DEFENDING CANADIAN SOVEREIGNTY

NEW THREATS | NEW CHALLENGES
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Abstract

Rapid climatic changes in the Arctic—the fast melting of permafrost, the decline of glaciers, the melting of sea ice—have created perceived strategic and economic opportunities for the littoral states, but have also attracted the attention of states beyond the region. China, for example, without direct access to the Arctic, displays an interest in Arctic research, natural resources, and shipping potential. However, its diplomatic, economic, political and scientific efforts in this region arouse negative reactions among Western media. The media often draw up a portrait of an ambitious and arrogant China, ready to push aside the sovereignty of the Arctic countries to defend Chinese interests in the Arctic. From this perspective, it seems relevant to analyse China's activities in the region and try to assess Beijing's strategy in the Arctic, which seems more driven by opportunism than by a long-term desire to challenge the littoral states' sovereignty.

The commercial and strategic implications of climate change and the melting of the sea ice in the Arctic have drawn attention not only of Arctic states but also of some other countries that have no territorial access to the region, such as China and Japan. The growing Chinese interest in the Arctic appears to be a rather recent phenomenon. There have been many publications and considerable speculation on that topic, resulting in the construction of an image of a potentially threatening China, which is often described as being very interested in both Arctic mineral resources and the opening of Arctic shipping routes. In addition, China increasingly describes itself as an “near-Arctic” state, as if attempting to legitimize its growing interest in the region. But in this characterization, there is a hint of a perceived threat, as commentators are often stressing that China’s appetite may lead Beijing into considering the Northwest Passage as an international strait, and Arctic resources as up for grabs. Thus, the intensified interest of the world community towards the Arctic and towards China’s growing presence in this region have raised several questions. What does China’s interest in the Arctic denote regarding its long-term goals? What is the scale of China’s polar research and collaboration? What is the official position of the Chinese government towards the Arctic? What strategy has Beijing developed regarding Arctic issues—of sovereignty of Arctic states, the exploitation of natural resources, and the development of new navigation passages? In fact, after lengthy speculations, China eventually published its Arctic policy in January 2018, but does not wish to, nor does it represent a threat to claims put forward by Arctic coastal states.

China’s Longstanding Scientific Interest in Polar Regions

China’s political interest in the Arctic seems to be relatively recent, but actually goes back to the 1980s, with science programmes. The report of the Stockholm International Peace and Research Institute (SIPRI)—China Prepares for an Ice-Free Arctic—was one of the first research publications to draw international attention to the increasing presence of China. The report analysed Chinese
activities in the Arctic, as well as the evolution of Beijing’s official line regarding energy and trade issues of the region. Since then, China has been the focus of many mass-media reports and academic publications analysing Beijing’s aspirations to become one of the main actors in resource management and in the debate regarding the governance of the Arctic.

What is China’s scientific production regarding the Arctic?

China’s Arctic research programme officially started in 1989 with the creation of the Polar Research Institute of China (PRIC) in Shanghai. According to the principal Chinese database, initial research on the Arctic was conducted in the late 1980s. In 1988, the Chinese Academy of Sciences also launched Beiji yanjiu, or the Chinese Journal of Polar Research, a new quarterly journal dedicated entirely to issues regarding the Arctic and Antarctic.

Since the late 1980s, different Chinese journals have published hundreds of articles on the Arctic written by Chinese researchers in all fields of specialization. Most of them deal with topics related to exact sciences, such as problems linked to global warming in the Arctic, and the impact of global warming on temperature variations and rainfall in China. We searched the database and identified 10,262 different entries including the word “Arctic” in the title, of which 9,692 articles were published by about a hundred Chinese journals between 1988 and 2017. The other entries are academic works, such as masters and doctorates theses defended during the same time (330), and conference proceedings (240). Most of these publications (21% of all) are dedicated to a broad range of subjects relating to Earth sciences (climatology, oceanography, geology, astronomy and geophysics), while others deal with issues regarding education (15%), the economy (7%), biodiversity (6%), industry and technology (6%), politics and law (5%), agriculture (5%) and the environment (3%). Finally, several articles are devoted to topics related to history, culture, art and languages spoken in the different regions and countries of the Arctic (13%).

Since 2007, the number of publications that deal with issues specific to social sciences has increased: questions regarding sovereignty in the Arctic, analysis of the circumpolar countries’ Arctic policy, the place of the Arctic in China’s future economic and geostrategic development, etc. We found 258 documents (208 articles, 46 doctorate and masters’ theses, as well as 4 conference proceedings) published between 2006 and 2017, most having been published between 2012 and 2017, dealing with the place of the Arctic in international relations (53%), geopolitical or economic issues (6%), and the legal aspects of the matter, with most regarding questions of international law (41%). To our knowledge, the questions were raised for the first time in 2006 in an article on Canada’s Arctic strategy. In 2007, Wang investigated political rivalries and sovereignty issues in the Arctic. In 2008, Liu analysed Russia’s strategy in the Arctic and Ren and Li again brought up questions of sovereignty. Since 2009, many articles on political issues in the Arctic or those underlying China’s interests in the area have been published.

