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## Export-import economics of the northern regions of Russia at the crossroad of international sanctions: past and present, geopolitics of compromise



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**Abstract.** In this article, the author discussed historical prerequisites for the inclusion of the North in the world economy and analyzed the participation of the Arctic territories of the Russian Federation in international trade 2000–2016. The impact of the Western sanctions and their influence on the dynamics and structure of foreign trade is also in a focus of the present article as well as the political economy provisions that allow overcoming the negative nature of international economic relations between the Russian Federation and Western countries. The author proves the expediency of changing the geopolitical positions of the West and Russia with a view to moving towards a compromise model of economic cooperation between the North of Russia and the EU and other countries.

**Keywords:** *Euro-Arctic territories of Russia, Arkhangelsk in history of trade, foreign trade, export, import, new technologies in production, geopolitics, international sanctions*

### Introduction

The European North of Russia has a long history of international economic relations. The establishment of the Arkhangelsk Sea Port and town was largely possible because of its favorable economic and geographical position. It also made possible to establish good neighbor economic relations with the other states and, conventionally, with the nearest neighbors — modern Arctic states. The formation of the Barents Euro-Arctic Region and the Arctic Council at the end of the 20<sup>th</sup> century — beginning of the 21<sup>st</sup> century contributed to the institutional recovery of the cross-border partnerships, economic, scientific-technical, cultural interaction with the global economy.

However, the intensification of international contacts in 2014 was under threat of freezing due to the deformation of the geopolitical conditions for the Russian foreign trade. In 2016, the US and the EU extended the anti-Russian sanctions. The USA still advocate the position: “the Russian economy is in much worse shape than if there were no sanctions and that is why a lot is wearing down in Russia”.<sup>1</sup>

Discriminatory actions, despite the heterogeneity of political attitudes, are kept by the EU countries, Japan and others. In 2017, the US Administration can keep the European allies in the wake of the sanctions policy against Moscow. Such actions (political dominance) launched in 2014–2016. It is an erosion of good practices of international cooperation of the Russian Federation on a bilateral basis and within regional organizations. The US initiated the war of sanctions

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<sup>1</sup> Glava Minfina SShA schitaet, chto sankcii oshhutimo vredyat Rossii [The US Minister of Finance believes that the sanctions significantly harm Russia]. URL: <https://news.mail.ru/economics/> (Accessed: 20 January 2017) [in Russian]

and counter-sanctions trying to devalue trust and mutual attraction of the Euro-Arctic states and regions of the Russian Federation typical of the recent history of the Arctic cooperation [1, Voronov K., p. 2; 2].

Such political decisions of Western countries are the source of long-term financial and investment risks of the international trade. Business and government should not be ignored. Especially when the home economic crisis has narrowed down the prospects for strengthening Russia's positions on the world commodity markets. In other words, it is complicated for Russia to maneuver the absolute and relative benefits of the national products on global markets and it is even more complicated for the Russia's Arctic areas. It cannot weaken the Russian economy. It makes the deeper understanding of the world trade transformation extremely important now.

The scientific diagnosis below will assess the deformation in the structure of the international trade and highlight the geopolitical and market risks of foreign firms operating in the European North of Russia. Therefore, the adjustment of the integration into the world economy — a serious challenge both for the Arctic countries and Arctic areas of the Russian Federation. They are forced to consider the existing institutional constraints for timely adaptation to the world commodity markets. It is an occasion for additional understanding of the sanctions, the behavior of some geopolitical players and its impact on the dynamics and structure of foreign trade of the Euro-Arctic territories of the Russian Federation.

The author of the article proceeds from the hypothesis about the possibility of acceptable forms of realization of financial, economic and technological interests of Russia and its Northern territories in international cooperation and world trade. It is necessary to abandon the absolutism of sanctions as a realistic method of changing the political position of Russia on major international issues. The likelihood of such a trend is illusory. Any positive views on the prospects of geopolitical normalization should be accompanied by a willingness to renew political and economy concept of the Russia — Europe relationship (see the conclusion of the article).

Historically intolerant is that the political corrosion undergoes a fruitful experience inside-Arctic economic, scientific and cultural cooperation accumulated over the three preceding centuries. It is the most valuable capita. A look at the problems of modern geo-economics cooperation of the Arctic civilization subordinates to the timely reminder that the North and the Arctic should continue to be a site of mutual understanding and respect. It is what we need to save in Northern Europe, even in case of the author's assumption of a long-term period of political pressure on Russia (5–15 years). That is why it is necessary to examine the structural changes in global economic

platforms, to consider prior historical practice of the Arctic cooperation and actively rebuild the business strategy of foreign economic activity of the Russian North in the search for new partners.

### ***Arkhangelsk opened a trade window from the Russian North to Europe***

Entry into the subject requires to a look at historical and economic reasons that emerged five centuries ago on the geographical map Russia and a new settlement at the mouth of the Northern Dvina river — Arkhangelsk. The objective laws of economic development of the Russian North carried out by migrants was, according to our deep belief, Russia's access to world markets of goods and services. Chancellor's accident was an occasion for Russia, but not for the English sailors. They had the task from the English company of merchants to open not visited by sea lands for the sale of goods. Hence, on August 24, 1553, the first day of the crew of a British ship and Richard Chancellor on the White Sea coast — it is possible to declare the beginning of international (maritime) economic relations of Arkhangelsk, the day of the foreign investor.

Moscow state is obliged to Arkhangelsk because of the trade relations with Western Europe, established in the 16<sup>th</sup> century. Arkhangelsk originally was the functional capital and concentrated the overseas trade and cargo operations. The fact that the time of signing the first trade agreement with England refers to 1556, does not reduce all-Russia importance of the day of *unusual accident* (it was called so in the report the Kholmogorskiy warlord to Ivan the Terrible). Ivan the Terrible granted the right of free trade to British merchants, 5 years after — to Dutch. Since that time, the structure of urban households had become logical. Myron Velyaminov described it: "among 153 yards, English, Dutch, and German merchants had two each". Earlier the author has emphasized that by 1624, the rapid growth in the number of shopping in Arkhangelsk (over the 40 years of its existence) could be described the first historic leap of the modern North of Russia in the European market [3, Zalyvsky N.P., p. 224]. The 16-century Arkhangelsk had secured the function of the state trade center between Russia and the West. It was a center that worked on the effectiveness of the national trade and intensification of fees to the state Treasury.

