

The environmental disaster in the Arctic Moscow's neo-colonial exploitation of Russia's regions

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The end of May 2020 saw the biggest known environmental disaster in the Russian Arctic. The thermal power plant in Norilsk in Krasnoyarsk Krai, controlled by the Norilsk Nickel company, contaminated soil and water with more than 21,000 tons of diesel fuel. A month later, the company dumped another portion of toxic substances directly onto the tundra. Although the company has been polluting the region for years, it has thus far remained unpunished. This case illustrates the costs of Russia's status as a major raw commodity exporter and of Moscow's policy of exploitation of remote regions, which resembles colonial practices. In these regions, natural resources are being mined in a manner close to over-exploitation, without the necessary protection measures, and the health of the local population is being put at serious risk. Moscow accumulates the income earned from selling the mined raw materials and at the same time it ignores the interests of local residents – all matters concerning the regions are decided in the capital, frequently behind the scenes, and the regional governments are informed of the decisions afterwards. The Kremlin allows mining companies to operate freely in the regions (including with regards to environmental issues) in exchange for contributions to the state budget and profits for members of the elite associated with President Putin. This practice makes residents of distant regions feel abused and is a source of resentment towards the federal government in Moscow, which is particularly acute in Siberia and the Russian Far East and results in occasional protests. Meanwhile, a genuine fight against environmental pollution requires major and long-term outlays on modernisation. However, Russia's financial problems and its political and economic model as a whole, particularly the lack of ownership rights protection, constitute major barriers to these investments.

The disaster in Norilsk as the tip of the iceberg

The oil spill in Norilsk was caused by depressurisation of a storage tank with diesel fuel, which is used by the power station as a backup fuel. According to Norilsk Nickel itself (one of the

world's biggest producers of non-ferrous metals), the disaster resulted from subsidence of the tank's foundations due to the thawing of permafrost. However, according to local residents and environmental activists, the tank's corrosion and very poor state of repair were the reasons behind the incident. The resulting environmental pollution was



aggravated by a belated clean-up operation, which was launched at least two days later. As a consequence, a portion of the oil likely got into the Kara Sea. Even though the company took measures to mitigate the effects of the disaster, it was only following an intervention by President Putin that a large-scale operation was launched. Due to difficult geographical conditions and the absence of transportation routes, eliminating all the consequences of the disaster may not be possible.

” The environmental disaster in the Taymyr Peninsula results from many years of predatory exploitation of Russian regions which are rich in natural resources.

A state of emergency was declared in the region, representatives of the company’s executive body travelled to Norilsk, and the company’s co-owner Vladimir Potanin, permanently residing in Moscow, reported the details of the situation directly to the president. The Federal Service for Supervision of Natural Resources (Rosprirodnadzor) opened an investigation into the causes of the disaster (the Service’s head flew to Norilsk on a private jet owned by Norilsk Nickel to carry out an on-the-spot inspection). Local activists accused Rosprirodnadzor of showing leniency to the company, including its failure to carry out inspections of the waters of the Kara Sea and the rivers flowing into it. In addition, the Service took Norilsk Nickel’s declarations that the spilt fuel had not reached the Kara Sea at face value. However, this contradicted the eye-witness reports provided by fishermen. On 6 July 2020, Rosprirodnadzor estimated the environmental damage caused by the disaster at around US\$ 2 billion (the costs of the clean-up operation itself stood at around US\$ 150 million). The company is expected to voluntarily transfer this amount to the federal budget. A fine of such magnitude is without precedent in Russia.

Although the scale of the environmental disaster caused by the oil spill is unprecedented, it is nothing exceptional as regards the operation of Norilsk Nickel. Due to the company’s persistent emission of toxic substances (mainly sulphur dioxide) into

the atmosphere, Norilsk is among Russia’s top most polluted cities.¹ In the Kola Peninsula (near Russia’s border with Norway), where the company mines its nickel, high levels of sulphur dioxide emission have been the subject of a long-running Russian-Norwegian dispute.² In addition, the river Daldykan, recently contaminated by the fuel from the damaged storage tank, turns red each year as a result of the company pumping out its industrial wastewater (in 2016, when the volume of this wastewater was exceptionally large, the company was ordered to pay a nominal fine of US\$ 10,000).³ It is worth noting that the activity which resulted in environmental contamination was not halted even during the clean-up operation following the oil spill, or whilst under pressure from Moscow-based services, which showed increased interest in the incident. At the beginning of July 2020, a journalist of the opposition newspaper “Novaya Gazeta”, backed by local environmental activists, revealed an illegal pumping station discharging industrial wastewater from the company’s tank directly onto the tundra. The company explained that this was an emergency discharge due to elevated water levels – an explanation which was accepted by Rosprirodnadzor.⁴

Predatory exploitation in exchange for serving the Kremlin

Norilsk Nickel regularly polluting the environment is an excellent example of predatory exploitation of outlying regions by Moscow and by Russian companies, which resembles colonial practices. The Taymyr Peninsula, which is where Norilsk is located, is extremely rich in non-ferrous metals – Norilsk Nickel provides 35% of the global production of palladium, 25% of platinum, 20% of nickel

¹ ‘Список городов России с наибольшим уровнем загрязнения атмосферного воздуха’, Федеральное государственное бюджетное учреждение «Главная геофизическая обсерватория им. А.И. Воейкова», www.voeikovmgo.ru.

