

**China in the Arctic: Interests, Strategy and  
Implications**

**Rashmi B R**

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**Author: Rashmi B R**

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Institute of Chinese Studies  
8/17 Sri Ram Road, Civil Lines  
Delhi 110 054, INDIA  
Ph.: +91-11-23938202; Fax: +91-11-23830728  
Email: [info@icsin.org](mailto:info@icsin.org)  
Website: [www.icsin.org](http://www.icsin.org)

## **ABOUT THE AUTHOR**

**Rashmi B R** is a Post-Graduate Researcher at the Department of Geopolitics and International Relations, Manipal Academy of Higher Education, Manipal, Karnataka.

Contact: [rashmiramesh5@gmail.com](mailto:rashmiramesh5@gmail.com)



# China in the Arctic: Interests, Strategy and Implications\*

## Abstract

*Arctic is a region gaining more prominence due to the apparent climate change and the role of extra regional powers. On 26 January 2018, China released a white paper on its Arctic policy, clearly highlighting its intentions and ambitions. While pitching itself as a “near-Arctic state”, China vowed to actively participate in the affairs of the warmer Arctic. The white paper underlines “Polar Silk Road”, the continuation of the Belt and Road Initiative, a step closer to developing Arctic ports and transportation corridors. While this is a far-fetched project that may not see the fruits of implementation at least in the near future, it sure represents the growing China’s twenty-first century ambitions. In this regard, China is developing stronger diplomatic relations with the Arctic states. China’s seemingly close relation with a number of Arctic states gives a new dimension to the emerging geopolitics of the region. The recent attempt to build a polar ice-breaker (Xue Long II) and opening bids for its first nuclear-powered ice breaker portrays long-term plans of China to grow into a ‘Polar Power’.*

*Presence of China in the high north sparks two important questions- first, whether China is interested in the militarization of the Arctic or will it confine itself to scientific and commercial interests as stated in the white paper. Second, whether the eight Arctic states are prepared to accept the fact that the region remains no more limited to their reach but is moving towards becoming more global in nature.*

*The paper has made a modest attempt to explain China’s Arctic policy, its interests and implications on the region, demystify the perceptions surrounding the Chinese presence and the infrastructural projects. An attempt will also be made to include various perspectives as well as a theoretical assessment using theories of International Relations.*

**Keywords:** China, Arctic, White Paper, Polar Silk Road

## Introduction

The Arctic has been changing dramatically due to rising global temperatures resulting in melting of the sea ice. A warmer Arctic has been attracting the world’s attention due to economic and geopolitical reasons. The Arctic Five (Norway, Russia, Canada, Denmark and United States) and the other three countries in and near the Arctic Circle (Iceland, Finland and Sweden) are staring at possible opportunities such as opening up of the new navigational routes, discovery and utilization of untapped resources. As a result of these developments, Asian

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countries are leaving no stone unturned to mark their presence in the region. China in particular is undertaking numerous steps to ensure that it grows into a significant player in the Arctic. On 26 January 2018, China released a white paper on its Arctic policy, clearly highlighting its intentions and ambitions. It underlines “Polar Silk Road”, a continuation of the Belt and Road Initiative. It is an initiative to develop Arctic ports and transportation corridors. While this is a far-fetched project that may not see the fruits of implementation at least in the near future, it seems to represent China’s twenty-first century ambitions. China is developing stronger diplomatic relations with the Arctic states. China’s seemingly close relation with Russia, Iceland and Denmark (through Greenland) gives a new dimension to the emerging geopolitics of the Arctic region. The recent attempt to build a polar ice-breaker (Xue Long II) and opening bids for its first nuclear-powered ice breaker portrays its long-term plans for the region (China Launches Icebreaker Xue Long 2, 2018)

China is seen as a rising power having developed diplomatic relations with a number of countries across the globe. China over the years has developed a very capable armed forces, economic prowess and led by a very strong leadership. China’s aspiration to be seen as the world leader gets reflected in their fundamental goals. Hence, their move and presence in every region including Arctic has raised debates among the members of academic and strategic community. It is, therefore, necessary to study China’s role in the High North in the backdrop of climate change and the dynamics of emerging geopolitics in the region. Whether China’s increasing influence will have implications both for the region and the shifting world order remains a part of the discussion?

The paper has made an attempt to analyse China’s proactive role in the Arctic by using deductive and analytical method and also assessed the relevance of the theories of International Relations and Geopolitics. Both qualitative and statistical data collected from primary (Arctic Council Documents and the stated policies of the countries that have a role in the Arctic) as well as secondary sources such as journals articles, books, opinion pieces and news articles have been used. A detailed literature survey and interviews<sup>1</sup> have been done to collect adequate information, thereby incorporating different viewpoints on the theme.

The paper has made an attempt to understand whether China’s Arctic Policy has a strategic orientation with a focus on economic approach towards achieving its great power ambitions. The first section discusses the larger geopolitics of the Arctic, which includes the geography of the region, the resources, politics over navigational routes and contesting claims of the Arctic states. The second section focuses on the tangible and intangible “push” factors or the reasons attributed to

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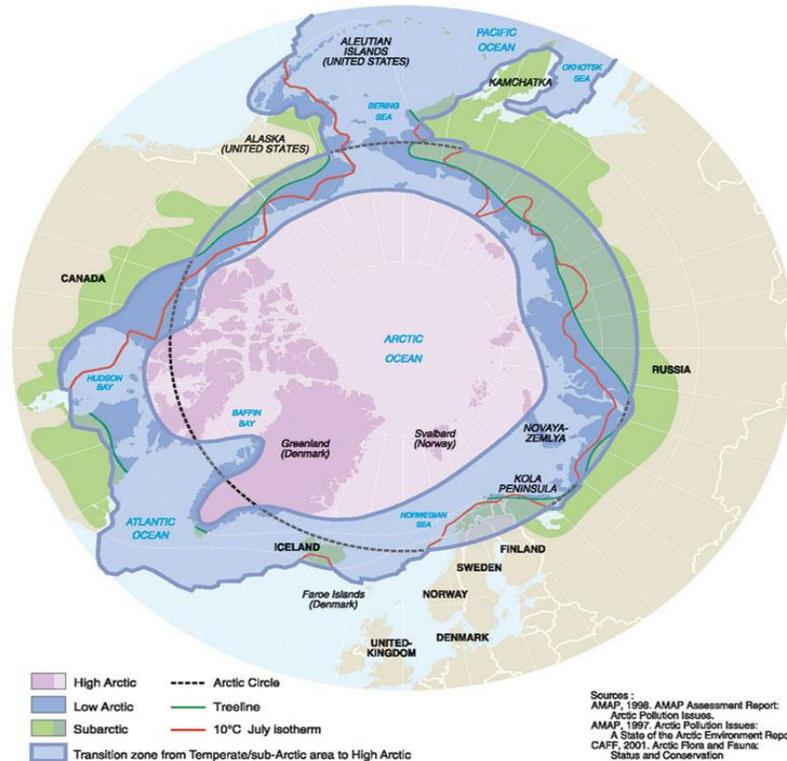
Chinese presence in the Arctic. Assessing China's Arctic Policy white paper and its engagement in the Arctic is the highlight of the third section. The fourth section throws light on the Arctic states' responses to China's footprints as well as the implications of its actions for the High North.

