

China's Arctic Policy & the Polar Silk Road Vision

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On 26 January 2018, China released the much-anticipated White Paper that sets out its policies and position on the Arctic. China understands the economic opportunities and the territorial challenges in the region as it seeks a greater role in Arctic development. The White Paper outlines China's ambitious plan to develop a Polar Silk Road across the Arctic. It also summaries China's policy goals and the principles guiding its conduct. As a non-Arctic state with no territorial sovereignty in the region, China's ambition would be dependent on its cooperation and the alignment of its interest with Arctic states. In considering China's Arctic policy, this paper considers three pertinent questions: (1) what are China's key interests in the Arctic, (2) what are the aims and basis of China's Arctic policy as outlined in the White Paper and (3) how does China's Arctic policy complement its Polar Silk Road vision as an extension of its Belt and Road Initiative.

Introduction

Global warming is accelerating the transition of the Arctic from an ice-covered region to an ice-free ocean at an unprecedented rate. Estimates suggest a nearly ice-free summer Arctic by 2030 as the region continues to warm at approximately twice as fast as the global average (e.g., Wang & Overland, 2012). The thawing ice has overwhelmingly altered and threatened the region's ecosystem while unlocking its economic potential that was previously inaccessible due to the dense ice. Unsurprisingly, this has led to renewed interests on Arctic governance and attracted the attention of external actors, including China. China's engagement in the Arctic flows from the Arctic's geographical location that provides a range of long-term economic opportunities and a platform for scientific research – in summary the Arctic provides China a shorter and reliable shipping route, access to natural resources, and insight on climate change (e.g., Chen, 2012: 361).

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The admission of China as an observer in the Arctic Council in May 2013 marks the pinnacle of China's Arctic diplomacy. China together with five other states (India, Italy, Japan, Singapore, and South Korea) were granted observer status at the Arctic Council's Kiruna Ministerial Meeting, in which the admission of these states was a political decision whose time has come. The exclusion of China would only risk further drawbacks and possibly undermine the Arctic Council credibility and legitimacy, China's active involvement in Arctic affairs and its contribution in Arctic research far exceed the contribution of Arctic States themselves (Ingimundarson, 2014: 191). The admission of China and the other observer states in the Kiruna Ministerial Meeting was timely to strengthen the Arctic Council position and to discourage the emergence of other regimes or bilateral relations as alternative avenues for interested parties to express their interest in the Arctic (ibid.: 191-194). Politics and diplomacy on the Arctic are now unpredictable and more crowded than before with the presence of China and other new observer states (Lanteigne, 2014: 11).

As an external actor outside the region, China's participation as an observer remains an ideal and is perhaps the only pathway that allows China to gain formal access to the Arctic's governance and the decision-making process (Graczyk & Koivurova, 2014: 225). Whilst observers are generally perceived as weak actors in the absence of voting rights in the Arctic Council's decision-making process (Chater, 2016: 173), China's observer status would enable Beijing to assert greater influence in the Arctic Council in setting future agendas on Arctic development.

China recognises the Arctic Council as the key policy forum in addressing Arctic-related issues. In acceding to the Arctic Council, China had undertaken a 'laborious process' over the past decade in vying for an approved observer status (Amatulli, 2017: 104). China's admission in the Arctic Council was not immediate. Its application for an observer status in three previous occasions, in 2006, 2009 and 2011 were denied before succeeding in its fourth attempt in 2013, though it was granted an ad-hoc observer status since 2007 whilst its application was being reconsidered. The application for an observer status is assessed against a set of non-exhaustive criteria and it requires a unanimous approval from all Arctic states. Annex 2 to the Arctic Council Rules of Procedure outlines the admission procedure and criteria. Amongst the key criteria imposed are: firstly, the applicant accepts and supports the objective of the Arctic Council, secondly, the applicant recognises the sovereignty and jurisdiction of Arctic states in the region and thirdly, the applicant accepts the framework of the United Nations Law of the Seas (UNCLOS) to govern the Arctic. Despite these criteria, the consideration on the application for observer status discussed during the Kiruna Ministerial Meeting was characterised as 'old-fashioned intergovernmental deal-making' (Ingimundarson, 2014: 190).

Salient issues concerning China's interest in the Arctic have emerged in recent years. The discourse in literature have attempted to provide a comparative approach on China's Arctic ambitions alongside with the interest of Arctic states (e.g., Lackenbauer et al., 2018; Koivurova et al., 2017). Existing literature have been divided on China's Arctic ambitions. The idealist views China as a cooperative and collaborative partner because it is in its best interest to do so (e.g., Alexeeva & Lasserre, 2012; Liu, 2017). On the contrary, the pragmatist argues that China's position in the Arctic are merely expressed by 'unctuous and circumlocutory diplomatic language' that are inconsistent with its practices (Wright, 2011: 2). Although it is unlikely that the release of the White Paper would alter these views, the long-awaited policy document is a starting point in understanding China's Arctic policy.

