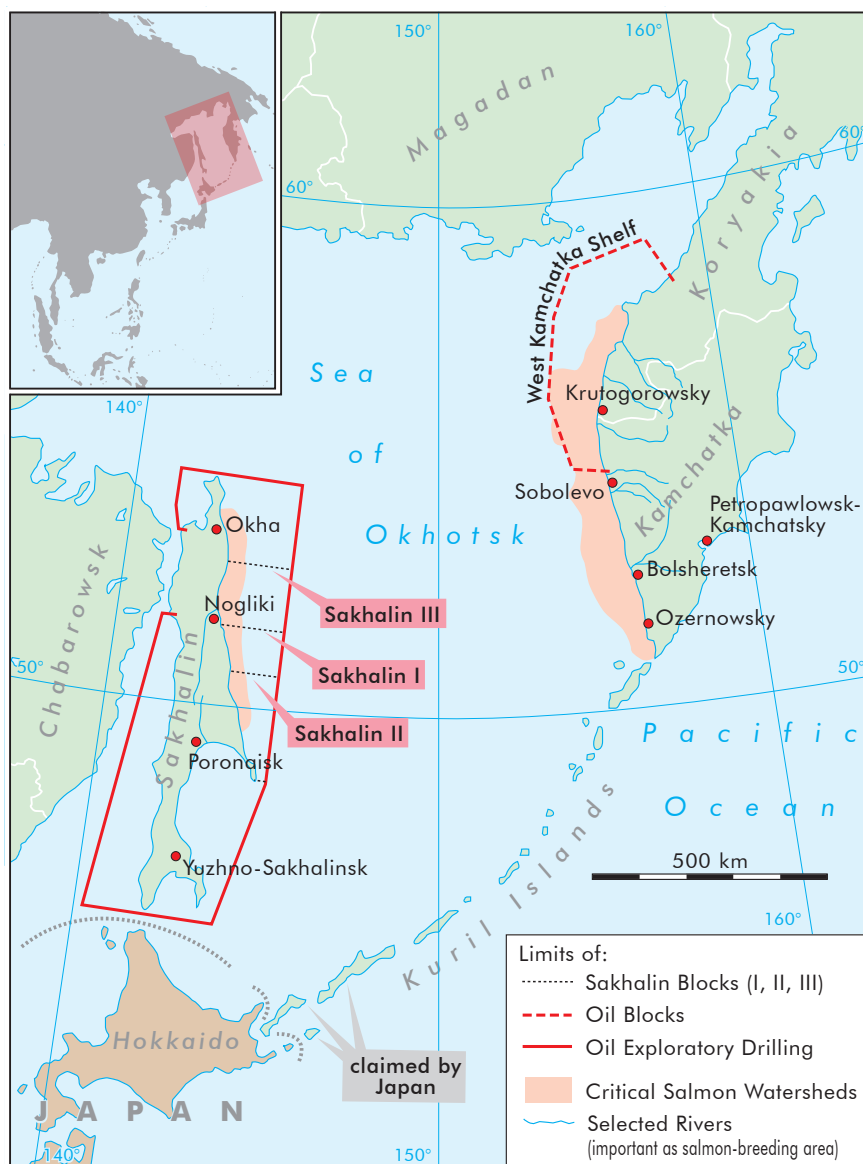
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Imagining the Russian Federation as a Pacific nation is not a dominant vision, yet two of its regions, Sakhalin Oblast and Kamchatka Krai, border the North Pacific Ocean. Considering Pacific marginal seas – the Bering Sea and the seas of Japan and Okhotsk – as part of the Pacific Ocean, Russia is firmly understood as a Pacific nation with over 4500 km of oceanic coastline. Many ecological phenomena link Russia to the Pacific: wetlands attracting migratory birds along the East Asia-Australasia Flyway and riverine and marine waterways where numerous species of anadromous fish spawn, mature and die over their lifespans. Since collapse of the USSR in 1991, transnational extraction of natural resources ties Russia to Asian and Pacific markets. Entry into regional and global market economies affects human and natural environments in Pacific Russia by opening new markets to sell Russia's raw resources, especially timber, oil and gas, metals (e.g., gold, platinum), fish and marine resources (e.g., salmon, crab, scallops, pollock) and other "exotic" animal resources (e.g., Amur tiger products). From Pacific Russia these resources are extracted and transported, processed and consumed mostly in other Asian and Pacific countries, including China, Japan, Mexico and the U.S.