### **The Emerging Geopolitics of the Arctic**

Halford J. Mackinder, in his work 'The Geographical Pivot of History' (1904) writes that the ice-grit in the north is twice the size of the European continent and the Euro-Asia is nearly impenetrable from all directions. The Pivot, as described by Mackinder, is surrounded by the inaccessible Lena land, Tibetan Plateau, the mountain ranges and the Iranian Plateau. Its rivers either drain into the salt lakes or the frozen Arctic Ocean, providing no access to the outside world, thus denying entry for intruders. This enhanced the power of the Eurasian continent as opposed to the sea-faring nations. He argued that this impenetrability gave an upper hand to continental Eurasia (Mackinder, 1904). Validity of his conceptualization can be questioned in this era of climate change where the Arctic remains no longer perpetually cold, dark, desolate, inaccessible region. The frozen ocean in the north is navigable up to some extent due to climate change and the development of ice-breaker technologies. Russia that is a large part of the Eurasian landmass has the longest coast along the Arctic Ocean and is seasonally navigable.

Unlike the South Pole located in Antarctica, the North Pole is not a land mass, but a central point in the Arctic Ocean. Being the world's smallest ocean, Arctic is bound by eight states- Russia, Norway, Finland, Iceland, United States of America (through Alaska), Canada, Denmark (through Greenland) and Sweden; and Atlantic and Pacific Oceans. Its geography is divided into three sections. Map 1.1 depicts these geographical divisions of the Arctic into High, Low and Sub Arctic.

Map 1.1



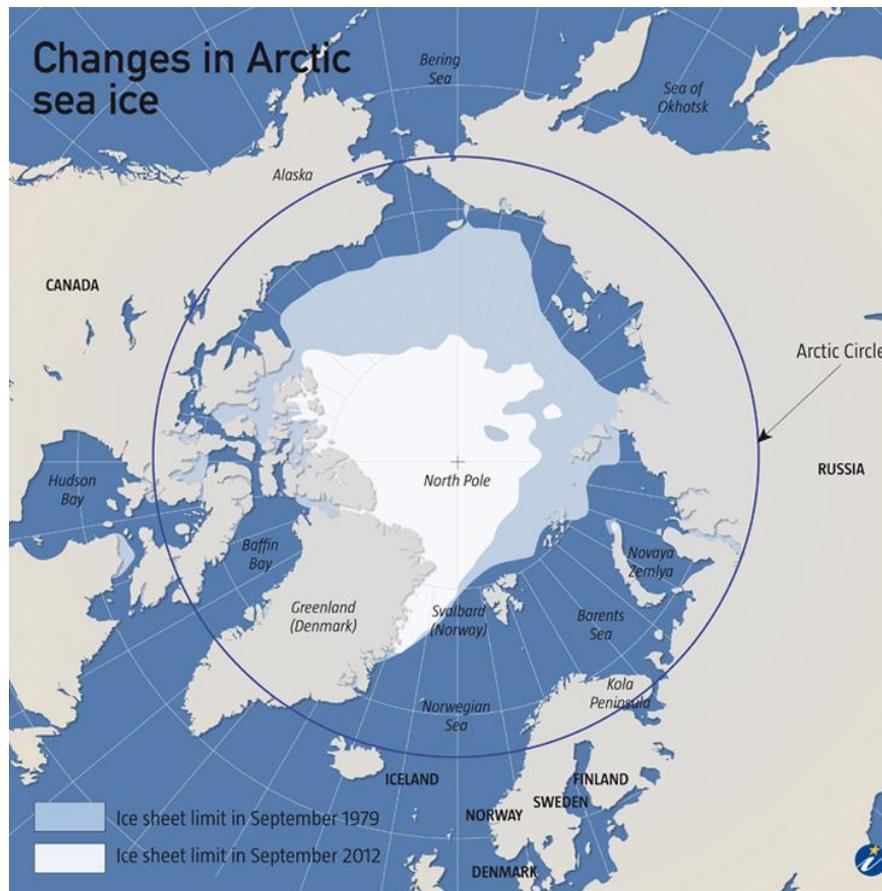
Source: <https://www.arcticcentre.org/EN/communications/arcticregion/Maps/definitions>

- a) High Arctic- consisting of the North Pole, Baffin Bay, Greenland, parts of northern-most Canada, Svalbard (Norway) and the Arctic islands of Russia.
- b) Low Arctic- including northern parts of Norway, Sweden, Finland and Russia; parts of Canada, Alaska, Bering Sea, Norwegian Sea, Hudson Bay, Chukchi Sea and the Sea of Okhotsk.
- c) Sub-Arctic- consisting of parts of Canada, Alaska, Russia, Iceland, Norway, Sweden -and Finland.

Climate change issues in the Arctic have become one of the most debated and discussed themes. Studies by NASA reveal that the ice cover has got depleted by 74 percent since 1988 and mere 2 percent of the oldest ice covers are existing, in contrast to 20 percent in the 1980s (Ebinger & Zambitakis, 2009). Severe warm temperatures during winter months of 2017-18 pushed many water bodies in Greenland as well as the Bering Sea located off the coast of Alaska to remain mostly ice-free. The Bering Strait between Russia and Alaska was completely free of sea ice for a short period of time in the winter (Welch, 2018). With the current rate of melting, scientists have predicted an ice-free Arctic at least seasonally in the next two to three decades. Rising greenhouse gases and carbon dioxide in particular has contributed to the acidification of the Arctic Ocean due to which the unique flora and fauna of the Arctic are being adversely affected. Map 1.2 is a

representation of the melting sea ice, depicting the difference between the extent of sea ice in September 1979 and September 2012.

