

Sino-Russia Relationship and Arctic Diplomacy: Power Politics and Economic Engagement¹

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Introduction

The re-emergence of Sino-Russia ties attracts global attention recently. Chinese and Russia troops began joint maneuvers from July 11, 2018. The five days of drills in Russia's Far East, near the Chinese border, are also meant to demonstrate the extent to which the two sides are moving beyond symbolic displays of force to coordinate weapons systems and command structures. Washington says the two countries have developed capabilities that could test U.S. military dominance in times of crisis. The NATO, which warily watched Russian military exercise along its European border in 2017, said the exercise with China follows a pattern of more assertive Russian behavior flaunting its multi-billion dollar military modernization. ²

¹ Paper prepared for delivery at the 2018 Annual Meeting of American Association of Chinese Studies, Baltimore, US, Oct 6, 2018;
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² Thomas Grove and Jeremy Page, "China to join Russian drills in sign of growing military ties", Wall

The partial melting of ice in the Arctic region and the realization of Northern Sea Route along the Russian coast reminds us the status of Russia as the dominant power in the region. Following its successful application as a formal observer in the Arctic Council in 2013, China finally released its Arctic White Paper in January, 2018. As a “near Arctic state”, China has expressed its intention to take part in the Arctic Affairs and cooperate with Russia. Arctic affairs thus become a platform for China and Russia for further engagement and interaction. Observers indicate that the possibility of Sino-Russia alliance may dominate the Arctic region and threaten the security of the western world.

The purpose of this paper is to decode the myth and reality of such alliance in the Arctic region. The authors argue that such interaction has to be put in the general framework of grand strategies of the two countries. Economic benefits of collective development serve as a catalyst of cooperation. However, historical legacies and lack of mutual trust constrain the formation of a formal alliance between China and Russia. This paper will first discuss the historical trajectory of Russian policies in the Arctic region, followed by the analysis of current Chinese policies as a new player in Arctic affairs. The third section will delve into the interaction of power politics and dynamics of economic engagement between China and Russia of the Arctic region.

Russia’s Arctic policies: historical legacies and new development dynamics

Russia's research and exploitation of the Arctic and its territorial claim on

Street Journal, September 10, 2018.
<https://www.wsj.com/articles/china-to-join-russian-drills-in-sign-of-growing-military-ties-1536595659?mod=e2fb>

the region has started since the Russian Empire era. Before the Russian Revolution, Russia's exploration and research of the Arctic remained uninterrupted, despite the First World War. During the period of Soviet Union, in addition to the actual operations, its political and legal claims became more certain.

In November 4, 1924, the People's Commissar for Foreign Affairs (Комиссар) Chicherin (Г.в.чечерин) submitted a memorandum of the Soviet government to all Governments that recognized the Soviet Union and governments of the United States, France, Belgium, the Netherlands, Spain, Portugal, Argentina, and Brazil. The note reiterated the claim of the Russian Empire in 1916 on the state's sovereignty over the Arctic region. ³In April 1925, the Council of People's Commissars re-proclaimed that the territorial water between the USSR and other Arctic nations, including the Novaya Zemlya (Новая земля), the Severnaya Zemly (Северная земля), and the New Siberian Islands (Новосибирские острова), has long been the territory of the USSR.⁴

The most important political document of this period appeared in 1926. On April 15, 1926, the Central Executive Committee of the Soviet Union (Президиум Центрального Исполнительного Комитета Союза Советских Социалистических Республик (ЦИК СССР)) issued an order "On Proclaiming Lands and Islands in the Arctic Ocean to be the Territory of the USSR." «Об объявлении территорией Союза ССР земель и островов,

³ Меморандум Правительства СССР Правительству США от 4 ноября 1924 года № 297// Документы внешней политики СССР. Москва 1963. с.531-532.

⁴ Постановление СНК СССР «О территориальных водах Советского Союза» № 331-12 от 17 апреля 1925 года.// В ст.:Барциц И. Российский арктический сектор: правовой статус.//Обозреватель — Obsever. — 2000. — No.12.

расположенных в Северном Ледовитом океане»)⁵According to the proclamation of 1926, “the Arctic Ocean, within the range from the north of the Soviet coast to the North pole, and the island territories from 320°4'35"E to 168°49'30"W form the Soviet territory.” (In 1979, the Soviet Union changed its eastern boundary from 168°49'30"W to 168°58'49,4"W). By this announcement, the Soviet Union confirmed the territorial limit of the Northeast Passage and the exploitation of the island resources, which became the basis of the future Russian Federation's policy and strategy on the Arctic.

In 1932, the Soviet Icebreaker *A. Sibiryakov* (Александр Сибиряков) crossed the canal between the White Sea and the Bering Strait, and Schmidt (Отто Юльевич Шмидт 1891–1956) founded the first station in the North Pole. In 1937, the Soviet Union established the “Northern Fleet,” which accomplished a flight to the drifting ice station “North Pole-1” (Северный плюс-1). It was only 15 years after that the Americans started the operation of establishing drifting ice stations in the Arctic in 1952⁶. From 1954 to 1991, all the mobile stations the Soviet Union built in the Arctic region were changed into permanent camps.

With the rise of bilateral confrontation during the Cold War, the international community started establishing international laws that impose shared norms on the Arctic region. Among which, the “Convention on the Continental Shelf” (Конвенция о континентальном шельфе) and the

⁵ Постановление Президиума Центрального Исполнительного комитета «Об объявлении территорией Союза ССР земель и островов, расположенных в Северном Ледовитом океане» от 15 апреля 1926 года.//Собрание законов и распоряжений Правительства Союза Социалистических Республик, издаваемое Управлением Делами Совета Народных Комиссаров СССР 20 мая 1926 г., №32.с.203.

⁶ Проблема Арктики в российско-американских отношениях.//В кн.Савойский А.Г., Россия-США:200 лет экономической дипломатии (1807-2007): Монография.-Пятигорск,2010.с.546.

“Convention on the High Seas” (Конвенция об открытом море) concluded in Geneva on April the 29th 1958, as well as the “United Nations Convention on the Law of the Sea” of 1982 (Конвенция ООН по морскому праву от 10 декабря 1982).

However, the two Conventions of 1958 did not settle the divergence in the use of marine resources among different countries, as countries along the Arctic Ocean as well as other countries were interested in exploiting resources of the Arctic region. As a result of this background, the issue of sovereignty of the Arctic Region and Arctic Ocean became complicated, and by the year 1980, ideas on the internationalization of the Arctic region in the light of conventions on Antarctica region arose gradually.