The aim of this paper is to examine China's Arctic policy as outlined in the White Paper and its vision for a Polar Silk Road. This paper proceeds in the following three parts. The first section considers China's key interests in the Arctic. The second section examines the White Paper to provide a better understanding on the aims and basis of China's Arctic policy. The third section considers China's vision of the Polar Silk Road as part of its grand strategy under the Belt and Road Initiative. Whilst the release of the White Paper is much welcome as it has shed light on China's Arctic policy, the penumbra of doubt remains visible.

China's Interests in the Arctic

The White Paper describes China as an 'important stakeholder' in the Arctic and a 'near-Arctic State'.¹ China describes itself as 'one of the continental States that [is] closest to the Arctic Circle' (State Council Information Office of the PRC, 2018) despite the absence of any Chinese territory above the Arctic Circle or an Arctic border. By extension of this self-defined and self-descriptive identity, China views itself as a global power with a stewardship role in Arctic governance. It is also an Arctic stakeholder through its vested interest in the region.

In a press briefing on the release of the White Paper, Chinese Vice-Minister of Foreign Affairs, Kong Xuanyou emphasised two positions that China will adopt in its role as an Arctic stakeholder – firstly, China will not be overstepping and secondly, China will not be absent (Kong, 2018). He emphasised that by 'not overstepping' (*bu yuwei* 不越位), China acknowledges it is a non-Arctic State and will not intervene in the affairs between Arctic States and within the region. Thus, the conduct of Chinese entities and individuals in the Arctic will be based on international law, and the respective domestic laws of Arctic States (*ibid*). In 'not being absent' (*bu quewei* 不缺位),² China will participate constructively in cross-regional and global issues concerning the Arctic (*ibid*). The first position reflects China's assurance on its non-interference with the affairs between Arctic states. The second position reflects China's commitment to promote cooperation in Arctic governance. Based on these positions, it can be inferred that despite the growing Chinese presence in Arctic governance, China will retain its neutral approach on contentious matters between Arctic states, especially in relation to the sovereignty claims and disputes concerning Arctic boundaries.

China's admission as an observer certainly does not reflect an absolute recognition by the Arctic Council on its 'stake holding' or interests in the Arctic. Like other observer states in the Arctic Council, China's interests can be summarised into two broad aims: firstly, to contribute to the governance of environmental issues that are of global concern and secondly, to benefit from the economic potential of the Arctic region (Chater, 2016: 173-174). Both aims are summarised in the following paragraph of the White Paper:

The natural conditions of the Arctic and their changes have a direct impact on *China's climate system and ecological environment*, and, in turn, on its economic interests in agriculture, forestry, fishery, marine industry and other sectors. China is closely involved in the trans-regional and global issues in the Arctic, especially in such areas as *climate change, environment, scientific research, utilisation of shipping routes, resources exploration and exploitation, security and global governance*. These issues are vital to the existence and development of all countries and humanity, and directly affect the interests of non-Arctic States including China (State Council Information Office of the PRC, 2018).

In analysing the first limb of China's broad interest on the governance of the Arctic environment, China understands the need to respond to climate change in the Arctic. Chinese researchers have emphasised that the effects of climate change in the Arctic correlate with the changes in China's environment and ecology (e.g., Li & Leung, 2013; Ma et. al., 2014; Chen et. al., 2013). The thinning of the Arctic's sea ice has also contributed to the abrupt climate shift in China due to alternations in atmospheric circulation at high altitudes. For instance, the severe snowstorms that hit central and southern China in 2007 to 2008 are attributed to the warming of the Arctic (Liu et. al., 2012). Likewise, the extreme haze pollution in the East China plains in 2013 was due to poor ventilation conditions caused by the loss of Arctic sea ice in the preceding Autumn and boreal snowfall in the earlier Winter (Zou et. al., 2017).

As the largest developing state in the northern hemisphere, China has experienced the effects of these climate changes that have in turn affected its industrial and agricultural production (Chinese Government Portal, 2010). Whilst the implications of climate change may have an adverse effect on China's economic growth, such effects may alter the political stability of the Chinese Communist Party that relies on strong economic growth as the foundation of its stability (Jakobson & Lee, 2013: 4). Although the anecdotal suggestion may appear far-fetched, the plausibility of social unrest caused by climate change are further amplified by the vast population and landscape of China.