China’s interest in the Arctic appeared to be the focal point of Chinese academic discussions and for a while was tackled with little restraint and caution. Some Chinese scientists have asked the government to change its neutral position by becoming more involved in the process of delimiting sovereignty areas in the Arctic and dividing the resources, maybe even promoting the idea that Arctic resources should be considered as part of the heritage of humanity. This position has been taken up by the press, but it has never been specified on which legal basis this policy might be pursued. Jia Yu, researcher at the Institute for Ocean Development Strategy of the State Oceanic
Administration (SOA), or Cheng Baozhi, from the Shanghai Institute of International Studies (SIIS), uphold that the extension of continental shelves beyond the limits of exclusive economic zones should be limited, and the maritime space beyond these limits should fall within the heritage of humanity. Through these semi-official publications, Beijing seems to challenge sotto voce the notion of extended continental shelf as applied in the Arctic.

Those opinions, sometimes very different from Beijing’s official position, are published not only by conventional academic journals but also by official Chinese periodicals that never publish content or opinions not authorized beforehand. The existence of such publications within the general trend of rising nationalism in China is difficult to interpret. It could be a sign of Beijing’s will to convince the population of the importance of Arctic issues for the country’s socio-economic future and the necessity for China to become a more active player in this area of the world, or to let the population express this nationalism to divert the attention of public opinion without intentionally intervening (as hinted by Godement). However, it would be wrong to think that all Chinese scientific articles actively promote China’s interests in the Arctic. Liu and Yang or Mei and Wang take a very moderate line, and after 2014, it seems that Chinese papers toned down their criticism of China merely acting as an observer. It would be hard to see a challenge of international law in the Chinese government’s position. Beyond the official recognition of sovereign rights of coastal states when the country was admitted as an observer on the Arctic Council, China does not seem to entertain revisionist ideas regarding the Arctic when one analyses its standpoints and official statements, a fact confirmed in China’s Arctic Policy, published in 2018.

Deployment of field research tools

China’s interest in the Arctic is reflected not only in academic publications but also in the field through scientific exploration. In 1992, before the possibility of opening the Arctic routes was abundantly discussed, Beijing organized its first five-year scientific research programme in the Arctic Ocean in cooperation with the German universities of Kiel and Bremen. This project was followed by the admission of China into international organizations with missions to lead cooperative Arctic research, such as the International Arctic Science Committee (IASC) and the Pacific Arctic Group (PAG).

The acquisition of a Polar Class 5 icebreaker in Ukraine in 1994, christened Xuelong [雪龙 or Snow Dragon], allowed the Chinese to develop an independent polar research programme and lead several scientific expeditions to the Arctic and Antarctic. Research coordinated by the national agency—Chinese Arctic and Antarctic Administration (CAA)—grew to reach a very large scale. A second icebreaker, the Xuelong 2, was undertaken in 2016, launched in 2018 and should be operational in 2019. Besides its 34 expeditions to the Antarctic, by early 2018, China prepared and led 9 expeditions to the Arctic (1999, 2003, 2008, 2010, 2012, 2014, 2016, 2017 and 2018, with the 2017 expedition implying an authorized transit of the Chinese icebreaker Xuelong across the Northwest Passage) and founded its first station, Yellow River [黄河- Huanghe], in Ny-Ålesund in the archipelago of Svalbard (Norway). It thus completed a polar-station network along with four stations in Antarctica (Great Wall, established in 1985, Zhongshan, established in 1989, Kunlun, since 2009, and Taishan, since 2014). A fifth station is set to be built in the Ross Sea region (Xinhua, in 2017). In China, it is research in Antarctica and not in the Arctic that receives most of the polar research budget (almost 80%), mainly because according to the Antarctic Treaty (1959), Beijing does not need any authorization to develop bases and research programmes in Antarctica. It would be inaccurate to surmise that from the establishment of polar programmes in 1981,
Chinese research agencies have considered Antarctica as a step towards the Arctic. Nothing in the literature could lead to such a conclusion. China’s research programme in the Arctic is dedicated primarily to the study of interactions between the Arctic icy ocean, maritime ices, and the atmosphere to gain a better understanding of the influence of abnormal climatic changes in the North Pole on China’s climate. The expeditions of the research icebreaker Xuelong, which take place almost exclusively in the Eurasian portion of the Arctic—rarely in the Chukchi Sea or Beaufort Sea, and rarely in or around the Canadian Arctic Archipelago or Greenland—seem to confirm the accentuated interest in Arctic oceanographic research linked to climatic mechanisms affecting Northeast Asia.