Indigenous protest at Day of the Caribou Herder, Sakhalin

Source: Sakhalin Environmental Watch.



Map: Sea of Okhotsk region

Long considered places used exclusively for development of Tsarist and Soviet empires, Sakhalin Oblast and Kamchatka Krai are two examples of Pacific Russia's resource periphery, a term describing a place from which economically viable raw resources are extracted, processed to a limited degree, then sold and consumed elsewhere (Hayter et al. 2003). Perceiving Sakhalin and Kamchatka as peripheral or remote today, however, is disillusioning. Resource wealth derived from Pacific Russia is central to Russian and global corporations and markets. Sakhalin Oblast's centrality to Russia's economic future is signified by the amount of foreign direct investment (FDI) that reaches the island, which is the third highest after Moscow City and Moscow Oblast (Strasky and Pashminova 2012). Kamchatka is central to the Russian economy because

of the rich marine resources in the Sea of Okhotsk and Pacific Ocean (Shirkov et al. 2002, Sharakhmatova 2011).

Social scientific research and personal insight on environmental politics from my field research on Sakhalin since 2003 and on Kamchatka since 2009 illustrate three important post-Soviet developments. First, local actors on Sakhalin Oblast and Kamchatka Krai are concerned about the environmental integrity of their ecological homelands (Wilson 2003, Graybill 2013). Second, local and indigenous communities fear for their future cultural identities, as (re)building past traditions may be threatened by socioeconomic globalization in the 21st century (Grant 1995, Graybill 2008). Thus far, major beneficiaries from regional industrial development are the federal and regional governments and transnational corporations. Long-

term, tangible benefits from hydrocarbon projects have not reached local and indigenous communities (Meier 2000, Wilson 2003). Third, regional-global environmental activists work locally and globally to conserve Pacific Russia's rich natural resources, impossible prior to 1991 (Newell 2004, Bradshaw 2005, Graybill 2009, Henry 2010). However, environmental activism is stymied today where socioeconomic infrastructure does not exist, especially outside regional hubs (Murashko and Sulyandziga 2000) and under increasing restrictions on activism (Bellona 2013).

Environmental politics in Pacific Russia reflect three major concerns: (1) conservation of natural resources, (2) changing quality of and access to critical resources for subsistence resource users, and (3) protection of newly (re)emergent cultural identities among local and indigenous communities with emotional environmental ties. These concerns exist across Pacific Russia, yet the politics of environmental transformation are most poignantly felt where transnational development dominates socioeconomic transformation and where encroaching industrial development threaten conservation efforts, subsistence-level resource use and cultural continuity. The most contentious environmental transformations have occurred alongside offshore oil and gas development in the Sea of Okhotsk, affecting human and ecological communities on Sakhalin Island and, projected for the future, on western Kamchatka Peninsula (Wilson 2003, Graybill 2012). Below, I sketch the history and context of environmental politics on Sakhalin Oblast and Kamchatka Krai related to offshore oil and gas extraction in this rich resource region.

Sakhalin Oblast: Pacific Russia's hydrocarbon frontier

In the Sea of Okhotsk, Sakhalin Island is the largest of the islands comprising Sakhalin Oblast, an administrative unit in Russia governing Sakhalin and the Kuril islands. Long called "edge of the world" (*krai mira*) by inhabitants and visitors, multiple countries have exploited Sakhalin's marine resources. For centuries, Asian and Pacific nations claimed these islands: first the Mongols and Chinese, then the Japanese, and most recently the Russians. Russia officially claimed

Sakhalin Island in 1875 from the Japanese (Stephan 1994; Vysokov 1996) while Japan continued to govern the Kuril Islands. Retaken by Japan during the 1905 Russo-Japanese War, Sakhalin was divided with Russia ruling Sakhalin's northern half (above 50° north) and Japan ruling the southern half. Soviet control of all islands after 1945 led to establishment of the regional capital, Yuzhno-Sakhalinsk, and efforts to Sovietize Sakhalin Oblast razed entire Japanese villages and forced the migration and collectivization of multiple ethnic groups across the islands, including Ainu, Nivkh (Gilyak), Oroch (Uilta) and Evenk. Throughout this multinational history, outnumbered native peoples tolerated resource extraction from the islands and their nearshore environments alongside the expansion of increasingly permanent settlements linking Sakhalin to more central national regions. Japan's 20th century interest in Sakhalin centered on gaining rights to marine and hydrocarbon resources (Vysokov 1996). Currently, Russia and Japan dispute the ownership of the four southernmost Kuril Islands (Stephan 1994).

