

# **Conflict or Compromise?**

## **Traditional natural resource use and oil exploitation in northeastern Sakhalin/Noglikskii district**

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### **Introduction**

Like other regions of the Russian Federation, Sakhalin region is trying to make sense of the transition to a global market economy, with new approaches to natural resource use; new investment agreements and trade dynamics; new partnerships between Russian and foreign parties, the State, the public and industry. Exploitation of the off-shore oil and gas reserves will greatly influence Sakhalin's future economic development. But will this development be sustainable and how much benefit will it bring to local communities in the area of exploitation who will suffer most from ecological pollution and disturbance related to the projects?

Sakhalin is rich in natural resources of all kinds (forests, fish, mammals, thermal waters, mineral resources). There is a long history of conflict and interaction between the traditional forms of resource use of the indigenous populations (fishing, hunting, marine mammal hunting, reindeer herding) and those forms introduced and developed by the non-indigenous populations (including the Japanese) from the late 19th century (fishing artels, commercial hunting, collective farms, State farms, oil extraction, logging, mining).

State policies of collectivisation (from the 1930s) and resettlement (from the 1950s and 60s) destroyed the traditional way of life of the indigenous peoples and uprooted them from their native lands, yet created a dependency on the new forms of State-organised resource use and the accompanying social changes (boarding school education, enforced semi-urbanisation, provision of social infrastructure by the collective farm or dominant industry, State subsidies and privileges for indigenous populations). The socio-economic and psychological consequences of these policies are visible today.

In this paper I aim to look at the relationship between traditional natural resource use and oil and gas exploitation in the context of "sustainable" local development. I will focus on the effects of resource management planning on local populations and at local participation in decision-making processes.

Today indigenous and non-indigenous populations alike are suffering the effects of Russia's painful transition to a market economy and the globalisation of market relations. All people are hoping for a solution to their economic crisis, and everyone wants to live in a clean environment. However, development of the Sakhalin oil and gas projects raises issues relating

specifically to the indigenous populations and their historical relationship to the land. In this paper I would like to focus on certain issues that concern all local populations, while drawing attention to those problems that particularly concern the local Native populations of Nivkhi, Uil'ta and Evenki.

### **Sustainable Development and Local Participation**

“Sustainable development” (WCED, 1987) is a term interpreted in many different ways by different people for different needs, and generally at the level of theory and rhetoric. It can underpin creation of strictly protected areas (SPAs); it can justify compromise between industrial development and nature conservation. The Sakhalin II project (Sakhalin Energy Investment Corporation [SEIC]) is being financed by the European Bank of Reconstruction and Development (EBRD) whose founding agreement includes a pledge to “promote in the full range of its activities environmentally sound and sustainable development” (EBRD, 1996, p. 1). Oil and gas exploitation is not generally associated with sustainability, as it provides for a “boom and bust” type of development with a high ecological risk factor. Furthermore the Sakhalin off-shore oil developments could hasten the demise of indigenous cultures and subsistence livelihoods already on the brink of extinction.

I understand “sustainable development” to be a long-term integrated form of development that benefits the local population, preserving local livelihoods and socio-cultural systems, while providing a foundation for the socio-economic well-being of future generations. In Russian, “sustainable development” is translated directly as “*ustoichivoe razvitie*.” Russian also has the term “*ratsional'noe prirodopol'zovanie*” or “rational use of natural resources.” This is defined by Reymers and Iablokov as “[a] system of activity that is recognised as providing the most effective regime of renewal and economic exploitation of natural resources, with consideration for the future interests of economic development and protection of the health of the people” (Zimenko and Krupnik, 1987, p. 13).

In my view, a form of development that is close to “sustainable development” or “rational use of natural resources” requires a broad base of economic activity, and cannot rely heavily on one or two forms of natural resource use (such as oil and gas extraction, logging, mining), which is how many Sakhalin settlements and districts have developed. On Sakhalin, the local budget of Noglikskii district is heavily dependent on the oil industry, especially after the collapse of State enterprise and the withdrawal of State subsidies.

As the on-land oil industry is in decline, the focus should now be on expansion of the base of economic activity in the district (focusing on renewable resource use, including revival of traditional forms of resource use), to ensure the socio-economic well-being of future generations while preserving

the natural environment and its capacity to support the human population. While many hopes for a stable economic future on Sakhalin lie in development of the off-shore oil and gas fields, people fear that these are not being exploited in the interests of the local populations but in the interests of international investors, developers and consumers; decision-makers in Moscow and Yuzhno-Sakhalinsk; and the upper levels of the domestic oil giant Rosneft-Sakhalinmorneftegas.

Sakhalin oblast, as other regions of Russia, has still not recovered from the withdrawal of State subsidies that accompanied the collapse of the Soviet Union, while mechanisms have not yet been set in place to fill the vacuum. In a "Free Market" economy (which no-one can recognise in the present-day Russian economy), the State should not be expected to subsidise whole regions as under the centralised Command system. However, a rational, integrated system of State subsidies is important, at least to support sectors of the economy such as agriculture and animal husbandry (as is done in any western country), despite the recommendations of the IMF to the contrary.

Essentially, there should also be mechanisms whereby the high-profit, high disturbance sectors of industry support social infrastructure and traditional resource use, especially if the latter are threatened or disturbed by the industry in question. This can be achieved through a sensible taxation system, which has not yet been established in Russia, or through creation of special Funds (such as the Alaska Development Fund). Other potential forms of support for local populations include federal socio-economic and cultural programmes, foreign grants and small credit programmes. However, federal programmes are not generally financed today, while foreign grants are available only to a minority of the population who are able to write grant proposals and overcome their aversion to what is perceived as "begging."

On Sakhalin there seems to be a problem with allocated federal and foreign monies not reaching their destination. While at the "kitchen table" level, this is one topic of conversation that is rarely exhausted, at the official (seminar, conference) level, it is rarely raised. Development of various financing mechanisms should be accompanied by strict monitoring programmes and policies of transparency and public accountability. In Russia, this goes against traditional attitudes and approaches. If people are not officially informed of how monies are being spent, they have little idea of how to demand access to information from the grassroots level if there are concerns about allocated monies not reaching their destination.

"Sustainable development" requires integrated natural resource use planning involving all stakeholders in the planning processes at all stages. This means the broad participation of local populations, who are all too often excluded from or poorly represented in decision-making processes. Public participation may include public consultations to accompany environmental impact assessments (EIAs) and State ecological expert reviews (EERs); independent public EERs; referendums; village meetings; two or three-sided

“agreements”; representative commissions; public monitoring; litigation. Participation of the public is assisted by access to information; public accountability and transparency on the part of the developers. It is also assisted by creation of non-governmental organisations (NGOs) to represent the interests of the local population.

“Sustainable development” demands equity of access to resources, which means clarity of rights and adequate enforcement and control. Given the collapse of established forms of State-controlled natural resource use, it is particularly important today that citizens become more closely acquainted with the law. Citizens of the Russian Federation, and indigenous people in particular, have a growing base of legislation with which to determine their rights of access to resources, land, a clean environment and equitable distribution of profits from resource use. However, the legislative base is incomplete and there is a lack of experience especially at the grass-roots level in actually using the laws. Often laws are only framework laws and there are no established official mechanisms for implementation. As a rule, there is no money in the federal, regional or local budget to implement them. Generally the federal laws demand further legislation at the regional and local level and in many cases this has not been developed.