Such research tools translate to an actual scientific interest, but also give Beijing the possibility of greater presence in the field, structuring a true research diplomacy in Antarctica, where China is considerably more active than in the Arctic. Polar missions allow China to better understand Arctic navigation and technological difficulties related to it. They also help China to establish all the scientific procedures necessary for working in polar conditions. Some analysts would say that China is only one step away from reducing the Arctic scientific policy to a mere political instrument. They highlight the fact that research results are poor, considering the funds invested, and that China’s oil and gas interests are in the Siberian sector of the Arctic. Drawing such a parallel might be tempting, but one should refrain from a hasty interpretation of China’s scientific Arctic programmes, and especially of China’s interest in the Canadian Arctic. On the one hand, the Polar Research Institute seriously considered a campaign project in the Canadian Arctic in 2013, suspended later until the summer of 2017. On the other hand, while shipping and oil and gas cooperation projects are all located in the Russian Arctic (except one off the Icelandic coast), China’s mining projects are all in the Canadian and Greenlandic Arctic.

An aggressive Chinese diplomacy in the Arctic?

Silence on China’s official position

Despite China’s growing interest in the Arctic, particularly in science, but also increasingly at the diplomatic and economic levels, there was no formal strategy guiding the actions and statements of the Chinese government about this region and its potential (energy, maritime, economic, scientific, military, etc.) until the White Paper on China’s Arctic Policy was published in 2018. Beijing strongly denies the existence of such a strategy and highlights the foremost scientific nature of its interest in the Arctic, although it readily acknowledges that it nurtures interests in the region.

The statements of officials used to be conservative and would deal mainly with climate change and environmental questions. Changes in atmospheric circulation from the Arctic seem to be the main cause of significant weather changes observed in China in recent years, including decreased precipitation in Northern China. Thus, the Arctic region is directly linked to the security of the socio-economic development of China, and the reason underlying the interest of the Chinese government in gaining a better understanding of climate mechanisms in this region. However, the People’s Republic of China (PRC) officials also emphasize that most Arctic issues are “regional” and not just “national,” a point stressed in the very foreword of the 2018 China’s Arctic Policy: “The Arctic situation now goes beyond its original inter-Arctic States or regional nature, having a vital bearing on the interests of States outside the region and the interests of the international community as a whole.” Therefore, by simple virtue of their geographical location, the Northeast Asian states and the European Union (EU) would have a legitimate right to participate in the debates on Arctic affairs and to play an active role in the regional cooperation initiatives.
As for the issues of sovereignty in the Arctic and the exploitation of natural resources in the region, reports from Beijing are rare and remain vague. For a long time now, the Chinese government has cast doubt about its interest in these Arctic resources: “Since there is no reliable information on oil and gas reserves in the Arctic, China is interested only in climate changes in this region. Before formulating any policy on this issue, we must first gather information on the mineral and petroleum potential [of the Arctic],” stated Xu Shijie, director of the policy division of the Chinese Arctic and Antarctic Administration, leaving doubts as to how China would react if large fields were discovered.

China’s government had neither recognized nor denied sovereign rights claimed by the Arctic states founded on the United Nations Convention on the Law of the Sea (UNCLOS 1982, effective in 1994). China ratified UNCLOS in 1996 and, therefore, officially supports it. However, considering Chinese policy in the South China Sea, an abundant literature beyond the scope of this paper tackles the issue of how China understands the provisions of the Convention. China is taking refuge behind a cautious wait-and-see policy formulated to maintain much speculation as to its real intentions: “China takes note of the exclusive economic zones and extended continental shelves of the countries bordering the Arctic, particularly because these continental shelves have yet to be defined. China considers ... the indeterminate nature of the legal positions of the maritime areas of the Arctic region,” said Hu Zhengyue, Assistant Minister of Foreign Affairs, in 2009, in Svalbard.

These disputes have been analysed by many Chinese authors, who generally conclude that the international community should follow the UNCLOS recommendations, although some say that extended continental shelves claimed by the countries bordering the Arctic should remain open to all; that is, they should remain part of what UNCLOS calls the “Zone.” Rear-Admiral Yin Zhuo is often cited, having stated that “the Arctic belongs to all nations around the world and no state has sovereignty over it.” We do not know what maritime areas the Rear-Admiral was referring to, or whether his radical remarks, certainly relayed by the China News Service, are endorsed by the government.