It might be useful to know the composition of the goods which were the subject of international bargaining. Western merchants bought a wide range of food products and crafts of the Arkhangelsk earth. For example, wax, Russia leather, linen, yarn and flax seed, hemp yarn, and fish glue. Overseas export is also canvas, fabric, bristle, tar and furs, candles, tallow, bast, blubber, wood products. Products for overseas life: bread, beef, lard, eggs and fish teeth, rhubarb and agarika, simple soap, a bird feather, feathers, goose, larch potash, silk, mica and other. List of products underlines the historical specificity of trade exchange. *Foreign trade of Arkhangelsk*

*started with timber trade.* Products of primary processing of agricultural and fishing dominated exports.

What was the original imports? Import had two characteristics of commodity supply. The local population bought exotic products of colonial origin; public institutions bought the weapon, indirectly reflecting a more developed industry overseas. Diverse consumer goods were unloaded to the coasts of the Northern Dvina. Among them precious stones, cotton and writing paper, needles and knives, lace and velvet, glass, cloth, sugar and prunes, lemons and nuts, herbs and wine. Guns, gunpowder, coins, gold, silver and red copper were also imported to Arkhangelsk and Russia.

The number of ships arriving at the port of trade confirmed the increase in the economic value of Arkhangelsk in Russia. By 1811, the number of vessels exceeded 400. In the few years, it had increased to 500. The port of Arkhangelsk was among the first-class ports of Russia until the 1850-ies. Unfortunately, the arrival of foreign merchant ships was short-lived episode for Arkhangelsk and its duties of the Russia's center of the international economic relations. The transformation into a provincial capital in 1707 could not help to safe the situation. Peter the First founded a new city and port — St. Petersburg and concentrated all trade there. In 1722, he issued a decree, according to which Arkhangelsk got only goods necessary for the residents of the province. Thus, the crystallization of modern approaches to the emerging world market had stopped for a century.

In our view, local adoration of the Peter the First is disproportionate to historical in consequence of the restrictions imposed for trade. They were an unfavorable factor in the development of the economy of Pomor towns. It was the beginning of unstable North, as would be now said, "regional" policy of the center. These events laid very unfavorable conditions for the development of Arkhangelsk in 19<sup>th</sup> century. Native Northern goods had been monopolized or given to commercial use of people "close to power". Salted meat, leather and canvas, linen yarn, caviar and salmon, Norwegian cod, and foreign salt had been forbidden to import or export and then, again, the state allowed trading these good for some merchants. The similar was the case of resin that stopped being among monopolized state goods.

Another estimate has the policy of Catherine the Great. She should be called the first reformer of the institutional conditions of foreign economic activity of the Arkhangelsk producers on a free market. She announced the northern crafts free from restrictions. It caused the rise of local market trade. In 1762, Arkhangelsk and St. Petersburg got the same trade rights. Soon the number of vessels in the port of Arkhangelsk rose to 206 (1772).

However, the period of recovery was short. In 1790–1810, the trade value of Arkhangelsk weakened due to the cancellation of certain benefits for the Russian merchants on trade with foreign partners. The solution was found in 1810, after the introduction of new customs tariffs and transportation of goods by ships with a neutral flag. The reduction of trade activity in the 1850s–1890s was the crisis the port of Arkhangelsk caused by technological conditions: the shallowing of the river, the low level of port facilities, poor transport network and connection with the Central Russia. The construction of a railway Arkhangelsk — Vologda — Moscow changed economic and geographical position of Arkhangelsk, but the town could not return the status of the trade center.

Nevertheless, three-century practice of trade relations with other countries enshrined the three-fundamental characteristic of mutual communication. First, the international economic relations of Arkhangelsk were based on natural, social and economic opportunities of the North of Russia. Secondly, a significant role (positive and negative) was played by a subjective and institutional rule governing trade with other countries. Thirdly, together with the distant overseas trade, Arkhangelsk also became the ancestor of the active foreign trade contacts of modern Arctic territories of the Russian Federation. Cross-border exchange in Pomors household existed since time immemorial.

***Euro-Arctic territories of Russia in the global market:  
dynamics of export-import controversy***

Why Russia and its territories are engaged in international trade? These motives are well known. The international trade theory has a ready answer: the world trade of the country — consciously or intuitively — is trying to get the absolute comparative benefits from the strengths of its technological specialization in the international division of labor, the timeliness of the sharing factors is available in abundance, on the rare ones owned by other countries.

What are the results of real practice? The results and the presence of the Arctic areas of the Russian Federation on the world market in 2000–2016 reveal the parameters of their economic niche. We emphasize at once that before and now the Northern territories of Russia are active participants of international trade. They have a wealth of experience, both as buyers of overseas products (technologies) and sellers of goods regional economies. What is the ratio between them?

The dynamics of foreign trade indicators Euro-Arctic areas of Russia is available for the past 15 years (see tab. 1): volumes of exports and imports, commodity structures, partly — geographical partners of the external economic relations.

Table 1

*Dynamics of external commodity turnover of the Euro-Arctic areas of Russia 2000–2015.<sup>2</sup> (\$ mln, export/import)*

Areas	2000	2005	2010	2012	2014	2015
<b>The Arkhangelsk Oblast, incl.:</b>	757,1	972,3	5392,6	2616	2155,5	1936,0
	93,9	117,1	190,4	231	138,0	100,7
<b>NAD</b>	-	12,9	2343,8	1396	0,1	0,0
		1,5	0,9	1,8	0,9	0,7
<b>The Murmansk Oblast</b>	587,9	1187,3	1731,3	1663	2195,9	2169,3
	125,4	203,6	201,9	623	427,9	354,1
<b>The Republic of Karelia</b>	531,6	965,3	1382,7	1170	955,2	644,1
	1453	180,6	231,3	269	178,4	135,7
<b>The Komi Republic</b>	1102,8	522,6	736,0	1960	3023,5	1532,6
	129,2	208,8	227,4	234	231,1	160,4

One concept is important for the preceding analysis of the foreign trade measurement results. One of its institutional determinants is the government of the country. It is a very important subject of macroeconomic influence. Such a clarification is important for understanding who and where defines the goals and methods of interaction of the country (or subject of the Russian Federation) with the world economic community. As a rule, the place and role of world trade is to be found in the foundations of foreign economic policy of the state (or its entity). It is subject to the strengthening of the international positions of Russia in the world economy, the optimization of the directions and tendencies of its international economic relations.