In response to the ideas mentioned above, the Soviet Union proposed joint cooperation initiatives. In 1987, the Soviet Union promoted the Murmansk Initiative (Мурманские инициативы) in which key issues regarding the Arctic region and the principal direction of negotiation between interested countries on key issues were put forward. These issues included the establishment of nuclear-free zones in northern Europe, the reduction of military activities in the northern European maritime territory, the joint exploitation of Arctic resources by peaceful cooperation, international cooperation in Arctic research, the cooperation on regional ecological protection among Arctic countries, and the opening of Arctic routes to the international maritime transportation. ⁷

After the dissolution of the Soviet Union, Russia's policy toward the Arctic region basically continued that of the Soviet Union, but with the political, economic, and social transformation of the Russian Federation, as well as the

⁷ Ковалев, А.А., международно-правовой режим Арктики и интересы России // Индекс безопасности. Осень-зима 2009 №3-4. Т.15. с.115-124.

changes in international situation, the Russian Federation's Arctic policy had a different intensity.

Before 2000, namely before Putin (V. Putin) was president, Russia's position seemed to be in favor of international cooperation. Russia formally ratified the 1982 United Nations Convention on the Law of the Sea in 1997 and started a new phase of Arctic policies. Russia even operated the Pamor-1994 joint military exercise with Norway in the north maritime region of Norway during this time. (The exercise was interrupted and was operated again until 2010, but it was interrupted for the second time in 2011.)

It must be pointed out that, after the independence of Russia, the economic and social stagnation of Russia resulted in a continued population loss and industrial regression in the Arctic regions of Russia. In the past 20 years, population in the Russian Arctic region had declined by 3 million, especially among professionals with specialized skills and young people.⁸

Since Mr. Putin started to serve as the+ President in 2000, apparent aggressiveness started to present in Russia's Arctic policies. In 2001, Russia first submitted a statement to the Commission on the Limits of the Continental Shelf of the United Nation about its extension of continental shelf toward the Arctic region. Russia argues that the Lomonosov Ridge and the Mendeleev Ridge (подводные хребты Ломоносова и Менделеева) which crosses the underwater of Arctic Ocean, are the extension of Siberian continent, the proposition was shelved in the same year. But it was raised again on February 9th, 2016. According to this claim, the continental shelf in the Arctic Ocean possessed by Russia will increase by 1.2 million square kilometers, from its

⁸ Матвеев А. С. Восстановить и расширить систему гарантий и компенсаций северянам // Проблемы Севера и Арктики Российской Федерации. 2011. № 13. С. 4.

original surface of 4.1 million square kilometers. ⁹

In 2014, the “The Development Strategy of the Arctic zone of the Russian Federation up to 2020” ¹⁰(Государственная программа Российской Федерации «Социально-экономическое развитие Арктической зоны Российской Федерации на период до 2020 года») was proclaimed. In 2017, it was announced that this plan was extended to 2025. ¹¹ According to the content of this project, the ultimate objective of Russia’s exploitation on Arctic regions are:

1. Improve and guarantee the quality of life of the Arctic resident;
2. Create conditions for the development of the Northeast Passage to make it a national transportation pathway for Russia in the Arctic region and ensure the atmosphere meteorological system for the transportation by ocean;
3. Develop science and technology and make effective use of the continental resources in the Arctic and Russian regions;
4. Improve the management efficiency of the government in socio-economic development of the Arctic region.

According to the analysis of Russian Scientist P. Savsykov (П.Саваськов) on the 1982 United Nations Convention on the Law of the Sea, there is no need to divide the Waters in Arctic Ocean in accordance with the sector theory (секторальный принцип) put forward by Canada.¹² Although some other scholars, such as A. Kovalev (А.Ковалев) considered that the sector theory

⁹ Российские владения в Арктике. <http://tass.ru/info/2505058>

¹⁰ Государственная программа Российской Федерации «Социально-экономическое развитие Арктической зоны Российской Федерации на период до 2020 года» <http://government.ru/programs/236/events/>

¹¹ Постановление от 31 августа 2017 года №1064) (<http://government.ru/docs/29164/>

¹²Саваськов, П.В.,Правовой режим Арктики.//Арктика: зона мира и сотрудничества. отв.ред. А.В.Загорский.Москва:ИМЭМО РАН,2011.с.33.

might work as well.¹³ However, the mainstream opinion was that “On Proclaiming Lands and Islands in the Arctic Ocean to be the Territory of the USSR” announced by the Soviet Union in 1926 should be considered as the fundamental principal.¹⁴ To put it simply, Russia thinks that “the North Pole belongs to us!”

It can be understood from the above information that, apart from being passive during the presidency of Yeltsin (B.Eltsin), Russia’s claim over the sovereignty of Arctic regions has had a basis for argument in terms of historical context, political behavior, domestic law, and legal basis of the International Law. In other words, Russia’s interpretation of the law, “Russia should have the fullest extent of rights” is the current position of Russia.

In addition to legal doctrines, the maintenance of rights requires practical means. As far as Russia is concerned, on the one hand, it is military defense, and on the other, it is active exploitation. Russia’s military reinforcement in the Arctic region has started since 2013, when Russia decided to rebuild its previously abandoned military base on the New Siberian Islands, where 250 staff, electronic communications equipment, and Pantsir-S1 missile system (панцирь-с) were to be deployed. In addition, Arctic Shamrock military base was built on the Franz Josef Land (Земля Франца Иосифа) and the Alexandra Land (остров Земля Александры) from the far north, and it could house up to 150 personnel for more than 18 months at a time. By 2016, this base had already had a 2500-meter-long airport runway and has set up a coastal defense missile system (Бастион). In the next 10 years, Russia will

¹³ Ковалев,А.А.,Международно-правовой режим Арктики и интересы России.//Индекс безопасности .Осень-зима 2009.№3-4.Т.15.с.115-124.

¹⁴ Александров, О.Б., Северный вектор внешней политики России: внешняя политика России на Балтике, в регионе Северной Европы и в Арктике.Москва: Спутник.2012. с.144.

add a total of 15 similar bases in the Arctic region¹⁵.

In addition, the “Northern Joint Strategic Command” was established on December 1, 2014, to strengthen the combat capability of the Russian Northern Fleet, which has 38 overwater vessels and 42 submarine vessels, the 61st Naval Infantry Brigade was also disposed to them. In addition, the 80th Independent Motor Rifle Brigade (built in 2015) was deployed in Alakurtti (поселок Алакурти) of the Murmansk Oblast (Мурманская область), in addition, the 200th Separate Motor Rifle Brigade was also garrisoned in Pechenga (Печенга). Both brigades belong to the 14th legion. The Northern Joint Strategic Command is equipped with GLONASS, a Russian self-developed Global Navigation System.

The 29th Independent Division under the direct command of the Ministry of Defense of the Russian Federation stationed in Gadzhiyevo city of the Murmansk Oblast was originally the 29th Independent Brigade established in 1979, whose main mission was to test and verify the submarine nuclear reactor, weapon system loaded on vessels, and other strategic programs. It was expanded to a division in 2018, the nuclear reactor was modernized and upgraded, and it was expected to set up two submarines that could carry out special missions between 2018 and 2019: the “Moscow” (Подмосковье) and the “Belgorod” (Белгород).¹⁶ The development of the latter is more important than the military defense.