Local people are now passing through the transition from a paternalistic relationship with the State to independent participation in development processes. This can be conceptualised in terms of building a “civil society (*grazhdanskoe obshchestvo*)” (Anderson, 1990; Hann and Dunn, 1996; Bridger and Pine, 1998) or developing the “third sector (*tretii sektor*)” (CAF, 1998) and leads to talk of “partnerships (*partnerstvo*)” and “dialogue (*dialog*)” between people and the State or industry (CAF, 1998; Arakchaa and Zaidfidim, 1999). However, these terms bear little relation to the realities of Sakhalin, where, despite recent development of the environmental and indigenous people’s movements, public activism is extremely low, and established forms of “top-down” decision-making continue to predominate.

In northern Sakhalin, the local people themselves (and especially the Native populations) have a huge psychological barrier to overcome in making the transition from Paternalism to Partnership. In order to understand the nature of this psychological leap of faith, it is important to consider first of all the historical development of local populations.

### **Local Populations**

The Native question in Noglikskii district is a particularly complex one. The official policies of assimilation during the Soviet era - based on ideology and carried out through collectivisation and sedentarisation programmes - have today been replaced by a broadly accepted assumption of assimilation based on public demands for equal rights for all (e.g. Davydenko, 1999). This takes the form of an official and public denial of indigenous claims to

special status (e.g. Psiagin, 1999) that finds resonance with the local non-Native populations, especially the long-term residents.

The percentage of Native people in the total population of Noglikskii district is relatively low. According to the district administration, of a total of 14,700 population in Noglikskii district, 1,086 people or 7.4% of the population are indigenous (including those of mixed parentage). Of these, 205 live in rural settlements.<sup>1</sup> There are about 17 reindeer herders (Uil'ta, Evenki) who live in the forest in winter and on the shores of the eastern bays in summer. There are also about 15 Nivkhi and at least one Russian (married to a Nivkh woman), who live permanently on the shores of the Okhotsk sea and north-eastern bays and depend on fishing for their livelihoods.<sup>2</sup>

According to the Federal Law of 30th April 1999 "On the Guarantees of the Rights of Indigenous Peoples of the Russian Federation," indigenous people include those who: (i) live on the territories where their ancestors traditionally lived; (ii) preserve the original way of life and economic activities of their forebears; (iii) number in Russia less than 50 thousand; (iv) consider themselves an independent ethnic community. The law also includes those non-Native people who live a traditional lifestyle on traditional Native lands (Article 3). Essentially, no-one denies the special rights of those people involved in subsistence fishing, hunting and reindeer herding, and official regulatory organs make special efforts to accommodate the needs of these people. However, the question of whether the indigenous semi-urban populations of Nogliki satisfy the above criteria, and can therefore make any claims on the basis of this law, is hotly debated. "The problem for the Native people of Nogliki is proving that we exist" (Mongush, 1999).

The situation is compounded by the fact that support for indigenous rights, while fairly strong at a national level, decreases with distance from Moscow. The long-awaited appearance of the law "On the Guarantees of the Rights of Indigenous Peoples of the Russian Federation" gave a significant boost to those fighting for indigenous rights, but it is a framework law and needs to be filled out with appropriate legislation at the regional and local levels. Article 69 of the Constitution of the Russian Federation guarantees the rights of Native people according to international norms and principles, while article 73 "m" acknowledges the responsibility of the federal and regional governments to protect the traditional environment and livelihoods of indigenous populations. Article 12 of the Sakhalin Regional Statutes (*Ustav*)

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1 Sources: Goskomstat Rossiiskoi Federatsii Sakhalinskoi oblastnoi komitet gosudarstvennoi statistiki (1999) *Chislennosti nalichnogo i nostoyannogo naseleniya po administrativno-territorial'nyim yedinitam, na 01.01.99*, isk. No. 1308, Yuzhno-Sakhalinsk.

Goskomstat Rossiiskoi Federatsii Sakhalinskoi oblastnoi komitet gosudarstvennoi statistiki (1997) *Ekonomicheskoe i sotsial'noe razvitie korennykh malochislennykh narodov Severa*, isk. 249, Yuzhno-Sakhalinsk.

2 Sources: local residents, local newspaper.

(1995) echoes this, while article 20 confirms the representative of northern Native people in the Sakhalin regional parliament and article 76 confirms the responsibility of the regional and local authorities to set aside territories of traditional natural resource use (TTPs), to allow use of these without payment and to give priority in agreements and for licences for use of renewable natural resources.

However, at the local level, the Noglikskii District Statutes (1999) do not provide an adequate foundation to address issues of Native rights or TTPs. Furthermore, the job of "Specialist in Native issues" in the local administration was dissolved in 1998. There is a strong lobby in the local administration and the local district assembly (including the deputy head of the local assembly who is a Nivkh himself) which claims that since the Native people of Nogliki, who live in houses and flats like the rest of the population, cannot be considered indigenous, there can be no talk of Native rights to land, resources or social privileges in the district as a whole. Thus legislative and political support for Native rights effectively comes to a halt at the district level. This is largely related to the desperate need for the district as a whole to survive, given the absence of support from the federal and regional governments.

In fact the issues relating to the indigenous populations and traditional natural resource use - especially those that relate to conflict with the oil and gas industry - extend beyond the scope of the law "On the Guarantees of the Rights of Indigenous Peoples of the Russian Federation." Native people living in semi-urban centres may not live traditional lifestyles, but they still depend heavily on the natural resources of the local area; their diets depend on fish - probably more so than the non-Native diets; many are involved in fishing as an occupation (very few are involved in hunting). At the same time, many Russians who are second and third generation settlers in the district consider themselves as "indigenous" as the Native populations. Many of them hunt and fish, have an in-depth knowledge of the land, depend on the natural resources for their livelihoods and are not planning to move away anywhere. Many Russians are suffering extreme poverty in the same way as many of the Native residents. Therefore the issue of fish quotas, priority licences and other special privileges for the Native population are a source of some division and resentment among the local populations.

In many cases, when talking about the effects of the oil industry in general and the off-shore oil developments in particular, it is important to consider the local population as a whole and the overall pattern of natural resource use represented by the activities of all sections of the population.

On the other hand there are specific issues relating to the Native populations that have historically not been resolved and are important issues today, from a socio-economic as well as from a psychological viewpoint. Within living memory, many of the Nivkh people lived in Native villages (e.g. Venskoe, Nyivo) on the shores of the northeastern bays. In the 1950s and 1960s they were forced to move to Nogliki, and thus their ties with their lands and fishing areas were broken. Many have found it very difficult to overcome the trauma of removal, and to get used to life in the major settlement. Reindeer herders refuse to move to a settled life in the villages and

continue to lead their traditional way of life despite the total collapse of State support, the non-payment of salaries, the non-profitability of their occupation, and the continuing loss of reindeer to poachers and reindeer pastures to forest fires, oil extraction, geological explorations, road building and pipeline construction. It is estimated that 90% of summer pastures have been lost over the past 70 years to fires and industrial encroachment (Roon, 1999). Two pipelines from the Sakhalin off-shore projects are planned to cut across the remaining pastures, though the final routes have yet to be finalised.

Historically, there is a great deal of resentment towards the non-indigenous population that came into the region and took over the resource management and administration of Native lands, without the agreement of the indigenous land users themselves. A major problem here, as in other oil-producing regions of Siberia, is the question of land rights - officially allocating land for traditional use - and payment of compensation for lands already destroyed by the oil industry (Roon, 1999).

Another factor that particularly affects the Native communities is the education system under the Soviets. Most of the Native population was educated in the boarding school (*Internat*). This system split families, forced children not to speak their Native language and made them dependent on the State to provide everything from regular meals to clean bed-linen. The "rolling back" of the State has hit all populations in Russia hard, but the Native populations more so. "They were cradled in the arms of the State and have now been cast to the winds of fate."<sup>3</sup>

The Native people themselves claim that they are not good at adapting to the new conditions. This is particularly a problem for the men - the women are generally more adaptable and less inclined towards alcoholism. The profession of reindeer herder (Uil'ta and Evenki) used to be prestigious and reindeer herders could support their families. Now many have lost their jobs, while the remaining herders are barely able to survive due to the withdrawal of State support. The occupation has lost not only prestige, but also dignity.