The policy articulates national interests on the world market, its direction and the content of its international economic relations. The state program of the Russian Federation issued on April 21, 2014 “Social and Economic Development of the Arctic Zone of the Russian Federation for the period until 2020” declared the priority of bilateral agreements and work within regional organizations for “...good-neighborly relations of Russia and the Arctic States, the intensification of economic, scientific, technical, cultural and cross-border cooperation”<sup>3</sup>.

Values and dynamics of the export-import activities of the Arctic areas in tab. 1 is the implementation of this policy. What are the trends in foreign trade of the Arctic areas of the Russian Federation? First, it is a considerable excess of export over import in 7–10 times. The ratio between export and import is a public indicator of the integration of these areas into the world economy and the indirect indication of the dependence on it. What dependence?

<sup>2</sup> All statistics collected from the Russian Federal State Statistic Service. URL: <http://www.gks.ru> (Accessed: 19 January — 10 February 2017)

<sup>3</sup> Postanovlenie Pravitelstva RF ot 21.04.2014 N 366 “Ob utverzhdenii gosudarstvennoj programmy Rossijskoj Federacii “Socialno-ekonomicheskoe razvitie Arkticheskoy zony Rossijskoj Federacii na period do 2020 goda” [The Order of the Russian Government 21 April 2014 No 366 “On approval of the state program of the Russian Federation “Social and economic development of the Arctic Zone of the Russian Federation for the period until 2020”] URL: [www.consultant.ru](http://www.consultant.ru) (Accessed: 02 February 2017) [in Russian]

The answer requires an analysis of changes in the commodity structure of imports. Let us solve this problem below. Here we will also pay attention to the dynamics of foreign trade turnover of the period 2012–2015. In two years the volume of export for the Arkhangelsk Oblast, the Komi Republic had dropped by 11% and 50% respectively. In the Republic of Karelia, a steady decline in exports has been observed for the last five years. Preliminary data of the Federal State Statistical Service in 2016 shows the negative trend of the indicators. In 2014–2016, a significant decrease in the export volume of the Arkhangelsk Oblast was observed in Germany, Denmark, Ireland, and the Netherlands but at the same time, it grew up in Belgium and Hungary.

We cannot ignore new touches in export. In the Arkhangelsk, in 2014–2015, there was seen a significant increase in the sale of leather raw materials, furs and products made of them, as well as textiles and shoes. However, their volume had no significant impact on the export structure optimization. Imports to the Northern territories practically duplicates the Russian trend, where in 2015, consumer goods were about 36.4%, the intermediate goods — 40,4% and investments — 23.2%. Import in the Arkhangelsk region lost 37.5% in 2014–2015 and the decline of the overall commodity turnover was 13.2%<sup>4</sup>. Finland and Germany are still the main importers. These countries import equipment, ships and boats, electrical machinery, instruments and various devices to the Arkhangelsk Oblast. The cost of imported machines and equipment decreased 2 times in 2014, and their share decreased by 12.5 %.

A slight change in the geographical structure of foreign trade partners took place. If in 2006, the subjects of the Arkhangelsk Oblast supported economic relations with 84 states, in 2015 — 97 countries. In 2015, the leaders in the total turnover (56.3%) in Arkhangelsk region were the Netherlands, Belgium and India. In 2006, this group included the United States, Norway, Finland, Ireland and Great Britain. The structural shift in the composition of the leaders is, of course, the sanctions consequence. The change occurred not only in the share of the foreign trade turnover of the Arkhangelsk region but also in its volume. The decrease was about 96–97%.

Therefore, it is quite possible to name two points about the causes of such situation: the impact of Western sanctions on foreign economic activity, which coincided with the extreme decline in oil prices, and failure to adapt home producers under the changed market conditions in commodity demand.

The appropriateness of the Northern areas of Russia on the world market and the economic profitability of export-import operations is largely determined by the presence of natural re-

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<sup>4</sup> Obshchie itogi vneshnej torgovli Arhangelskoj oblasti za 2015 god [General results of the foreign trade of the Arkhangelsk Oblast in 2015] URL: <http://www.rusexporter.ru/research/region/detail/4261/> (Accessed: 14 February 2017) [in Russian]

sources on the mainland and the Arctic continental shelf. Russia, as you know, is often called the “raw workshop” of the world economy. It exports raw materials which have a leading place in commodity structure of export (tab. 2) and reproduces this image and adhered to the Arctic territories of Russia.

Let us expand the idea of shares of goods in the exports of a subject of the Russian Federation. This clearly indicates their place in Russian labour division:

Table 2

*The structure of the commodity flow from the Euro-Arctic territories of the Russian Federation to the foreign countries (\$ mln and the share in export)*

Subject of the Russian Federation	2010	2013	2015	% to the export volume		
				2010	2013	2015
<b>Energy industry (group 27)</b>						
The Arkhangelsk Oblast	4598,6	1287,7	800,1	85,2	60,3	41,3
The Komi Republic	642,5	2983,4	1146,1	87,2	91,7	74,8
<b>Wood, wood products (groups 44–49)</b>						
The Arkhangelsk Oblast	740,5	794,1	785,5	13,7	37,1	40,0
The Republic of Karelia	741,7	585,8	323,8	53,6	57,4	50,2
The Komi Republic	369,8	550,1	496,0	50,2	16,9	32,3
<b>Metal and metal products</b>						
The Murmansk Oblast	1162,9	1087,9	1229,9	67,1	48,9	56,6

Russia, as you know, is a leader in natural gas and oil reserves. Accordingly, a high share of energy products in the exports of the Arkhangelsk Oblast and the Komi Republic is typical. It pushes the export of hydrocarbons for the accumulation of foreign exchange reserves in volumes sufficient for functioning in case of future crisis. This, of course, we could welcome, if there were no one ideological trick. The oligarchic elite still dominates the conceptual idea about natural resources as a guaranteed source of budget revenues. Here, in my opinion, is a doubt about the identity of the theoretical objectives and use from the presence of Russia on the world energy market. Echo of a doubt are the words of one colleague of mine about a “Golden drop” from the sale of local resources that had never fell on the Arkhangelsk ground [4, Smetanin A.V., p. 310].

There is a concern that in political and economic shadows, we find the questions about the public benefit of the use of about 3 trillion dollars received from the sale of oil and gas. Let us specify at least one base. Over the previous two decades of economic development of Russia, no foundations for the further development had been created. If the situation was opposite, the country could save +9% of economy in the time of the global crisis — the worst crisis indicator compares to the industrial leaders [5, Khasbulatov R.I., pp. 4–5].