In its Russian history, Sakhalin has been treated as a resource periphery, where the Russian Empire, the Soviet Union, and now the Russian Federation extract raw materials for state benefit. Long-term treatment of the island's territory and people as peripheral to the powerful economic center, Moscow, has created an economy and culture locally where resource extraction is perceived as Sakhalin's only viable development option (Wood & French 1989; Newell 2004). Distance from the center (9000 km from Moscow) and under-developed land and sea transportation routes allow for partially unregulated resource extraction (Stephan 1994). For most of the twentieth century, forest and fish industries dominated local production, and onshore oil dominated northern Sakhalin (Wood and French 1989; Vysokov 1996). Since 1991, forest and fish resources are declining due to island-wide over-harvesting (Newell 2004).

Today, offshore oil and gas extraction fuel Sakhalin's resource-based economy. Sakhalin's hydrocarbon production lifetime is at least until 2035 (Thornton and Ziegler 2002) but exploration of offshore fields continues. Sakhalin's offshore projects are unique

in Russia's oil and gas landscape because capital and technological investments necessary for extraction are provided by multinational joint-venture companies operating under production-sharing agreements (PSAs) between the Russian government and foreign partners in the Sakhalin-1 (Exxon Mobil, Sakhalin Oil & Gas, OGNC Videsh, Rosneft) and Sakhalin-2 (current composition: Gazprom, Shell, Mitsui, Diamond) projects. Sakhalin-2 was the first PSA ever signed in Russia, in 1994, and its development has been fraught with environmental politics. In this agreement, the Russian government profits from hydrocarbon development only after investors recoup most production costs. Because Sakhalin Energy's projected costs have more than doubled since the first estimate – to at least \$22 billion – the Russian government may have quite some time to wait. Sakhalin-1's PSA is less problematic for Russia than Sakhalin-2's because the federal government already receives profits from Sakhalin-1 (Rutledge 2004, Bradshaw 2006).

Before December 2006, Sakhalin-2 was Russia's only large-scale energy project operating without a Russian partner. In late 2006, the federal and regional governments criticized Sakhalin-2 for environmental degradation and violation of Russian environmental laws (Bradshaw 2006). Concerns about environmental harm and transnational development impacts on (re) emergent cultural indigenous identities in the post-Soviet period are also voiced by local and indigenous environmental and cultural activists interested in preservation of landscape,

ecology and cultural traditions. On- and offshore environmental degradation include oil spills, disruption of salmon-bearing streams for onshore (pipelines, roads) infrastructure, and noise pollution in Korean Grey Whale breeding grounds (Newell 2004, Bradshaw 2005). Bolstered by international environmental non-governmental organizations (E-NGOs) such as Greenpeace, Pacific Environment, Wild Salmon Center and Friends of the Earth Japan, local environmental and cultural activist groups battled transnational development from the mid-1990s until 2006.

Perceiving environmental injustice to be occurring to Russian places and populations resulted in a federal mandate to halt Sakhalin-2's operations on 18 September 2006. To resume work, a majority interest, 50 percent plus one share, was ceded to Gazprom, Russia's state-owned gas company, on 21 December 2006. Political maneuvering by the Russian government wrested control away from transnational corporations and secured national participation in regional hydrocarbon development. This trend is not unique to Sakhalin: other foreign investors in other Russian resource peripheries are also asked to renegotiate energy development deals made in the 1990s (e.g., BP-TNK's investment in the Kovykta Field near Irkutsk; Boykevich 2006).