However, this position, if it were to become the official policy of China, is surprising because it could harm Chinese interests in the South and East China Seas. It would be difficult for Beijing, which for years has been seeking to have its maritime claims recognized, to justify the extension of Chinese maritime areas, but deny this right to the Arctic states. Similarly, several Canadian analysts fear that China could challenge the sovereignty claimed by Canada over the Northwest Passage. However, if Beijing denied the status of the internal waters claimed by Ottawa over the Passage, it would be difficult for China to defend a very similar claim on the Qiongzhou Strait. In fact, as early as March 2013, during a meeting between Canadian researchers (including F. Lasserre), representatives of the Canadian Embassy, Chinese researchers, and officials from the PRIC, the official Chinese scientific leaders stressed that China intended to seek permission to transit through the Northwest Passage for their research icebreaker, thus implicitly recognizing the Canadian position. In addition, the Chinese government did abide by Canadian regulatory procedures during the journey of the icebreaker Xuelong in Tuktoyaktuk (Canada) in 1999, and Russian procedures during the transit of the Northeast Passage in 2012.

It was only in May 2013, following the admission of China as an observer to the Arctic Council, that Beijing dispelled any ambiguity when Hong Lei, spokesperson of Chinese Ministry of Foreign Affairs, asserted that “China recognizes the sovereignty, sovereign rights and jurisdiction of Arctic countries in the Arctic region.” However, the recognition of “the sovereignty, sovereign rights and jurisdiction” of Arctic states was a mandatory prerequisite to becoming an observer since the adoption of Nuuk criteria in 2011. This recognition was again asserted in China’s Arctic Policy in 2018.
CHAPTER 6  CHINA’S UNFOLDING ARCTIC STRATEGY: THREATENING OR OPPORTUNISTIC?

Active Chinese diplomacy directed at the European Arctic

In addition to and parallel to its scientific activities, the Chinese government has also developed numerous political and economic partnerships with Arctic countries such as Denmark, Iceland, Sweden and Finland. In the wake of the financial crisis that hit Iceland in 2008, the former President of Iceland, Ólafur Ragnar Grimsson (1996–2016) visited Beijing five times during the crisis, and considered China’s financial support to be invaluable. In return for it, President Grimsson promoted Iceland as a potential logistics centre in the Arctic. China now occupies an important place in Iceland’s economic life.

During the official visit of Chinese Premier Wen Jiabao to Reykjavik in April 2012, China signed six cooperative agreements with Iceland in the fields of energy, science and technology, thus confirming the partnership drafted in 2010. In April 2013, Iceland and China signed a free-trade agreement. At the same time, Iceland’s confirmation of its support of the candidacy of China as an observer in the Arctic Council contributed to China’s accession to observer status in May 2013. Analysts have repeatedly stated that China has the largest embassy in Reykjavik, which is correct in terms of building size but certainly not with respect to the number of nationals on staff. As of December 31, 2014, the Chinese Embassy had seven Chinese employees, the same number as Mexico, Germany and France. However, the Indian and Japanese embassies each had eight, Singapore 11; Russia 13, and the United States (US) 14. Therefore, one cannot affirm that the Chinese delegation dominates the Icelandic diplomatic landscape.

The Chinese government has also developed many political and economic partnerships with Arctic countries, Norway (2001) and Denmark (2010) in particular. In May 2010, Denmark hosted the first delegation of Chinese traders and investors who signed contracts and letters of intent in the fields of energy, green economy, and agriculture and food security, for a total estimated value in excess of US$740 million. According to Norwegian academics, the outlook of Asian countries’ engagement in the Arctic will increase slowly but steadily, mainly in shipping and oil fields.

The signed agreements focus primarily on the development of cooperation in the fields of research on Arctic navigation, exploitation of natural resources, and joint scientific research, but also on the support of China’s application to the Arctic Council. In fact, since 2008, China applied as a permanent observer to the Council, a position that would not confer any decisional leverage, but would give China a voice in this regional intergovernmental forum that promotes cooperation and consultation between the Arctic countries. After failing to obtain this status in 2009, China renewed its request and was admitted in May 2013. On May 15, 2013, the Chinese Ministry of Foreign Affairs was quick to state that it recognized the sovereignty of states bordering the Arctic, simultaneously dispelling many suspicions about China’s long-term intentions.

The question of the participation of China as an observer seemed to be a major issue for Chinese diplomacy in the Arctic, not for the purpose of altering the governance of the region—the Arctic Council makes few binding decisions for members, and observers are not entitled to vote—but simply to make the voice of Beijing heard regarding the exploitation of resources, the navigation system, and the implementation of UNCLOS. At the same time, China’s presence in the Arctic Council helps Beijing legitimate its active interest in the Arctic region. For instance, while participating in the debate on Artic governance, Chinese delegates constantly used terms such as “countries of Central Arctic” or “countries close to the Artic,” which include, according to Beijing, the PRC. The promotion of such terms, which are slowly entering the international vocabulary used in research and public debates on various Arctic topics, could strengthen China’s position as one of the major actors in the region.
Economic Interests for China?