As mentioned earlier, the Socio-Economic Development Plan for the Arctic region was extended to 2025. The goal is to strengthen the responsibilities of the federal subjects of Russia along the Arctic region. The

¹⁵ Россия точит зубы на Арктику. <https://cont.ws/@contemplator/1040365>

¹⁶ Глубоководные войска. <https://news.mail.ru/politics/33114368/?frommail=1>

fifth sub-plan of this development strategy is to “Balance the socio-economic development and ensure National Security. The establishment of Arctic Support Zones and the Guarantee of its operation” («Сбалансированное социально-экономическое развитие и обеспечение национальной безопасности. Формирование опорных зон развития Арктики и обеспечение их функционирования»). The concept of Support Zones was put forward in this sub-plan.

Russia divided the territory along the Arctic Ocean into eight Support Zones to support the exploitation of the Arctic region, (as the following picture shows).



Source : <https://regnum.ru/news/2407690.html>

The Support Zones are not created based on a general economic division of the area; they are considered as the base for inter-regional economic development. As only the improvement of socio-economic development in the Arctic region is likely to attract permanent population and the migration of competent people, leading to owning the Arctic area and then dominating the

Arctic issues in the real sense.

According to the reports of the Ministry of Economic Development of the Federation of Russia (Министерство экономического развития Российской Федерации), the eight Support Zones from West to east are the following:

1. Kola (Кольская опорная зона)

Advantages self-assessed by Russia: Ideal geographical location, a non-moving port all year-round, recoverable mineral resources, and transportation, energy industry, and science and education infrastructure related to mineral resource exploitation.

2. Arkhangelsk

Advantages self-assessed by Russia: Excellent geographical location, with built-in railway transport system and non-moving port (dependent on icebreaker from November to March).

3. Nenets

Advantages self-assessed by Russia: Amderma (амдерма) of the Northern canal, an important transport relay station, and mineral exploitation.

4. Vorkuta

Advantages self-assessed by Russia: Possesses Pechora coal basin (Печорский угольный бассейн) and Timan-Pechora Basin (Тимано-Печорская нефтегазоносная провинция), which contains oil and gas fields. Furthermore, the city of Vorkuta of Komi Republic is located within this zone.

5. Yamal-Nenets

Advantages self-assessed by Russia: The region is the largest supply of the petrochemical resource in Russia and Europe, so the region is the most stable transport export area along the Northeast Passage.

6. Taimyr-Turukhan

Advantages self-assessed by Russia: Located in the Krasnoyarsk Krai (Красноярский край), this Krai has long been known for its mineral resources, where the most famous Norilsk industrial zone (норильский промышленный район) is the largest smelter in the Arctic area.

7. North Yakutia

Advantages self-assessed by Russia: Tiksi (Тикси) is an important hub port for the Northeast Passage and the Sakha Republic (Республика Якутия-Саха), where the region

is located, is Russia's largest producer of diamonds, gold, tin, and antimony.

8. Chukotka

Advantages self-assessed by Russia: A series of aviation infrastructure was developed in the Chukotka Autonomous Okrug (Чукотский автономный район), the area can be transformed into an important relay station in the East route of the Northeast Passage¹⁷.

According to the reports of the Ministry of Economic Development of the Federation of Russia of October 13, 2016 (О подходах к социально-экономическому развитию Арктической зоны Российской Федерации),¹⁸ the eight Support Zones are expected to promote 152 plans with an estimated total of 5 trillion rubles, covering 12 projects, including mineral mining processing accounting for 34% of the total scale, diamond mining processing for more than 14%, geological prospecting for 7%, shelf area development for 7%, transportation for 16%, industry for 5%, energy for 5%, fisheries and agriculture for 5%, environmental protection for 2%,

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¹⁸ О подходах к социально-экономическому развитию Арктической зоны Российской Федерации. <https://russian.council.ru/common/upload/3.Fishkin.pdf/>

telecommunications accounted for 1.5%, tourism for not more than 1%, and social security for not more than 1%.

According to the project, 10% of the budget for the project is financed by the government (divided into input from federal government and input from associated main bodies of federal government), and 80% of the budget is financed by non-government bodies.

However, by analyzing the so-called non-governmental sectors, including the Roscosmos State Corporation for Space Activities (гк«роскомос»), the Rosatom State Nuclear Energy Corporation (гк«росатом»), Russian Railways («ржд»), Norilsk, a Russian nickel and palladium mining and smelting company («норильскийникель»), Alrosa, a Russian group of diamond mining companies («алроса»), Gazprom, a Russian natural-gas company («газпром»), PJSC Rosneft Oil Company («роснефть»), and Novatek («новатэк»), it can be seen that they are all state-owned companies of the Russian Federation and get their investment capital from the federal main bodies of the government.

In fact, the investment of these funds could be seen as 100% capital input of the Russian government. Therefore, in terms of the scale and content of the project, whether the Russian Federation has the financial capacity to afford all the expenses remains an interesting question for discussion.

In addition, despite the large number of projects, mining, and diamond production accounted for 48% of the total projects, which if combined with the 16% of transportation will account for a total of 64%. Judging by the plan of the Russian Government, the development of its Arctic region does not take off the thinking of exploring the natural resources of the region. To put it simply, the Russian government has so far continued to pin its hope for the future

economic structure on the framework of original material and energy trade.

Russia's growing interests in the Arctic region reflect the gradual depletion of the traditional land-based mineral resources. The Russian Ministry of Natural Resources announced in 1999 that Russia's Arctic shelf was estimated to contain 88 billion tons of conventional energy, 80% of which would come from natural gas,¹⁹ if calculated according to the territorial boundaries of the Arctic shelf in the 1926. Later reports suggested that the Russia-owned Arctic region should have 140 billion tons of fossil fuels, 87% of which would be natural gas.²⁰ Some other reports indicate that there are 15 billion tons of oil reserves in the Russian Arctic, which amounts to about 74 billion barrels²¹.

It is a natural idea to raise economic capacity through resource exploitation and to attract population and technicians to move into the Arctic coastal region. The continuing population loss in the Arctic regions and the Russian Far East regions is an important factor contributing to the imbalance of regional development in Russia and the regression of the country's overall strength. It is also a logical idea to achieve economic migration through resource exploitation. However, whether the conception of the Soviet era could continue to be viewed from the experience of the Soviet Union remains unknown. After the overall improvement of strength in Russia since 2000, Russia utilize the development of the Siberian and the Russian Far East region as instruments to gain momentum for national rejuvenation and prosperity. From this perspective, developing the Russian Arctic region will have strategic,

¹⁹ «Новая» Арктика и интересы России/ под общ.ред.Гусейнова. Москва:Красная звезда,2012.с.49-50

²⁰ Телегина,Е.А., Ресурсы Арктического региона:перспективы и проблемы их освоения// Арктика:зона мира и сотрудничества/под ред.А.В. Загорского.Москва:ИМЭМО РАН,2011.