Map 1.2



Source: <https://www.arcticcentre.org/EN/communications/arcticregion/Maps/Sea-Ice>

While climate change has posed threats to survival, it has also opened the doors for some opportunities that are up for the Arctic states to grab uncovering of new resource deposits and seasonal opening up of the sea routes for trade.

Certain assessments were conducted in selected twenty-five provinces of the Arctic, by the US Geological Survey. The provinces were considered to have a minimum of 10 percent chance of discovery of one or more oil or gas accumulations. Circum Arctic Resource Appraisal (CARA) aimed to discover the undiscovered stocks of conventional hydrocarbons and excluded non-conventional resources such as gas hydrates, oil shale, tar sand and coal bed methane. Results of the appraisal showed the following:

Resource	Percentage	Area
Oil (undiscovered in the region)	>70	Arctic Alaska, East Greenland Rift Basins,

		Amerasia Basin, East Barents Basin and West Greenland-East Canada
Natural Gas (undiscovered in the region)	>70	West Siberian Basin, Arctic Alaska, East Barents Basin
Hydrocarbons (undiscovered in the region)	>84	Offshore areas of Arctic states
Conventional hydrocarbons	<10	Eight out of 25 assessed provinces

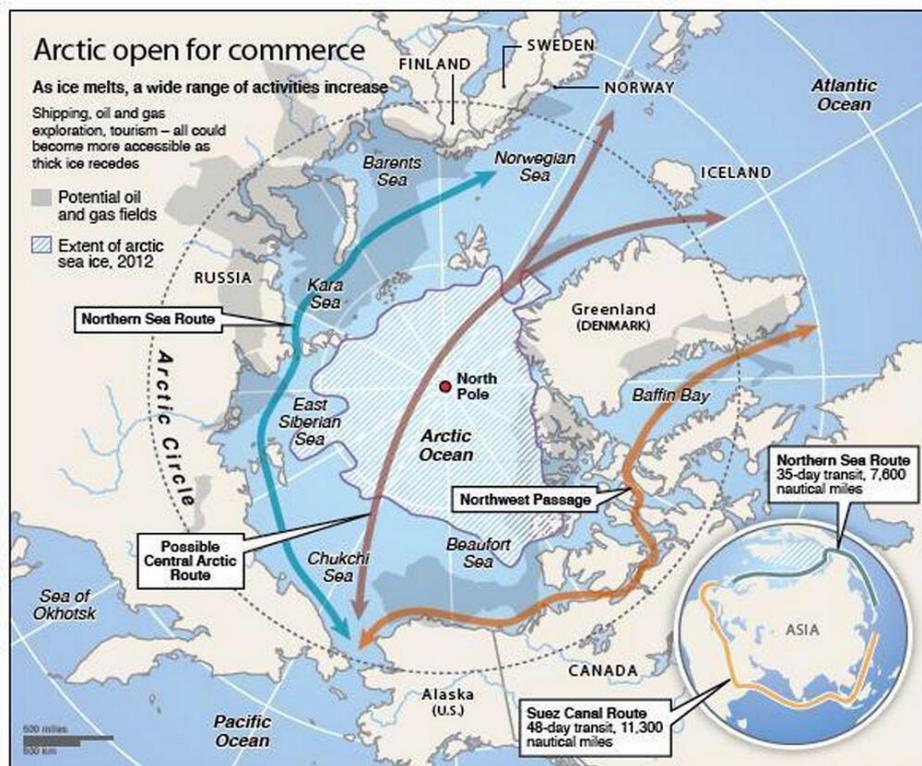
The total mean undiscovered conventional oil and gas resources of the Arctic are estimated to be approximately 90 billion barrels of oil, 1669 trillion cubic feet of natural gas and 44 billion barrels of natural gas liquids. (Circum-Arctic Resource Appraisal: Estimates of Undiscovered Oil and Gas North of the Arctic Circle, 2008).

Much prior to Circum-Arctic Resource Appraisal (CARA), littoral states of the Arctic had begun their resource hunt. Canada was the first country to begin extraction of oil in the 1920s in its northwestern territories. Four decades later, large hydrocarbon fields were unearthed in Russia's Yamalo-Nenets region, the Brooks Range in Alaska and Canada's Mackenzie Delta. Sixty out of four hundred discovered oil and gas fields are extensive in terms of the area but approximately a quarter of them are not into production till date. More than two-thirds of the producing fields are located in the Siberian region of Russia, including one of the largest oil regions in the world, the Khanty- Mansiysk Autonomous Region (KMAR). Apart from these, eleven off-shore fossil fuel fields have been uncovered in the Barents Sea- Prirazlomnoe, Dolginskoye, Varandeykoye and Medynskoye (Oil fields); Murmanskoye, Ludlovskoye and North Kildinskoye (gas fields); Shtokman, Pomorskoye and Ledovoye (gas condensate); and North-Gulyaevskoye (oil and gas condensate). (Natural Resources, n.d.). In Kara Sea, there are two gas condensate offshore fields- Leningradskoye and Rusanovskoye. Around 180 fields in Timan-Pechora province have the capacity to produce up to thousand tons per day. Nenets Autonomous Region has abundant oil, gas and gas condensate reserves. The US Arctic oil reserves are estimated at about fifteen million barrels and gas reserves are over two trillion cubic meters. 20 percent of the oil is extracted at Prudhe Bay Oil Field. The Canadian Arctic has forty-nine oil and gas fields in the Mackenzie River Delta and fifteen fields on the Canadian Arctic Archipelago. (Natural Resources, n.d.).

While hydrocarbons are the focal point in the resource hunt, the fact that Arctic region is bestowed with abundant metals and minerals should not be sidelined. Russian and North American sectors hold deposits of uranium, copper, and nickel, with the former having deposits of gold, tungsten, coal, tin, platinum, apatite, cobalt, ceramic raw materials, mica, titanium, palladium and diamonds as well. The Sakha Republic of Russian Arctic yields approximately 25 percent of world's rough diamonds. Most of these resources in Northern Russia are found on the Kola Peninsula where the top layer of soil was scraped away by the glaciers, giving way for easier accessibility. Also, mammoth tusks, an extremely rare fossil material has been discovered in Siberia. Canada's Yukon province holds deposits of gold, coal and quartz, while Greenland (Kingdom of Denmark) has cryolite, coal, marble, zinc, lead and silver being produced. (Natural Resources, n.d.). Apart from these, Arctic is blessed abundantly with marine life which essentially forms the support system of the indigenous communities.