² T. Nilsen, ‘Norway’s enviro minister brings dispute on cross-border pollution to Moscow’, *The Barents Observer*, 30 January 2019, www.thebarentsobserver.com.

³ ‘Завод в Норильске оштрафовали за красную реку’, *NGS24*, 31 October 2016, www.ngs24.ru.

⁴ Е. Костюченко, Ю. Козырев, ‘Ржавчина. Как «Норникель» перерабатывает Таймыр в чистую прибыль», *Новая газета*, 14 July 2020, www.novayagazeta.ru.

and 10% of cobalt. The history of this region is the history of intensive exploitation of both nature and humans. Just as for many other mining towns and cities, Norilsk first emerged as part of the Gulag (a Soviet-era network of forced labour camps), was later transformed into an industrial plant (built by the camp prisoners), and subsequently turned into a city based around the plant (the city itself was also built using prison labour).⁵ At present, Siberia and the Russian Far East continue to be regions affected by predatory exploitation. Raw materials mined there are exported abroad at substantial profit that accrues to Moscow, where it also ends up in private bank accounts belonging to members of the narrow political and business elite. Despite the fact that they are rich in natural resources and bear the environmental costs of their mining, the regions merely receive a minor portion of this revenue. In addition, Russian companies are cutting back their investment in environmental protection and in production facilities to a bare minimum (the operation of Norilsk Nickel largely depends on infrastructure built back in the Soviet era) to obtain the maximum profit in the shortest term possible. To a large degree, this is related to the tenuous nature of ownership rights: in Russia even the biggest oligarchs cannot be certain about the future of their business activity, given their awareness of what happened to Yukos and to other oligarchs who were stripped of their assets. At Norilsk Nickel, a dispute over the company's ownership structure has been ongoing for several years between its biggest stakeholders: Vladimir Potanin and Oleg Deripaska, which gives Moscow useful leverage for influencing either of them. The Kremlin even took over control of the company for some time, acting as a mediator.⁶

Norilsk Nickel is not the only company to be involved in these practices. Rusal, one of the world's biggest aluminium producers, controlled by Deripaska, operates in a similar way. Achinsk in Krasnoyarsk Krai, the company's base for mining bauxite, and Bratsk in Irkutsk oblast, where

a processing plant is located, are among Russia's most polluted cities.

However, the greatest polluter is the oil and gas sector. It pollutes the environment at every stage of its production activities – during mining (the main source of pollution is gas flaring in the field) and transport (pipeline failures), and during fuel processing and its utilisation by end users (emission of fumes into the atmosphere). In spite of the major investments carried out by the sector over the last decade, this situation remains unchanged. The main purpose of the investments was to reduce the financial losses Russia had suffered in connection with gas flaring in so-called flares (stacks used for burning excess gas in gas fields during extraction). According to estimates prepared in 2012 by Russia's Ministry of Natural Resources and the Environment, losses suffered as a result of gas flaring amounted to around US\$ 12 billion. Despite these investments, Russia continues to be the world's top gas flaring country.

” The Kremlin allows the mining companies to operate freely, disregarding the need for basic environmental protection, in exchange for transferring large contributions to the central budget and enabling the Kremlin's elite to profit from this.

The biggest polluters, such as Gazprom, Norilsk Nickel and especially oil companies are allowed by the state to operate freely due to their importance to the federal budget. In addition, they enable the Kremlin's elite to earn major profits under corruption schemes devised by themselves. Frequently, the Kremlin uses these companies as an instrument in its foreign policy and as a source of funding for its various projects – Potanin and Deripaska, for example, funded the 2014 Winter Olympics in Sochi. These companies are in fact responsible for the economic, political and social stability of “their” regions, which they control as virtual fiefdoms. Members of the local authorities are recruited from among individuals associated with Norilsk Nickel (Norilsk's mayor used to work as manager for Norilsk Nickel) and

⁵ *Ibid.*

⁶ А. Калмыков, 'Война в "Норникеле": Дерипаска выиграл у Потанина первую битву в лондонском суде', BBC News Русская служба, 27 June 2018, www.bbc.com/russian.