In short, the possession of natural energy resources is, of course, a benefit and a competitive rental advantage of the national economy. Has not the public consciousness been annoyed by the Western clichés about Russia as a “gas station”, and the Arkhangelsk Oblast as a “sawmill” that cuts the “green”? Hope on commodity revenues — a direct consequence of technological backwardness of the country. A strategy for transforming the oil (gas) revenue in innovative technologies of basic industries of the Russian economy is needed. Without it, the country will never create strong centers of advanced development and, accordingly, will never fundamentally improve the structure of export trade. Sure, it will never be possible to create import-substituting segments in the local economies in the production of machinery and equipment at least for the relevant sectors of the northern economy.

The Arkhangelsk Oblast still has a negligible amount of export, including vehicles. In 2015, it had the amount of \$137 mln. Could use the satiation and create a sustainable policy for innovation cluster in the local machinery. Instead of waiting for re-sanctions and technological constraints, in my opinion they are inevitable due to the geopolitical relations with the West, it is better to proceed from the strategic feasibility of establishing a high-tech economy for the independent production and reproduction of the active part of fixed assets of the civilian economy. Some reasons for this are the subject of the next section of the article.

***Borrowing new West technologies is a forced way  
to the modernization of the Euro-Arctic Russia's economy***

The Northern entities of the Russian Federation and the Arkhangelsk Oblast in particular have long-term used international channels of borrowing modern technology (machines, equipment) from foreign manufacturers (sellers). It is the most notably in forestry and maritime transport.

The establishment of forestry and modern navy in the Arkhangelsk Oblast has always been historically linked to foreign capital and foreign technology [6, pp. 17–18]. The largest pulp and paper mill in Arkhangelsk Oblast are the Arkhangelsk and Kotlas mills (and the Solombala mill before its bankruptcy) and the use only imported equipment. Solombala mills exploited the American debarking-chipping complex and German (“Rexroth”) equipment for hydraulic press packaging line.

The history of the Arctic fleet is also almost a textbook confirmation of the demand for Western goods manufacturer. Everybody knows about the need of the USSR and the Russian Federation in the specialized icebreaking transportation and ships to ensure navigation via the North-

ern Sea Route to satisfy the shipbuilders and owners of other countries [7, Krasavtsev L.B., pp. 86–89].

We will list those that had a direct impact on the economy of the Murmansk Oblast and Arkhangelsk Oblast, maritime history and development of the Arctic. The UK sold six icebreakers to Russia in 1915–1916; the Netherlands gave five icebreaker-transport diesels-electric vessels of reinforced ice class to the USSR in 1954–1956. They are known under the names “Lena”, “Yenisei”, “Indigirka” and “Ob”. The USSR ordered a series of icebreakers in the GDR. The vessels built after 1977 (over 20 vessels) were large, for carrying containers and had a reinforced class for transportation of goods from the port of Dudinka. In the early 1980s, Finland provided the Soviet Union with multipurpose icebreaking transport vessels of “Norilsk” type — “Tiksi”. They could overcome the ice thickness of one meter and could be used at maximum temperatures. Finally, in 2004–2009, Germany made four vessels with even greater technological capabilities. They could overcome the ice thickness of about one and a half meter, moving astern.

Steady demand for European equipment from leading industries Euro-Arctic territories of the Russian Federation (forestry, engineering, energy, mining, metallurgical industry and others) is confirmed by the statistics of foreign trade and lists of technological acquisitions of business. Meeting the needs of home producers in technological innovations and high technologies is possible due to imports and foreign investment. Due to these sources, it has become possible to replace old production technologies, create exceptional prerequisites for positioning Russia in the world trade and competitive motivation of foreign consumer goods to the home enterprises. It is worth noting the desire for the latest production technology of the Arkhangelsk pulp and paper mill. It is unlikely that it would supply its products to partners from 43 countries without new technologies (2014).

Table 3

*Hi-tech import dynamics of the Euro-Arctic territories of Russia in 2005–2015*

Area	Number of agreements				Costs of the agreement's subject, \$ thous				Payments per year, \$ thous			
	2005	2010	2014	2015	2005	2010	2014	2015	2005	2010	2014	2015
The Republic of Karelia	6	8	-	-	191.7	901	-	-	107.9	555.4	-	-
The Komi Republic	22	44	37	62	10276.8	49560.1	40704.1	400248.2	10276.8	47142.3	35335.8	91201.1
The Arkhangelsk Oblast	14	18	35	32	1511.3	2309.6	8710.7	8364.1	727.9	1732.1	4870	4928.5
The Murmansk Oblast	18	32	22	14	10537.1	28985.5	57525.3	24056.9	9705.9	26566.0	55619.6	4538.0

What can we observe in the current international economic partnerships? Let us follow the intensity of buying new technology by the Northern territories of the Russian Federation, deter-

mine the pressure of sanctions, if any, on the dynamics of borrowing of Western technology (tab. 3).

The data in the table imply different conclusions. E.g., it is possible to observe both the deformation trend of using the Western technology and the inertial strength to resist this deformation. The international cooperation regime of each northern territory has its own distinctive sanctions breaking. Thus, the Republic of Komi is one of four subjects of the Russian Federation, able to double the number of contracts for buying technologies from the Western partners. Perhaps this is the paradox of inertia introduced by the EU restrictions. Moreover, the cost of the agreements, compared to 2010, fell by \$9 mln. This is a significant decline especially if we consider the fact that the reduction is more than the cost of contracts of the Arkhangelsk Oblast for 2014 or 2015. The largest breakdown (-41.8%) in the intensity of technological relations with Western countries occurred in the Murmansk region.

Let us look on some aspects of its economy, as deterioration of the producing funds reduces the export of the manufacturing industry. The Murmansk mining complex or MMC (extractive and manufacturing industries) is environmentally dangerous. Modernization and innovation are the key issues for the production capacity of the industry and technological criteria that could narrow the gap between the MMC and other countries of the world [8, Zalyvsky N.P., pp. 69–72]. Many MMC factories have recognized the imperatives of import. JSC “Olenegorsky Mining Processing Plant” is active in use of foreign equipment and regularly purchases new means of production. E.g., technology of fine screening screens bought from the Derric Stack Sizer. “Olkon” company also bought a crushing and screening plant for €7 mln from Metso Mining & Construction. The complex includes a large crusher Nordberg C200, medium crusher Nordberg HP800, conveyors and steel structures.