Jobs available in the fishing industry are often taken now by non-Natives. The collective fishing enterprise "Vostok" which used to have the status of "ethnic enterprise (*natsional'noe predpriiatie*)," due to the representation of indigenous workers, employs only about 26% of indigenous workers, and is run by outside managers. The director is from southern Sakhalin and his second in command is from St. Petersburg. However this is not unusual for the enterprise, whose directors have historically been outsiders. The indigenous population has rarely produced its own leaders and managers. As one Nivkh mother commented: "Competition for fishing jobs is hard for our young men, as the Russians tend to be physically stronger, more ambitious and generally more reliable workers."<sup>4</sup> There is also a tendency for the non-Native population to be prejudiced towards the Native population, resentful of past State nannying and present-day privileges.

The oil industry also does not provide significant job opportunities for

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3 Russian resident, Nogliki.

4 Nivkh mother, Nogliki.

the Native populations of the district. The local branch of Sakhalinmorneftegas, for example, employs about 1,350 people in Noglikskii district of which only 6-7 are indigenous. The men have mechanical jobs, the women tend to work as cleaners.<sup>5</sup> The small number of jobs available to local populations in the new off-shore projects (mostly in the service industry) are offered on the basis of equal competition. Many of the indigenous populations do not have the skills to compete for these jobs. Technical jobs require special training; clerical jobs generally require good English language skills, which many don't have. In the service industry serving Molikpaq, there is only one indigenous (woman) employee. The development of the off-shore oil and gas projects is unlikely to create meaningful employment for the Native populations of Noglikskii district.

Sakhalin's Native people, in a relatively recent period of time, have lost the State support they relied on, their lands, their roots, their language and the dignity of being meaningfully employed in their traditional economic activities. Alcoholism (widespread now among the young, too) is both a cause and a consequence of serious socio-economic dislocation. While alcoholism is a serious problem for the non-Native population as well, it is probably more serious for Native people, who are naturally less resistant to alcohol.

A major problem for the Native population is the level at which these issues are discussed. Very few Native representatives write in the local press (and these are generally Nivkh residents of Nogliki), still fewer write at a national or international level. The two most prolific Nivkh writers on these questions have occupied extreme and opposite positions and polarise the debate into "all lands to the Nivkh people" and "there are no Nivkh people." This undermines the position of Sakhalin Native people at a local and regional level, compounding the lack of support from officials.

Traditional natural resource use is struggling to survive in the present economic climate, but there is a movement today, including young Native residents and long-term Russian residents, that is attempting to revive these activities within the modern context (traditional fishing enterprises, tourism and hunting programmes to supplement reindeer herding, etc.). This provides some hope for a broadening of the local economic base, focusing on renewable resource use and providing employment for indigenous workers.

However, the tendency today is still strongly towards developing non-renewable resource use, which does not provide much hope for indigenous populations. The off-shore oil and gas developments threaten lands and waters used for traditional activities. What is more, they are unlikely to bring significant financial benefits to the local (indigenous and non-indigenous) populations who will be immediately affected. If efforts are not made to influence the projects, the indigenous people of Sakhalin will simply be assimilated and forgotten, while Sakhalin's northern communities as a whole will drift into poverty and those people who can will move away (the Native citizens are unlikely to). There have already been plans to make northern

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5 From interview with local regional manager of NGDU Sakhalinmorneftegas.



Sakhalin into a development zone based on shift work.

At the national and international levels it has taken the multinational off-shore oil developments to draw attention to the plight of Sakhalin's indigenous minorities. While this is a tragic irony, it may prove a final opportunity for them to define themselves and determine the path of their future development. The path will not be easy, particularly given the acute economic crisis that forms a backdrop to their struggle. This economic crisis frames the fate of the entire population, therefore many of the economic issues facing the district as a whole should be addressed in "partnership" with the local non-indigenous populations.

### **Local Economy**

In this period of economic crisis, Noglikskii district has one of the healthiest local budgets on Sakhalin, and like Okhinskii district, acts as a "donor" to other districts, according to the old Soviet system. The relative wealth of both these districts is due to regular payment of taxes by the Sakhalin oil company Rosneft-Sakhalinmorneftegas. Likewise the district ecological fund (made up of fines from industrial polluters) is a "donor" fund, due to the amount of money collected from the main industrial polluter, the oil industry. The oil and gas industry is unquestionably the priority industry in both districts, especially since the collapse of the timber industry. And in the same way as the Soviet system in the past, the oil industry has created a dependency on itself, while helping to destroy the traditional lands and livelihoods of the indigenous populations.

Oil exploration began in northern Sakhalin at the end of the 19th century with the arrival of business magnate Grigorii Zotov from St. Petersburg, who at the same time set up a series of fishing artels based on the north-west coast (Grant, 1995). Industrial exploitation by the Russians started in 1925 when northern Sakhalin was returned to the USSR by the Japanese. Since then in Nogliki district alone, 15 reserves of oil and gas have been opened, about 2,000 bore-holes drilled, and more than 25 million tonnes of oil extracted (*Znamia Truda*, 3 April 1999). Virtually all the drilling sites are situated on or close to the north-eastern bays and coastal marshlands traditionally used for hunting, fishing and reindeer herding.

Today the on-land oil production is in decline, and there are no sectors of the economy that could replace the oil industry, even partly, given today's economic conditions. The multinationals have come into a region, and particularly two local districts where the economy is heavily dependent on taxes from the oil industry. Initially there were great hopes that the off-shore developments would make up for the decline in on-shore reserves through payments and job creation.

However, as the oil and gas reserves are located in federal waters, Noglikskii district has no claim to any payments for use of resources, though the

reserves are located close enough to devastate the local fishing economy in the event of an oil spill. Furthermore, the Sakhalin offshore projects use the system of “production sharing,” which was developed on the basis of experience in Third World countries, and does not ensure adequate benefits to local communities. The Production Sharing Agreement (PSA) for the Sakhalin II project was signed on 22 June 1994 between SEIC and the Russian side (the Russian government and the Sakhalin regional administration). According to this agreement, all the production goes first of all to SEIC until the company has covered its investment costs. Only after the project has then started to make 17.5% profit will the Russian side start to receive its own share of the profits, which will be about 60% (split between the Federation and Sakhalin region).

According to the PSAs, the Sakhalin projects have been freed from their federal tax obligations, apart from the royalty (6%) and profit tax (32%). The projects have likewise been freed from their regional taxes. The decision to free the companies from local taxes has not yet been taken by the Nogliki district assembly. Yuzhno-Sakhalinsk municipal government has refused to free the companies from local taxes. While the money saved from local and regional taxes will increase the total profit of the projects and thus increase the amount of profit tax collected, (a) this money will go to the regional and federal budgets, not directly to local district budgets, and (b) the estimated loss to the region as a whole will be \$4,160 million US for Sakhalin I and \$954 million US for Sakhalin II.<sup>6</sup>

In theory, the lack of direct benefits from the projects is compensated by the payment of “bonuses” at strategic points in project development (total \$45 million US), and through distribution of finances from the Sakhalin Development Fund (total \$100 million US). The distribution of payments is decided by the regional administration and the region assembly (*duma*). The only bonus payments that Noglikskii district has so far received have been towards the controversial gas-fired power station built close to Nogliki to feed the south. This power station caused protest from local activists, due its location close to local *dachas* and the political significance of the project. The power station is fed by an old gas pipeline that recently exploded under the extra pressure needed to transport the necessary volume of gas.