On the second limb of China's broad interest in harnessing the economic potential of the Arctic region, the Arctic's strategic location boast abundance in energy resources, and it is likely to be an important transportation route for international trade. As the world's largest energy consumer, China requires a constant supply of energy resources to sustain its economic growth. The Arctic's untapped supply of natural gas and oil would meet China's demand for energy resources, and the need to diversify its energy supply (Gavrilov & Kripakova, 2017: 74). China also seeks to reduce its carbon footprint and address climate change by optimising its energy usage through the reduction of its coal-dominated energy consumption (NDRC, 2017: 10-12). In a joint document released by the Chinese National Development and Reform Commission and the Chinese National Energy Administration, Beijing set out its aim to shift China's energy consumption towards natural gas by 15% by 2030 (NDRC & NEA, 2016: 8). Estimates suggest that China's demand for natural gas will grow by over three percent annually until 2030 (Xinhua, 2017). Beijing has also announced plans to expand the country's pipeline for the supply of crude, refined oil, and natural gas to ensure the steady supply of imported energy resources to its inland cities (NDRC & NEA, 2017). Hence, the Arctic's supply of natural gas and oil is crucial in improving China's energy supply.

Additionally, China foresees the economic prospects of the Arctic as the 'golden route' in shipping (Brady, 2017: 63). China favours the opening of the Northern Sea Route that is the shortest shipping route linking East Asia to Europe and North America. The Northern Sea Route would provide China a safe and reliable shipping route, which is crucial in importing the supply of resources and exporting Chinese product. It is estimated that Arctic shipping through the Northern Sea Route would shorten shipping trips between northern Chinese ports and northern Europe as well as the east coast of America by at least 40% as compared to conventional routes via the Suez Canal or Panama Canal (Chen, 2012: 361). As China's foreign trade currently passes through the saturated and unreliable Straits of Malacca and the Suez Canal, where traffic capacity

is at its peak and piracy is rampant, the Northern Sea Route provides China an alternative shipping route that would enhance the economic development of the coastal areas in the northeast region of China (Gavrilov & Kripakova, 2017: 74). Considering the ongoing trade war between China and the United States, the Arctic and the Northern Sea Route would also provide China an assured shipping passage that is not in the control of the United States Navy (*ibid.*).

China's Arctic Policy

China's Arctic interests as described in the above section demonstrates the proliferation of its global interest beyond its geographical borders as it emerges as a global power. China's White Paper on its Arctic policy was published in early 2018 amidst concerns and debates on China's role as an observer in the Arctic Council. The release of the White Paper may have come as a surprised to those who were unexpecting it (e.g., Jakobson & Lee, 2013: 11),³ but for others the much-anticipated publication that is expected to clarify China's Arctic policy is long due (e.g., Lanteigne, 2016: 2; Sun, 2013: 6).

Nonetheless, the White Paper should not be viewed as a new revelation on China's Arctic policy but rather an affirmation of its existing policies. The contents of the White Paper have been articulated by Chinese officials in recent years. The policy goals and basic principles of its Arctic participation as stated in the White Paper have been raised by Chinese officials on a few previous occasions. Accordingly, the White Paper reflects Beijing's commitment to the Arctic and growing confidence as it attempts to reduce its Arctic's strategy in writing as an official policy document.

All Arctic states and a few observer states have released their respective policy papers on their Arctic strategy. The culmination of China's Arctic policy is relatively recent compared to other Arctic states and it remains a work in progress (Lanteigne, 2016: 2). Beijing is hesitant to outline its policies in writing unless it is necessary, or it is in its best interest to do so. Unlike its Western counterparts, Beijing has only published official and translated White Papers on pressing and key policy issues over the past decade. Hence, the release of the White Paper demonstrates the significance of the Arctic region among its policymakers. The delay in its release can only be sensibly attributed to Beijing's hesitance to outline its Arctic policy officially as it may restrict its ability to adapt with diplomatic and political changes in the rapidly transforming region.

The White Paper begins with an overview of the current Arctic situation before elaborating on China's goals, basic principles, policies, and position on the Arctic governance. The foreword of the document states that the intention of the White Paper is:

‘... to expound its basic positions on Arctic affairs, to elaborate on its policy goals, basic principles and major polices and positions regarding its engagement in Arctic affairs, to guide relevant Chinese government departments and institutions in Arctic-related activities and cooperation, to encourage relevant parties to get better involved in Arctic governance, and to work with the international community to safeguard and promote peace and stability in, and the sustainable development of, the Arctic (State Council Information Office of the PRC, 2018).’

