

China in the Arctic: Limitation or Opportunity?

The PRC's Strategic Expansion in the Arctic and its Implications for Arctic Governance

09 November 2022

A Geopolitics on the Periphery Report

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In a 2018 white paper, the government of the People's Republic of China (PRC) famously characterised itself as a [“near-Arctic state”](#). For many political and international relations observers, this was a pivotal moment in PRC's strategy in the Arctic region, and a first-of-a-kind admission of an interest in greater influence in the region. Since then, however, a more concrete picture of Chinese interests and their impact on the political, economic, and security situation in the region has remained elusive. As strategic competition between Western countries and the PRC intensifies, attention is shifting towards the Arctic and other domains on the periphery, whose importance on the geopolitical stage is bound to keep increasing.

Chinese Interests and Current Practices

According to the 2018 white paper, the PRC provides a number of rationalisations for their new near-Arctic identity, namely characterising itself as [“one of the continental states that are closest to the Arctic circle”](#). This is despite the fact that at its closest point, the PRC is about [1,500 km \(about 900 miles\)](#) from the Arctic Circle. Since the Arctic is legally speaking not clearly demarcated as a territory of any recognised state, it is considered by the PRC as a part of the [‘global commons’](#), and thus advocated to be portioned by population. It is not lost on the international community, including the recognized Arctic states (Canada, Denmark, Finland, Iceland, Norway, Sweden, Russia, and the United States) that such a system would give the PRC a significant advantage in the region. Nevertheless, in accordance with their new title, the PRC proposes a series of objectives they plan to pursue. First and foremost, the white paper emphasises two key phrases: [“rational utilisation”](#) and [“win-win result”](#). Interestingly, neither of these terms is defined more closely in the text. A few more main themes include access to shipping routes, namely the Northern Sea Route (NSR) and the Transpolar passage, protection of natural resources in the name of fair use and sustainability, and tourism development. As other research and analysis shows, however, all in all, PRC's ambitions in the Arctic seem to relate to three key areas: global power status and identity; security concerns, namely military expansion, and competition over resources; and economic and trade interests.

The PRC has long been competing to be considered a [great power](#) in true Cold-War logic, and the Arctic is seen as [essential](#) in formally acquiring this status. It is, however, very careful about projecting such ambitions internationally, often downplaying its Arctic ambitions in foreign statements, while pursuing them vigorously in [domestic discourse](#). In this pursuit, the PRC often reaches into history, as far back as the [15th century](#) when its expansive empire nearly reached the Arctic. More tangible examples of Arctic involvement only start about a hundred years ago, in [1925, when China joined the Spitsbergen Treaty](#), which originally established Norwegian rights to parts of the region, and included overall demilitarisation. Any real Chinese activity in the region, however, dates back to 2004, when



[the first research base, the Yellow River Station](#), was built. It is from this point onwards that the PRC began its signature method of influence - [science diplomacy](#). In its bid to become a great power, the PRC continues to use [research and science as a currency](#) in bargaining for influence in the region. In this way, the PRC is not only vying for geopolitical prestige, but sets itself up as a forward-looking, modern, and innovation-driven society, with the capacity to project strength beyond their national, or even regional interests. The primary issue, as [many observers point out](#), is that many of PRC's research facilities are practically dual-use, and can easily be turned into military facilities. PRC's capabilities in the region are only increasing, with the first long-distance sail through the Arctic of a domestically produced ice-breaker [completed in 2020](#). This is in line with their chief ally in the region, Russia, but in contrast to a perceived turn away from Arctic affairs of the United States in the same period. It is, furthermore, all in an attempt to ["reduce opportunities by Arctic nations to limit China's exploratory capabilities"](#), thus in clear relation to geopolitical and strategic competition. Moving forward, the PRC is reported to likely use ["white hull diplomacy"](#) as well - using its Coast Guard in military-like fashion. This is not a far-fetched suggestion, given that training exercises for this purpose have already taken place.