The second opportunity as mentioned earlier is the seasonal opening up of navigational routes. Contrary to the popular belief, navigation through the Arctic is not an easy task even after the sea ice melts at least seasonally. Challenges like sub-zero temperatures, frost and the danger of ships colliding against drift ice are prominent obstacles to carryout navigational activities smoothly in the Arctic. (Peri, 2018). Notwithstanding these impediments, countries are increasingly focusing on the opening up of navigable routes that would primarily contribute to their economic wellbeing. Currently, Northern Sea Route (NSR) and the Northwest Passage are the two seaways that carry limited number of vessels during summer. Map 1.3 locates these two seasonally operational navigational routes in the Arctic. It also locates the Central Arctic Route that is slated to be navigable when the region is completely ice-free.

Map 1.3



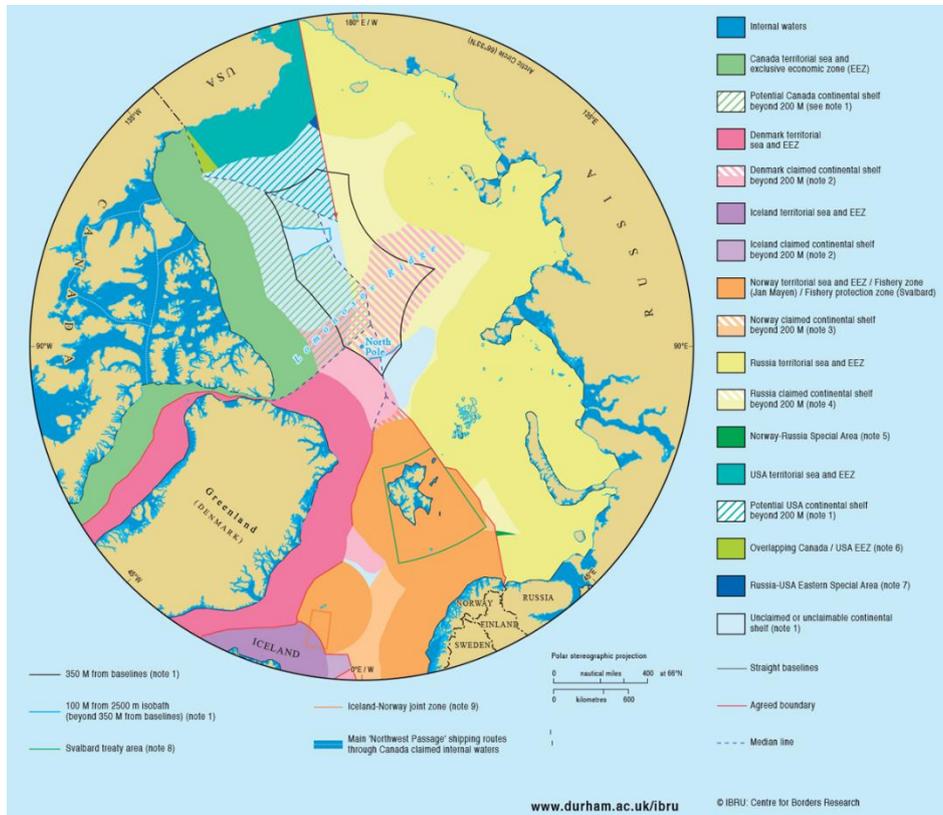
Source: <https://eurasiangeopolitics.com/arctic-maps/>

The NSR stretches along northern Europe, off the Scandinavian Peninsula, continuing eastwards through Bering Strait. (Pletcher, 2013). Explorers are skeptical about the ease of navigation between the Kara and Bering Straits, as it remains ice-bound for most of the year. However, on 24 August 2017, first specially-built commercial LNG tanker (owned by Russia) navigated through the Northern Sea Route without ice-breakers. (McGrath, 2017). On the other hand, North West Passage passes through the Canadian Archipelagic waters and off the coast of Alaska. If properly operational, NSR is estimated to reduce the shipping distance between Japan and United Kingdom to approximately 8000 miles from a gruesome long route through Suez Canal or around Africa if the former is blocked. (Northwest Passage, 2016). These sea routes are of geostrategic as well as of geopolitical importance to the littoral states, thereby giving rise to ownership debates. for instance, the Northwest Passage passes through the territorial waters of Canada and thus Ottawa asserts its sovereignty over the central part of the Passage. However, most maritime nations including that of the European Union and the USA consider the Passage as an international strait, where foreign vessels hold the right of transit. (UNCLOS, 1994).

Thawing sea ice and the application of the United Nations Convention on the Law of Seas (UNCLOS) III, has given rise to contesting claims among the Arctic states. Countries are trying to expand their Exclusive Economic Zones (EEZs) and expand their economic activity beyond the assigned area of the ocean. This is leading to

overlapping claims by every littoral state and is generating sovereignty issues. Map 1.4 is a representation of the contesting claims between the littorals of the Arctic Ocean.

Map 1.4



Source: <https://www.dur.ac.uk/ibru/resources/arctic/>

The most dominant ones being- claim over the North Pole by Denmark, Russia and Canada; the status of the Lomonosov Ridge by Denmark and Russia; the status of the Hans Island between Denmark and Canada. Warming Ocean has allowed naval forces of the littoral states to easily penetrate at least during the summer months on the pretext of maritime patrols and protection of assets and military bases. Militarization is thus one of the major challenges the region might face in the near future. Norwegian foreign secretary Jonas Gahr Støre has expressed that the presence of military, navy and coastguard in the region is necessary. Canada has planned to develop deep water naval facility at Nanisivik which lies in the disputed Northwest Passage; to build armed ice-breakers and deployment of patrol ships (Foizee, 2016). In 2007, Russia tried to ascertain sovereignty over the region by inserting a flag on the Arctic sea bed. It has also shown interest in reviving the Soviet- era military outposts in the region. In 2015, it conducted military exercise in Northern Siberia, from its Northern Fleets involving more than 1000 soldiers, 14 aircrafts and 34 special military units (Russia Launches Military Drills in Arctic, 2015).

Alongside militarization, geo-economics is unfolding between the littorals and the Arctic is no more confined to the eight states. It has moved well beyond the North American and European continent to include the Asian powers such as Japan, India, China, South Korea and Singapore.