As the Sakhalin II project celebrated the first oil from Molikpaq in July 1999, the Sakhalin region received the third payment to the Sakhalin Development Fund (\$20 million US). From the first of October 1999 SEIC will pay the first instalment of compensation totalling approximately \$160 million for previous geological exploration work (50% to the federal, 50% to the regional budget). The 6% royalty payments will also begin with the start of production. At the same time SEIC is now claiming back VAT that they have paid up to now in contradiction to their PS agreement. This currently totals \$23 million US and will be paid back out of the federal and regional royalty payments (*Sovetskii Sakhalin*, 25 June, 1999).

Benefits to the local communities of Noglikskii district could have been provided by the incoming worker population (shopping in local shops, using

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6 Source: Sakhalin regional tax inspectorate.

local service industries, etc). However, Exxon and SEIC have, for security reasons, built their own camp outside of Nogliki to which access is strictly limited. The camp has its own shop and is also self-sufficient in every other way. Workers who come from abroad and elsewhere on Sakhalin arrive on the train and are taken straight to the camp. Westerners sometimes visit the centre of Nogliki, but tend to frequent one or two local bars and the local hotel only. This considerably limits the amount of benefit to the local community. What is more, as the oil companies are registered in Yuzhno-Sakhalinsk, where they pay their taxes, Noglikskii district receives no tax payments from the camp.

Local experts consider that the Sakhalin projects have developed against the interests of the local districts, although the original tender agreements promised more local benefits (such as gasification of the island, local processing, local jobs, etc.). In November 1997 the mayor of Noglikskii district G. Susenko and the head of the district assembly V. Sereda wrote a letter to governor Farkhutdinov and the head of the regional assembly, B. Tretiak, expressing concern that profits from the Sakhalin I and II projects will be directed towards Moscow and the regional centre, rather than to the local districts Okhinskii and Noglikskii that will bear the brunt of the ecological risk relating to the projects (*Znamia Truda*, 22 November 1997).

However, almost two years later the same mayor and head of the district assembly have still not been able to negotiate a better deal for the local populations of Nogliki district, while the tendency is for business opportunities provided by the oil developments to be aggressively pursued by American companies. Recently a group of Alaskan business people visited Nogliki to explore the possibilities of setting up support service industries for the oil industry. The district mayor's response was to the effect that there are sufficient human resources locally to provide this kind of service, if given the chance.

### **Natural Resources**

The off-shore oil and gas developments clearly pose a threat to the marine resources of the Sakhalin shelf, to the coastal waters, the bays, wetlands, reindeer pastures and salmon spawning grounds that make up the delicate human and natural ecosystem of the north-eastern coastal region. An oil slick will be catastrophic both for the natural environment and the humans that depend on it. The Native minorities are both hopeful and suspicious of the oil developments, hoping for new job opportunities, yet fearing the final destruction of their environment - the last fishing grounds and reindeer pastures - and the disappearance of their culture and livelihoods.

Molikpaq has taken on mythical significance in the eyes of local people. It has become the symbol of some indeterminate cataclysmic change that is gradually occurring in the natural environment. Reindeer herders herd their deer on the pastures close to Piltun'skii and Astokhskii bays. Molikpaq can be seen from the shore when the mists rise. Since seismic testing began in that region, reindeer herders claim that the local environmental conditions

began noticeably to change. There are fewer seals in the sea. One herder claims to have seen three dead seals along one stretch of coastline where usually no dead seals are washed up. Another notes that some of the marine birds they hunt are starting to eat land-based insects instead of plankton from the sea (evidenced by the stomach contents).<sup>7</sup> Local (indigenous and non-indigenous) people who fish also report increasing numbers of poisoned fish being washed up on the shore. Fish sometimes smells of oil or phenols when it is caught, but it is still eaten out of necessity. Recently a huge number of dead herring were washed up on the shores of Piltun bay, reportedly poisoned by DDT.<sup>8</sup>

While this is clearly not related solely to the appearance of Molikpaq, the platform remains a folk-symbol of accelerating environmental degradation. There are other factors, including the huge forest fires of 1989 and 1998; a reported phenol leak into the Amur river last year; leaks from waste dumps along the shoreline. The phenomena could also relate to global climate change. The problem is that no-one really knows the damage caused so far by the exploratory drilling, seismic testing, erection of Molikpaq and its subsequent work. There are no independent monitoring programmes, and control of environmental conditions relating to Sakhalin I and II is out of the hands of both local regulatory organs and the local populations. Local people cannot afford to attract specialists to carry out independent scientific assessments, which are urgently needed, especially if people are to continue eating contaminated fish.

The bureaucrats (*chinovniki*) who should be defending the interests of people locally are highly dependent on decisions made at the regional level. The Noglikskii district committee of ecology and fisheries inspectorate are not allowed onto Molikpaq, as control is entirely at the regional level (mostly in the hands of Sakhalin regional committee of ecology). When asked whether they object to the threats posed by the off-shore oil developments, the answer provided by local regulators is that they might be concerned, but their seniors in Yuzhno-Sakhalinsk are responsible for decision making. At the same time, one Yuzhno-Sakhalinsk official is famously quoted as saying: "We are the real enemies of nature. We are the ones who sign the papers."<sup>9</sup> Approvals and permissions are often signed against the better judgement of the official who signs them, but under pressure from "higher powers." The Moscow-based environmental law NGO "Ecojuris" advocates public legal control of regulatory organs that do not carry out their responsibility to the public for whatever reason, be this fear of losing their jobs, or pressure from superiors or powerful political and economic interests. With a strong "civil society" *chinovniki* would fear the public in the same way.

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7 Comments by reindeer herders near Pil'tun bay.

8 Source: local reports.

9 Official from Sakhalin regional committee of ecology, quoted by "Ecojuris."

Two projects are currently being planned which could provide an opportunity for more active public participation and control. Sakhalin I and II are planning pipelines to cut across some of the last remaining summer reindeer pastures. The proposed Sakhalin I project pipeline and preliminary processing plant (Exxon), cuts across the spawning river Evai and important wetlands for migrating birds. It is an area for hunting, fishing and reindeer herding, and lies just south of the wildlife preserve "Olenii (Deer)." The proposed Sakhalin II pipeline (SEIC) cuts straight through this wildlife preserve further north, close to reindeer calving grounds. The land here is marshy and highly sensitive to anthropogenic disturbance. Where the land is dry, the soil is very sandy, and construction work tends to leave gaping scars in the earth that erode rather than healing. It is unlikely that any pipeline construction and use will take place in these areas without considerable environmental disturbance and pollution.

The Sakhalin II pipeline route received preliminary approval without direct consultation with local herders. However, on the basis of a survey of local land use and populations SEIC is now considering bringing their pipeline on to the land further down the shoreline away from the reindeer pastures. The Sakhalin I proposal has not yet received preliminary approval and Exxon has now asked the Sakhalin Association of Northern Native Minorities (ANNM) to research the opinions of local indigenous populations to their proposed construction project. This move on the part of Exxon is related to the agreement recently signed between the governor and the AMMN at a seminar (28-29 May 1999), which includes an assurance that the local indigenous populations will be consulted on all industrial projects taking place on their lands.