²¹ Александров,О.Б.,Северный вектор внешней политики России:внешняя политика России на Балтике, в регионе Северной Европе и в Арктике.Москва:Спутник,2012.с.133

economic , as well as cultural function for national development in Russia.

China as a new player of Arctic diplomacy

Compared to Russia, China is a new comer in Arctic Affairs. China has begun to participate in Arctic affairs more actively since the mid-2000s. In 2007, China became a temporary observer of the Arctic Council. In May 2013, China, along with South Korea, Japan, Singapore, and Italy, became formal observers of the Arctic Council. The new Chinese initiatives in the Arctic have been generally well received by Nordic countries. However, Canada and Russia have adopted skeptical views towards China's intentions to take part in Arctic affairs.

Multiple factors explain China's interests in the far North. China is not an Arctic country, but the rise of the demand for energy supplies has pushed China to search for stable sources of energy security. Given the fact that the traditional energy linkages with some African countries have become controversial, China is seeking out new targets for energy supplies. The potential energy reserves in the Arctic region have therefore attracted China's attention.

China regards the Arctic region as a potential strategic node to expand its horizons in global affairs. At the same time, the Chinese have adopted a neutral and relatively low profile approach. The Chinese government perceives the Arctic region as a regional affair with importance for cross-regional, global governance. In order to avoid suspicions about the Chinese ambition, the Chinese government focuses its participation on scientific research and ecological protection in the Arctic regions at the current stage. These policy initiatives are reflected in the first Arctic White Paper released earlier this year. In the White Paper and other documents, China is concerned about the melting of Arctic ice and the potential impact this will have on global trade and sea routes transportation. The Chinese government intends to cooperate with Arctic countries and contribute to the development and stability of the Arctic region.

Given the institutional constraints as a “near Arctic “ country, China adopts a low profile to reduce suspicions on its attempts of expansion. However, recent developments attract global attention of the real Chinese intentions. In April 2016, the Ministry of Transportation (MOT) of China published a Northwest Passage Shipping Guidebook to lay the foundation for cargo vessels to sail across the top of Canada. According to a Canadian media report, MOT indicates that the Canadian route will be the world’s most efficient and fastest passage. The route will be 40 percent shorter than crossing through the Panama Canal. Canadian experts also argue that China’s encouragement of Northwest Passage shipping could pose the biggest direct challenge to Canadian sovereignty over the Northwest Passage if Chinese ships are dispatched without Canadian consent.²² Also in April 2016, China’s CCTV broadcasted a special series on the Arctic. This represents an exceptional new effort to promote popular understanding of Arctic issues through the nationwide TV network.²³

China started its domestic efforts in rule making and institutional building on polar affairs as early as 2007. Since 2009, Chinese government has promoted law and regulation promulgation in the national level. In 2017, China announced the Administrative Regulations Governing Investigation Activities in the Arctic Region. The Chinese Academy of Science recently launched a project to study the “Three Ji” (Three Poles) , referring to the North Pole, Antarctic, and Qinghai-Xikang-Tibet Plateau (QXTP). As Chinese Minister of

²² Nathan Vanderklippe, “China reveals plans to ship cargo across Canada’s Northwest Passage”, *The Globe and Mail*, April 20, 2016.

²³ To review the full eight-series special CCTV broadcasting of “Beiji! Beiji!”, please refer to : <http://tv.cntv.cn/videoset/VSET100270195211>

Science and Technology Wan Gang indicates, due to the similar climate and geographic characteristics, researches on QXTP will help enhance China's understanding in the Arctic region. Chinese experts also suggest the expansion of scope of "Three Ji" to "Five Ji", including the deep sea and outer-space.²⁴

Compared to the Northwestern Route, the Northern Sea Route is expected to be utilized by Chinese cargo vessels more often on a regular basis in the future. The economic benefits have been the obvious reason for Chinese shipping companies to explore this new route of transportation. The Yongsheng was the first Chinese cargo vessel to traverse this passage in August 2013. The trip from Shanghai to Hamburg via the Northern Passage, which runs along the north coast of Russia from the Bering Strait in the east to the Novaya Zemlya archipelago in the west is around 6,400 kilometers shorter than the existing route via the Strait of Malacca and Suez Canal. The Hongxing became the first Chinese cargo vessel to traverse this route in August 2013.²⁵

In Sept. 5, 2018, the Tianen vessel of China's COSCO Shipping Specialized Carriers Co., Ltd. arrives in Rouen, France, through northern sea route. Tianen set sail on August 4, 2018. It was its first transit from China to northwestern Europe of breakbulk. The Tianen arrived in France laden with wind power equipment from Lianyungang of Jiangsu province. It had traveled via the Arctic Northeast Passage which extends through the Barents Sea, Kara

²⁴ September 20, 2017. <http://www.tripvivid.com/articles/11365>

²⁵ David Scott, "China coming into the Arctic: shaping a flanking strategy", *Second Line of Defense*, January 9, 2016. <http://www.sldinfo.com/china-coming-into-the-arctic-shaping-a-flanking-strategy/>

Sea, Laptev Sea, East Siberian Sea and Chukchi Sea. ²⁶

China launched the *Xue Long 2* in an elaborate ceremony at the Jiangnan Shipyard in Shanghai on September 10, 2018. . The new flagship icebreaker, operated by the civilian Polar Research Institute of China, was developed in cooperation with Finnish ship-building specialists Aker Arctic and laid down at the end of 2016. Designs were finalized by the Chinese Marine Design and Research Institute in Shanghai and the vessel was assembled from 114 individual segments by the China State Shipbuilding Corporation in just over two years. *Xue Long* may not be China's newest icebreaker for long, as the country is already working on the next generation of icebreakers capable of breaking through ice up to 3 meters thick. With two fully operational icebreakers, China now matches the capacity of the United States Coast Guard, which operates a single modern icebreaker, the *USCGC Healy*. The future of the U.S.'s sole remaining polar class icebreaker, the 42-year old *USCGC Polar Star*, slated to be decommissioned by 2023, has become increasingly uncertain since the vessel suffered an engine failure and engine room flooding earlier this year. ²⁷

With the newly-gained status as a formal observer of the Arctic Council, the official line of Chinese Arctic policy attracted global attention. In 2015, Chinese vice Foreign Minister Zhang Ming, who served as the Chinese representative of the Arctic Circle Assembly, elaborates on six major policy goals of the Chinese Arctic policy:

²⁶ Xinhua New, September 6, 2018.

http://www.xinhuanet.com/english/2018-09/06/c_137447950.htm ; "Cosco marks Arctic breakbulk, first ", BreakBulk, September 6, 2018.