It appears that China's behaviour in the Arctic hints that its strategy is opportunistic: Beijing seems keen to develop access to resources and to commercial routes, realizing that the Arctic represents only one among numerous market possibilities. This is consistent with the fact that Chinese companies may also, especially in the mining sector, be developing their autonomous economic strategies without being directed by the Chinese government, a point also apparent regarding the relatively poor interest for Arctic shipping among Chinese shipping firms, except for a few government-owned corporations like COSCO.54

An interest in mining taking shape

China is not only interested in the Arctic Council. In Denmark, Beijing stressed the substantial mining potential of Greenland. Considerable Chinese capital was invested by Xinye Mining in London Mining, a British firm slated to exploit a very important iron mine in Isua in 2015. The firm went bankrupt in October 2014, but General Nice, one of China's largest coal and iron ore importers, took over the Isua mine project in January 2015. In Canada, the Chinese company WISCO (Wuhan Iron and Steel Co.) is considering exploiting a major iron deposit at Lac Otelnuk (Nunavik, QC). In January 2010, the mining firm Jilin Jien Nickel, one of the most important Chinese nickel producers, acquired Canadian Royalties Inc., and invested nearly US$800 million to exploit a nickel deposit located near Kangiqsujuaq, an Inuit community also in Nunavik (Investissement Québec 2011). The company MMG is planning to open two major zinc and copper mines near Coronation Gulf in mainland Nunavut (Izok Lake and High Lake).55 In 2008, Jinduicheng Molybdenum Group acquired the Canadian company, Yukon Zinc. Since 2009, Jiangxi Zhongrun Mining and Jiangxi Mining Union have been exploring copper and gold deposits in South Greenland following the acquisition of the British company, Nordic Mining.56 In most other cases, Chinese mining interests are limited to a participation in the share capital of firms, for the most part Canadian, that develop projects often related to iron ore.

Many of these projects were questioned because of the drop in iron ore prices in the fall of 2014. The bankruptcy of London Mining highlighted the fact that for all firms, including the Chinese, the Arctic remains a very expensive area in which to exploit a mineral deposit. However, for most projects, Chinese companies have sought an industrial partner and advanced their interests according to the rules of the market. Although Asian countries do invest in the natural resources of both Asia and the Arctic, the amount of investment in the Arctic is minimal when compared to worldwide investment,57 even in the mining sector.58

The exploitation of hydrocarbons: an expensive dream?

At the heart of the widely publicized coverage of the exploration of Arctic mineral and energy resources is the question of the extent of oil and gas deposits. The media have largely reflected the idea that the region would contain huge deposits. The 2000 report of the United States Geological Service (USGS) has often been misquoted to make it state that the Arctic contains about 25% of oil reserves to be discovered, but the 2000 study addressed not only the Arctic but also boreal regions. A more specific and rigorous study published by the USGS in May 2008 estimated the Arctic hydrocarbon reserves (i.e., north of the Arctic circle) at some 90 billion barrels of oil, 47,261 billion cubic metres of natural gas, and 44 billion barrels of gas condensate, namely 29% of the gas deposits
to be discovered and 10% of the oil deposits—a significant decline since the first report of 2000! Even these revised figures from the USGS fail to win unanimous support. For example, Paul Nadeau of the Norwegian company StatoilHydro has stated the USGS’ estimates are 2 to 4 times too optimistic. “We believe that their figures are too high. This does not matter for the oil companies but could mislead governments.” A study published in 2012 reports reserves in the Arctic and the former Soviet Union of around 66 billion barrels of oil, of which 43% (28.4 billion barrels) are in the Arctic, and about 60,100 billion cubic metres of natural gas, of which at least 58% would be in the Arctic (34,860 billion cubic metres of natural gas). Over time and the accumulation of more accurate data, estimates on the extent of Arctic deposits are growing smaller.

The discovery of deposits in Northern Alaska and in the Barents and Kara seas raises the question of product delivery to consumer markets. The Arctic dimension, also at the heart of Sino-Russian relations, is addressed as part of broader discussions on a strategic and energy partnership between the two countries. It appears that despite the mistrust that can colour bilateral relations, Russia intends to take advantage of China’s economic interest in the Arctic as China becomes a major buyer of Russian oil and gas. Since the 1990s, the economies of China and Russia have become increasingly complementary. The Sino-Russian strategic partnership provides for cooperation in several fields of economic development and includes “Arctic scientific cooperation.” As a result, China and Russia have conducted several joint scientific research programmes to address technical and technological problems in the construction of gas and oil pipelines in Arctic and sub-Arctic conditions.