The PRC's security and military interests in the region follow on from this great-power competition. These interests mostly relate to greater [exploitation of resources](#), namely in the energy, mineral, and fishing sectors. The potential for this is considerable, given that the region holds an estimated [13% of Earth's oil resources and 30% of natural gas resources](#). As energy becomes a more prominent security issue, the PRC too has an interest in [diversification](#) of energy and mineral resources. Of course, the access to such resources in the Arctic is contingent. Not only are there other more powerful players ready to take advantage of what the region has to offer, but the whole prospect largely depends on the accelerating rate of climate change and glacier melting. The PRC recognizes climate change as a global threat, and claims to advocate sustainability and protection of the Arctic Circle in this sphere. Resource protection is, in fact, often invoked as one of the reasons why it should be given more rights in the Arctic, and often coupled with its seat as [one of the permanent members of the United Nations Security Council](#), as well as a member with [observer status on the Arctic Council \(since 2013\)](#). At the same time, its strategic and economic interests rely on the fact that ice will continue to melt, and new resources and trade routes will continue to become available in the region. By gradually opening up the NSR, which would be about [4,600 km \(about 2,850 miles\) shorter](#) than the current trade route through the Suez Canal, the potential for greater Chinese, and above all Russian, influence is considerable. The temporary [blockage of the Suez Canal in 2021](#) already sparked a slight shift towards the NSR. It is therefore in PRC's interests to keep expanding its influence in the region as it relates to economic and trade interests as well. In line with this, the white paper from 2018 also clearly states its intentions of developing a second '[Polar Silk Road](#)', which would give the PRC control over major trading arteries and establish its economic footprint in neighbouring



countries. All of these activities, however, do not go completely unnoticed by the international community, and most importantly by the Arctic states.

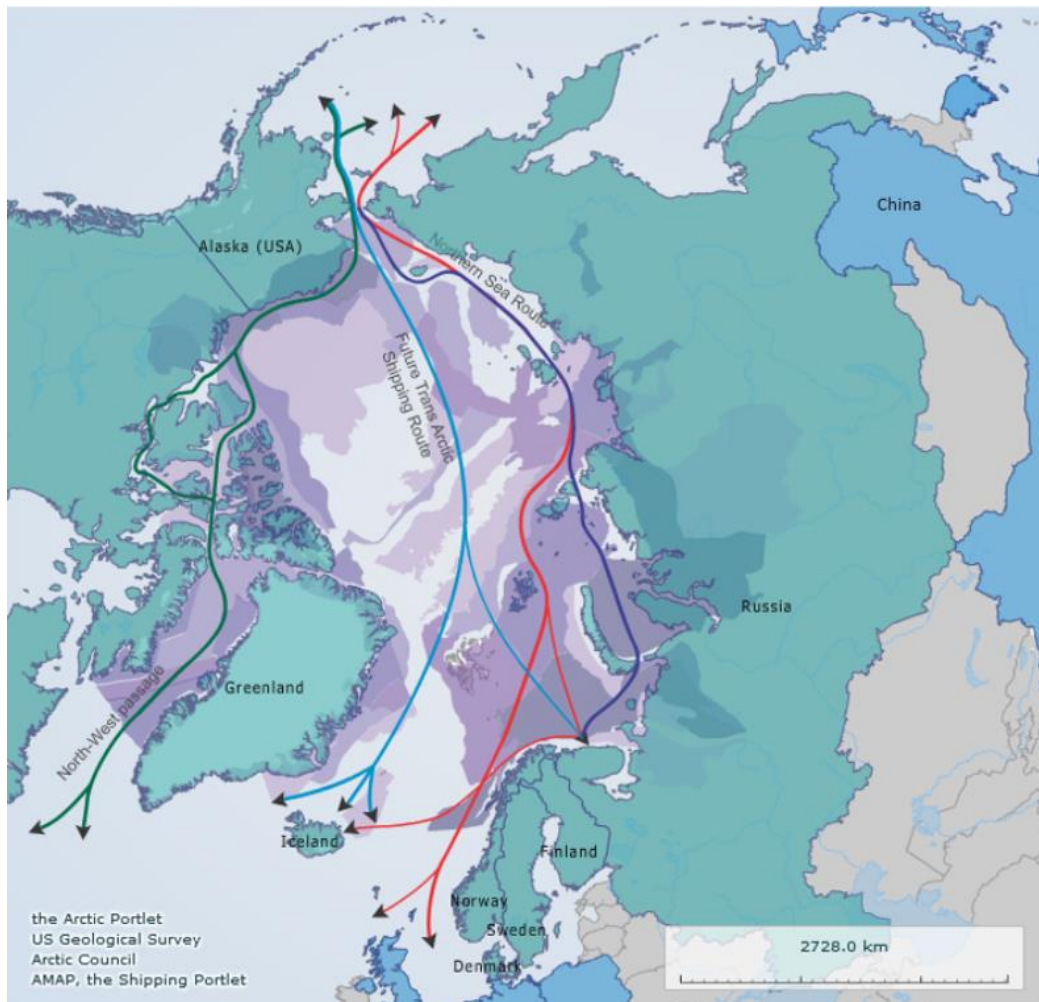


Figure 1: Polar Silk Road - showing the North-West passage (green), the Northern Sea Route (purple) and the potential Transpolar passage (blue)