<https://www.breakbulk.com/news-cosco-marks-arctic-breakbulk-first/>

²⁷ "China launches its first domestically built icebreaker", Arctic Today, September 12, 2018.

<https://www.arctictoday.com/china-launches-first-domestically-built-icebreaker/>

- (1) Promoting scientific research and exploration, recognizing that the Arctic area provides key indicators of global climate change and serves as a crucial experimental place for scientific research;
- (2) Balancing environmental protection and market development of the Arctic region, alerting the ecological fragility while exploring the new sea routes of the Arctic regions;
- (3) Respecting the territorial sovereignty of Arctic countries and basic rights of aboriginals in the region, especially their unique ways of life and customs;
- (4) Honoring rights of non-Arctic countries and common interests of international society. Non-Arctic countries have legal rights to use international high seas and enjoy freedom on scientific researches, navigation, and development;
- (5) Constructing a multi-level framework of governance and cooperation. Non-arctic countries can contribute to both governmental and non-governmental cooperation.
- (6) Maintaining the Arctic governance system based on existing international laws. The Chinese government recognizes the important role of the Arctic Council and other international laws in governing Arctic affairs, including the Charter of the United Nations, UNLOS, and the Svalbard Treaty.²⁸

Western experts, however, adopt skeptical attitudes toward China's real intention to participate in Arctic affairs. For instance, Sherri Goodman regards China's new Arctic strategy as being like a spider expanding its web, particularly the reference in the strategy to the Arctic being 'under the Belt and Road initiative. Some have likened China's strategy to a maritime Marshall Plan, and the latest evidence is the collaboration China is having with Finland on sub-sea cables to create a sort of 'Data Silk Road.'²⁹

After the release of Arctic White Paper of Japan and South Korea, China

²⁸ Press release, Chinese Ministry of Foreign Affairs, Oct 17, 2015. http://www.fmprc.gov.cn/web/wjb_673085/zygy_673101/zm_673151/xgxwz_673153/t1306852.shtml; "China's participation in Arctic Affairs on basis of respect, cooperation: FM", *Xinhua News*, Oct 17, 2015. http://news.xinhuanet.com/english/2015-10/17/c_134721696.htm

²⁹ <https://www.wilsoncenter.org/event/the-polar-silk-road-chinas-arctic-ambitions>

finally announced its Arctic White Paper in January, 2018 to clarify its position in the Arctic. The White Paper does not add anything surprising to the international society. Key points have already been explained by Chinese officials and experts in previous years. In addition, the White Paper tries hard to alleviate the suspicion of China's ambition to become a hegemonic power in the Arctic by elaborating the following Chinese principles of participation:

- (1) Respect: China respects the status quo of sovereignty issues of the Arctic region, and respect the legal rights of non-Arctic countries to participate in the Arctic Affairs. China confirms its identity as a "Near Arctic Country";
- (2) Cooperation: "Silk Road on the Ice" does not aim at exclusive bilateral cooperation between China and Russia. China does not have the plan to build military block. The spirit of Silk Road on the Ice is openness and multi-lateralism;
- (3) Win-win: China is seeking for the establishment of common interests based on mutual benefits. Chinese exploration of the Arctic region should not be regarded as actions of pure foreign aid or benevolent supports. The Chinese will consider market values and potential risks of business opportunities in the Arctic region;
- (4) Sustainability: China insists on the green principles based on solid scientific researches. China will perform self-constraint in developing the environmentally sensitive areas.³⁰

While the Chinese express intentions of proactive actions in the Arctic affairs, China also emphasizes on self-constraint and institutionalized

³⁰ Chen Xiaochen, Zhang Tingting, "Bingshang sichou zhilu youle zhibeizhen" (Guidelines for Silk Road on the Ice), Xinhua Finance Agency, March 2, 2018.
http://tc.xfafinance.com/html/In_depth/2018/266267.shtml

behaviors based on existing rules at the Arctic region. This basic policy principle is repeated in official talks, documents, as well as Arctic White Paper. For example, Chinese Deputy Foreign Minister Kong Xuanyou indicates China's basic principle of "no over-doing, no absence" in Arctic affairs. As a non-Arctic country, China will not intervene into internal affairs of Arctic countries. China will follow the international law as the guidance of behavior. On the other hand, as a near-Arctic state and major interest stakeholder, China will contribute to the cross-regional and global dimensions of Arctic affairs. Kong argues that the establishment of "Silk Road on the Ice" will be based on the cooperation between China's Belt and Road Initiatives and Russia's plan of Eurasia Economic Union.³¹

Dynamics of interaction of China and Russia in the Arctic region

The Emergence of Sino-Russia Alliance?

There is no doubt that Russia is the single most important country in China's Arctic initiatives. The Chinese side perceives that building mutual trust with the relationship with its northern neighbor will help stabilize interaction with China's coastal partners. Strengthening relationship with Russia will also enhance bargaining chips to counter western pressures. Furthermore, both Russia and China are facing pressure of American unilateralism. In order to enhance the institution-based global system in the post-Cold war world, China and Russia need to work together to resist the reverse trend of anti-globalization. Based on such new strategic background of Sino-Russia

³¹ "Waijiaobu fubuzhang jiedu zhongguo de beiji zhengce baipishu " (Deputy Foreign Minister interprets China's Arctic White Paper), *Renmin Ribao*, January 29, 2018. <http://big5.xinhuanet.com/gate/big5/silkroad.news.cn/2018/0129/81957.shtml>

relationship, participating in the developmental of Russia's energy resources will help secure China's energy supply in the foreseeable future. Chinese SOEs can also take the opportunity of co-development of arctic LNG projects to upgrade their technological level in energy exploration and ice breaking.³²

The Chinese think tank report also postulates that the strategic convergence between Russia and China lays the foundation of cooperation between two countries. Both China and Russia are "late comers" in the post-Cold War international system. Late comers suffer from unfair treatments of strategic suppression and containment of existing hegemonic powers. Russia's national goal of "building a strong Russia" and China's attempt of "great national rejuvenation" request a peaceful and stable external environment. Furthermore, both Russia and China support policies of multilateralism and appreciate diverse forms of democracy in international community. Therefore, similarities in strategic situation and ideas push these two countries to form a more comprehensive strategic partnership.³³

Furthermore, western critics emphasize on the ambition of China and Russia partnership to re-orient the world toward their orbit. American analysts raise concerns about the Sino-Russia alliance on geopolitics. As China expands its BRI to the Arctic and Latin America, Russia will likely learn from and acquiesce to China in Latin America due to the advantages of the Nicaragua canal and what Beijing is undertaking economically and politically in the region. But China will learn from Russia in the Arctic and