Arctic, unlike its polar counterpart is devoid of the tag of “global commons”, a legal framework or a treaty that can oversee the governance and sovereignty issues. The fact that the ocean is surrounded by two continents and they have control over the territorial waters and the exclusive economic zone (EEZ), downplays all the attempts to bring the region under one overarching umbrella. In a highly sensitive region like Arctic, where the absence of a single legal framework is clearly felt, the Arctic Council has been able to provide that platform for the littoral countries to enter into mutually beneficial agreements.

### **Why Arctic for China?**

Asia’s participation in Arctic is not as new as it seems to be perceived by many. China, Japan, India (through British Empire), Saudi Arabia, Afghanistan and South Korea were the signatories of The Treaty of Svalbard, originally known as the “Treaty Recognizing the Sovereignty of Norway over the Archipelago of Spitsbergen” that was signed in the year 1920. (The Svalbard Treaty). However, their efforts have been accelerated in the twenty-first century. Since their inclusion as the observers in the Arctic Council, they have focused on the larger potentials and opportunities that the region is capable of offering them in the near future. Arctic offers unique opportunities to the Asian economies that are heavily dependent upon fisheries and hydrocarbons to maintain the growth rate as well as to cater to the demands of their population. Besides being a part of the Arctic Council and participating in the governance of the region, they are actively involved in scientific exploration. However, for countries like China, Arctic is not only a region of high potential, but also an area to exert its influence and involve in international issues that are beyond its neighborhood circle.

On one end, with a GDP of 6.9 percent (in 2017) (World Bank national accounts data, 2017), and as one of the world’s leading manufacturing powerhouse, China depends heavily on the hydrocarbons to support its domestic needs and secondary sector. On the other, it is a revisionist power, pulling all the possible strings together to emerge as a great power in the international system. In such a scenario, Arctic stands as a resource-rich region in front of China as well as offers a partial solution to its Malacca Dilemma (A term coined by former Chinese President Hu Jintao, highlighting the over-dependency of Chinese trade on the crowded Malacca Strait. Malacca Dilemma is an obstacle that should be mitigated) by reducing the travel time to Europe by twelve days, thereby saving fuel and shipping costs. (Scrafton, 2018). Its foray in the region not only reflects its eagerness to identify itself as a close neighbor, but also its growing twenty-first century ambitions. Speaking in a constructivist perspective, Beijing is clearly

trying to construct the idea of being a ‘near-Arctic state’, similar to that of the United Kingdom which calls itself as the ‘closest neighbor to the Arctic.’ With its global ambitions, mercantile China has tried to imprint its presence on a region that is less explored and resource- rich, thereby constructing a new identity of being a global power. Few scholars however, have used constructivism to understand the myths and misconceptions about its role in the region. (Ping & Lanteigne). According to such views there have been misperceptions about the Chinese Arctic Policy and have termed it as the western notion about the neo-colonial expansion of China. According to them, an ‘identity conflict’ has persisted between China’s attempt to construct its Arctic identity and western perceptions of the former’s policy in the region. This ‘identity disconnect’ has been one of the reasons for building up of misconceptions.

### **China’s Evolving role in the Arctic**

China is a signatory to the Svalbard Treaty of 1920 and its focus had been thrust on the scientific exploration and polar expeditions. Membership of International Arctic Science Committee in the year 1996 marked the increased Chinese participation in the region. Subsequently, in 1999, China sent an expedition on its ice-capable research vessel Xue Long which translates as Snow Dragon. Frequent scientific expeditions facilitated China to build a permanent research station named Arctic Yellow River Station on the Svalbard Island in 2004. (China's Arctic Policy, 2018). Through Xue Long and Yellow River Station, China expanded its research spectrum focusing on sea, ice, snow, atmosphere, biological and geological system of the Arctic. Its presence in the region got cemented in the year 2013 when it got the ‘Observer’ status in the Arctic Council along with other Asian countries- India, South Korea, Japan and Singapore.

On 26 January 2018, China released white paper on its Arctic policy (China's Arctic Policy, 2018), clearly highlighting its intentions and ambitions. While pitching itself as a ‘near-Arctic state’, it vowed to actively participate in the affairs of the warmer Arctic. It also used the “third pole” (Himalayas) argument to gain entry into the Arctic. The biggest concerns of China are the environmental changes that have a direct impact on its economic system, agriculture, forestry, fishery and marine industry. Since China is a major consumer of energy in the world, its interest in the resource exploitation does not come as a surprise. This also implies that it is keen to utilize the shipping routes that can navigate its hydrocarbons through the Arctic Ocean. Understanding, protecting, developing and participating in the governance of the Arctic are the stated policy goals of Chinese white paper. In order to achieve these, the government has stated that it would strive to develop its technological capabilities in resource excavation, protection of the unique and fragile environment of the region. Interestingly, China states that respecting international laws such as the United Nations Convention on the Law of the Seas (UNCLOS) forms a part of its priority. There are however worries that this will remain only in paper and will not see any implementation, given Beijing’s history of sidelining international law and tribunals, particularly in the South China Sea dispute with the Southeast Asian countries. The white paper underlines “Polar Silk Road”, (see figure 5) the continuation of the Belt and Road Initiative, a step closer to developing Arctic ports and transportation corridors. The planned route passes through Japan, crossing the Bering Sea, following the Northern

Sea Route above Russia, Norwegian Sea and ends near Netherlands. With the completion of this project, China aims to circumvent the Asian and European continents, as well as make some inroads into Africa. Map 1.5 depicts the larger Belt and Road Initiative of China with three components in place: Polar Silk Road, Maritime Silk Road and the overland BRI.

Map 1.5



NOTE: September is the end of summer in the North Pole when the frozen lid of sea ice tends to shrink to its smallest. Unlike the Antarctica, there is no land under the frozen Arctic ice.  
Sources: CHINA'S NATIONAL DEVELOPMENT AND REFORM COMMISSION, THE ARCTIC INSTITUTE, NATIONAL SNOW AND ICE DATA CENTRE, REUTERS STRAITS TIMES GRAPHICS

Source: <https://www.straitstimes.com/asia/east-asia/chinas-polar-ambitions-cause-anxiety>

From a realist perspective, China is keenly interested in the Arctic affairs and one of the main reasons for this being its aspiration of rising to the pedestal of the dominant power of the world. This is clear when it shows the grit to move away from the tag of a developing country to agenda setter through its ambitious policies such as the Belt and Road Initiative and Maritime Silk Road that further extends to the Arctic region in the name of 'Polar Silk Road'. Through such infrastructural projects, China sees itself pursuing its power and influence, maximizing its national interests, backed by both economic and military prowess.