most of the city's residents are employed by the company. Therefore, they refrain from criticising it, for fear of losing their livelihood. The company's security services, for their part, monitor citizens' activity (they follow their posts on social media) and issue permissions for the transport of water and soil samples collected in the city to other locations. During the COVID-19 pandemic, the company earmarked around US\$ 300 million for support initiatives carried out in those regions in which it has its branches. For these regions, this represented a major cash injection. This model of relationship between the Kremlin and large companies is beneficial to both sides. In 2019, Norilsk Nickel's revenue amounted to more than US\$ 13.5 billion, and its dividend was almost US\$ 5 billion (Potanin is currently Russia's most affluent oligarch). In addition, the company is among the biggest contributors to the budget of Krasnoyarsk Krai. For the residents of these regions, the higher salaries offered by these companies serve as a form of compensation for enduring harsh weather and environmental conditions. These salaries are 50% higher than the Russian average, although in recent years this difference has been shrinking and the cost of living in Norilsk is high – it is close to Moscow standards.

Awareness changes and the “new protest”

The environmental disaster in Norilsk, revealed on Russian social media, stirred up emotions nationwide. In June, it hit the headlines in the local and foreign media alike. This strong response seems to have been caused by Russian society becoming increasingly sensitive to environmental issues as an element of their quality of life. These problems are increasingly becoming a matter of public concern, and inciting debates and even protests. They also provoke reactions from foreign governments and international environmental organisations.⁷ Commonly, high-level state officials only intervene when the media spotlight

⁷ Including the protest organised in 2013 by Greenpeace activists on the Arctic Sunrise ship against Russian oil exploration in the Arctic. See S. Golubok, D. Simons, 'Arctic 30 jailed in Russia argue their case in European Court', Greenpeace, 12 July 2018, www.greenpeace.org/international.

or public concern becomes too glaring to ignore, just as in the case of Norilsk, in which President Putin was forced to react.

” A strong public response to the disaster illustrates how awareness is changing in Russia and signals society's increasing sensitivity to environmental issues.

This shift seems to have partly been caused by changes in awareness within Russian society, which in turn stem from an improvement in living standards of some segments of society (compared with standards in the 1990s) and from processes associated with economic, technological and cultural globalisation. Society's increasing aspirations stretch beyond meeting the bare necessities and include issues such as environmental care, lifestyle choices and personal dignity. These have become important for increasingly wide groups of citizens, not only affluent residents of big cities. Environmental issues have gained prominence with a wider audience, due to the fact that they have been emphasised by Russia's most popular bloggers, YouTubers and oppositionists. Their on-line programs and podcasts are nearly as popular as television news broadcasts.⁸ Environmental issues are increasingly becoming the subject of street protests. For more than a year, Moscow oblast saw a series of “waste protests”, during which local residents demanded that the problems associated with landfills emitting toxic gases and contaminating the groundwater should be eliminated. The landfill operators included companies linked to the Kremlin, which earned sizeable profits from this line of business. These initiatives attracted average citizens, who were hitherto loyal to the government and had stayed out of protests, rather than “career” oppositionists and activists.⁹

⁸ See, for example, YouTube channels run by Yuri Dud, Irina Shykhman, projects such as Redaktsya, StalinGulag etc. – broadcasts and videos published by them generate between several hundred thousand and 4–6 million views (Yuri Dud's film “Kolyma” about Stalinist era repressions had a staggering 21 million views).

⁹ J. Rogoża, 'A stinking business. Environmental issues, protests and big money in the waste business in Russia', *OSW Commentary*, no. 283, 27 August 2018, www.osw.waw.pl.

Another protest that attracted media attention concerned the construction of a landfill in Shiyes in Arkhangelsk oblast in northern Russia. Plans had been made to transport large amounts of waste from Moscow and other cities to this site. In the wake of a long protest in this region, the authorities ultimately cancelled this multi-million rouble investment. This unexpected success on the part of protesters was widely reported across Russia.

It is worth noting that – contrary to popular belief – the biggest protests held in Russia in recent years were triggered by environmental and political problems, rather than by economic issues or poverty. Electoral and anti-corruption rallies organised by Alexei Navalny attracted several dozen thousand attendees, just as the current protest by residents of Khabarovsk (a city of 600,000 inhabitants) in the Russian Far East against the dismissal of the local governor. Similarly, the “waste” protests were attended by large numbers of individuals and are ongoing. This shows a gradual change in how some citizens are approaching matters that were, until recently, viewed merely in Russia as ‘first world problems’.

A staged reaction from the authorities

The reaction from the media and society has forced the Kremlin and President Putin himself to become directly involved in the fight against the environmental disaster in Norilsk. The fact that in 2021 Russia will take over presidency of the Arctic Council was equally important. Due to the role of the Arctic in Moscow’s policy, and to the Russian government assuring the public that it views protection of this ecosystem as a priority, offering no response to one of the biggest environmental disasters in the Arctic region would be tantamount to openly contradicting its declarations and would affect Russia’s status in the Council.