The State of Arctic Governance

While there are currently no legally binding official treaties explicitly addressing the Arctic region, this does not entail a complete lack of governance. The Arctic Council was created following the [Ottawa Declaration in 1996](#), although some form of a multilateral governing mechanism existed already in 1991. The eight countries considered as Arctic states have thus been paying close attention to Chinese movement and expansion into the region. At first, the capital investment and development opportunities brought by the PRC were welcomed by



most. [Finland](#) even became one of the first Arctic countries to join the Chinese ‘Polar Silk Road’ initiative. Nevertheless, as strategic competition between the PRC and the US and the EU increased, the focus started shifting towards discerning PRC’s long term goals in the region, and the number of PRC’s bilateral projects in the region also started to slow down as a result.

On the other hand, one member of the Arctic Council has emerged as a [partner with mutual interests](#) at the same time - Russia. Despite the fact that Russia and the PRC often have differing geopolitical interests in other parts of the world, their closer ties, underscored most recently in a [Joint Statement in February 2022](#), are routinely emphasised when it comes to the Arctic. Cooperation in the areas of energy and plans for the NSR is especially visible, and the two countries announced plans for a [Sino-Russian scientific centre in the region in 2020](#). Nevertheless, this pivot towards the PRC on the part of Russia also needs to be seen in the context of its greater geopolitical rivalry with the West. In fact, Russia was [originally one of the strongest opponents](#) to the idea of the PRC joining the Arctic Council as an observer, and there remains suspicion, especially on the part of Russia. This is partly because Russia’s survival in many ways depends on the Arctic - outside of territorial claims and a sub-Arctic space, the region’s economic activity currently accounts for [about 22% of its GDP](#). Furthermore, while Russia’s priority focus remains on countering NATO influence, it does not intend to let itself be encircled by the PRC either, even if it is in the economic sense.

These suspicions are one of the reasons preventing a full-blown military alliance between the two states in the region. The gaps in interests are interestingly further emphasised since [May 2021](#), when Russia once again took its turn heading the Council’s presidency. Russia’s official representative in the Arctic, [Nikolay Korchunov stated shortly before](#): “it is impossible to disagree with U.S. Secretary of State Michael Pompeo’s statement made in May 2019 that there are two groups of countries - Arctic and non-Arctic... He said so in relation to China, which positioned itself as a near-Arctic state. We disagree with this.” The PRC, on the other hand, keeps to its toned-down rhetoric, emphasising [“trusting and friendly ties”](#). The complicated web of mutual interests and suspicion is therefore poised to make it more difficult for the long-term objectives of the PRC in the region, while opening up opportunities in certain areas.

What’s Next for the Geopolitical Equation in the Arctic?

The traditional Arctic rivalry since the time of the Cold War has been between the United States and Russia (then the Soviet Union). However, most recent analysis shows a significant



capability gap between the two, with a clear favour for Russia. At the same time, the Arctic continues to be considered a part of the ‘global commons’. These two factors are what the PRC is largely relying on in its expansion towards the region and its identity shift to a ‘near-Arctic’ state. However, other international actors and most notably Arctic Council members have already started taking steps towards preventing such rapid expansion further. In 2016, [Denmark prevented](#) the PRC from buying an old military base in Greenland, likely to be turned into one of the usual dual-use facilities. The [EU also declared](#) the PRC a strategic rival in March 2019. Such actions will continue to play an important role in curtailing PRC’s influence. However, the most consequential opponent in terms of both diplomatic and capability leverage still remains Russia, at least until the central Arctic Ocean is navigable and ships no longer need to use the NSR currently [regulated](#) by Russia. The delicate balance of relations between Russia and the PRC is likely to prevail, although both the war in Ukraine and the subsequent [entrance of Sweden and Finland](#), both Arctic nations, into the North Atlantic Treaty Organization (NATO) are significant events likely to shake up the status quo. Within Arctic governance, Arctic Council members are [unlikely to sever ties](#) with Russia completely, since this would only facilitate a further pivot towards the PRC. At the same time, Russia’s economic and geopolitical incentives to deepen ties with the PRC are greater with the expansion of NATO into the region. How the strategic theatre continues to unfold is a matter of debate, but one thing is clear - the Arctic is about to become an even more consequential arena going forward.