Moscow, which controls the Northeast Passage and would like to accelerate the exploitation of natural resources in its own Arctic zone, sees China as a potential user of the Northern Sea Route (NSR) and a potential provider of the capital needed to support its development. However, the exploitation of these resources in an Arctic environment requires highly advanced technological expertise and specific equipment (adapted drilling platforms) that China does not have and that Russia poorly masters. This was evidenced by frequent delays and cost overruns occurring before the commissioning of the Prirazlomnoye oil field in the Pechora Sea in December 2013 (ten years late), and by the indefinite postponing in August 2012 of the Shtokman gas field in the Barents Sea. The decline of current hydrocarbon prices would tend to indicate that such setbacks and postponements will not be reversed in the short term. For Beijing, gaining access requires investments in research, development and expertise totalling billions of dollars over several years, thus highlighting the relevance of joint ventures.

These technical difficulties in the exploitation of hydrocarbons, and the high cost of activities in the Arctic in general, have pushed Russia to seek partners abroad, especially in China, to facilitate the current exploitation of terrestrial deposits. Recent Western sanctions consequential to the conflict in Ukraine in the summer of 2014 reinforce Moscow’s overtures to China, but also to India and Vietnam. The Sino-Russian strategic partnership was recently reaffirmed, confirming that Russia needs partners to finance the costly exploitation of Arctic resources. Three Chinese companies have offered to provide capital as well as the necessary workforce: China National Petroleum Corporation (CNPC), China National Offshore Oil Corporation (CNOOC), and China Petroleum and Chemical Corporation (Sinopec). As early as 2009, an agreement was signed between CNPC and Transneft and Rosneft, with the Chinese company providing long-term loans of US$25 billion for the construction of the Eastern Siberia-Pacific Ocean (ESPO) pipeline. A major new agreement was signed in June 2013, whereby CNPC acquired 20% of gas projects from Novatek. A memorandum signed in October 2013 between Sinopec and Sibur provides for the annual supply of 100 million tons of Russian oil to China. This 10-year agreement would make China the largest buyer of...
Russian oil in the world. Most of the oil and gas that Russia plans to extract from Arctic deposits is intended for the Asian market, and China in particular. In November 2014, Russia granted a gas exploration license to the Chinese company CNOOC, which had already concluded a similar agreement with Iceland in March 2014.

Facing difficulties in acquiring drilling technology in the Arctic for Russia and even more so for China, major costs related to the development of Arctic resources, and the technical embargo imposed since March 2014 by the West following the war in Ukraine, China will probably be more interested in buying oil extracted under purchase agreements or joint ventures rather than trying to purchase operating sites by itself. However, China has capital and may wish to use this leverage to partner with Russia for the development of projects. Russia needs the Chinese partnership too much to forego its support, at the risk of developing a real dependence on the Chinese market and capital. Because of this geopolitical situation, in October 2014, a major agreement worth US$400 billion was signed between Gazprom and CNPC for the annual delivery of 38 billion cubic metres of Siberian gas to China over 30 years (2018–48). Despite the impressive cost of the contract, Russia must finance the major part of the infrastructure related to the project, which requires the total investment of US$70 billion. The PRC has agreed to provide only US$25 billion; the rest of this sum is to be secured by Russia. Given the price structure, Gazprom is unlikely to make much profit from the deal.

Chinese companies are not limited to cooperation with Russia: CNOOC signed a cooperation agreement with Icelandic companies Petoro and Eykon Energy in November 2013 for the exploration of the Dreki sector on the Icelandic continental shelf. As is the case with mining activities, Chinese oil companies reveal their interest by signing partnership agreements in legal and market frameworks in areas that they target. There is no attempt at intimidation, contrary to the echoes of some media.

Furthermore, since 2011, the discovery of significant gas deposits and oil shale in China has greatly increased local hydrocarbon reserves. But these deposits are expensive to extract and pose serious environmental issues, especially owing to the large volumes of water necessary for their operation in a very arid environment. Will these findings dampen China’s interest in Arctic hydrocarbons? This question remains open to debate. However, since the stunning fall of oil prices in 2014, China is concentrating its efforts on exploiting the low prices while temporarily putting on hold more costly and uncertain investments in hydrocarbons. The future evolution of the world’s oil prices will certainly have some influence on the degree of Chinese involvement in the international relations in the Arctic.