A significant renewal of technology and other equipment is a core component of long-term development strategy. It also ensures the future stable operation not only for the “Olenegorsky MPP”. The Development Strategy of the Murmansk Oblast for the period until 2030 means technological innovation, development of new types of industrial activities (extraction of fuel and energy resources and oil refining) and new types of products (liquefied gas, products of oil, chromite ore and metals of platinum group processing). The logic of relying on moderate innovation way of development assumes increase in fixed investment, which means the promotion of technological modernization of the local economy.

In the opinion of the author, the link between the crisis of the engineering complex on the European North of Russia in 1993–2000 and 2006–2009 and the medium-term need for new

equipment is obvious. Crisis meant the decrease in the volume and proportion of output in the industrial production, chronic unprofitability of many metal working industries (Arkhangelsk Oblast, The Republic of Karelia). The management of the plants (about 150) clearly realizes of the need for systemic modernization of the technology aimed at working on global markets and meet the demand of the national economy in a more progressive equipment.

The growth of state military order aggravated the value of technology, modernization of the military-industrial complex, including the shipbuilding cluster. Most of the products was designed 25–30 years ago. Earlier small volumes of a complete set of products predetermined the choice of small enterprises with outdated production technologies. Now the optimization of production processes is one of the key issues, e.g., energy efficiency, environmental friendly technologies, intellectual equipment, the tonnage and geography of production.

This is one of the prerequisites for promising new niches of specialization and the new conditions of world shipbuilding development. Russia has never been a leader in shipbuilding. It is represented on the world market by only 0.5% of the total sales<sup>5</sup>. The realism of the future in this example is rather invariant, because even the optimal strategy does not guarantee the redistribution of the major shipbuilders' positions in the short term. Proactive companies are not forbidden to express their technological advantages, which increase the demand for products.

This also applies to the shipbuilding cluster, and forestry of the Arkhangelsk Oblast. Especially when you meet optimistic public expectations about the “orientation of the reference zones in the sea ports of the Northern Sea Route that will help to revitalize the shipbuilding and ship-repair enterprises of the Arctic zone, and in other subjects of the Russian Federation” [9, Smirnova O.A., Kudryashova E.V. et al., p. 152]. Such an optimism transforms hope into the factor of optimization of the Arctic economy of Russia and the possible improvement of the Russian civilian shipbuilding on the world market. The positive feature is a demonstration of the ability to create new preconditions for holding (extensions) of export shown by some enterprises of the European North of the Russian Federation. The Center of ship repair “Zvezdochka” and JSC “United shipbuilding Corporation” have recently delivered a set of propellers for the ABB Oy Marine and Ports (Finland). A large investment project (7–11 bn of rubles) for forestry 2017–2020 goes well with the corporate desire to provide the Solombala PPM, once the largest and the export oriented enterprise in the European North of Russia, with modern equipment.

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<sup>5</sup> Koncepciya “Razvitie klastera sudostroeniya” [The concept of “Development of shipbuilding cluster”] URL: <http://cedipt.spb.ru> (Accessed: 28 December 2011) [in Russian]

Practice and investment intentions deepen the modernization trend in the development of the Northern economy. So, we need not only to be familiar with international market of the equipment but also to be able to submit (escalate) the imperatives of the Russian mechanical engineering for commercial production and sales of machinery. The overcoming the technological sanctions (import substitution) will not cause doubts among Western businesses. To do so, it is better to “run” in the information and market space by the similar “swallows” showing the growth of technological authority of the Russian enterprises.

Yet, a long-term presence of foreign equipment for the timber industry of the Republic of Karelia, the Komi Republic and the Arkhangelsk Oblast confirms the slow production of innovative equipment for woodworking industry in Russia. There are many reasons for that. First, the Russian mechanical engineering is not able to offer high-tech and environmentally friendly equipment. E.g., the Ustyansky PPM Group actualizes the demand for environmental and resource saving technologies and equipment.

The dominance of foreign logging machinery in the harvesting, hauling and processing of timber in home woodcutting is not only a nod to the production techniques, approved by neighboring Finland in the 1970s and 1980s. It is a means to increasing the efficiency of business activities of logging companies. Buying Tigercat, harvesting wheeled or tracked complexes means the use of Scandinavian or Canadian production technology. Their financial and economic profitability (cost of a cubic meter of wood and high profit margins) commensurate with the ability of a business to organize the work of staff. Imported forestry equipment requires highly skilled workers. These are requirements dictated by high-tech production and sustainability of forestry enterprises on the global market. The Ustyansky PPM Group products was purchased by 20 countries (2016). The CJSC “Sawmill 25” is now modernizing its Tsiglomen production using three stages to the selection of equipment suppliers considering prior practices. It shows that such a policy contributes to the competitive position of the business. A possibility of processing of 800 thous m<sup>3</sup> of raw materials is one of the powerful arguments for the long-term cooperation with the Estonian company Hekotek. The company sold boiling equipment.

This means that market competition forced home industry to sign contracts with foreign companies for the supply of equipment to strengthen innovation through the business and sustainability on transnational markets in 2000–2015. *Such an import is a fundamentally important resource for the transition to new technologies of extraction and processing natural resources, expanding the boundaries of the spatial organization of economic activities of forestry enterprises of the Russian North. Modernization of the enterprises in the Arkhangelsk and Murmansk Oblast*

cause the expansion of exports and the number of buyers, consolidation of export niches on the markets of other countries.

Now we will turn to the dynamics of the volumes of imported equipment to the Northern territories of the Russian Federation and evaluate its intra-regional specificities (tab. 4):

Table 4

*Volumes (\$ mln) and a share of machinery, equipment and transport in the total volume of import (Commodity nomenclature of foreign economic activity of the Eurasian economic Union 84–90)<sup>6</sup>*

Year	Volume of import			Share of import (% to the volume of import)		
	2010	2013	2015	2010	2013	2015
The Arkhangelsk Oblast	152.5	190.2	71.6	80.0	84.5	71.1
The Murmansk Oblast	56.5	196.3	171.2	27.9	26.3	7.4
The Republic of Karelia	96.9	69.8	49.3	41.9	36.7	27.0
The Komi Republic	129.4	164.4	77.1	56.9	61.4	38.3

What conclusions could be made using the data from the table 4? First, we see the business needs on the import of machinery and equipment that improve technological capabilities of enterprises (firms) for successful competition for the global consumers in 2013–2015. All these needs ran into a barrier of sanctions. Second, Russia needs to import high-tech equipment for narrowing the gap indicators of social productivity of labor compared to the United States and European countries. If there will be no solution for this, then in the next 15–30 years, Russia is to lose its reputation and place among the five leading economies in the world.