Until 2006, local to global environmental and cultural activists ensured that understandings of the struggle over resources, both hydrocarbon and subsistence, were widely and continually publicized (Bradshaw 2005). Since 2006 and the transfer of majority hol-



Logging truck and pipes truck crossing paths, Sakhalin

Source: Jessica Graybill

ding in Sakhalin-2 to Gazprom, international financing institutions will not finance this project (i.e., the European Bank for Reconstruction and Development; Williams 2007). Previously, environmental impact assessments written for international lenders ensured that environmental issues would be addressed. Indeed, many indigenous activist groups were emboldened by progress in this direction, requesting “cultural impact assessments” in protests against extraction projects (see Graybill 2009). This checks-and-balances approach, alongside local – global environmental and indigenous activism, helped ensure that hydrocarbon development followed international standards. Gazprom’s majority control since 2006 has hushed discussions and knowledge of environmental conditions of Sakhalin-2, and some speculate that greening is unlikely to increase with Gazprom as the major operator (Bradshaw 2006). It remains to be seen whether further greening – or even browning of this project – will occur and whether environmental and cultural activists will regain the power they attained in the early 2000s.

Ultimately, the struggle over control of Sakhalin’s resources is most detrimental to regional environments and the local and indigenous people who depend on them for survival. Since 2006, strategies for political actors concerned about environmental and human well-being have changed: instead of fighting transnational hydrocarbon corporations to green extraction processes, those formerly siding with federal and regional governments against transnational development now find their targets to be the government or global project financiers, far more difficult targets (Sakhalin Environmental Watch, personal communication). Gazprom’s entry into Sakhalin’s development means changes in environmental political strategies and environmentalists may have a murkier – and the environment a browner – future here.

Kamchatka Krai: a salmon stronghold

Accessible only by costly air or boat travel or long terrestrial voyage across Arctic Siberia, Kamchatka has always been remote and culturally marginal to Russia. Vitus Bering founded the first city, Petropavlovsk-Kamchatsky, in 1740 as a Russian Navy

outpost. Russian explorers, scientists and naturalists have long considered Kamchatka’s pristine and breathtaking environments, partly in the Pacific Ring of Fire, worthy of study and environmental conservation. Wild salmon runs throughout Kamchatka are some of the world’s last for several species. Kamchatka’s remote and peripheral location has also created strong indigenous communities and cultural traditions that remained largely untouched by global influences well into the 20th century. Indigenous peoples include the Koryak, Itel’men (Kamchadal), Chukchi, and Aleut and Even (Slezkine 1994).

Geopolitically, Kamchatka was important to the Russian Empire and Soviet Union for border security and its naval base (Stephan 1994). During the Soviet era, the cultural and economic activities of local and indigenous peoples received federal subsidies as part of northern development schemes (Heleniak 2010). Resettlement of nomadic and semi-nomadic indigenous communities, scattered across the region prior to the 1930s, placed people in compact villages and reallocated individual and community-owned caribou herds into state farms (Stephan 1994). The Soviet model continued until 1991 when federal subsidies ceased flowing and local communities and economies were devastated. People (re)turned to subsistence and semi-subsistence practices, including salmon roe poaching, to survive the political and socioeconomic upheaval of regime collapse (Graybill 2013).

With waning geopolitical importance since 1991, decline of naval bases, urban settlements and indigenous community centers is visible across Kamchatka. Regional populations have declined over 30% since 1991 (Russian Censuses; 1989, 2010) and similar to other northern and peripheral regions, socioeconomic, political and cultural transformations include but are not limited to: out-migration from regional towns and villages; in-migration from the Krai to the capital city of Petropavlovsk-Kamchatsky; economic decline across sectors; individual impoverishment; inflation for everyday goods and services; physical (e.g., buildings, heating systems) and social (e.g., primary through tertiary education, health care) infrastructural decay; and difficulty maintaining transportation of goods, services and people to the rural and

remote communities across the Krai (Heleniak 2010). Kamchatka’s economy remains centered on fisheries at large commercial, small business (e.g., local or indigenous collectives) and family subsistence levels (Shirkov et al. 2002, Newell 2004). Fish and seafood products are sold legally and illegally and for those not involved in the fish economy, everyday life is plagued by multiple concerns including low salaries, high prices for goods and services, and slow development of new jobs in a market-oriented economy (Graybill 2013). Great hopes exist for development of ecological and indigenous tourism (van Zoelen 2002).