Once the pipelines have received preliminary approval they pass on to the stage of environmental expert review, which includes compulsory public hearings. However, the reindeer herders claim they are too busy tending their deer and resolving their own problems to attend hearings and seminars, even if they are held in the closest village (Val), which is over an hour away by heavy Jeep if the roads are dry. This could in reality be more of an excuse not to take part in such meetings, where they feel uncomfortable, or it could be due to a lack of belief in the effectiveness of standing up at such a meeting to defend one's own interests. The consultation process for the Sakhalin I pipeline proposal could provide an opportunity for developing a model of consultation that reaches the broadest possible range of local residents.

The Okhotsk sea itself provides half of the total supply of fish and other marine resources to the Russian Federation and is vital to the Sakhalin regional economy. While fishing does not bring a significant amount into the Noglikiskii district budget in the form of taxes, some local people are regularly employed in the fishing industry, local entrepreneurs are increasingly seeking to develop private fishing ventures, while more and more local residents are now turning to fishing simply for subsistence and survival. This

refers to both indigenous and non-indigenous residents.

Many of the rivers of Noglikskii district are spawning rivers, and are still relatively rich in salmon, including the Red Book *taimen*, although logging in the upper reaches and intensive poaching is likely to destroy stocks in future years. Fishing takes place on the rivers, in the river estuaries, along the coastline, and further out to sea. The "Vostok" collective fishing enterprise (*rybolovetskii kolkhoz*) fishes in Pil'tunskii, Chaivinskii, Nabil'skii and Nyiskii bays. Other areas of water are allocated to various fishing enterprises including indigenous "clan enterprises" or *rodovye khoziaistva* (see below). Fishing boats registered elsewhere on the island and international vessels are allowed to fish further from the shore, or are involved in poaching.

The multinational oil companies are unsure how to compensate the fishing industry (such payments are made in advance in Russia). Compensation for damage to the fisheries from development of the Sakhalin II project was estimated in the initial project plans (TEO) as being \$1,680,000 US. An initial scientific study completed by the Vladivostok-based Pacific Institute of Fisheries and Oceanography (TINRO) estimated this sum at \$3 million US, but this sum was challenged by SEIC and reduced to \$200,000 US. According to recent reports, this has once more been reduced, now to \$120,000. This money will be put towards development of a fish farm in Tymovsk district, central Sakhalin.

Local people are allowed to fish for most kinds of fish, using rods, at any time during the year without permissions, but they need permissions and limits in order to fish with nets. They get priority when limits are allocated for personal use. Limits are allocated by the local administration. Indigenous people are also allowed free limits of 100kg of salmon per person for personal use (not for sale), but this is clearly inadequate to satisfy daily needs for the whole year. However, the limits are still the source of some controversy at the local level - especially when claims are made by people of mixed parentage (*metisyy*) - as many long-term non-Natives feel that they have an equal right to limits. Local (unofficial) policies of assimilation are aimed at reducing claims for privileges.

In summer many Nivkh families travel out to the bays, especially Nyiva Bay, where they traditionally used to live. They spend the summer living and fishing on the shores of the bay and along the spit between the bay and the Okhotsk sea. This activity is becoming more and more popular, providing the present day Native community with a new form of summer occupation and the chance to practice and re-learn traditional forms of natural resource use (cutting and drying fish, hunting marine mammals, collecting berries, etc.).

Fishing is one of the tradition occupations of the Nivkhi and is therefore a focus for those seeking to provide meaningful employment for the local indigenous populations. Clan enterprises (*rodovye khoziaistva*) began to be

set up in the early 1990s to provide indigenous families with a form of subsistence activity, and in an effort to preserve traditional culture and livelihoods.<sup>10</sup>

However, the legislative base for this form of economic activity is still inadequate and unstable. *Rodovye khoziaistva* were initially registered according to existing legislation as peasant farms (*krest'ianskie* or *fermerskie khoziaistva*), but this form of ownership is not appropriate to reindeer herding and fishing. The "Temporary regulations on clan communes, clan and family enterprises of the Northern Native minorities of Sakhalin region" (09.01.96) do not provide an adequate legal basis for establishing clan enterprises, as until recently the concept of clan enterprise did not exist in federal legislation. The Citizens' Code (*Grazhdanskii Kodeks*) does not recognise clan enterprises, and demands all enterprises re-register by the 1st July 1999 as a form of ownership that is acknowledged in the Citizens' Code, for example as a limited company (*obshchestvo ogranichennoi otvetstvennosti* or *OOO*). The new law "On the Guarantees of the Rights of Indigenous Peoples of the Russian Federation" (30.04.99) does, however, recognise the right of indigenous peoples to traditional enterprises (Article 8), and at the end of the law is written that efforts should be made to bring other legislation in line with this law (Article 16). Work has now started to bring existing legislation in line with the new indigenous rights law.

Aside from the instability of the legislative base, many of the clan enterprises created in the early 1990s are simply unprofitable and cannot resolve the urgent issue of employment for Native minorities (Roon, 1996). This is partly due to the Russian tax system that makes development of any small scale enterprise virtually impossible. Nowadays the only successful small businesses tend to be trading (buying and re-selling), which indigenous people are not usually involved in. The clan enterprise is a form of enterprise more suited to the indigenous lifestyle and skills. Re-registration means that unproductive clan enterprises will be closed, which on the one hand simplifies the situation from the point of view of legislation and taxation, but on the other hand undermines the initial concept of clan enterprises (traditional subsistence activity).

There are various different levels of clan enterprise with very different needs that should be addressed separately: (i) those who are trying to develop a sustainable economic enterprise (with or without the help of a non-indigenous "manager" or partner); (ii) those who are simply living a subsistence lifestyle on their traditional lands, perhaps close to the place where their ancestors are buried; (iii) those who are not producing anything but clinging on to the territory (perhaps in the hope of receiving compensation from the oil industry); (iv) those where Native people are managed by "out-

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10 This was done on the basis of the Presidential decree "On immediate measures to protect the living environment and economic activities of Northern Native minorities" (22.04.92).

siders" who are taking advantage of Native fish limits and other privileges.

Many of the local indigenous people in Noglikskii district resent the amount of financing that has been allocated to clan enterprises through federal programmes and government privileges. This money was directed through the regional and local administrations or through the agricultural trading firm "Aborigen Sakhalina" based in Yuzhno-Sakhalinsk. However by 1995 the financing had virtually come to a standstill, money from the regional to the district budgets is used to cancel local debts to the regional budget, and so on. "Aborigen Sakhalina" is now struggling to survive itself.

Locals feel that if the clan enterprises are receiving so much priority financial support, then they should ultimately be able to support the larger mass of indigenous people in the community (by catching fish quotas for those who are unable to catch their own; giving free fish to poor families; supporting local organisations or children's groups, etc.) This kind of model has been known to work in the past (though not in Noglikskii district): in the early 1990s, several payments of equal sums of money were directed through the federal programme of support to indigenous peoples to all the districts of Sakhalin where Native minorities live. In Noglikskii district, this money was used to build houses for the indigenous population of the district capital. A block of flats was left half-built, and most of the Native families that moved in ended up exchanging their flat for worse accommodation, or even for children's clothes or vodka. The money sent to Poronaiskii district, on the other hand, was fed into clan enterprises, in a focused attempt to raise production. Now these enterprises are still working, and they are able to support the local Association of Native minorities and certain aspects of social infrastructure.

According to the indigenous representative in the Sakhalin regional parliament, A. Nachetkina, the main problem for the indigenous people of northern Sakhalin is a lack of fishing limits. In Poronaiskii district they have sufficient limits for the local traditional enterprises to survive relatively well. According to Ms. Nachetkina, a fish farm needs to be established in the north to increase salmon stocks and work should be undertaken with scientists to increase fish limits.

