BRIEFING

European Parliament

China's Arctic policy

How China aligns rights and interests

SUMMARY

Unlike the Arctic states, China has no territorial sovereignty and related sovereign rights to resource extraction and fishing in the Arctic. Faced with very limited rights as a non-Arctic state, China has been eager to design strategies to bridge the widening gap between the legal and institutional constraints in the Arctic and its growing Arctic interests. It has developed a self-defined Arctic identity as a 'near-Arctic state' and sought – and in 2013 gained – observer status in the Arctic Council, to prepare the ground for a future expanded foothold in the region.

China's first-ever white paper on Arctic policy of 26 January 2018 seeks to justify the country's Arctic ambitions through its history of Arctic research and the challenges and opportunities that rapid climate change in the Arctic present the country. China acknowledges for the first time that its Arctic interests are no longer limited to scientific research but extend to a variety of commercial activities. These are embedded in a new China-led cooperation initiative which aims to build a 'Polar Silk Road' that connects China with Europe via the Arctic and corresponds to one of two new 'blue ocean passages' extending from China's 21st Century Maritime Silk Road, launched in 2013.

The white paper stresses China's commitment to upholding the institutional and legal framework for Arctic governance and to respecting the sovereign rights of the Arctic states. On the other hand, it asserts China's right as a non-Arctic state to participate in Arctic affairs under international law. China's Arctic policy suggests a strong desire to push for the internationalisation of the Arctic's regional governance system. The white paper is not a strategy document, and is more interesting for what it omits, such as the national security dimension that is a major driver of China's Arctic ambitions.

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The Arctic's growing relevance for China

China's white paper on its Arctic policy of 26 January 2018 confirms that the region has significantly moved up China's foreign policy agenda during President Xi Jinping's first term of office (2013-2018).[1] To legitimise China's growing role and interest in the Arctic despite its short Arctic history and lack of sovereign rights, the paper highlights China's scientific research on the Arctic since the 1990s and its increasing engagement in Arctic governance since it was admitted in 2013 as one of the current 13 observers to the Arctic Council. The Council was created in 1996 as the main multilateral forum for regional governance and cooperation bringing together the eight Arctic states: Canada, Denmark, Finland, Iceland, Norway, Russia, Sweden, and the USA, as well as six organisations representing Arctic indigenous peoples which have Permanent Participant status. All Arctic Council members and some observer states made their Arctic policy known much earlier than China.[2]

Despite China's geographical distance from the Arctic it has defined itself as a 'near-Arctic state', a continental state close to the Arctic Circle, and an 'Arctic stakeholder'. In the past it did so largely based on the impact of climate change in the Arctic on China's environment, ecosystem, agriculture and flooding threat, but more recently on the assertion of China's 'rights and interests' in the Arctic. The white paper makes clear that China intends to extend the scope of its activities in the Arctic with a view to seizing the 'historic opportunity' for a variety of commercial activities, as a result of melting Arctic ice and longer shipping periods along the Arctic shipping routes. However, the paper stops short of outlining the Arctic's strategic relevance for improving China's national security, thus partly preserving China's previous strategic ambiguity.[3]

China's Arctic milestones

1925 China accedes to the 1920 Svalbard or Spitzbergen Treaty

1996 China joins the International Arctic Science Committee (IASC)

Since 1999, China has conducted scientific expeditions in the Arctic with the 1994 Ukraine-built ice-breaker polar research vessel *Xue Long* (Snow Dragon)

2004 China builds the Arctic Yellow River Station (*Huanghe zhan*) in Ny Ålesund/Spitzbergen

2007 China expresses interest in gaining observer status in the Arctic Council

2013 China is admitted to the Arctic Council as an observer

2013 the cargo vessel *Yong Sheng*, operated by China's COSCO Group sails from Dalian in China to Rotterdam, marking China's first commercial transit through the North-east Passage off Russia's northern coast (see Figure 2)

