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China brings the Belt and Road Initiative to the Arctic – Russian responses and potential implications for further Chinese-Russian cooperation on the Northern Sea Route

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In a bid to advance maritime cooperation under the Belt and Road Initiative (BRI), Beijing in June 2017 presented plans for three “blue economic passages” on which China is ready to engage in “all-dimensional and broad-scoped maritime cooperation.” One of these blue economic passages is to connect China with Europe through the Arctic Ocean. Beijing has therefore now officially “linked” the BRI and China’s Arctic interests and ambitions.

Chinese scholars and experts were previously rather dismissive when asked about the potential role and inclusion of Arctic shipping routes in the BRI often arguing that the BRI first had to prove that it could work and bring benefits to the involved, especially Asian, states. It seems, however, that there has been a shift to a more confident and risk-taking approach by Beijing, where the BRI is also seen as a way to further intensify and strengthen China’s Arctic diplomacy. The BRI gives China an extra card to play in its efforts to strengthen its role and influence in the Arctic – an additional framework, besides the “science diplomacy” framework, within which to have Arctic states think about Chinese interests and investments in the Arctic. The speech to the opening session of the October 2017 “Arctic Circle” conference from the Deputy Administrator of China’s State Oceanic Administration, Lin Shanqing, was hence titled “The Arctic in the Belt and Road Initiative.”

That is, China brings the BRI to the Arctic in order to further legitimize and promote its growing interests and presence in the region and the establishment of strong and comprehensive relationships with all the Arctic states and stakeholders through investments and economic deals. The concrete Chinese interests in the energy and mineral resources in the Arctic and in the Arctic shipping routes are of course important drivers. Any future larger scale exploitation of energy and mineral resources in the Arctic will require significant infrastructure development, which is also the case for commercial use of the Arctic shipping routes.

The Chinese, led by the state-owned shipping company COSCO, are busy testing the Arctic shipping routes, which are approximately 30 per cent shorter than through the Strait of Malacca and the Suez Canal

also being strategically vulnerable routes. The Chinese take a long-term view and want to be ready to exploit new opportunities if and when they arrive and are therefore also designing and building new ships that are better suited to Arctic waters. Most recently in September 2017 the Chinese cargo ship “Tianjian” successfully sailed through the Vilkitsky Strait, and all together China has sent five commercial ships this year to test the feasibility of the Arctic shipping routes.

The initial outline of the BRI included shipping routes through the Indian and Pacific Oceans to Africa, Europe, the Middle East and South Asia, as well as land routes connecting China with Central Asia, Eastern Europe and Russia. Besides serving China’s growing Arctic interests and ambitions, the fact that Beijing has decided to bring the BRI to the Arctic likely also reflects Chinese interests in further promoting Chinese-Russian economic cooperation in the Russian Far East, Siberia and the Russian Arctic as well as growing Chinese enthusiasm about the use of the Northern Sea Route (NSR).

Seen from Beijing, Russia, as the biggest Arctic state, stands as an important gatekeeper for non-Arctic states such as China. China knows that in many ways it is dependent on Russia—for example, for Russian goodwill and support—if China is to increase its activities and consolidate its role as a legitimate stakeholder in the region. Consequently, in a Chinese analysis there is no way to avoid dealing and getting along with Russia in the Arctic. China acknowledges that the support of Russia is needed especially in relation to China’s broader ambitions to ensure a seat for itself at the table when future Arctic governance and institutional arrangements are debated and developed, for example in the Arctic Council. Beijing is well aware of Russian hesitation about including non-Arctic states in Arctic governance affairs, and therefore, since assuming its observer status in the Arctic Council in 2013, China has generally sought to downplay its political and strategic ambitions in the Arctic and has stressed scientific interests and scientific and economic partnerships. However, China also seeks to take advantage of current Russian geostrategic and geo-economic vulnerabilities and of Russia’s need for China as a partner to develop the Russian Arctic to gradually strengthen its presence and relationships in the Arctic.

In relation to the concrete Chinese interests in ensuring access to energy resources and minerals and shipping routes in the Arctic, Russia also stands as the “unavoidable partner.” There are no illusions among Chinese Arctic scholars about a stronger and enduring Chinese-Russian partnership developing. Rather, they see a “window of opportunity” as Western sanctions further encourage Russia to pay more attention to China and to offer better political and economic conditions and deals. Despite the lower growth rate of the Chinese economy, China’s demand for energy resources and minerals continues to grow, and Chinese SOEs are constantly encouraged to identify and establish new areas for exploration and extraction. As a result, several Chinese players see the Russian Far East, Siberia and the Russian Arctic as holding great potential, not only

as sources of energy resources, minerals and new shipping routes, but also as export markets and recipients of—and partners in—infrastructure and other economic development projects.

How does Russia view and respond to the new Arctic dimension of the BRI? And what are the potential implications for further Chinese-Russian cooperation on the NSR?

Russian views and responses – Chinese-Russian “Ice Silk Road”

Already in a joint statement signed by Chinese Premier Li Keqiang and Russian Prime Minister Medvedev in December 2015, it is highlighted that the two sides are to cooperate in developing the NSR into a competitive commercial shipping route. This relates closely to joint ambitions of stronger China-Russia cooperation in the exploitation of oil and gas resources in the Russian Arctic, which has to be accompanied by development of the NSR. So far, however, only a few NSR infrastructure projects have Chinese participation. Examples are the construction of the Belkomur railway and the deep-water harbour in Arkhangelsk. The recent addition of the Arctic shipping routes to the BRI aims to change this, and the Russian side has warmly greeted it.