In Noglikskii district, hunters hunt sable, wild reindeer, bear. Mostly these are non-indigenous hunters. In 1992 hunting territories were set aside for the northern Native minorities through "Aborigen Sakhalina." However, only one Native hunter has been actively using the territory and there is talk of removing the status. According to the law "On the animal kingdom" indigenous hunters have priority when giving out licenses, but they have to pay the same price as other hunters for their licence. Many cannot afford this.

Traditionally the Nivkh also hunt for seals, and one or two seals are generally hunted each year. Seal oil and seal fat are used for health and medicinal purposes, while the meat, oil and fat are used in traditional food preparations. As reported by the reindeer herders and by Nivkhi there are fewer seals now than there used to be.

There are 5 families (about 17 herders) involved in reindeer herding in Noglikskii district; in the absence of official counts, estimates of the total



number of domestic deer in the district range from 120 - 200 deer. The local reindeer herding enterprise, "MGP Val" was formed when the former State farm "Olenevod" ("Reindeer Herder") split into two enterprises in the early 1990s (the other half is now based in Aleksandrovskii district in the west). "MGP Val" and the infrastructure that it supported (including an electrical generator, a saw mill, technical equipment, a shop) are now in an extreme state of disrepair, and as usual in such cases the territory has been robbed by local scavengers. Now the enterprise exists only on paper as a branch of "Aborigen Sakhalina," while the herders themselves are now herding independently and living a subsistence lifestyle (fishing; hunting birds, bear, wild deer; collecting berries).

In winter the reindeer herders live in the forest with their deer and hunt wild deer for meat, both for their own consumption and to sell or exchange privately (this is not legal, but there are no other ways for the herders to survive). They do not generally kill their own herds, which are extremely small. Some herders are now trying to increase the size of their herds by taming wild reindeer, although sometimes the wild reindeer lure females away from the domestic herds instead. In summer the herders move to the coast and use those coastal reindeer pastures that have remained untouched by fires or the oil industry.

The reindeer herders are very concerned about the proposed pipelines, but do not have the time to take an active role in decision-making processes or activism. Their main concern is the survival of their herd. "If my reindeer die, then I die, too."<sup>11</sup> Local people feel that the reindeer herders should be allowed to get on with their lifestyles and be left alone as much as possible. To the herders, the most important thing is the freedom their lifestyle brings ("No-one puts pressure on us") and the health aspects of living close to nature: one herder gave up his education in Khabarovsk because his health deteriorated through being away from his own environment. The herders are also visited by their children, nephews and nieces. The children thrive in this environment much more so than in the village.

Ironically, while the herder's "freedom" is an important factor in their sticking to a lifestyle that may already seem invalid to some, this is only a perceived freedom, as outsiders make decisions regarding use of their lands without their participation. Regarding the pipeline, the most important fact is that the lands that they use for herding are not allocated to them personally, but to a commercial structure ("MGP Val") whose director has very little contact with them today, but continues to make decisions on their behalf. The herders themselves have no personal voice in negotiations as they are not official land users, nor do they have rights to compensations, which is of particular concern for some.

Several young entrepreneurs (both indigenous and non-indigenous) are now trying to set up projects to revive reindeer herding in northern Sakhalin by developing another more profitable type of resource use such as tourism or fishing and feeding the profits into herding, while employing primarily herders and other indigenous workers in the support enterprise. Integrated

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11 Quotes from reindeer herders near Pil'tun bay.

resource use plans such as these are possible models of sustainable development, and tentative solutions to the Native employment problem.

A popular idea at the more official level is that of creating a centralised “trading station (*faktoriia*)” to collect production from various forms of individual or collective enterprise (fishing, reindeer herding, hunting, collection of NTFPs, souvenir making) and organise its marketing and distribution, including abroad. This idea relates back to the former State enterprises (*Gospromkhoz*, *Rybkoop*, etc.) that used to provide this type of organisational infrastructure. In former years fern, for example, was successfully marketed in Japan. However, local people are always wary of creating or upholding mediating structures that are likely to eat up resources while not particularly helping the smaller enterprises they serve. Local preference is towards setting up strong enterprises at the local level that could make their own independent contacts.

There are other possible ways to employ Native workers, for example in local monitoring programmes related to the oil developments. Job creation should be aimed towards using the existing local skills as far as possible and supporting local production. Apparently no-one from the village of Val is employed in the oil industry as they do not have the appropriate skills.

It is unlikely that Noglikskii district will gain significantly from the Sakhalin oil developments through tax payments, job creation, increased consumer spending or development of service industries. Nor are they likely to gain a significant share of payments from the bonuses and the Sakhalin Development Fund unless they manage to gain influence in the regional assembly and regional administration. Local populations therefore have to use different mechanisms to gain a voice in decision-making; to attract investment in local production and social welfare; and ultimately to increase local control of resource management in order to preserve local cultures and livelihoods.

### **Representation, Participation, Control**

Appendix 0 of the Sakhalin II Phase 1 Project EIA is a socio-economic assessment. In Section 9.5.3.5 the Nivkhi are reported as “expressing doubts” about competing with Russians for jobs in the oil sector and hoping for a “ripple effect” to provide their children with opportunities in the future. This passive hope characterises not only the Native but also the non-Native attitudes towards the oil developments. For decades people were trained to rely on the State for everything, however, at the same time, inherent in their being is an aversion to “begging” for help. The result is a simmering resentment at being cast aside by the State and a subconscious hope or expectation that somehow the solution will suddenly come from outside: “We need someone to take charge (*Nuzhen khoziain*).”<sup>12</sup> Often, after a long tirade against the conditions they are living in, people come to a halt blaming it all ultimately on “the System” that can’t be changed. But is it not the people that reproduce the System?

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12 A phrase repeated constantly in conversations with Native and non-Native residents alike.

Most people are unable to go out and resolve their problems by pushing themselves forward. “Standing out” or “shining (*vydeliatsia*)” was always frowned upon, and even today those who appear to do so are mistrusted by the community. There is a great deal of envy and mistrust among the local Native populations, which naturally hinders collective action. This is compounded by their natural passivity and tolerance. There is also a deeper sense of despair. If, in order to create social movements, “people need to feel both aggrieved about some aspect of their lives and optimistic that, acting collectively, they can redress the problem” (McAdam *et al*, 1996) then the lack of optimism here may also provide a key to understanding the lack of collective action. Most people have already given up hope or “let their hands drop (*opustili ruki*),” often as far as turning to alcohol as an escape route.

An excuse for inactivity is often that people don’t know who or what to turn to for help (“*Kuda obratitsia?*”). Often people need a ready formula, a ready answer, a concrete place or person that they can address their complaints to. The Soviet system provided specific channels for complaint. The mechanisms available today require more initiative on the part of the individual.

The “ripple effect” will not be felt if local communities do not make a concerted effort to enjoy an equitable share of benefits from the oil projects. Disbursal of funds from the bonuses, the Sakhalin Development Fund and other funds will depend on how the district administration and district assembly, under pressure from local citizens, can influence the process of distribution in their favour. Given the lack of sympathy of local politicians and administrators towards Native issues, it is important here that indigenous and non-indigenous groups join forces to put pressure on their leaders. Likewise, strict (“international”) ecological standards will not be upheld by the companies unless they are forced to comply through public pressure. Joint positions and demands made on behalf of the whole population (indigenous and non-indigenous residents) regarding economic rights (e.g. distribution of revenues) and ecological rights (e.g. rights to clean rivers, unpolluted fish, recreational space, etc.) are more likely to gain the attention of local administrations and state regulatory organs.