³² Qian Zongqi, *Erluosi beiji zhanlyue yu bingshang sichou zhilu*(Russian arctic strategies and silk road on the ice), (Beijing: Shishi Chubanse, 2018), pp. 205-207

³³ Han Lu, "2018nian zhongguo hezuo yu sange liangdian zhide qidai" (Three spotlights of Sino-Russia cooperation are expected), China Institute of International Affairs, March 1, 2018. http://www.cis.org.cn/chinese/2018-03/01/content_40236657.htm

gain the ability to exploit hydrocarbons and other natural resources with glaciers now melting at a rapid pace. With Russia's ability in the Arctic and China's need for resources and finances to sustain expensive infrastructure this titanic project of linking both routes will be offered as an alternative to the United States post-World War II order. That means countries will be able to choose between working with the United States or a Chinese-Russian economic bloc that is keen on doing business and geopolitics at the same time. Once China connects the two projects with Russia, then both countries will have the ability to influence the Arctic Council and Europe, thus diminishing the power of the United States and NATO. Also, lessons learned in the Arctic can be applied to Nicaragua because there is a peaceful aspect to developing the maritime portion of BRI through the Arctic by "diversifying trade routes involving neighboring states in port projects and scientific research."³⁴

Recent Russian and Chinese activities in the Arctic thus alarm the western world that such emerging alliance will threaten the stability of current international system. In August, 2018, some UK media published excerpts of the report "On thin ice: UK defense in the Arctic" prepared by the Defense Sub-Committee of the House of Commons. This report indicates that Russia has shown itself to be ready to use military force to secure political advantage.

³⁴ Todd Royal, "How China and Russia are Teaming up to Degrade U.S. Influence in South America", National Interest, December 4, 2017.

<https://nationalinterest.org/feature/how-china-russia-are-teaming-degrade-us-influence-south-2345>

The Arctic is vulnerable to exploitation by a revisionist state. This report alarms "a serious threat to Britain from Russia on the Arctic flank" and the need to increase the capabilities of the UK army and increase defense spending. The Russian Embassy responded to the comments by stating that these speculations are yet another attempt to promote the idea of military build-up in the Arctic under imaginary pretexts. They run counter to the existing international legal framework and completely undermine huge efforts undertaken in the Arctic Council, where the UK is an observer state. Moscow considers the Arctic to be an area for constructive dialogue and equal, conflict-free cooperation in the interests of all the states.³⁵

Historical memories and uncertainties in the international system force China to adopt a more prudent policy on Sino-Russia alliance. The Chinese side perceives the complexity of bureaucratic politics of the Russian side. The fluctuation of energy prices in the international market makes the cost-benefit analyses more uncertain. The Chinese also worry about the impact of US sanctions on the procurement of core technologies in the Arctic region. In the long term perspective, the uncertainty of bilateral relationship still throws shadows about the future of arctic cooperation. ³⁶

Without neglecting the importance of Russian influence in the Arctic, the Chinese would prefer to invest its interests in the Arctic region through

³⁵ "UK must strengthen position in Arctic-Defense committee", Sputnik International, August 15, 2018. <https://sputniknews.com/military/201808151067212000-uk-position-arctic-security/>;

"Russian embassy slams UK media for alleging military build-up in Arctic", Sputnik International August 16, 2018. <https://sputniknews.com/europe/201808161067225425-russia-uk-media-arctic-build-up/>

³⁶ Qian Zongqi, Erluosi beiji zhanlyue yu bingshang sichou zhilu(Russian arctic strategies and silk road on the ice), (Beijing: Shishi Chubanse, 2018), pp. 205-207

multilateral instead of bilateral platforms. China's participation in the Arctic affairs is connected with new dynamics of multi-member and multi-dimensional changes in the region. Chinese experts argue that the possibility of direct confrontation between Russia and US is slim given the nature of nuclear deterrence. The current players of the Arctic diplomacy are not limited in Arctic countries. New players of the Arctic affairs, under the status of observers in the Arctic Council, facilitate the emergence new multi-lateral mechanism of cooperation especially in the areas of energy security, environmental protection and new sea routes. The "Silk Road on the Ice" project of China fits in such multilateralism and endeavors to promote collective development to secure human security.³⁷

The root of such Chinese prudence and hesitation could be traced to basic assessment on Russia's grand strategy in the post-Cold war era. As stated in the previous section, Russia's Arctic policy in general, and its strategies on Russo-China relationship in particular, is the reflection on Russia's strategic calculation. According to Pavel Devyatkin, Russia's actual strategy is far more nuanced than the dichotomy of confrontation and cooperation. From the realist aspect, the "revisionist state" like Russia considers the Arctic as compensation for its loss of historical hegemony in Europe following the collapse of the Soviet Union. Russia perceives the Arctic as a zone of vulnerability and insecurity in the sense that Russia's vast geography influences policymakers to be concerned about invasions from other circumpolar nations. From the neoliberal institutionalist aspect, Moscow's Arctic strategy is primarily concerned with developing the Russian

³⁷ Li Zhenfu, "Beiji xu raoguo diyuan zhengzhi xianjing" (Arctic affairs must avoid the trap of geopolitics), Zhongguo pinglun xinwenwang, March 16, 2018. <http://hk.crntt.com/doc/1050/1/0/4/105010450.html?coluid=7&kindid=0&docid=105010450>

exclusive economic zone and is therefore mostly focused on the economic benefits of Arctic development. Instead of providing additional offensive capability or reviving the Soviet era military might, contemporary Russian military policy in the Arctic is focused on upgrading old units, securing the wide-reaching border, and improving search and rescue services. The “ in between narratives” focus on the points that Russian Arctic policies are not one-sided. Russia’s Arctic strategy has a military component that aims to gain control in the region, but the Russian ambitions are not thoroughly hostile. Moreover, opinions within Russia’s bureaucracy are not coherent. It is wrong to regard the Russian policy making body as unitary and consistent. ³⁸

Chinese experts also warn on the formation of a formal Sino-Russia military alliance. Wang Haiyun, a former Chinese diplomat in Moscow, argues that in contrast to America’s struggle to sustain its hegemonic dominance, the Chinese goal is to accommodate to a balanced and stable international system. Such a friendly international environment will provide a necessary situation for China to devote to domestic reforms. In order to hedge against American hegemony, the Sino-Russo relationship becomes a cornerstone for international stability. On the other hand, Wang also indicates that the nature of Russian foreign policy, such as major power mindset and territorial expansionism, may throw shadows on the emerging alliance between two countries. Mutual suspicion and lack of trust between China and Russia have their historical roots. A formal military alliance will stimulate strong counter-action from the US and Western allies. Such an alliance may also erode the foundation of Shanghai Cooperation Organization and raise