Based on the foreword, the White Paper is not only intended to dispel the negative perception among the international community on China's Arctic interest, but it is also intended as a guidance document for coordination among governmental agencies and institutions. As China does not have a specialised governmental authority in managing its Arctic affairs, the competency of different issues may fall within several governmental agencies and it would require proper

coordination to overcome bureaucracy and to achieve a common goal. It is estimated that there are at least seventeen agencies involved in China's Arctic affairs demonstrating the broad and complex nature of China's policymaking and execution process (Brady, 2017: 114). For instance, the Ministry of Foreign Affairs manages its diplomatic agenda and foreign policy in the Arctic. Matters of national maritime interests are reviewed by the State Oceanic Administration while the Chinese Arctic and Antarctic Administration organises, coordinates and manages Chinese polar exploration. The interactions between these governmental agencies with other scientific institutions and research universities are facilitated by the Chinese Academy of Sciences and the Chinese Academy of Social Science (Gavrilov & Kripakova, 2017: 76). Hence, the White Paper would be a reference point in its internal coordination as it encapsulates the common policy that China intends to push forward in its' Arctic agenda.

The White Paper elaborates on the history of China's participation in the Arctic with the aim to highlight and legitimise its interest in the region. China's participation in Arctic affairs is dated back to 1925 when it ratified the Svalbard Treaty (initially referred to as the Spitsbergen Treaty) that confers it and other contracting States the right to carry out commercial activities and scientific research over the archipelago of Spitsbergen. There were few and insignificant Chinese activities in the Arctic until the late 1990s when China began to focus its Arctic interest on scientific research. Over the past two decades, China has conducted numerous Arctic expeditions using its icebreaker ship and research vessel *Xue Long*. It has also built the Arctic Yellow River Station in 2004 as a research base. Chinese commentators have emphasised that China's research objectives focus on climate change in the polar region, which has direct impact on China's weather that in turn affects China's ecological environment, agricultural and economic activities (e.g., Tianbao & Miaomiao, 2017: 24; Guoqiang, 2013: 29).

China's policy goals in the Arctic are four-fold: 'to understand', 'to protect', 'to develop' the Arctic, and 'to participate' in the Arctic's governance (State Council Information Office of the PRC, 2018, Jan 26). The White Paper describes that these goals are necessary to 'safeguard the common interests of all' and to 'promote sustainable development' (ibid). These goals are correlated and are integral to each other as China needs a deeper understanding of the Arctic to enable the protection of the Arctic's environment, social, and economic development as well as its participation in the Arctic governance (Kong, 2018).

In realising China's commitment, the White Paper outlines four basic principles guiding its participation in Arctic affairs: 'respect', 'cooperation', 'win-win result', and 'sustainability' (State Council Information Office of the PRC, 2018). The first two principles of 'respect' and 'cooperation' are reciprocal values that China seeks to push forward while the latter two principles of 'win-win result' and 'sustainability' refer to the nature of the outcome that it intends to achieve through its participation. In acknowledging the values of 'respect' and 'cooperation', China understands that Arctic affairs are multi-faceted and complex involving multiple stakeholders. The outcome of a 'win-win result' and 'sustainability' can be achieved if stakeholders pursue common aims through coordinated development. Hence, these principles demonstrate a utopian view that no stakeholder or the Arctic environment should suffer loss at the expense of development. The White Paper addresses five key policies area that are summarised succinctly as follows (ibid.):

1. Firstly, concerning China's scientific exploration and understanding of the Arctic, China seeks to promote scientific expedition and research in the Arctic.

2. Secondly, in relation to the protection of the Arctic's environment, ecosystem, and climate change, China reiterates its commitment to tackle global environmental challenges.
3. Thirdly, on the utilisation of Arctic's shipping routes and the exploitation of its natural resources, China advocates for the protection and rational use of the abundance Arctic resources through cooperation.
4. Fourthly, on China's participation in the Arctic governance, the White Paper emphasises China's commitment to improve and complement the existing Arctic governance regime. China intends to actively engage at global and regional level and promote cooperation in all fields.
5. Lastly, China believes that the promotion of peace and stability in the Arctic is necessary to serve the fundamental interest of all states.

In all the above policies, the White Paper emphasises on China's reliance on the framework of international law treaties and general international law. For instance, in relation to scientific research in the Arctic, China expresses its respect of the exclusive jurisdiction of Arctic states and the freedom of scientific exploration by all states in the high seas of the Arctic must be respected (*ibid*). Similarly, it maintains that the development of Arctic shipping routes must be in accordance to UNCLOS, general international law, and the freedom of navigation (*ibid*).