There is a growing tendency today towards using legislation in Russia as a whole. However, using the law to defend one’s ecological and human rights is fairly new in Russia, and is less common the further away from the centre one travels.<sup>13</sup> In 1998, on Sakhalin a record number of applications were made to the Public Prosecutor - 11,248 (*Sovetskii Sakhalin*, 8.06.99). The involvement of environmental and human rights lawyers on Sakhalin in recent years, most notably the Moscow-based legal NGO “Ecojuris” has greatly increased the use of legislation as a basis for understanding rights. However, litigation is still a little used mechanism here in the field of ecological and human rights.

The base of legislation is established in the Constitution of the Russian Federation (12.12.93). Article 42 guarantees the right of any citizen of the Russian Federation to a clean environment and reliable information about the

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13 Comment by a Moscow environmental lawyer.

state of the environment. Article 30 states that all citizens have the right to form an organisation to protect their interests, and guarantees freedom of action within this organisation. Article 31 states that all have the right to peaceful protest, including political mass-meetings, demonstrations, marches and pickets. Article 46 guarantees protection of human rights and freedoms through the courts.

According to the federal law "On Environmental Protection" (19.12.91) every development project should receive a positive conclusion from a State Environmental Expert Review (*expertiza*), which is carried out according to the law "On State Environmental Expert Reviews" (23.11.95). Local populations should have access to adequate information about proposed projects. Environmentalists recommend that this information be provided through the media at least 6 months before the start of the State EER process. Developers should also present the public with the opportunity to become acquainted with all the project materials, generally by putting a copy of the materials in a local library (Sakhalin Environment Watch, 1999).

However, the formal process of information dissemination can miss those people who are to be most affected by the development project itself. While most people even in outlying regions of Russia are surprisingly well-informed about events, there is a great difficulty in transferring knowledge and awareness into meaningful action. This may be partly related to the form in which information is received. It may be received in a form that people are unable to respond to actively (word of mouth, old newspapers, etc.); they may not receive full details or the necessary information guiding them on how they can respond. Not all people read newspapers; some spend most of their time without access to a television or radio and far from a local library; most people don't have access to the Internet. This should be taken into consideration when oil companies develop socio-economic programmes, information dissemination and participation processes.

The problem can be addressed to some extent through more interactive information processes on the part of the developers. For example, an oil company could organise focus group discussions at the local (village) level with specific interest groups (e.g. reindeer herders, fishermen), not just with heads of enterprises and official representatives of indigenous organisations. Ideally oil company representatives should visit reindeer herders and fishermen in their own environment.

Local grassroots initiatives can also assist. Informal information channels work well. Friends and family regularly visit reindeer herders, traditional fishing collectives and families living on the shores of the bays. There are possibilities for developing more organised informal information channels relating to local environmental changes, pollution of food sources, industrial activity that threatens traditional livelihoods, etc. Information can be processed through public groups at the local level and opinions voiced in a more appropriate form and language for decision-making processes (e.g. a

village meeting (*skhod*); collection of signatures; an official letter to the local authorities, oil companies or a Ministry).

Both SEIC and Exxon have completed socio-economic reports relating to their projects. These reports were ordered by the companies from local research institutes and provide a good background to socio-economic issues in the Sakhalin region. Local opinions on the oil and gas projects were elicited through questionnaires. However, this form of research is not active participation of the public in decision-making on issues that directly affect them. Ultimately the information gained may or may not be used by the companies, and the companies are not obliged to respond to the opinions expressed by local respondents.

Public hearings, however, are an essential part of the process of receiving approval for a project, according to the law "On environmental expert reviews." SEIC has held two sets of public hearings as part of the EIA for its project (in spring and autumn of 1997). According to environmentalists, these were poorly attended, were predominantly promotional in character, and allowed only half an hour out of three and a half hours for local people to voice their concerns. Exxon has so far not held any public hearings.

NGOs are also allowed by law to undertake a public environmental expert review. For example, the Yuzhno-Sakhalinsk based NGO Sakhalin Environment Watch (SEW) is completing a public environmental expert review of the Sakhalin I project and are preparing to carry one out on the materials for Sakhalin IV. However, this demands financing that local populations often do not have. SEW finances its work through grants from international grant-giving bodies.

Writing grant applications is still alien to most local residents, partly because of the bureaucracy of the grant giving procedures, which most indigenous people have neither the time nor the desire to be involved in, and partly, again, because of the reluctance to "beg" for help. Grant giving bodies in Yuzhno-Sakhalinsk are now moving towards supporting "sustainable development" projects, and there are now opportunities for local indigenous entrepreneurs to gain support for sustainable resource use projects. However, this requires support from a "manager" (Native or non-Native) who will be able to deal with the necessary paper-work. Those who have the energy and desire to write grant proposals, run round offices, work with papers and permissions, organise people and money, are often mistrusted by others, accused of trying to "pull the blanket over themselves (*tianut' odeialo na sebia*)."

SEIC also has a community assistance grant programme through which they support youth initiatives and cultural programmes, for example, an art exhibition, talented musicians, the Nivkh language newspaper. They also pay for Native students from the Poronaisk technical lysee to go to St. Petersburg to study further, and support Native students who have a good knowledge of English.<sup>14</sup> These programmes are much appreciated by local indigenous people. However, the sums of money are small, and the aim of SEIC

here is community assistance in the sense of publicity, not local development.

At the local level in Noglikskii district community organisation and co-operation is extremely low. One of the only non-governmental groups active in the district is the Sakhalin Regional Association of Northern Native Minorities (ANNM), whose leader is from Nogliki himself. This group was only recently re-established, is already gaining recognition national and internationally, and is starting to discuss Native issues more seriously with the oil companies. The Noglikskii district branch of the association is now in the process of development, and played an active role in the recent seminar "Indigenous peoples and the environment in the Russian Far East" (Yuzhno-Sakhalinsk, 27-28 May 1999). However, given the broad range of interests within the Native community, the ANNM is not able to represent the interests of the whole local population, which causes some resentment, particularly given the influence that the ANNM holds in decision-making processes. For those who do not have access to the ANNM, there are no alternative groups to represent their interests.

If fruitful partnerships are to be developed, then the nature of representation is important. How representative is it? Local interests should not be represented by one or two official representatives who make decisions on the part of the population in closed meetings. If agreements are signed on behalf of the people, they should be available to the public to read. If meetings are held, they should be written about in the press. Participants at the June seminar in Yuzhno-Sakhalinsk were distressed that an agreement signed with great ceremony by the Sakhalin Governor and the president of the Sakhalin ANNM, was not made available to them to read even after the signing. Residents of villages in northwestern Sakhalin close to the proposed site of Sakhalin IV, which recently received approval for exploratory drilling, are concerned that consultation about the project was carried out in private meetings, while the results of a public village meeting (expressing categorical opposition) and a collection of over a thousand signatures seem to have been ignored. "Partnerships" and "agreements" should not be allowed to undermine other more democratic forms of public participation.

Sakhalin NGOs are now well-established in international ecological networks, providing local people with an opportunity for exerting influence internationally. Reports of illegal industrial activities, pollution, human rights abuses, can be passed quickly across Sakhalin, Russia and through international NGO networks as far as the US Congress or the banks that are financing projects. In 1997 a letter sent to the EBRD by international NGOs succeeded in halting financing of the Sakhalin II project until it had passed the State EER process according to Russian law. The Internet has revolutionised these international information networks. So far the local people of Noglikskii

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14 From SEIC promotional material.

district are not well established in these information networks, but such partnerships with ecological groups are now beginning to develop, though again such opportunities are only open to a few who have the right contacts and preferably access to the Internet. While decision-makers (with reason) resent the interference of international protest groups in regional economic affairs, the formation of international NGO networks is considered by the NGOs themselves to be a necessary balance to the activities of international investors and developers in the same local regions. Both are the inevitable results of today's processes of globalisation.