However, the Kremlin is trying to benefit from its environmental policy as much as possible, while disregarding the environment itself. It is forcing companies to boost their environmental outlays, but failing to create conditions that could facilitate the implementation of effective mechanisms for

protecting the environment. The unprecedented high fine that Norilsk Nickel is required to pay is to be transferred directly to the federal budget, rather than the regional budget, which is what the current law in force stipulates (moreover, there is no guarantee that these funds will be spent on environmental protection). The central budget will *de facto* take over the revenue and the region will be left to its own devices as it struggles to cope with the consequences of the oil spill for the environment and the local population.

” **The development of independent online media helps to reveal the government’s attempts to cover up environmental disasters and other problems.**

The cost of the environmental policy will mainly be borne by business. On 14 July 2020, the president signed an act which requires oil companies to accumulate cash reserves on their bank accounts (starting from 2021) or to take out insurance against any oil spills (so as to have the funds needed for clean-up operations). In addition, companies are expected to make an 80% contribution to the budget of an environmental protection programme President Putin has set as one of the priorities in his present term – he announced that around US\$ 60 billion will be earmarked for that purpose by 2024. Due to the crisis, the programme’s implementation will likely be postponed until 2030 and the available funds will be reduced, and business itself is unwilling to invest in environmental protection. As a consequence, the prospects of the president’s flagship initiative are uncertain.

In addition, the attitude of Rosprirodnadzor suggests that the authorities intend not so much to improve the environment as to make a deal with business regarding the amounts of compensation. Key decisions were made during a confidential meeting between President Putin and Potanin, in which details were discussed regarding terms for paying out compensation for the disaster, in exchange for allowing the company to continue operating freely in the region. However, such prob-

lems will likely remain unsolved. Any modernisation of a major portion of pipeline infrastructure and industrial plants, alongside a considerable reduction in pollution generated by these plants, would require a substantial injection of funds. Even during times of prosperity, the companies concerned had no incentive to invest in modernisation, owing to structural barriers to doing business in Russia. A genuine shift in the approach to these issues would require systemic changes, including an effective fight against corruption and guarantees of protection of ownership rights. At present, the likelihood that this will happen is almost nil.

The end of the Kremlin's monopoly on information

The environmental disasters in Norilsk have once again revealed systemic flaws in the Russian governance model. It is mainly based on covering problems up for as long as possible; once such problems come to light (often revealed by external actors), a smokescreen is created in order to reduce their perceived scale, while the state expresses its earnest commitment to resolve them. This attitude on the part of the government is increasingly provoking comparisons with the campaign of lies carried out by the Soviet authorities in response to the Chernobyl disaster, even though the scale of the present crisis is incomparable with the situation back in the 1980s. The disaster in Norilsk has revealed a similar mechanism – initially, the company's executives made attempts to cover it up, not only for financial reasons but also from fear of Moscow's reaction. It was only when a video showing the oil spill was circulated on the Internet that the authorities offered their official reaction.

Russian officials have tried to cover up other accidents as well. These included the failed test of a new nuclear weapon carried out at the Nyonoksa

missile testing site in 2019, the total number of Russian citizens killed in armed conflicts waged in foreign countries (Russian casualties were secretly buried), as well as Russia's involvement in aggression against Ukraine and the scale of the COVID-19 pandemic. The government's actions were usually combined with disinformation campaigns conducted by Russian Internet trolls and television presenters, who were involved in fabricating an interpretation of events favourable to the Kremlin.

However, the effectiveness of propaganda has been dwindling, due to the public's growing disenchantment with Putin's policy and a greater array of independent media outlets that are breaking the state's stranglehold on information. All of the major issues reported recently, which Moscow has tried to cover up by distorting statistics and blocking access to information (including those concerning the rate of mortality due to COVID-19), have been the subject of numerous Internet podcasts and documentaries revealing the genuine scale of the problem and exposing the actions carried out by authorities. Accounts published by journalists and activists independent of the Kremlin attract a widespread following, such as the publications on Norilsk by Yelena Kostyuchenko from "Novaya Gazeta". At present, an average citizen with a mobile phone with Internet access poses a potential threat to the government, should they come across an important event or shoot a video on the spot and share it online, as was the case with Norilsk. The development of alternative sources of information and the general public's weariness with government propaganda are illustrated both by the millions of online views generated by independent broadcasts and by Putin's declining trust ratings, which now stand at 23%, less than half the figure reported three years ago.¹⁰

¹⁰ In November 2017, Putin was trusted by 59% of the respondents. See a Levada Center survey of 30 June 2020.