³⁸ Pavel Devyatkin, “Russia’s arctic strategy: aimed at conflict or cooperation?”, The Arctic Institute, February 6, 2018.
<https://www.thearcticinstitute.org/russias-arctic-strategy-aimed-conflict-cooperation-part-one/>

suspensions of developing countries. According to Wang, the best option between China and Russia is to build a “special military partnership” under the general framework of Comprehensive Strategic Partnership. Such partnership will be characterized by close military connections without shouldering responsibilities of a formal military alliance.³⁹

China’s Arctic policies are not isolated actions of energy security and economic development. They are closely linked with Chinese grand strategies such as the Belt and Road initiatives. From an aspect of Chinese grand strategy, the northern sea route seems to be the natural extension of exiting BRI strategy. The concept of “One Belt, One Road, One Route” (Yidai Yilu Yidao) was introduced after Xi’s 2017 talk on Silk Road on the Ice. By integrating the three passages from the north to south, the Chinese mainland will occupy the central ground as the core of the framework. Compared to BRI, developing the northern sea route will face only one single major player—the Russians. The northern sea route will also provide a fresh experiment for China to promote a green and sustainable way of transportation to Europe. In addition to security , energy and environmental advantages, developing the northern sea route could also serve as a catalyst of cooperation among northeastern countries and Russia. ⁴⁰

Convergence of Chinese and Russia strategies of development will be the key for laying the foundation of mutual trust. Whether the Russian project of Eurasia Union could work with Chinese Belt and Road Initiatives attracts

³⁹ Wang Haiyun, “Chongfen renshi zhonger guanxi de zhongyaoxing yu fuzaxing” (Fully understand the importance and complexity of Sino-Russo relationship), January 27, 2018.

<http://www.cwzg.cn/politics/201801/40815.html>

⁴⁰ Hu Angang, Zhang Xin, Zhang Wei, “Kaifa yidaiyiluyidao jianshe de zhanlue neihan yu gouxiang” (The strategic content and plan of developing one belt , one road, one route” , *Journal of Qinghua University*, No.3, 2017.

attentions and doubts. Critics argue that the Russian project will conflict with the Chinese one due to the fact that region of Eurasia Union has been traditionally Russia sphere of influence. The Chinese penetration will ring the alarming bell of Yellow Plague. As far as Russia's position is concerned, the Arctic exploitation is not designed to comply with China's "Belt and Road Initiative" policy.⁴¹ There is a gap between China's interests and Russia's objectives of development.

The more prudent viewpoint in Russia argues that there is no reason to reject the BRI. The baseline is that BRI can only be the supporting project, instead of replacement, of the Eurasia Union. This is the only guarantee of a win-win strategy of Russia's core national interests. By contrast, the Chinese side expresses a more optimistic expectation on the integration of the two projects. In addition to the continuous growth of bilateral trade with member states, the Chinese investments on infrastructure projects help upgrading the industrial levels of the regions and facilitate the transportation routes such as China Railway express with Europe. The Chinese side uses the term "Yidai Yimeng" (One Belt, One Union) to describe the integration of the two projects. The Yamal project, as the preceding pages introduce, is also regarded as one of the key joint project under One Belt, One Union.⁴²

Bilateral cooperation and local development

The Russian perception on the Chinese interests in the Arctic region

⁴¹ Кристина Спор, Гонка за Арктику — последний рубеж планеты.
<https://inosmi.ru/politic/20180320/241749929.html>

⁴² "Yidai yimeng duijie hezuo chengji feiran" (The splendid achievement of the cooperation of One Belt, One Union), *Guangming Ribao*, August 18, 2018.
http://www.xinhuanet.com/politics/2018-08/18/c_1123289482.htm

focuses on energy, minerals, and transportation concerns⁴³. As introduced in the previous section, the Russian plan to develop Support Zones along the Arctic coast. Infrastructure construction, especially cargo ports, has become corner stone for the Silk Road on the Ice. According to the suggestions of a Chinese think tank, China and Russia may select at least five major ports along the Russia coast as the “Pivot Port” to consolidate the northern sea route. These five ports will be invested with different functions and policies to serve as logistics centers. The Chinese side still needs the Russian technology especially the ice-breakers to facilitate the navigation during frozen seasons. Developments of these port cities along the northern sea route require migration of population and inputs of large-scale investments. In order to reduce risk of investment, the Chinese side also suggests the introduction of international capitals, especially investments from Japan, Korea and Nordic countries. Internationalization of development on the port projects will be the safe valve to alleviate the monopoly of any single forces in the region.⁴⁴

China’s plan to explore the northern sea route is closely connected with the domestic development of northeastern region. The joint development of Port Zarrubino of Jilin province between China and Russia is an example. Given the uncertainty of the North Korea situation, the Jilin province of China is in need to have a new port as an outlet to link with Japan, south Korean and northern sea route. With a distance of 60 KM to the Chinese city of Hunchun development zone, the new port project will boost up Jilin’s economy and

⁴³ Горохова, А., Китай в Арктике: не надо ждать благотворительность. <https://regnum.ru/news/2372967.html/>; Загорский, А., Россия и Китай в Арктике: Разногласия реальные или мнимые? Мировая экономика и международные отношения. 2016, том. 60, №2: 63-71

⁴⁴ Qu ouzhou, xiang beizou: Zhonghe hejian bingshang sichou zhilu zhidian gangkou yanjiu (Go to Europe, Stride toward the north: a research on co-construction of pivotal ports of Silk Road on the Ice), (Beijing, chongyang yanjiuyuan, April, 2018), pp. 39-42.

serve as a base port for northern sea route through the Arctic region.

In addition to the linkages of Russia's development scheme of Siberia and Far East with China's Reviving the Northeast Plan, local plans and border projects such as Sino-Europe Rail Express Routes from Yingkou of Liaoning province are under construction. Two major railway links with Russia also connect Liaoning province with Europe. The "Liaomengou" railway project starts with the port city of Panjin through Mongolia to Minsk; the "Liaomanou" railway project starts with the port city of Dalian through Russian territory to Europe. Dalian is expected to serve as a major port city for northeastern China to utilize the northern sea route to Europe. Integrating port development and railway connection, the northern sea route may serve as a key channels for a new round of reviving the northeastern China project. However, these cooperative projects are mainly top-down, infrastructure -driven large scale projects. The foundation of bottom-up cooperative mechanism based on market benefits is still weak.

Sino-Russia Joint development of Yamal Energy Project

The exploitation of Arctic mineral resources, deep water ports, and the improvement of infrastructure request large scale input of capital and technological investments. As far as technology is concerned, the development of Russia in the Polar Regions is not a problem. It is obviously the problem of lack of capital investment. For an exploitation and construction program of such a large scale, foreign capital investment is necessary.

However, since 2014, Russia has been facing international economic sanctions (another six months were extended since March 2018), coupled with its diplomatic tensions with the U.S. Attracting foreign capital investment has

been quite difficult. The Chinese capital has become a relatively forced choice.