Environmental politics about hydrocarbon extraction in the rich marine waters of the WKS are related to the impacts of drilling on marine and salmonid resources (Shirkov et al. 2002, WWF Russia 2013). Drilling occurs in fishing grounds vitally important for commercial and indigenous fishermen, leading to outcry by fisheries representatives, conservation biologists and other activists concerned about pollution and disruption of anadromous salmon runs. Numerous delays, some due to environmental activism, plague geologic exploration of the WKS. Originally slated in 2008, Rosneft began exploring only in 2011 and was later fined by Russia’s Environmental Conservation Agency, Rosprirodnazor, for non-adherence to Water Code regulations (Interfax 2012).

Russian and South Korean investors hoping to continue the offshore development begun near Sakhalin are exploring prospects in the West Kamchatka Shelf (WKS) oil and gas block. Having learned many lessons from the Sakhalin PSAs, Rosneft (Russia’s state-owned oil corporation) has limited investment by Korean National Oil Company to exploration but not future operations. Additionally, Rosneft will maintain rights to production profits before KNOC recovers its full investment (Oil Voice 2005).

Rosneft was not the only stakeholder to learn from Sakhalin’s energy development projects. Local-global environmental and local indigenous activists (especially at Lach Ethnecological Information Center in Petropavlovsk-Kamchatsky) are prepared to protest energy development (WWF Russia, personal communication). Before exploratory drilling commenced, they organized opposition

by obtaining scientific expertise from Russia's conservation and fisheries biologists and garnering support from local-global ENGOs, such as the numerous local environmental groups on Kamchatka, Pacific Environment and World Wildlife Federation Russia. Indigenous communities and activist groups work to increase indigenous knowledge about socioeconomic and environmental changes and to increase non-native understandings of indigenous communities' dependence on local resources for survival (Lach, personal communication). However, while environmental activism swells on Kamchatka, ENGOS across Russia face increased scrutiny. In 2012, President Putin issued a new NGO law under which civil society actors criticizing governmental measures can be labeled "foreign agents" and individuals can be legally prosecuted as traitors or terrorists (Russia Monitor 2012). Currently, what saves the WKS from further exploration and drilling are Kamchatka's rich fisheries, which are robust and critically important for Russia's economy. Activists from numerous interest groups – conservationists, indigenous rights, ecotourism, commercial fisheries – have played key roles in delaying development of this hydrocarbon block, thus slowing fisheries degradation in the Russian Sea of Okhotsk (Shirkov et al. 2002).

Concluding Thoughts

Contextualization of environmental politics on Sakhalin and Kamchatka with scholarly research and personal insight from my field research suggests that while transnational development of offshore oil and gas is in the international spotlight and may eventually bring transformative development to these resource peripheries, local and indigenous people and places have not yet benefitted from transnational development. Increasing threats to ecological homelands have caused those who value – economically or emotionally – the resources of Sakhalin and Kamchatka to develop social and cultural identities that reflect environmental values. Interestingly, environmental identities and values are not easily cleaved along lines of "local," "indigenous" or "expatriate" identities (see Graybill 2009). Identity (re)formation induces increased politicization of environmental transformations in multiple kinds of actors,



Source: Jessica Graybill

Legal and illegal salmon roe sales, Kamchatka markets

noted in protests against hydrocarbon development on Sakhalin (Bradshaw 2005); attachment to ecological homelands where hydrocarbon and subsistence resource extraction coincide on Sakhalin (Graybill 2012) and increased questioning of cultural and environmental identities on Sakhalin and Kamchatka as socioeconomic futures and rights to land and resources change with economic globalization (Wilson 2003, Graybill 2013). Mobilization of cultural identities to protest unwanted changes or unwarranted pollution is gaining in importance across Russia, but is most poignantly felt in Russia's resource peripheries, two of which lie in the Pacific region. Narrow economic focus on extractive resources, by national and multinational corporations, has not yet created conditions for socioeconomic diversification and growth. However, there is hope that extractive resource development will bring transformative change, such as revitalization of other economic sectors, especially eco-ethno tourism; new social and built infrastructure; and new educational options for the future of Pacific Russia.

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Salmon run, Kamchatka

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