Large businesses of the European North of Russia see commercial and technological reputation the first requirement for strategic management. An illustrative example of reputational stability in the world market is JSC “Kondopoga”<sup>7</sup>. Newsprint paper is more than 80% of its total exports. The main buyers are in Hamburg (Germany) — 41%, Dubai (UAE) — 11.5% and Istanbul (Turkey) — 10%. Naturally, a steady demand for newsprint is the other side of modernization and reconstruction of the pulp and paper industry, supported by the best equipment.

It is worth noting that the foreign partners form the demand for products of home enterprises. They recognize the technological maturity of the relevant Russian enterprises to meet this demand. In advance to prepare such a market match is the task of enterprises. E.g., JSC “Sapka-rellas” (Republic of Karelia) is consciously seeking for advanced level of production and is offering

<sup>6</sup> Regiony Rossii. Socialno-ekonomicheskie pokazateli. Tovarnaya struktura eksporta i importa [The Regions of Russia. Socio-economic indicators. Commodity structure of export and import] (2010, 2013, and 2015). URL: <http://arhangelskstat.gks.ru>; URL: <http://murmanskstat.gks.ru> (Accessed: 24 June 2014; 27 January 2017) [in Russian]

<sup>7</sup> See: Pyatnadcat projektov budut realizovyvatsya v Karelii v ramkah osnovnykh napravlenij strategii-cheskogo razvitiya strany [Fifteen projects will be implemented in Karelia in the framework of the basic directions of strategic development of the country.] URL: <http://karelinform.ru/article/business/> (Accessed: 08 February 2017) [in Russian]

competitive products. This company is an active participant of foreign trade. It could organize its timber production according to the world standards.

Sanctions conditionality of reduction and small volumes of supply, a high proportion of equipment and machinery in the local volume of import move us to two generalizations. While the demand of the companies (enterprises) in the West of the new technology (equipment) is high and uncontested, the state response to Western sanctions should be selective. It should not limit the optimism of enterprises for harmonization import of high-tech equipment and the political atmosphere of cooperation with European partners.

Second, enterprises in the Arctic areas of the Russian Federation should remember about proactive testing technology for industrial import substitution and the growth of its export capacity, about the importance of creating the technological prerequisites for extending the export goods (services). Moreover, we have the examples to learn. Engineers from Arkhangelsk and Vologda established a company "Podyomnie Mashini". They hold an attractive position on the issue of hydraulic manipulators competing at the commercial performance, reliability and price with foreign counterparts. One more example is the "Northern machine-building plant", which in 2016–2017 switched to 100% electronic modeling of complex mechanical engineering products, first manufactured by the enterprise. This technology contributes to a significant reduction in labor costs of engineers. The company is also involved in the concept making, design and construction of ships with the use of the most advanced shipbuilding technologies. Eventually, the creation of an innovative segment in the economy of the Arkhangelsk Oblast, the formation of science cities based on machinery complex in Severodvinsk and the cosmodrome "Plesetsk" will lead to a positive effect: the share of high-tech goods (works, services) of home enterprises that are in demand on world markets will continue to grow.

After summarizing long-term contacts with regional producers with foreign suppliers of equipment and examples of their output to their own technological innovation, it is possible to hypothesize that high technology will continue to be a subject to sales and buying. European and Arctic countries are physically unable to get out of the system of international economic relations, motivating to the increase of mutual geo-economic margins.

We see a lot of evidence of this. The establishment of modern agricultural complex based on the LLC "Ustyanskaya" and JSC "Rodina" [10, Falkowski A., pp. 8–9] in the Arkhangelsk Oblast revealed the special value of growth of the business economy. It was possible due to the ability to combine the best equipment of the world with a high-quality management of staff. One of the criteria for the quality control is effective technological operations. The OJSC "Kolskiy mining and

metallurgical plant” works on implementing the best technologies to produce non-ferrous metal mining and ore dressing. The plant produces electrolytic nickel and copper, carbon nickel powders, cobalt concentrate and concentrates of precious metals. High quality of products is famous worldwide and meets the most stringent international standards. The “Arkhangelsk pulp and paper mill” had a priority investment project on the reconstruction of the cardboard production together with the Valmet Power Oy, which supplies equipment for the project, namely reconstruction of the second board machine and building the new steam station. The factory has one more successful project of multi-fuel boiler for Sewage and wood waste incineration.

Such a corporate and regional practice in the Euro-Arctic territories of Russia (before and after the sanctions) inspires. It gives confidence in improvement of political climate and international economic relationships. Such a belief is stronger than the power of the pessimism generated by political elites of countries, joined the sanctions. The North of Russia needs this optimism to maintain the hi-tech level of the national economy, not because it needs imported equipment and update of countries production background for \$14 billion in ten years<sup>8</sup>. It is because the good-neighborliness is always better than geopolitical quarrel.

***The politico-economic concept of updating the principles  
of economic cooperation of the Arctic Russia and its Western partners***

As you know, Russia starts from the North. The 21<sup>st</sup> century once again demonstrates the correctness of Mikhail Lomonosov’s words about the growth of economic power of Russia due to Siberia and the North. In the context of the present article, their power to influence the economic growth of the Russian Federation depends on the foreign issues, social and cultural cooperation of the Arctic territories with the rest of the world. It contains many dangerous trends, the vagaries of world leaders, artificial hostility, loud cynicism and the seeds of discord. Together, they deform the intergovernmental relations between the West and Russia.

To overcome this, we certainly need updating attitudes to each other. Geopolitics that is now “harmful” for the world civilization interferes with trust and intensity of economic contacts. Some of its problems we are going to examine.

Only together, we can eliminate billions of US dollars that the EU lost from counter-sanctions. Only together, we can eliminate the technological sensitivity of the Northern territories of the Russian Federation to the effects of international reprisals. We have noted, “A single space of geopolitical friendship exists where a House of the future world with a single system of principles of communications is being constructed” [11, Zalyvsky N.P., p. 170]. While geopolitical dialect-

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<sup>8</sup> See: The Forecast of scientific and technological development of the Russian Federation for the long term until 2025



tics is alien to the compromises, the author will adhere to the thesis that the world needs a new ideological structure and the foundations for better understanding of countries and peoples. *Understanding the Eastern or Western consciousness is a strategic key*: 1) to the normal international trade; 2) to Arctic civilizational cooperation; 3) to a reasonable mix and complement of the European peoples' values; 4) to the refuse from demonization of Russia everywhere (sports, hacking, rights of citizens, a threat to peace, etc. or geopolitical phobias to discredit).