Navigation in the Arctic

In Chinese academic literature, as well as in reflections on the reasons behind China’s interest in the Arctic, navigation is a key element. Whether it is for the West or the Chinese, the potential opening of shorter maritime routes between Asia and the Atlantic Ocean would be of great interest to China. Executive director of PRIC, Yang Huigen, estimated that by 2020, between 5% and 15% of China’s international trade would pass through the NSR (the business name for the segment of the Northeast Passage between the Kara Strait and the Bering Strait), north of Siberia.

Trial journeys have been carried out, mainly with the transportation of raw materials exploited in the Arctic region. The first attempt to transport Russian hydrocarbons to China using the NSR was made in August 2010, when the tanker Baltica delivered natural-gas condensate from Murmansk to Ningbo in China’s Zhejiang province.
This first attempt was followed in November 2010, by the signing of an agreement on long-term cooperation in Arctic navigation for the development of the NSR between Sovcomflot, a Russian maritime transport company, and CNPC. This agreement underlines the fact that China does not contest the sovereignty claimed by Moscow over the internal waters of the Russian Arctic archipelagos. Consequently, it would be difficult for China to challenge Canada’s claim, which is very similar to Russia’s.

Figure 1. Potential sea routes through the Arctic.

In addition to the conventions already established, this agreement determines the conditions of joint use of the potential Northeast Passage, whether for transiting or transporting hydrocarbons from the Arctic oil and gas deposits, underlining the mutual interest in this route. Moscow sees in it the potential development of a lucrative partnership, while Beijing sees a fast route to ship the raw materials that China needs. Since 1991, Moscow has been promoting the NSR as an international sea route. In 2011 and 2012, several bulk carriers transported iron ore, loaded in Murmansk or Kirkenes (Norway), to Chinese harbours, transiting by the NSR. Several oil tankers and liquid-natural-gas tankers did the same between Vitino, Russia, and China.74

Russia’s efforts to develop international maritime traffic along the NSR are starting to pay off. There were only 4 transits in 2010, but 34 in 2011, 46 in 2012 and 71 in 2013, a number that dropped to 31 in 2014, 18 in 2015, 19 in 2016, and 27 in 2017.75 These figures were indeed in-
Increasing, but collapsed after 2014. The traffic is powered mainly by the export of natural resources from the Arctic to end markets in Europe and Asia; there are few pure transits in these Russian statistics. Besides, they are far from the numbers of transits through the Malacca Strait (65,000 yearly), Suez (18,000) or Panama Canal (11,000). Chinese commercial navigation companies do not abound in the Arctic. All the traffic is in the hands of Russian or European companies, which explains the low interest of Chinese ship owners in Arctic navigation.

During the fall of 2013 and summer of 2014, the authors conducted a series of interviews with 31 major Chinese shipping companies. During these interviews, COSCO, China Shipping Development, China LNG CLSICO and Tong Li were the only carriers to claim an interest in the Arctic routes. COSCO, a major shipping company, admitted that profitability was unsure, while China Shipping Development and China LNG CLSICO were interested in the natural-gas projects of the Yamal peninsula, and consequently, in destination traffic related to resources. Another general survey with Asian, European and North American shipping companies also underlined the very limited interest of Asian shipping companies for Arctic shipping.

Despite the economic recess triggered by international sanctions and the oil-price drop, the Russian government has recently declared that it will continue to invest in the Arctic and is even considering starting new projects in the area. One such project is the construction of a new container terminal in Murmansk, whose main purpose will be to connect Murmansk with Chukotka, Magadan and Kamchatka. According to the vice-governor of the Murmansk region, Chinese and Japanese private transportation companies have shown a very keen interest in the realization of this project. Another investment is the construction of the new Belkomur railway line that should connect the White Sea, the Komi Republic, and Ural to facilitate the export of wood to China. The Russian government seems to link the realization of Russian Arctic ambitions with the construction of a strong and proactive partnership with China.