2014 China issues a navigation guide to the Northern Sea Route region

2015 five People's Liberation Army-Navy (PLAN) warships travel through US territorial waters off the coast of Alaska

2016 COSCO sends five vessels through the Northern Sea Route

2016 China releases a navigation guide for in the Northwest Passage off the coast of Canada

2016 launch of the construction of the first Chinese-built nuclear-powered icebreaker polar research vessel *Xue Long* 2 based on a Chinese-Finnish design

2017 *Xue Long* crosses the Central Arctic Area for the first time

China's Arctic white paper: Key messages

Deflecting Western concerns about China's growing Arctic ambitions

The white paper does not seem to reveal anything new about China's Arctic strategy. It lists selected elements of China's Arctic policies articulated by Chinese scholars and policy-makers in recent years,[4] but that have never been brought together in a structured way and tailored to the sensitivities of a foreign public.

Western sinologists have highlighted that in China's foreign policy information management, framing techniques such as directing different messages to domestic and foreign audiences and coded language, as well as strategic communication have always played a major role.[5] These have proved useful tools to create an environment where China can pursue its objectives without facing undue restriction.

The English version of the white paper is therefore principally intended to shape positive perceptions of China as a peaceful and cooperative partner among a foreign audience expected not to have followed the scholarly debate and political discourse in China, where the focus is clearly set on the exploitation of the Arctic's natural resources rather than on environmental protection.[6] Taking a foreign audience's awareness of China's past record of prioritising breakneck economic growth over domestic and overseas environmental protection into account, Chinese Vice Foreign Minister Kong Xuanyou, when presenting the white paper, stated: 'It is completely unnecessary to doubt our intentions or worry about plundering of resources or destruction of the environment'.

A major aim of the white paper, which refers to China as a 'responsible major country', is therefore to alleviate concerns from Arctic or non-Arctic states about the extent of China's Arctic ambitions by stressing China's commitment to international law and cooperation and balancing economic interests with environmental protection. It remains to be seen what China's 'lawful and rational use of Arctic natural resources' will mean in practice. China will be measured against its actions rather than its rhetoric.

Does China's Arctic Paper suggest a status quo or a revisionist power approach?

Institutional and legal framework for Arctic governance

China's observer status in the Arctic Council, granted in 2013 in line with the seven criteria agreed at the Arctic Council's Ministerial in Nuuk/Greenland in 2011, including the recognition of Arctic states' sovereignty, sovereign rights and jurisdiction in the Arctic (criterion 2), is conditioned on China's compliance with the institutional and legal framework for Arctic regional governance (criteria 1 and 3). Since the observer status must be renewed every four years and requires the approval of all eight Arctic states, this is a strong incentive for China to engage with the multilateral governance format and behave as a status quo power. Given China's limited rights in the Arctic, this form of engagement also matches its own interest in shaping the future norm-setting process by contributing to the Arctic Council's working groups, although without voting rights.

The white paper therefore states that China is committed to the multilateral institutional arrangements for Arctic governance currently in place and to the existing legal framework, including the United Nations Law of the Sea (UNCLOS), treaties on climate change and the environment, and relevant rules of the International Maritime Organization (IMO). This latter would for instance include the International Code for Ships Operating in Polar Waters (Polar Code) which entered into force in 2017. Nevertheless, frequent references throughout the white paper to UNCLOS highlight an important issue: In 2016, China bluntly disregarded the Permanent Court of Arbitration's ruling on China's maritime claims in the South China Sea versus the Philippines' claims, and on the environmental damage China's large-scale artificial island-building on several maritime features entailed. This may suggest a position of selectively complying with UNCLOS according to national core interests, which may be at odds with a position where systematic compliance is the foundation of a rules-based international order.

As for the special status of Arctic indigenous peoples, China's commitment to respecting their interests and concerns – particularly their traditions and culture – (criterion 4) is repeated several times in the white paper. This may seem very ambitious against the background of analyses critical of the treatment of ethnic minorities in China.

Challenging the Arctic states' status quo approach to Arctic regionalism?