Any economic interaction is a two-way movement, where everyone should operate the same standards of respect. Now, they are almost absent. The EU and other states considered sanctions a permissible means of influence on Russia. The task of damaging the Russian economy was proclaimed. This is a counter-productive geo-strategy. Centuries-old experience of application of this instrument (starting from the Megarian psephisma in 432 BC to the sanctions against Cuba and Iran) does not reveal the examples of lowering the quality of life of the ruling elite or reduce of their assets [12, Khasbulatov R., pp. 916–918]. In addition, the tendency to demonize the actions of Russia generates not only the mutual alienation, but also distorts previous history of good-neighbor relations between the European countries and peoples.

It was disappointing that our neighbors in the Arctic (Norway, Sweden and Finland) are among the active supporters of the Atlantic sanctions solidarity — a tool of pressure on Russia. What's for? For the democratic will of the population of Crimea. This vector of geopolitical morality of our neighbors is perceived as a hybrid Institute of social and cultural war against the citizens of the Russian Federation, a symptom of political and moral hypocrisy of the ruling elite of the US and the EU. The fact is that it ignored its own humanistic value of the right to a decent life without an external "whip". When this elite demonstrates the double standards in the assessment of actions of the Russian Federation for the promotion of new sanctions, it is, in fact, adds up to the cons in the logic of instability of future of the world and the Arctic.

The motive for the normalization of international cooperation in the global economy implies a counter desire of European countries, the new U.S. administration to the understanding that *Russia sees its historical future of in the context of a multipolar world*, the denial of the US claims to global dominance. To optimize a place and a role in the world, Russia needs to find tools and the elimination of the US paradigm of exclusiveness (because of financial and military power). Now and in the future, its effect will prevent the aging of the new geopolitical relations of Europe and Russia based on the compromise values of both civilizations.

The successful solution of this problem includes two aspects. First one is the monitoring the nature and dynamics of the conflict and interest transformation of the EU and the US, which

are “actively “pulling the blanket” on themselves to promote their interests in Transatlantic trade zone”<sup>9</sup>. Secondly, we *need a consensus on geopolitical principles*. Accordingly, Russia, the US and the EU are urged to the formation of a mutually acceptable composition of European values as a criterion for the stability of modern civilization.

To do so, Western partners should not stick to the version of the return of Crimea to Ukraine as a reason to cancel sanctions. Why? On the one hand, such a step will be the akin to a historical farce of Russia; it will humiliate its constitutional dignity, embodied in the will of the Russians to restore the historical justice. On the other hand, it is just an expectation of an absurd move from Russia. It blocks the movement towards normal international partnership, respect of the national interests of Russia and, of course, complicates the global dynamics.

The future of Russia and Europe needs equal partners. This is an *exceptional institutional framework for the convergence of the Arctic countries*. They tend to similar motives and cooperation in the circumpolar world. We are convinced that, primarily Northern Europeans need to release the political outlook from the paradigm of teaching a partner. Rather, the “training” Russia to play the role of the weak-willed stepson of the western political strategy.

A turn to that paradigm of economic and cultural cooperation is pushed by an objective trend. E.g., the political elite of the West resigned to the Brexit as the real fact of the modern European history. The same reconciliation is permissible in relation to the annexation of Crimea as it is an accomplished fact. In any case, in March 2017, the Arctic countries managed to conclude a mutually acceptable agreement on joint work in the Arctic in case of emergency.<sup>10</sup> It is advisable to associate with Russia and recognize de jure the legitimacy of the Crimea referendum. It will build the road to the peace after the military-political confrontation and barriers for high-tech exploration in the Arctic. Besides, in 1990–2016, Russia managed to transcend the positive components of the European “democratization” while Europe is in the center the internal spiritual and the institutional drama. Russia is ready to accumulate advanced of socio-cultural ideas of those countries that are constructive in the search for intergovernmental consensus and optimal global economic cooperation.

Sample searches in this direction are visible. The Arkhangelsk Oblast is the active subject of international cooperation in the Barents region. List of evidences of the multilateral integration of

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<sup>9</sup> Soglashenie o sozdanii transatlanticheskoy zony svobodnoj trgovli otkladyvaetsya [The agreement to establish a transatlantic free trade area is postponed] URL: <http://world-prensa.ru/economics>: (Accessed: 20 March 2016) [in Russian]

<sup>10</sup> Rossiya i SShA zaklyuchili soglashenie o sotrudnichestve v Arktike [Russia and the United States signed an agreement on cooperation in the Arctic] URL: <http://rusplt.ru/news/rossiya-zaklyuchili-soglashenie-652502.html> (Accessed: 26 March.2017) [in Russian]

the economy and people of the North in European economic and public-political processes, the expansion of contacts with various international foundations and organizations are constantly updated. It is a signal that the Northern provinces of Russia with all its natural wealth and centuries-old trading relations with Western Europe and Scandinavia are willing participate in harmonization of the common house called “United Europe” and include the apartment with a sign “Russia”.

Since the development of Europe is complicated because of the ratio of national and European, because of the inequality of needs in cooperation with Russia, because of differences over migration issues. It is a continuous exchange of views on the future of Europe. It is important need to realize the inferiority of sanctions and counter-sanctions and contradictions of co-existence. Is Europe able to be a partner for Russia and manage the external economic relations of the Arctic states together?

Why doubts about the positive answer are possible? Maybe it is because of the US — Moscow dialog dialogue from a position of strength or because the European organizations invest in civil institutions of Russia hoping to get<sup>11</sup> the erosion of Russian public opinion related to Ukraine and Crimea, Arctic and its shelf or management of the Northern Sea Route. Such a logic is strange. *Russia can become the most modern and civilized part of Europe and the world.* It can be in the regime of positive solidarity with the Europe, ready for a self-critical process (i.e. the ability to recognize and correct its mistakes) and mutual rapprochement of positions on the existing problems.

The consolidation of Europe is hardly possible due to discriminatory pressure on Russia. It is, in our opinion, should remain a short-term zigzag in the objective of civilizational patterns. Objectively, the peoples face the civilization of the future. What are their alternatives? They are to accept or reject the need for European-Russian historical, economic, social and cultural interaction. They are to recognize or prevent the possible effects of the sanctions of the American-European Alliance. *The future requires a compromise model of cooperation.* It is important to find criteria for the balanced national interests in “automatic” mode; balancing based on common principles, done in the interests of the European continent.