The four basic principles and five key policies elucidated in the White Paper are nothing new. The first three basic principles outlined in the White Paper have been raised briefly by the Chinese Foreign Minister, Wang Yi at the Third Arctic Circle Assembly in October 2015. The brief outline was followed by a keynote speech delivered by Chinese Vice Foreign Minister, Zhang Ming who presented six specific points that have close resemblance with the current policies presented in the White Paper. The six points summarised from his speech are as follows:

Six Specific Policies on China's Arctic Affairs

- 1) 'further explore and understand the Arctic'
- 2) 'protect and rationally use the Arctic'
- 3) 'respect the inherent rights of Arctic countries and the Indigenous people'
- 4) 'respect the rights of non-Arctic countries and the overall interests of the international community'
- 5) 'build a multi-tiered Arctic cooperation framework for win-win results'
- 6) 'uphold the Arctic governance system based on existing international law'

(Chinese Ministry of Foreign Affairs, 2015).

The nearly identical content of the White Paper with the speech delivered by the Chinese minister in 2015 suggests that the White Paper was drafted by the Chinese Ministry of Foreign Affairs.

Whilst the relevant provisions of UNCLOS are not cited in the White Paper, the repeated reference to UNCLOS demonstrates China's reliance on its rights and freedoms of the high seas of the Arctic Ocean to further its interest in the Arctic.⁴ Despite citing the intention to safeguard 'common interests' as one of its goals, the White Paper did not draw any references to the term

‘global commons’. Although the Arctic boundaries are deeply contested among Arctic states, no state has sovereignty over the high seas of the Central Arctic Ocean – the *terra nullius* area. Hence, China’s rights and freedoms in the high seas of the Arctic Ocean are legally justified. As controversially described by Admiral Yin Zhuo of the People’s Liberation Army in 2010, ‘the North Pole and the sea area around the North Pole belong to the ‘commonwealth of the people of the world’ and as China has one-fifth of the world’s population, its role in the Arctic is ‘very much not being absent’ (*bu ke quewei* 不可缺位) (Chinanews, 2010).

The White Paper describes a similar position in a softer tone drawing a clear distinction between areas of the Arctic that belong to the sovereignty of Arctic states and those that belong to the global commons.

‘The continental and insular land territories in the Arctic cover an area of about 8 million square kilometers, with sovereignty over them belonging to Canada, Denmark, Finland, Iceland, Norway, Russia, Sweden and the United States respectively. The Arctic Ocean covers an area of more than 12 million square kilometers, in which coastal States and other States share maritime rights and interests in accordance with international law. These coastal States have within their jurisdiction internal waters, territorial seas, contiguous zones, exclusive economic zones, and continental shelves in the Arctic Ocean. Certain areas of the Arctic Ocean form part of the high seas and the Area (State Council Information Office of the PRC, 2018).’

Tellingly, the area of high seas or international waters of the Central Arctic Ocean that is of interest to China spans over 2.8 million km², nearly the size of the Mediterranean Sea. Like any other state, China may exercise its non-exhaustive freedoms over this area.⁵

China’s reliance on UNCLOS as the basis of Arctic governance is tactical. The reliance on UNCLOS is best described as and it is ‘the path of least resistance’ considering its near universal adoption (Jarashow & et al., 2006: 1587). Likewise, international law provides an efficient mechanism for Arctic governance as it is a common ground for cooperation and multilateralism. Koivurova sums it rightly in describing China’s Arctic policy as an approach that ‘banked so heavily on international law’ (Koivurova, 2018). The White Paper cites China’s commitment on international agreements such as the UN Charter, rules of the International Maritime Organisation and international agreements on environmental protection including the UN Framework Convention on Climate Change, the Kyoto Protocol, and the Paris Agreement (State Council Information Office of the PRC, 2018). From the perspective of governance, Koivurova elaborates that China relies on the framework of international law because it is merely an outsider State of the Arctic region. By relying on the various international regimes and treaties that it is a party, China has effectively placed itself in the driver seat being one of the key players in Arctic governance (Koivurova, 2018).

The White Paper must be viewed against the backdrop of Beijing’s foreign policy that has evolved over the past few decades. The release of the White Paper is a significant departure and abandonment of the often-cited Deng Xiaoping maxim of ‘concealing one’s capability from its outward display’ (*tao guang yang hui* 韬光养晦). China no longer intends to keep a low-profile diplomacy; slowly but gradually it seeks to challenge existing regimes and norms of international law. The departure should not be viewed with surprise as China has been advocating for greater status in international diplomacy while being mindful of existing rules and norms (Lanteigne, 2014:

5). As China rises to become a global power, it seeks to possess greater influence in international affairs as it shapes its own foreign policy identity, instead of responding or following the footsteps of other great powers (ibid).