Proponents of neo-liberalism would see Chinese presence in the Arctic in a slightly different manner. China is at the focal point of economics and trade where all the major countries are dependent upon it for their needs. While China desires to maintain this position, its energy consumption has to increase in order to keep its manufacturing sector going and this necessity is driving the Chinese ambition to own stakes in Arctic's rich resource fields. Exploration and utilization of the resources present in the region and the sea routes that have become relatively ice-free have been discussed in the Arctic Policy of China. Following few statements in the White Paper show the neoliberal perspective:

- ‘A champion for the development of a community with a shared future for mankind, China is an active participant, builder and contributor in Arctic affairs who has spared no efforts to contribute its wisdom to the development of the Arctic region.’
- ‘China’s policy goals on the Arctic are: to understand, protect, develop and participate in the governance of the Arctic, so as to safeguard the common interests of all countries and the international community in the Arctic, and promote sustainable development of the Arctic.’
- ‘In order to realize the above-mentioned policy goals, China will participate in Arctic affairs in accordance with the basic principles of "respect, cooperation, win-win result and sustainability’ (China’s Arctic Policy, 2018).

These statements show China’s stated commitment to international law, treaties and inter- governmental organizations with regards to the governance of the region. The principles of ‘respect, cooperation, win-win result and sustainability’ speaks volumes about the neoliberalist colors in the Policy. China’s commitment to treaties and laws is welcomed by the seven Arctic states when the United States, a littoral country that has not ratified the UNCLOS and has undermined the ill effects of climate change, evident from the withdrawal from the Paris Agreement. China has stated its belief in the bilateral, multilateral, regional and global level cooperation that can help utilize the Arctic resources judiciously. It has also acknowledged the role of intergovernmental organizations and non-state actors in the process of governance and cooperation. Such a cooperation shall ensure shared benefits between various stake holders including the local residents and indigenous communities.

When its Arctic policy is analyzed, it can be understood that the China’s policy is very distinct from other Asian states such as Japan, India, Singapore and South Korea who also have interests in the region. It seems to have tried to create an Arctic identity for itself, highlight its economic objectives and at the same time show its prowess as a Polar power. Balancing between these three perspectives, the white paper leaves a wide space for debates.

Along with bringing its own strategies with characteristics unique to itself, China is ensuring that its diplomatic cards are playing well with the Arctic states, lack of whose support might prove detrimental to its interests. In this regard, it is developing good relations with Russia, Iceland and Denmark. As an observer, it is also contributing to the Working Groups of the Arctic Council.

Russia is the biggest littoral of the Arctic Ocean with 80 percent of Arctic oil and the NSR straddles the Russian coast. It is not a matter of surprise when Asian countries partner with Moscow to strengthen their stand in the region. China’s growing interest and Russia’s main role in the Arctic make it of paramount importance to study their relationship. (Tom, 2014). China is investing heavily in the Yamal LNG project after Western sanctions were thrust on Russia. Chinese banks lent the project \$12 billion in 2016, thereby stepping in as a potential lender, covering two-thirds of external lending needs. (Stronski & Ng, 2018). Currently, China’s National Petroleum Corporation owns 20 percent stake in the project. This project comes under limelight, as it is one of the Polar Silk Road’s first investments. Beijing’s state-run shipping conglomerate COSCO has also secured a 50 percent stake in

the four LNG shipping carriers serving Yamal. Apart from this, Chinese engineers and labor have been involved in construction of infrastructural facilities such as Chinese-produced polar drilling rig, in the Yamal Peninsula. (Stronski & Ng, 2018).

China has looked well beyond energy and navigation in the Arctic and is more involved in provision of logistical support such as construction of ports and development of transportation facilities. A Chinese company entered into an agreement to build deep-water port in the city of Arkhangelsk, that would be connected to the Belkomur railway project. Post the completion of these two projects, this would likely be a part of the Silk Road. After meeting with Russian Prime Minister Medvedev in July 2017, Xi called for the two countries to jointly build a “Silk Road” through the Arctic, highlighting the complementarity of the BRI and NSR, both of which have a common goal of fostering greater East-West trade. How, when, and whether integration of the BRI and NSR actually will occur remains uncertain, but senior officials of the two countries frequently speak publicly about this aspiration. Putin even highlighted China’s role in infrastructure, transportation, and energy in the Arctic during his annual televised press conference in December 2017 (Stronski & Ng, 2018) (Vladimir Putin’s annual news conference, 2017). As clearly seen, Russia and China have become increasingly close partners in the Arctic. The latter is perceived as an alternative for Russian economy in the wake of sanctions from the west.

However, in order to achieve the larger goals stated in the white paper, China has moved beyond Russia and has been in the forefront of developing diplomatic relations with the other Arctic states such as Iceland, Finland, Canada and Greenland (Denmark) at the local, regional and national levels.

Iceland-China relations grew in the wake of failed negotiations between the former and European Union. EU’s strong stance on reduction of fish catch quota brought the talks to a standstill and the process to include Iceland in the EU failed. China took the advantage of the tensions between the two parties and emerged as an active economic partner of Iceland, whose economy was hard hit by the 2008 financial crisis. The free trade agreement between the two countries cemented the Chinese intrusion in the Arctic. The foundation of the China-Nordic Arctic Cooperation Symposium sealed the relationship between them and enabled China’s officials and scientists to participate in the international conferences on Arctic. (Guschin, 2015). The partnership focuses on energy sources and fisheries. Their cooperation for geothermal energy clusters is a mutually advantageous process. Iceland provides technology and highly experienced specialists in well-drilling, research, and technical support. Moreover, each year Iceland hosts young researchers from the PRC for advanced training in the spheres of environmental sciences, geothermal utilization, and reservoir engineering as a part of a six-month UN University geothermal training program. In return, Iceland gains access to an enormous market estimated to be worth 70 billion yuan (\$11.3 billion) (Guschin, 2015). While Iceland has demonstrated steady growth in the fisheries sector, China has been struggling in the field of artificial fish breeding mainly due to pollution. By investing in Iceland’s fisheries sector, both the countries can gain mutually. Apart from these, they cooperate for scientific engagement in the Arctic- Iceland is a host to China’s Polar Research Institute funded research station set up to study the phenomenon of Northern Lights. It houses experts

from both the countries jointly working on various projects on Arctic. (China's Arctic ambitions take shape in remote Iceland valley, 2016).