A prototype of the urgent search for the “unmanned” regulation of international relations could be a model for monitoring relations of the Arctic states. It is necessary because of the threat of disputes among the Arctic countries. The USA under the cover of NATO “strongly blurs the ex-

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<sup>11</sup> Akula kapitalizma ne pytaetsya s'est' RF. [A shark of capitalism is trying to eat Russia] URL: <http://worldpressa.ru/inostrannaya-prensa-o-rossii/5365-akula-kapitalizma-ne-pytaetsya-sest-rf-latvijas-avize-latviya.html> (Accessed: 10 February 2017)

clusive rights of the Russian Federation and Canada in the region”<sup>12</sup>. In such a situation, it is necessary to sign an agreement with the Northern European countries and to refuse to host the NATO infrastructure in the North. In addition, in my opinion, all Arctic states should refuse from any military exercises in the North and close the air and sea space at a thousand kilometers from the state borders. These measures may guarantee peace on *the Arctic part of Europe and tranquility for its residents*.

Search for new mutually acceptable rules of the Arctic European countries could be a part of regular discussions within international meetings, e.g., the international forum in Arkhangelsk “The Arctic — Territory of Dialogue”. Discussions make the overcoming of geopolitical contradictions easier. *Our desire to be trained by the European colleagues should be in harmony with duty of our Western partners to learn how to respect the constitutional and mental foundations of Russia*. State elite of our Arctic neighbors and the EU countries could contribute to the new way of cooperation between Europe and Russia.

However, in our view, this does not mean their readiness to remove economic sanctions — a tool of the archaic geopolitics. The real policy of the USA and the EU will probably remain the limiting of the purchase of the most modern technologies due to the commitment to a geopolitical idea of restraining the economic rise of the Russia. It is sufficient to say about the G7’s inert response to the Russia’s request for \$24 billion for the purchase of technology, equipment to produce civilian goods in crisis times of the soviet political system. Even that time the decision was 100% dependent on the words of the United States [13, Shcherbakov V.I., pp. 1060–1061].

To some extent, conferences (forums) are useful to be perceived the centers for diagnosis of the causes that complicate the construction of new Europe (The EU+Russia); forum could be common institutional and historical formations or social and governmental institutions of scanning of the problems of modern international relations.

Willingness to solve problems indicates the geopolitical value of the EU for Russia. It sees a special historical mission in the diversity of European countries. Russia also reconsiders its relations with the EU<sup>13</sup> and demonstrates ultimate patience in waiting on equal partnership. Russia sees itself as inseparable link with no claim to leadership, relying on the fair cooperation in the Arctic and a constructive role in addressing global challenges.

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<sup>12</sup> Bor'ba za Arktiku prevrashhaetsya v slozhnuyu igru [The struggle for the Arctic is turning into a complicated game]. URL: <http://vl-club.com/23123537--borba-za-arktiku-prevraschaetsya-v-slozhnuyu-igru-v.html> (Accessed: 12 February 2017) [in Russian]

<sup>13</sup> MID Rossii provedyot pereocenuk otnoshenij s Evrosoyuzom [The Foreign Ministry of Russia will re-evaluate relations with the European Union]. URL: <https://news.mail.ru/politics> (Accessed: 17 March 2016) [in Russian]

Of course, we assume that the sanctions on Russia is a temporary phenomenon of the Western geopolitics. However, naivety should be irrelevant for Russia especially when predicting the advantages of international division of labor. First, we should realize that the Western partners are not motivated to help Russia to establish the high-tech segments of the national economy. They do not need a strong geo-economic competitor. That is why Russia is obliged to everything itself, relying on its own scientific resources and innovative potential.

Such a strategy should be a reason for the historical indifference of the Russian Federation to sanctions of the West — technological or sectoral, which will remain in the future cooperation and geopolitical demarcation. At the forum “The Arctic — Territory of Dialogue” emphasized the importance and timeliness of government programs to support high-tech economy, including the technology for the Arctic.<sup>14</sup> This is an indirect recognition of the specialty of the modern international trade. Russia considers its position in the world markets important. It wants to be the vanguard and seller of high technology for the North and, as a minimum, a pioneer of icebreaking shipbuilding, a supplier of equipment for extraction and processing on land and offshore.

### *Conclusion*

A conceptual judgment of the article is that Russian trade with the Europe is more than five centuries old. The practice and problems of foreign economic activities of the Euro-Arctic territories of the Russian Federation represent a real portrait of contemporary Europe. They are convinced that a historical window into the global economy will never be closed, despite the presence of forces seeking to complicate the Russian actions on the global market.

Trade and economic relations of the Northern territories of Russia with other countries feel the impact of international sanctions. A negative change occurred in 2014–2016 in all indicators of international trade. However, it has no constant impact of the dynamic of the Russian GDP and on the development of the Russian North. Euro-Arctic territories of the Russian Federation can adapt to the restrictions. In 2017 everybody is sure that the attempts to discriminate the export-import transactions, isolation from the world markets and advanced technology, exclusion from the system of European values are unproductive. They will not block the GDP growth until 2020, but emphasize the historical importance of the import-substituting technologies for Russian. Perhaps, it is necessary to assume that the sanctions will remain a long-term or permanent companion of international relations of the Russian Federation. The country needs reserve production capacities for the replacement of demand by the home products.

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<sup>14</sup> Uchastniki Arkticheskogo foruma predlozhat puti razvitiya regiona [The participants of the Arctic forum will suggest ways of development of the region]. URL: <http://1prime.ru/News/20170329/> (Accessed: 30 March 2017) [in Russian]

Russia is an inseparable part of Europe, and inseparable cannot be separated. Its Northern territories have been a necessary component of the EU economy and other economies of the world. They remain active agents of the economic interests of the country and the stakeholders of foreign economic cooperation. Euro-Arctic territories of the Russian Federation are ready to continue the external borrowing of technologies that correspond to the world scientific and technical level and the requirements of the 21<sup>st</sup> century. The examples discussed in the article confirm the image of Europe as a prospective seller of modern technologies (equipment) and may be an expanding market for products from the Euro-Arctic territories of Russia.

Regional and corporate managers must be sensitive to the geopolitical costs of international cooperation and patient while waiting when European partners will stop using sanctions. Such an optimism is combined by attempts to limit the historical economic relations of Arkhangelsk and Murmansk ports. It is important to return to the traditions, mutual respect and ideas of common future. It's time now. We are talking about harmonious Europeanization of the needs and interests of the population of Russia and the EU: economic, social, political, and humanitarian. It is very real. These expectations are caused by a belief in the fruitfulness of interregional contacts, as well as a rich practice of mutual integration on both sides of state borders.

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