

RECENT TRANSFORMATION OF THE PRIMARY SECTOR IN THE RUSSIAN ARCTIC

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Russian Arctic is at the epicentre of economic, environmental, and social changes. At the same time, the peripheral character of the territory, its strong orientation on primary sector makes the region extremely volatile to suchlike shifts. Primary sector is connected with direct use of natural resources; it includes mining, agriculture, forestry, fishery. These spheres are very sensible to market and technological changes. Recent transformation refers mainly to the Post-Soviet period (since 1991), when significant changes in the economy were observed. The main aim of the research is identifying the specifics, features and development prospects of the recent primary sector transformation in the Russian Arctic. The study consists of two main methodological approaches – statistical data analysis and expert observations. Innovative research idea is a combination of these methods. Joint evaluation allows defining general trends of transformation, but also its origins and causes. Statistical generalization shows shifts in regional specialisation, peaks and crises of primary activities. There were determined key industries such as oil & gas, coal mining, fishery that have high weight in Gross Value Added of the Russian Arctic economy.

Study results demonstrate the dominant role of the primary sector (especially mining) in the Arctic economy, the strong dependence of Yamalo-Nenets and Nenets Autonomous Okrugs on these activities. Chukotka AO is the most unstable region, and Republic of Sakha (Yakutia) is the most stable. This data is confirmed by expert analysis. Regions, which are completely located in the Arctic zone, also have the worst positions in agriculture and forestry.

Analysis of basic primary industries shows the growth of regional diversification in oil extraction, steady monopolization of the gas sector in the sectoral and regional contexts. The coal industry has smooth decline trend due to a drop in production in the Komi Republic. Fishery trend has the most volatile character, which is predetermined by quotas and floating demand of the sector.

The statistical conclusions are confirmed by the results of expert analysis. A joint assessment of the transformation of the primary sector by means of both methods allows assessing the transformation processes and prospects for further development of particular industries and regions in the Russian Arctic. There were identified key factors and drivers of transformation, a specific position of the oil and gas complex and the role of traditional natural resource use in the primary sector. The advantages of regional specialisation are revealed, it allows preserving the potential for stable growth. Despite the positive role of diversification in long-term economic development, a positive effect for the Arctic regions is not expressed, so it is necessary to continue research and seek further ways of supporting and developing the Arctic territories.