In fact, China seems more interested in Arctic routes to the extent that they provide access to the additional basins of natural resources—resources that China plans to obtain by market mechanisms—rather than other transit possibilities, which do not seem to interest the ocean carriers, Western or Asian. From this point of view, China’s strategy is opportunistic: Chinese firms explore the possibilities of improved access to resources and to commercial routes, as China knows that in both sectors, the Arctic represents only one of numerous possibilities. This practice could also be reflected in the trial voyages in the Arctic from Chinese shipping giant COSCO—the company sent five ships along the NSR in the summer of 2016: two in transit, the Yong Sheng and the multipurpose carrier Tian Xi from Finland via the Northeast Passage, while three other multipurpose ships carried construction parts for the Yamal LNG project to the Sabetta port in Russia. With respect to resources, Chinese companies are much more active in Central Asia and Africa. Furthermore, China is investing significantly more in the development of a rail cargo service to Europe, which would also offer the advantage of bypassing Russia and certainly producing political effects in Central Asia. At the end of March 2015, China’s National Development and Reform Commission, the ministry of Foreign Affairs, and the ministry of Commerce jointly released the official long-term foreign and economic policy plan—Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road, which calls for billions of dollars in investments in Asia along the maritime and continental routes between China and Europe. This plan includes the NSR but also highlights the ongoing railroad projects linking China and Europe via Russia or Central Asia, which are witnessing a fast development for container traffic since 2013, as well as the stakes Chinese shipping companies take over in major ports along the Suez or the Panama routes.
Nonetheless, in September 2012, the Chinese press announced the conclusion of an agreement between Russian authorities and COSCO to study the profitability of commercial transit routes via the Russian Arctic zone. On August 8, 2013, a COSCO ship, the *Yong Sheng*, a multipurpose cargo ship, left Dalian in the Chinese province of Liaoning for Europe. Though the *Yong Sheng* carried out a second voyage along the Northeast Passage in 2015, and a third in 2016, it is still too early to say that COSCO is strongly driven by the Arctic shipping commercial outlook. Is this a sign of the onset of China's commercial use of the Northeast Passage, or is it a political experiment above all, given that COSCO is a state-owned enterprise that did not show great enthusiasm for Arctic routes?

China’s current military maritime strategy, although mostly focused on Chinese geopolitical interests in the South and East China Seas, do not entirely exclude the possibility of military manoeuvres in polar zones. Although the Arctic region is not mentioned in China’s first White Paper on military strategy released in 2015, it places a specific emphasis on the strategic management of sea areas. This new military strategic layout calls for China to protect its interests beyond Chinese territorial waters and to actively participate in securing international sea lines of communication. China intends to build military forces that are capable of performing certain operations in “far seas.” Whether these far seas include Arctic areas remains an open question, although the current state of Chinese military forces makes it difficult to envision Chinese military intervention in polar conditions any time soon.

**Conclusion**

Despite China’s growing presence in the Arctic, and the fact that research programmes have been ongoing for some time, the country’s alleged political will is a very recent development. Many aspects have yet to be discovered and studied because Beijing has yet to articulate an official doctrine on the subject. However, analysing the evolution of Beijing’s Arctic policy over the last fifteen years allows us to point to the existence of a strategy progressively being implemented by China to defend its interests in that region.

On the one hand, China has conducted a wide polar-research programme and implemented an actual management structure for its activities in the Arctic, thus reinforcing its presence in the region. On the other hand, after developing relationships with neighbouring countries of the Arctic Ocean, and participating in international debates regarding the future of the Arctic and its role in the world’s global development, China is now seen as a key player in the Arctic without even having direct geographic access to it. While many variables remain unknown in the China-Arctic equation, China appears to have reached its first goal in this international matter: making itself heard in regional governance discussions, and having options in the development of market resources via market mechanisms. Finally, there is no doubt that China is interested in the Arctic’s natural resources and maritime transportation potential. The country itself is intensely active diplomatically, and its companies are very dynamic in the region in efforts to make China’s interests materialize—conduct that is neither threatening nor different from that of any other international player.

As China continues to develop a cross-regional diplomacy through new institutions, including the Belt and Road trade initiatives, it is becoming more apparent that the government of Xi Jinping has begun to view the Arctic as a zone of economic opportunities, even if the fruition of investment takes years or even decades. The diplomatic and economic action taken by China is meant to position it as an indispensable partner for Arctic development.
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Abbreviations

- CHNL: Centre for High North Logistics
- CNOOC: China National Offshore Oil Corporation
- CNPC: China National Petroleum Corporation
- NSR: Northern Sea Route
- PRC: People’s Republic of China
- PRIC: Polar Research Institute of China
- SCIO: State Council Information Office
- Sinopec: China Petroleum and Chemical Corporation
- USGS: United States Geological Society

Notes

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29. PRC, SCIO, *China’s Arctic Policy*.


34. Gayazova, “China’s Rights.”

35. PRC, SCIO, *China’s Arctic Policy*.

36. Xu, “Chinese Arctic and Antarctic Administration.”


42. Gayazova, “China’s Rights.”


53. Konyshev and Kobzeva, “China’s Policy in the Arctic.”


65. Konyshiev and Kobzeva, “China’s Policy in the Arctic.”


72. Konyshev and Kobzeva, “China’s Policy in the Arctic.”


74. Norway, Centre for High North Logistics (CHNL) / Northern Sea Route Information Office, 2012.


78. Leah Beveridge, “Interest of Asian shipping companies in navigating the Arctic,” Polar Science 10, no. 3 (2016): 404–14; Lasserre et al., “Polar Seaways?”


80. Romanova, “Despite the sanctions.”


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