At his state visit to Moscow in July 2017, China’s President Xi Jinping identified the development of the NSR as a key area of cooperation between China and Russia, and he and Russian President Putin even described the NSR as the “Ice Silk Road.” President Xi Jinping specifically said that China wanted to work with Russia to develop an “Ice Silk Road” along the NSR to be a “new growth driver” of cooperation between the two countries.

However, some Russian experts have expressed concerns that further involvement of China in Russian infrastructure projects along the NSR might later provoke arguments regarding China’s role in the regulation of the NSR. It has already been noticed in Russia that some Chinese Arctic scholars are promoting the idea of the NSR as an international shipping route. Stronger Chinese involvement in NSR infrastructure construction might spur further debate over the extent to which this route remains under Russian jurisdiction and the extent to which Russia has the right to establish its own rules of navigation. For example, China is currently building its second icebreaker and it is reasonable to expect that, once it has increased its icebreaking fleet, it might start questioning Russia’s requirement of Russian icebreaking support. The question, the Russians are asking, is whether China, becoming a frequent user of the NSR, will accept being completely subject to Russian legislation and authority.

Traditionally, Russia has been reluctant to allow non-Arctic states to play a strong role in Arctic governance, primarily out of a fear that this would upset the regional power balance and the established Arctic legal and political institutions, which ensure the rights and privileges of Arctic states. Even though Russia is now open to China’s involvement in development of shipping routes and energy projects in the

Arctic, the extent to which Russia would be favorable to greater Chinese participation in—and influence on—Arctic governance continues to be limited.

China, on its side, seeks a greater role in Arctic governance. As mentioned above, most of China's diplomatic efforts in the Arctic in recent years have been aimed at gaining respect and acceptance for China as a legitimate Arctic stakeholder. China fears a potential exclusion from the Arctic and therefore is seeking to engage all the Arctic states and institutions in bilateral and multilateral partnerships. Moreover, China's intensified efforts to participate in scientific and economic projects in the Arctic, including in the Russian Arctic, support its overall aim of ensuring inclusion. Russia is not overly positive about these efforts to "lock China in" and, consequently, further development of the Arctic governance regime is a critical issue, with Chinese and Russian visions and interests potentially being in conflict.

Another Russian concern is to lock itself completely to China and end up as a resource appendage supporting China's great power position and status. In order to lessen the risks of such development, Russia is also trying to diversify its partnerships with other Asian states in the Arctic.

Potential implications for further Chinese-Russian cooperation on the NSR?

Developing the NSR and energy resources and minerals in the Russian Far East, Siberia and the Russian Arctic at first glance looks like projects, where Russia and China have complementary interests and therefore could work closely together. Russia is one of the world's largest energy exporters and China is one of the largest energy importers. The Russian Far East, Siberia and the Russian Arctic are rich in energy resources and minerals yet lack infrastructure, capital and technology, which are all areas where China has something to contribute. However, despite many high-level meetings, joint statements and ambitious plans, there are still not many concrete results.

A number of factors determine the slow pace. On an overall level, a high degree of strategic mistrust between China and Russia still works against exploiting mutual commercial opportunities and economic cooperation, especially if, as is the case with jointed development of shipping routes and energy projects, the cooperation locks the two sides into a long-term relationship and dependency. Furthermore, Russia and China have differing priorities in relation to the Arctic. For Russian leaders, the region is vital to questions of sovereignty and economic development; hence Russia is taking all necessary steps to develop the Russian Arctic. Although China is increasingly active in promoting its interests in the region, the Arctic is still not a top priority in Chinese foreign policy or in Chinese efforts to secure and diversify its energy supply, where regions such as Africa, the Middle East and Central Asia are more in focus. For these reasons, China will not be willing to risk more vital interests and relationships, for example with the US, in order to pursue closer cooperation with Russia in the Arctic.

More specifically, the further Chinese-Russian cooperation on the NSR is also somewhat constrained by continued Russian uncertainty about how China approaches the different legal regimes in UNCLOS concerning territorial and maritime disputes and rights—including territorial waters, EEZ and the continental shelf. As indicated above, it is highly unlikely that Russia would welcome any developments that risk pushing the Arctic’s political and legal regimes away from a de facto condominium of coastal states under the umbrella of UNCLOS towards a looser Arctic governance with non-Arctic states including China playing a stronger role. Although Russia has accepted China’s observer status in the Arctic Council and emphasizes stronger dialogue with China on Arctic issues, including in the Arctic Council, it continues to insist that it is the Arctic states that set the rules and conditions for the role and activities that non-Arctic states such as China can play in the Arctic. In the event that non-Arctic states cease to follow the rules, Russia has also underlined that observer status can be reconsidered and even revoked.

The recent addition of the Arctic to the BRI might provide new momentum for Chinese-Russian cooperation on the NSR. It will likely provide an extra push to Chinese companies and other Chinese stakeholders to get involved and provide them with improved opportunities for financial support, which might also result in them being more willing to take greater risks. On the Russian side, it will likely provide an extra incitement for finalizing a strategy concerning the development of infrastructure along the NSR with prioritized projects. This also in order to ensure that the Russian side is in control. At present Russia has adopted a number of programs, including “The Transport Strategy 2030” and “The Russian Arctic Socio-Economic Development Strategy” of 2014. However, there is still a lack of a more coherent strategy with prioritized projects.

Reference:

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