Under the administration of Hu Jintao, Beijing propagated the foreign policy concept of 'peaceful rise' (*heping jueqi* 和平崛起), which refers to China's aim to achieve peaceful economic development without destabilising the existing international order (Glaser & Medeiros, 2007: 293-296). The concept does not challenge or replace the structure of the international community, but it seeks to foster equality in China's rise with other great powers without tilting the global balance of power or hegemony (ibid.). Following from uneasiness provoked by the term 'peaceful rise' outside China, the term was rephrased as 'peaceful development' in Chinese official speeches and documents, despite no changes in the thrust of the concept (ibid: 301). A new phase of China's foreign policy is manifested under Xi Jinping to realise the 'Chinese dream' (*zhongguo meng* 中国梦) of a successful and modernised China. Whilst the principle of 'peaceful development' remains as an interest in Beijing's foreign policy, its core national interests are now of equal or greater importance than ever before to realise the 'Chinese dream' (Zhang, 2015: 9). In protecting the 'Chinese dream', Beijing has expressed that its legitimate national interest would not be sacrificed at the expense of maintaining peace (ibid.).

To a large extent, Beijing's stance is no different from the default foreign policy of other states that generally seeks to safeguard their individual national interest before the pursuit of other international matters. However, the reinterpretation of Beijing's 'peaceful development' in light of realising the 'Chinese dream' has proven difficult. In reconciling both concepts, the notion of 'peaceful development' in achieving the 'Chinese dream' does not refer to the absence of any conflict (ibid). Accordingly, if necessary Beijing may choose to adopt a more confident and tough stance to advance its national interest, including in its role in Arctic governance.

As China's actions in the Arctic are now intensely scrutinised by others, the White Paper demonstrates its proactive diplomacy to ease concerns on its interest in the Arctic. Overall, the White Paper represents a cumulation of China's policies on its various engagement in the Arctic and its strong emphasis on international law in the Arctic governance. China is indeed an enthusiastic participant in the Arctic but its role and presence in the region represents new challenges and opportunities.

The Polar Silk Road Vision

China envisions the Arctic Ocean route to be part of its grand strategy in establishing the Belt and Road Initiative (BRI). The BRI is an ambitious plan under Xi Jinping to realise the great rejuvenation of China through enhanced connectivity and trade flow between across the three major continents of Asia, Europe, and Africa (Xinhua, 2015). The grandiose action plan of the BRI unveiled in 2015 aims to establish the Silk Road Economic Belt and the 21st-Century Maritime Silk Road (ibid). In June 2017, the Chinese National Development and Reform Commission and the State Oceanic Administration jointly issued a document entitled Vision for Maritime Cooperation under the BRI that outlines China's vision to synchronise development plans and joint actions for maritime cooperation in propelling the BRI (NDRC & SOA, 2017). The document declared the maritime passageway of the Arctic Ocean as amongst the Chinese 'blue

economic passage' that extends China's economic corridor with Central Asia, the Balkans, Russia, Europe, and North America (*ibid.*).

The White Paper is the first official policy document to set out China's vision of the Polar Silk Road in relation to the development of Arctic shipping routes. Despite two brief mentions of the term in the White Paper, Chinese Vice-Minister of Foreign Affairs, Kong Xuanyou in a press briefing elaborated that the Polar Silk Road is also an alignment with the Russian-led Eurasian Economic Union and potentially other Arctic states (Kong, 2018).⁶ As a non-Arctic state, China understands the challenges in achieving its vision in the absence of cooperation from Arctic state. In this regard, China's admission as an observer in the Arctic Council would enable Beijing to increase its political and economic influence in the region to ensure its interests are equally considered and respected.

China's Arctic diplomacy with individual Arctic states represents the 'species' of the highly focused bilateral relations, in which the Polar Silk Road is the 'genus' with characteristics of the overarching grand strategy of the BRI. The diplomatic jargons used by Chinese officials in describing the principles of the BRI (i.e., 'mutual respect', 'consensus-building', 'common development', 'common prosperity', 'win-win cooperation', and 'sustainable achievements') are also echoed and encapsulated in the four basic principles of China's Arctic policy as discussed in the above section.

The BRI and the Polar Silk Road vision are the product of globalisation to facilitate global trade and economic integration. The Polar Silk Road would enable China to diversify its maritime routes whilst reducing journey length and fuel cost. China understands the importance in the opening of Arctic shipping routes to boost its export-driven economy. In lobbying for its Arctic shipping agenda, Chinese state-owned shipping company, China Ocean Shipping Company (COSCO) has sent vessels transiting along the Northern Sea Route and expressed interest to increase its engagement in the region (Staalesen, 2016).