The Yamal LNG project is a case to explain the momentum of Sino-Russia cooperation. From the Russian perspective, the Yamal LNG project started in 2010, which was ahead of the “Belt and Road Initiative” project. It is expected to produce 165,000,000 tons of liquefied natural gas a year, with an investment amount of \$26.9 billion. But due to the lack of funding, the project was not launched until 2016. The allocated investment in the General Plan by the Russian New Technology Group accounted for 50.1%, of which the group raised \$12.8 billion and then borrowed 150 billion rubles from the “Russian National Wealth Fund” (Фонд национального благосостояния-ФНБ/FNB); 6.3 billion euros were borrowed from the Sberbank of Russia (Сбербанк/Sberbank) and Gazprombank (Газпромбанк/Gazprombank), 20% from the Total S.A. of France, 20% from China National Petroleum Corporation (CNPC), and 9.9% from Silk Road Fund. As the Silk Road Fund was actually set up in China, the Chinese side thus accounted for 29.9% of the capital of the Yamal LNG project.

Similar to the Chinese and western understanding on this project, the investment of Chinese capital reflects China’s demand in energy and Russia’s need in the capital. On July 19, 2018, LNG carrier Vladimir Rusanov docked at China’s Rudong terminal in eastern Jiangsu province with its first shipment from Russia’s Yamal LNG project using the arctic northern sea route. However, the Rusanov sailed from the Arctic port of Sabetta on June 25, making the voyage to China in 24 days rather than the 18 days estimated in 2017 by the US Energy Information Agency.⁴⁵

⁴⁵ Michael Lelyveld, “China breaks ice with Arctic gas”, Radio Free Asia, July 30, 2018. https://www.rfa.org/english/commentaries/energy_watch/arctic-07302018105836.html

However, the Russian side indicates that it is essentially an independent project of bilateral complementarity, rather than a framework of comprehensive bilateral cooperation in all the energy fields. There are no related projects on other discussions up until now. Furthermore, uncertainties exist on the real cost of operation through the northern sea route.

In addition, in terms of the capital structure, forming a wholly Chinese-funded or a simple Sino-Russian joint venture does not serve Russian interests of energy security. The Russian Federation will search for possible cooperation besides the Chinese capital. Although it is difficult to find other investors under the sanction pressure from the EU and the U.S., however, as the trade war between China and the U.S. commenced, China's ability to invest in Russia and in other countries must be taken into account. In May 2018, the news reported that China and Russia were discussing to sign a memorandum on the issues of its cooperation in Arctic region,⁴⁶ but there was no further definitive confirmation. According to Russian officials, Russia does not believe that China's presence in the Arctic region is a warning to Russia, but a potential bilateral partnership in the region.⁴⁷

Even though Russia occupies a pivotal position in the region, the Arctic affairs are much more complicated than pure energy concerns. In other words, Sino-Russia partnership in the energy sector reflects only partial facts of broad dimensions of cooperation and competition in the Arctic area. From the aspect of private investor like Guggenheim, highly visible energy projects like Yamal LNG only paint a fraction of the economic picture in the Arctic.

⁴⁶ Россия и Китай разрабатывают меморандум о совместном освоении Арктики.
<http://tass.ru/mezhdunarodnaya-panorama/5200505>

⁴⁷ Россия и Китай хотят укрепить сотрудничество в Арктике.
<https://ria.ru/world/20180608/1522345980.html>

Guggenheim's Arctic project inventory includes a data center in Norway, a Finnish biomass-to-ethanol plant, and a Swedish lithium-ion battery factory , among many other projects that fall outside the more conventional categories of fossil fuels, mining , road and railways. For Russia, the receding sea ice represents the withdrawal of a natural barrier that has long protected its norther border. For non-Arctic states, they regard themselves as an Arctic stakeholder. They want to make sure they are not blocked from the Arctic by the coastal states. They also want to make sure they are sort of an equal partner.⁴⁸

Conclusion

Russia's position on the sovereignty of the Arctic area in terms of history, politics, and law is very clear. Russia's Arctic policy is embedded in such macro framework of foreign policy. Under Putin's presidency, there will be no fundamental changes. Russia and China will engage in detailed diplomatic talks to meet the interests of the two countries. On the other hand, Russia's military readiness in the Arctic region has been a long-standing goal of national interests. As identified as a near Arctic state, China has demonstrated its self-constraints on sovereignty and territorial issues in the Arctic region. China's diplomacy in the Arctic affairs aims at taking proactive actions to consolidate its major power status and undertaking potential contribution to multilateral mechanism in the Arctic region. However, China's recent assertive actions in other regions still raise doubts about the real Chinese intention in the Arctic.

⁴⁸ Clay Dillow, "Russia and China vie to beat the US in the trillion-dollar race to control the Arctic", CNBC, February 6, 2018.
<https://www.cnbc.com/2018/02/06/russia-and-china-battle-us-in-race-to-control-arctic.html>

The major factor constraining Russian Arctic activity is Russia's economic capacities. This key factor will decide whether Russia can take comprehensive investments in the region for a long period of time. The current economic situation and industrial structure of Russia does not demonstrate an optimistic outlook. The only option for Russia for economic assistance is from China. On the other hand, Russia has a strong intention to diversify the inbound foreign direct investment and search for other economic partnership from other parts of the world. It demonstrates Russia's suspicion on China's economic influences in the region. As the preceding pages indicate, the Chinese strategy is to integrate domestic local development with the Silk Road on the Ice through linkages with Russia's Eurasia Union plan. Whether such economic initiatives could alleviate mutual suspicion and enhance new mechanism of deep integration deserve further attention.

In different occasions, China has confirmed its standing of respecting the sovereignty claims of the Arctic states. Russia adopts a consistent standing that the sovereignty, territory and resources of the Arctic are owned by the countries concerned and only by these parties. The Russian even regard the Arctic region as the Caspian Sea, which takes the treatment model of the Caspian Sea into the treatment of the Arctic Ocean. From Russian perspective, these near-Arctic countries, including China, can only act as an auxiliary subject to the dominant role of the core Arctic country. The Russian has expressed its strong and clear intention to serve as a dominant power with full control of region. Given these pre-conditions of strong Russia assertion of Arctic relations, a formal military alliance between Russia China will certainly stimulate strong responses from NATO and thus destabilize security environment of Arctic region. Recent tension of Sino-American relationship

may even push Russia and China closer. However, given lack of solid mutual trust and confidence, a formal alliance between the two countries will be unrealistic. The Chinese may adopt multi-lateral diplomacy to strengthen ties with Nordic countries and form joint efforts of collective development in the Arctic region. As a new comer of Arctic affairs and an emerging global power, Chinese actions of multilateralism in the Arctic affairs, and Russia's counter actions, will be the focus of academic as well as policy concerns in the near future.