The territory of Greenland, part of the Kingdom of Denmark is the closest land mass to the North Pole. Clearly, the location of Greenland makes it indispensable for countries pursuing Arctic policy. It is therefore no matter of surprise when China is keen on developing good relations with the territory. Chinese firms have sought to invest in Greenland's mineral deposits that are becoming more accessible due to climate change. Rare earth elements such as uranium and zinc mining are under development at Kvanefjeld by Australian firm Greenland Minerals and Energy in cooperation with China's Shenghe Resources. General Nice, a Hong Kong-based firm possesses the rights to a potential iron mine at Isua in western Greenland. In telecommunications, China's Huawei has partnered with Tele-Greenland to lay a 100G network subsea cable in the Arctic to connect remote parts of the territory and upgrade existing telecommunication lines that link Greenland with Canada and Iceland. (Stronski & Ng, 2018). Greenland and China also plan to cooperate on tourism and adventure sector that is gaining steam in recent years. (Shi & Lanteigne, 2018). Greenland has showed interest in expanding its three airports at capital Nuuk, Ilulissat and Qaqortoq with the help of Beijing. This would, according to them, assist in boosting tourism in the territory. In this regard, Greenland's Premiere with his delegation met the representatives of China Communication Co and Beijing Construction Engineering Group in Beijing in 2017. (Matzen & Daly, 2018). The projects with Greenland however are bound to have obstacles due to the Denmark's not so positive perception of China. This would be dealt with in the forthcoming section.

Russia, Iceland and Greenland can be termed as the most important partners of China in its pursuit of Arctic policy. Nevertheless, it has built partnerships with countries like Finland, Norway and Canada as well. With Finland, the Chinese Ministry of Industry and Technology and state-owned China Telecom are in discussions to develop the 10,500 kilometers 'Northeast Passage' fiber optic cable link on the polar seabed that would create the fastest data connection between Asia and Europe. (Shi T. , 2017). China Offshore Oil Corporation took over the Canadian oil and gas company Nexen for \$15 billion, thereby entering the Canadian hydrocarbon market. (Tetu & Lassarre, 2017). China's President Xi in his 2017 visit to the United States visited Alaska to discuss trade related issues. China is Alaska's top export market majorly covering fish, oil minerals and other natural resources. In November 2017, three Chinese state companies entered into an agreement to invest in a \$43 billion LNG project in Alaska. (Kaiman, 2017). Beijing's diplomatic card with Alaska comes in the backdrop of rising tensions between USA and itself and this card might be a medium for balancing the relations with Washington. (Stronski & Ng, 2018).

While bilateral relations are significant to carry out a policy, multilateral engagements and participation in international organizations are equally important. China received the observer status in the Arctic Council in the year 2013 though it was an ad hoc observer since 2007. The Council, being limited to a region, recognizes the sovereignty of the eight states on the Arctic and thus observers are not entitled to the same rights as the littorals. China, similar to other observers, is therefore contributing to the proceedings of the Arctic Council by being a part of the Working Groups, even though not a part of the decision-making process.

The Declaration Concerning the Prevention of Unregulated High Sea Fishing in the Central Arctic Ocean (CAO Agreement) was adopted by the Arctic Five (United States, Norway, Canada, Denmark and Russia) on 16 July 2015. It was published in June 2018 after six rounds of negotiations amongst the Arctic Five, Iceland, European Union, Japan, China and South Korea. China's participation in the negotiations underlines its growing importance across the various frontiers of the world. In the white paper, China mentions its interest in utilization of Arctic resources in a judicious manner, in accordance to laws. Being an observer at the Council, China in Arctic is pursuing the card of international law unlike in South China Sea where it is an independent actor and not a mere observer. (Liu, 2018)

In short, China through its unilateral steps along with the support from bilateral and multilateral relations and engagements has established itself as a serious player in the governance of Arctic.

### **Responses and Implications of China's increasing role in the Arctic**

In the era of globalization, diplomacy stands on economic quotient. Political and strategic differences between countries go behind the curtains when trade and economy not only dominate their relation but also become the bases for building relations. China's partnership with countries around the world is a classic example for this complicated interdependence in the international system. This complexity surely exists in the Arctic region as well. Presence of extra-regional states in the Arctic raises an important question- are the regional players willing to accept the presence of non-Arctic states and engage with them? In many cases in the Arctic, necessity to partner with China is more than willingness to do so. Iceland's necessity to bring its economy on track after 2008 financial crisis, Greenland's attempt to take advantage of melting Arctic and become the beneficiary of development, Russia's necessity to find an alternative market for its hydrocarbons in the backdrop of sanctions from the west, Canada's desire to grow as a main supplier of oil and gas, so on and so forth, are all necessities which have been exploited by China to emerge as an indispensable player in the High North. While Chinese investment is welcomed by some players, there are however few voices of concern that do not go neglected.

Chinese media has hailed President Xi for his attempts to make the country a 'polar power', an experiment that has not been completely attempted by other Asian powers such as Japan, South Korea and India. Though these three countries have significant stakes in the region, it does not in any way equal that of China. Small countries/territories like Iceland and Greenland have welcomed the dragon with open arms, as it is in their advantage to partner with the world's second biggest economy. But, this is not the same response that China received from other ends after it started actively engaging in the Arctic. The United States has always been wary of China's rise, leading to academicians terming it as the onset of 'Second Cold War'. Most of American literature seems to talk about how China's new Arctic strategy essentially challenges the United States in the High North. Some call it as a Chinese version of America's Marshall Plan and an indirect challenge to American hegemony along the Pacific Rim as well as throughout Eurasia. (Holland, 2018). The announcement of Polar Silk Road gave a true global characteristic to the ambitious Belt and Road Initiative that ranges from Latin America to South East Asia and now to the Arctic. However, the very evident feature of this is the exclusion of the