However, these kinds of activities are as yet very new for the local people of Noglikskii district. Fear of the unknown adds to the prevalent public apathy. Many simply don't understand or care about complicated decision-making processes. Importantly, these processes are alien to most peoples' cultures, to traditional indigenous decision-making processes, and to those of the Russian and Soviet systems.

Furthermore, the extreme economic hardship that these people are facing makes any thought of participation or activism impossible. People live from day to day. If you are a reindeer herder, you may be preoccupied by poachers who shoot your deer or by not receiving your salary, rather than striving to participate in decision-making on a pipeline that may or may not cross your last summer pastures. If you are in charge of a clan enterprise you tend to be concerned with raising your fish limits and avoiding unrealistic taxes, rather than in monitoring oil projects that could destroy your fish supplies. If you are raising a family, you will be concerned about planting potatoes, collecting wild garlic and fern, catching fish for subsistence, and in general trying to keep a household together without any financial income. Given the choice of going to a village meeting or digging up your potatoes, you will dig up your potatoes, especially if tomorrow's weather might be bad.

On the other hand, local administrators and politicians have a role to play in attracting the populations to decision-making. According to Article 28 of the "Land Code" (*Zemel'nyi Kodeks*, 1991) construction of industrial objects (such as a pipeline) on lands inhabited by Native minorities has to be discussed in advance with the local residents, and the local administration should hold a referendum before any preliminary decisions on construction are made (previously this was the responsibility of the local district assembly). So far, no referendum has been held regarding the pipelines planned for the Sakhalin I and II projects.

There is still no established mechanism for people to claim compensation for damage to or loss of hunting territories, fishing grounds and reindeer pastures. According to Article 101 of the «Land Code» any land user is bound to carry out any necessary regeneration work on the land when they have finished using it. However, this kind of regeneration work is rarely done, and much of the land around the north-eastern bays is littered with old

drilling equipment, pools of oil and rusting pipes. The system of compensation payments for disrupted reindeer pastures has not yet been agreed with the companies working on the Sakhalin I and II projects. Compensation is a word that has already established itself in the lexicon of local residents. Some perhaps do not understand the full implications of the word, some are too easily “compensated.” Indigenous land rights issues are sometimes based on the desire of claimants to gain access to compensation for future industrial development on their lands.

However, whatever the compensation issues, the main problem today for the indigenous people of northern Sakhalin is to officially set aside their traditional territories for reindeer herding, hunting and fishing. As the oil industry expanded in the past, territories were not set aside for traditional use. “We missed out by not fixing our lands earlier.”<sup>15</sup> In the Soviet era a land survey (*zemleustroistvo*) was undertaken regularly. The last one was done 10 years ago, and a new survey is urgently needed, particularly after the destruction caused by the fires of 1998. This year funds have been freed to do a survey of reindeer pastures, which will determine the lands available for use as pastures, although will not allocate the lands to any particular land user or protect them from industrial encroachment.

Another way to fix traditional lands is through creation of territories of traditional natural resource use (TTPs). There are several models for this in other regions of the RFE, including the Bikin River Basin in Primorskii region (Bocharnikov, *et al*, 1997) and the newly created “ethno-ecological refuge” Tkhsanom, in the Koriak autonomous region (*Zhivaia Arktika*, No. 1-2, 1999).

The presidential decree (No. 829-1) of 27.11.89 “On immediate measures towards improving the ecological health of the nation” recommends (in 1990) “allocating territories of traditional (priority) national resource use, on those territories not being used for industrial purposes, to Native minorities of the North, Siberia and the Far East.” This and a further decree (No. 397) of 22.04.92 “On immediate measures towards protecting the areas where Northern minorities live and conduct their economic activity” were meant to lay the foundations for setting up a legislative base for establishing priority rights to traditional lands and using these lands for traditional natural resource use. However, very little legislation was actually passed on the basis of these decrees in the Russian Federation as a whole and on Sakhalin in particular.

The Sakhalin Regional Statutes allocate responsibility for setting aside TTPs to the regional government, state organs and local administrations. However, there is no corresponding article in the Noglikskii District Statutes. In 1996 the “Temporary regulations on territories of traditional natural resource use of the northern Native minorities of Sakhalin region” were passed. But this does not provide an adequate legislative basis for creating TTPs. In the legislative confusion of the early 1990s the whole of Noglikskii district was declared a territory of traditional natural resource use. This declaration was cancelled, together the “Regulations for territories of traditional natural resource use in Noglikskii district,” at a meeting of the district assembly in

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15 Nivkh resident, Nogliki.



June 1999, "due to the absence of a legislative base for their implementation by the local administrative organs in Noglikskii district."

Indigenous resource users on Sakhalin are now working towards establishing a legislative foundation for creating territories of traditional natural resource use, which are now acknowledged by the new law <On the guarantees of indigenous minority rights in the Russian Federation> (03.04.99) as <lands of traditional natural resource use> (*zemli traditsionnogo prirodopol'zovaniia*) or ZTPs. The Sakhalin Association of Northern Native Minorities (ANNM) is taking an active role in promoting and seeking to resolve this issue, and it was raised at the recent seminar in Yuzhno-Sakhalinsk.

Creation of specially protected areas (SPAs), while not allocating land directly to indigenous users, provides protection from industrial activity. There are two wildlife preserves and four natural monuments in Noglikskii district, which add up to a total of 168,187 ha or 14% of the territory of the district.<sup>16</sup> "Olenii" (deer) wildlife preserve (80,000 ha), in the north-east of the district stretching along coastline, was created in 1989 and protects spring and summer reindeer pastures.<sup>17</sup> As other wildlife preserves, "Olenii" was established for a limited period of ten years. Currently the hunting administration and the Committee of Ecology are working to extend this time limit. "Noglikskii" wildlife preserve (65,800 ha), situated to the west of the district, was established in 1998 to preserve reindeer pastures, wild reindeer, and other species.<sup>18</sup> The Dagi-Komsomol'sk pipeline and a parallel road cross through the northern part of the preserve. Domestic reindeer pass along this road from winter to summer pastures. This pipeline route is unlikely to be used by the Sakhalin I and II projects. Luns'kii Bay, further south on the eastern coast, is a natural monument (22,110 ha). Native fishermen are allowed to fish here and family fishing enterprises (*rodovye khoziaistva*) are based here. Sakhalin Energy had to reassess their plans to lay a pipeline in this area due to protests from biologists and the legal protection offered by the SPA status.

In general Native representatives do not take an active role in the creation of SPAs, even though they are apparently created with their interests as a foremost priority. This causes confusion about regulation, access and status of the territories.

The land issue is likely to remain the most complex and difficult to resolve for a long time to come. There is still no federal legislation on land ownership, and the federal law "On the Lands of Traditional Natural Resource Use of the Indigenous People of the North, Siberia and the Far East of the Russian Federation" is still waiting to be passed by the federal parliament (*duma*). Until the legislative base is complete, indigenous minorities of northern Sakhalin will have to make do with the mechanisms available to them to defend their rights to a clean environment and access to natural resources, their rights to control and monitor the off-shore oil developments, and their rights to an equitable share of profits from those that go ahead.

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16 Source: Sakhalin Regional Committee of Ecology.

17 Source: Regulations for Olenii wildlife preserve (1989).

18 Source: Regulations for Noglikskii wildlife preserve (1998).

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People assure me that everywhere throughout the world large scale oil and gas projects are carried out providing huge profits to investors, creating huge amounts of environmental disturbance and pollution, and providing very little benefits to local populations. So why talk about sustainable development at all? Has the time finally come to put the rhetoric into practice, or should we just “let our hands drop” and allow development to go ahead as usual?

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