Prior to the release of the White Paper, China's vision of the Polar Silk Road has gained grounds in various cooperation with Arctic states. The Chinese and Russians have embarked jointly on the Yamal Peninsula liquefied natural gas (LNG) project. As Russia is among the world's largest energy exporters and China is the largest energy importer, the gas from the Yamal Peninsula is expected to be exported for Asia. The Arctic plant that has three production lines with a fourth planned, has a capacity of 16.5 million tonnes of LNG per year (Mazneva, 2017; Foy, 2017). China through its state-owned China National Petroleum Corporation and the Chinese Silk Road Fund collectively have close to a 30% stake in the project (*ibid.*). China has also pledged to financially support the second phase of the Russian LNG project at the Gydan Peninsula (Foy, 2017). These projects have led to other projects in the pipeline such as the construction of the seaport of Sabetta and the Kotelnay Cape offshore oil terminal both located on the Yamal Peninsula to facilitate the transportation of the LNG by sea to Asia (Sørensen & Klimenko, 2017: 18). In Murmansk, Chinese state-owned China Oilfield Services Limited in partnership with Russian state-owned Gazprom have also embarked on mapping out and drilling the Leningradskoye field, located west of the Yamal Peninsula to discover the extent of hydrocarbon reserves in the area (Staalesen, 2018). It is estimated that the Leningradskoye field holds over 1.9 trillion cubic meters of natural gas (*ibid.*).

In leveraging on the potential shipping traffic along the North Sea, Finland, and Norway have unveiled blueprints for an Arctic Corridor, extending the Finnish and Norwegian railway system

to the Arctic and an underground tunnel connecting Helsinki and Tallinn (Xinhua, 2018). The planned route will link Rovaniemi, a Finnish town located on the Arctic Circle to Kirkenes in Norway, allowing connectivity from Europe to the ports of the Arctic Ocean and the Northern Sea Route (ibid). It is estimated that the railway extension project would cost 3 billion EUR while the tunnel project would cost close to 15 billion EUR, with potential investment from China (Breum, 2018). The journey along the Northern Sea Route coupled with the railway will be the shortest route for transporting goods from Asia to Europe, and would potentially increase Sino-European economic trade and cooperation.⁷ Finland has also commenced preliminary works to implement the Arctic Connect project that aims to lay nearly 10,500km of optical fibre cable through the Arctic to bridge connectivity between Europe and Asia (Lipponen & Svento, 2016). Once completed, the trans-Arctic cable through Finland will be the new landing area for international data traffic (ibid.), strengthening Finland's position as a hub for technology and data operations on the Polar Silk Road.

In the United States, the Alaska Gasline Development Corporation has entered into a joint development agreement with China's leading oil company, China Petrochemical Corporation (Sinopec), the Bank of China, and China Investment Cooperation on the Alaska natural gas project (Feng & Saha, 2018). Whilst a definitive agreement has yet to be finalised, the project is estimated to cost 43 billion USD and is expected to receive 75% of its funding from the Bank of China. In exchange for the Chinese financing, Sinopec will retain 75% of the total capacity of the project that is destined to be exported to China (ibid). China stepped into the project after it was sidelined by American oil companies due to its lack of competitiveness with lower cost shale projects (ibid).

The above examples demonstrate Beijing's efforts in intensifying its relations and investments in Arctic states, reflecting its strategic priority in the region. However, Chinese investment in infrastructure projects along the Polar Silk Road have raised concerns over the future of Arctic security. The interest of Chinese construction companies in expanding the three airports in Greenland have received strong opposition from Danish officials (Matzen & Daly, 2018). Similarly, the Chinese had to pull out and abandon their investment plans for the deep-water port in Lysekil, Sweden after concerns were raised about the environmental impact and national security concerns of the project (Suokas, 2018). Chinese investments in Arctic states are also criticised due to the lack of transparency and disclosure, as these investments are generally funded through subsidiaries to hide the identity of the corporate or state-funded investment project (Rosen & Thuringer, 2017: 53).⁸ The nature of these investments is blurred with misrepresentations, distortions, and differences in value reported to foreign media, arguably with the intention to avoid competition and to enable China to manoeuvre its investment geopolitically (ibid).

Concerns have also been raised in relation to China's funding on the BRI projects, in which China has fuelled the indebtedness of developing States through large infrastructure investments before seeking to gain control of strategic assets when debtors failed to pay their Chinese state-owned creditors (Hurley et. al., 2018: 19-20).⁹ Whilst there has been no reported incident on the default of the Chinese investment in the Arctic region and the indebtedness of developing states are far from comparison with the economic stability of Arctic states, China's risk-taking approach in investing in mega Arctic projects that were previously deemed unrealistic, raises questions on the sustainability and vulnerability of its investments. Although the White Paper may ease concerns

on China's interest in the Arctic, China would have to increase its transparency in its Arctic investments to facilitate an open and constructive dialogue with Arctic states.