United States. Being a part of the Arctic Five, it is not a party to any of the smaller projects connecting the Polar Silk Road. Denmark on the other hand has Greenlandic territory which is central to its Arctic strategy. After the release of China's white paper on Arctic, relations between China and Greenland are on the upward trajectory. As mentioned in the previous section of the paper, Beijing is involved with Nuuk on various fronts. Nevertheless, the relation is bound to face certain obstacles due to Danish objection. Copenhagen seems to be hesitant with the new-found Greenland-China partnership especially in the project for developing and expanding the former's three airports. Denmark is extremely worried about upsetting the U. S, its closest ally. A defense treaty between Denmark and the United States dating back to 1951 gives the U.S. military almost unlimited rights in Greenland, site of Thule air base. Danish officials are expressing deep concerns, as they feel that China has "no business in Greenland and that their country has a big responsibility to live up to the bilateral relation with the United States" (Matzen & Daly, 2018). It holds the right to reject all the infrastructural projects funded by China, as foreign and defense policy of Greenland is still regulated by Danish central government. Russia on the other end seems to be extremely welcoming of the Chinese presence in their Arctic limits. They are very well a part of the Polar Silk Road, infrastructural and hydrocarbon projects. But some actions of Moscow suggest slowing down of projects like Arkhangelsk infrastructure project and Belkomur Railway project. Russia's central government is less active than the Arkhangelsk regional government or their Chinese partners in implementing them. It is supposed to contribute over \$1.6 billion to the Belkomur project, which as of late 2017 had total planned construction costs of between \$4.3 and \$5 billion (Belkomur nashyol investor [Belkomur found investors], 2017). Yet Russian Transportation Minister Maksim Solokov downplayed Russian government financial commitments to the railway, stating in spring 2017 that it would be financed through a public-private partnership. This might have been the result of stringent budget allocation rules of Russia or the lack of resources due to its near-stagnant economy (Russia, 2017).

The common thread that can be observed here is the difference of opinion occurring between the central and regional governments of United States (Alaska), Denmark (Greenland) and Russia (Arkhangelsk) due to Chinese investments. The very evident of these is the issue between central government of Denmark and Greenland authority. Aaja Chemnitz Larsen, member of the Danish Parliament for Greenland and head of Greenland's Foreign Affairs Committee is of the opinion that Government in Copenhagen suffers from 'China anxiety' unlike the Greenlanders who are in dire need of development, investments and infrastructure (Matzen & Daly, 2018). This is yet another instance of Greenland asserting its right to govern itself. Can this increased assertion of regionalism be dubbed as a result of increased role of China in Arctic? - is a question that has no answers yet.

China's ambitious Arctic Policy has normative, environmental, economic and strategic implications. It also has implications on the larger governance of the region. Since its active role in the region, the debates about how to refer China in the Arctic have been taking place within and outside it. The white paper highlights the nomenclature 'Near-Arctic-State' (China's Arctic Policy, 2018) but there are differences of opinion, as some insist on calling it an 'Arctic Stakeholder' or a 'Non-Arctic State'. Debates about the nature of role of China in the current context as well as in the near future, is one of the

biggest implications of this policy. Normatively speaking, China has cemented its identity in the region. Upon this identity and attention, China is building its own empire in the High North, facilitated by economics. Trade and economic engagements are probably the best way to develop relations with various countries and China has mastered this art. One of the implications of this is the reduction of Russian dependence on the western markets. China has emerged as a potential alternative to Russia who needed a market for their hydrocarbon-dependent economy.

The littorals are gaining from the extraction of oil, gas, minerals and marine resources and China is investing heavily in resource projects of different countries. Along with the benefits Arctic countries are gaining individually, China's overall investment in the region will ensure development of the desolate Arctic through various infrastructural projects. The Polar Silk Road (PSR) stands out as the focal point in the connectivity projects of the Arctic. This not only has economic implications, but also strategic. The PSR is part of the larger Belt and Road Initiative (BRI) which covers the entire Eurasia and expands well into Africa. China's infrastructural strategies have a geopolitical meaning, focusing on its aim to rise on the pedestal of a super power. On the ecological front, Arctic's unique, fragile environment will suffer a backlash with the so-called development of the region. It is aptly said that development and environmental protection are inversely proportional and Arctic is a clear example of the fact that humanity has entered the age of Anthropocene. However, the recent adoption of the CAO Agreement on commercial fishing is a silver lining. It demonstrates the commitment of the participating countries towards environmental protection. Interestingly, China has played a significant role in the negotiations of the agreement. It has also stated its commitment to conform to the international legal framework and the UNCLOS, governing the Arctic region. It implies that the governance of High North is not complete without Beijing participating in the process. This has been accepted by the eight states as well.

## **Conclusion**

The future geopolitical scenario of the Arctic region is bound to see the effects of irreversible climate change. With this comes the exploration of more resources and the discovery of new maritime routes. Russia and Canada will be the biggest players in the region owing to their geographical location, military presence as well their involvement in the activities pertaining to the Arctic. Russia is at an advantageous position, as most of the resources are at present closer to the Siberia and the Northern Sea Route. Canada views itself as a potential player, an attractive hydrocarbon market and hence is investing substantially in the development of the natural resources in the Arctic.

The region is no more confined to the eight states and has moved beyond to include extra-regional powers from Europe and Asia. While on one hand the extra regional powers are seen as an opportunity for the littorals of Arctic, on the other, it is perceived as a threat to their primacy. The Arctic Council is exclusive and is built on the base that the world must accept the sovereignty of the regional states. There are however differing viewpoints which suggest that the shipping routes and the deep seabed resources must be treated as common heritage of mankind. While some states like the USA agree to this, other littoral states like Canada are on the opposite end.

Certain push factors, both tangible and intangible, that are driving China's Arctic strategy can be clearly observed. The lateral expansion of China in terms of its economy requires it to scout for resources that can sustain its humongous secondary sector. While this is the tangible factor, China is looking for the normative gains by calling itself as a 'Near-Arctic State'. Constructing its identity as a great power in the shifting geopolitical order, necessitates its presence in all the regions of the world. Arctic is one of those frontiers where the power play is simmering, yet subtle. Making early investments in this region and capitalizing on the need for new infrastructure in the region, will provide China, the first-move advantage and help it gain a prominent place in the agenda setting process.

China's approach to the High North has primarily used economic tools. It entered the realm of Arctic on the pretext of being affected by the climate change, conducting scientific studies and gradually shifted its focus to resource exploitation and building of infrastructure. Identification of necessities of different countries and investing heavily in developing them, is the core of China's Arctic strategy. Through its value-adding actions, it is ensuring that the states or particular region in a state find it compelling to have China on board. As President Xi Jinping put-forth in 2014, China desires to become a polar power, having a say in the Arctic affairs and thereby leaving no stone unturned to reach its target of being recognized as a great power. Its strategies, actions and diplomatic skills holds the hypothesis proving to be true.

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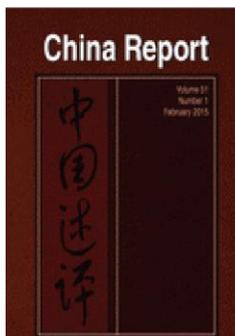


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