Concluding Remarks

The White Paper has certainly provided a general overview of China's Arctic policy that guides its Arctic discourse. Looking ahead, China's presence in the Arctic and ambition of a Polar Silk Road bring new opportunities and challenges for Arctic states – as expressed in the Chinese proverb 'good fortune follows upon challenges, challenges lurks within good fortune' (*buo xi fu zhi suo yi, fu xi buo zhi suo fu*, 禍兮福之所倚 · 福兮禍之所伏).¹⁰

The success of China's Arctic policy as a non-Arctic state would be dependent on its Arctic diplomacy and ability to strengthen cooperation in the region. Yet, much remains uncertain on aspects of China's key interests that are not addressed in the White Paper, in particular on the role of the Arctic in its national security and defence strategy (Brady, 2017: 117). The release of the White Paper may have cleared some misconceptions about China's Arctic interest, but it lacks concrete steps or measures that China intends to implement in its Arctic policy. Considering China's growing investment and presence in the Arctic, it remains a matter of time before China seeks greater influence or a leadership role in the Arctic beyond its current observer status to safeguard its economic interests. As for now, China has maintained that it respects the political status quo in the Arctic.

Notes

1. The first reference in which China has referred itself as a 'near-Arctic State' was in January 2013, in a speech by Chinese Ambassador Zhao Jun at the 7th Arctic Frontiers Conference, Tromsø, Norway. In his speech the Ambassador emphasised that China's northeast is close to 50 degrees north latitude (Zhao, 2013).
2. The notion of 'not being absent' was previously raised by Admiral Yin Zhuo of the People's Liberation Army in 2010. He noted that China's position in the Arctic is 'very much not being absent' (being present) (*bu ke quewei* 不可缺位) (Chinanews, 2010, March 5). The phrase is often misconstrued and mistranslated as 'indispensable' (e.g., Jakobson & Peng, 2012: 15).
3. Jakobson and Lee opined that the Arctic was 'simply not sufficiently high on the agenda of [Chinese] senior officials' that necessitate the publication of an Arctic strategy (Jakobson & Lee, 2013: 11). The publication of the White Paper has proven the contrary.
4. Article 87(1) of the UNCLOS outlines a list of non-exhaustive freedoms available to all States, comprising *inter alia*, the freedom of navigation, freedom of overflight, freedom to lay submarine cables and pipelines, freedom to construct artificial islands, and other installations, freedom of fishing, and freedom of scientific research.
5. China has the freedom to exercise any of its right in the Arctic High Seas, except on the right to conduct commercial fishing as China is party to the Agreement to Prevent

Unregulated High Seas Fisheries in the Central Arctic Ocean 2017. Parties to the Agreement are Canada, China, Denmark (in respect of Greenland and the Faroe Islands), the European Union, Iceland, Japan, Korea, Norway, Russia, and the United States. The Agreement is scheduled to last for 16 years after which it will be automatically renewed for every five years unless a contracting State objects or a scientific based fishing quota and rules are established.

6. Beijing initially used the term 'Ice Silk Road' to refer to the framework cooperation between China and Russia on the development of Arctic shipping routes.
7. Risto Murto, the Deputy Director General of the Networks Department of the Finnish Ministry of Transport and Communications in commenting on the Arctic Corridor noted that, 'When we think of the new corridors to China, we are in the middle between Europa and Asia. Finland is not an island anymore. We look at our geopolitical position in a whole new way' (Breum, 2018).
8. It estimated that China has invested over 1.4 trillion USD in the economies of the Arctic Five (plus Finland and Sweden) from 2012 to 2017, in which nearly 89.2 billion USD are investment in infrastructure, cooperative agreements and financing for projects located within the Arctic Circle (Rosen & Thuringer, 2017). There are no official data from Beijing or respective Arctic States to verify these estimates.
9. For instance, when Sri Lanka was unable to service its 8 billion USD loan for the construction of the Hambantota Port, parties entered into a debt-for-equity swap, which provides China a 99-year lease in managing the port. 23 out of 68 States that have received BRI-related financing were reported to have unsustainable level of debt, in which eight of them are categorised as high risk of debt distress. Russia is the only Arctic State included in the study and was categorised as low risk of debt distress (Hurley et. al., 2018).
10. Chinese Ambassador Zhao Jun in his speech at the 7th Arctic Frontiers Conference, Tromsø, Norway used a simplified English translation of the above Chinese proverb. He emphasised on the saying 'luck and misfortune come in turn' in describing the opportunities and challenges that are present in the Arctic (Zhao, 2013).

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