The 2008 Ilulissat Declaration enshrines the legally non-binding agreement between what are known as the five Arctic Ocean littoral states, Canada, Denmark, Norway, Russia, and the USA, that the existing legal framework for Arctic governance is sufficient and that there is no need for a new legal instrument such as an Arctic Treaty. The Declaration expresses the Arctic coastal states' endorsement of Arctic regionalism, which non-Arctic states pursuing an international approach to

Arctic governance may see as an effort to limit their influence. In this context, China could incrementally deploy a revisionist power approach by seeking changes in or additions to the existing regional governance framework or lobby for an Arctic Treaty to better accommodate its own interests.

The white paper seems to advocate the transformation of the Arctic's governance from regional to global, as has previously been proposed by Chinese scholars.[7] If formalised, this would dilute the power of the Arctic states and grant non-Arctic states (given its economic weight, in practice, particularly China), a bigger say than at present. Specialists argue that the Arctic's continued fragmented regional governance system and the growing interest of non-Arctic states in engaging the region may support China's push towards considering the Arctic as an international rather than regional issue.

The Arctic Ocean as a 'common heritage of mankind'

English translations of past statements made by high-ranking Chinese officials allegedly labelling the Arctic broadly as a common heritage of mankind sparked criticism.[8] The white paper therefore draws a distinction between the Arctic Ocean littoral states' sovereign rights and the rights of non-Arctic states to resource extraction and fishing in the Arctic Ocean under UNCLOS, stressing that the above concept refers to the high seas and the international seabed.

China and the overlapping claims of Arctic states as regards the continental shelf limits

China has not expressed an opinion on the scientific claims submitted to the UN Commission on the Limits of the Continental Shelf (CLCS) for evaluation by several Arctic coastal states – to extend their outer continental shelves to the North Pole. China is obviously interested in a narrow interpretation of these claims and the largest possible interpretation of maritime space in the Arctic Ocean considered as the high seas and international seabed, where non-Arctic states have the same rights as Arctic states.

China's Arctic policy goals and general principles for participation in Arctic affairs

The white paper sets out China's policy goals as being to 'understand, protect, develop and participate in the governance of the Arctic' and to 'build a community with a shared future for mankind', also known as a 'community of common destiny for humankind') in the Arctic region.[9] The latter term is a key concept of President Xi Jinping, which over the years has been flexibly applied to different geographical settings. It is set to project China's alleged 'wisdom in global governance' and to showcase China's benevolent contribution to the international order as part of China's alternative global governance model.

The white paper moreover mentions three of China's general foreign relations principles that also guide China's participation in Arctic affairs, such as respect, cooperation, and win-win result(s). It also adds sustainability, originally a Western concept, but here referred to as a 'fundamental goal'. Respect refers to China's respect of Arctic coastal states' sovereignty and sovereign rights in the UNCLOS maritime zones internal waters, territorial sea, contiguous zone, exclusive economic zone (EEZ), and the continental shelf. However, respect is meant to be reciprocal, i.e. Arctic states should respect 'the rights and freedom of non-Arctic states to carry out activities in this region in accordance with the law, and respect the overall interests of the international community in the Arctic'. The broad concepts of win-win result(s) and sustainability, which among others means 'realising harmonious coexistence between man and nature', may in practice carry a very different meaning for China, Arctic states and other non-Arctic states.

It remains to be seen whether the norms and values enshrined in the current legal and institutional frameworks for the Arctic which are driven by the joint effort to protect its unique environment will

align or conflict with the economically focused concepts that China has been promoting generally and under its 'One Belt, One Road' (OBOR) initiative more specifically. An example are Chinese tied loans, i.e. the conditioning of Chinese loans to third countries on the award of most of the construction contracts to Chinese companies – which is deemed a 'win-win result' from China's perspective – rather than using transparent public tenders, which from a Western perspective are crucial to achieve 'win-win result(s)' and 'sustainability'.

Extending the OBOR initiative into the Arctic

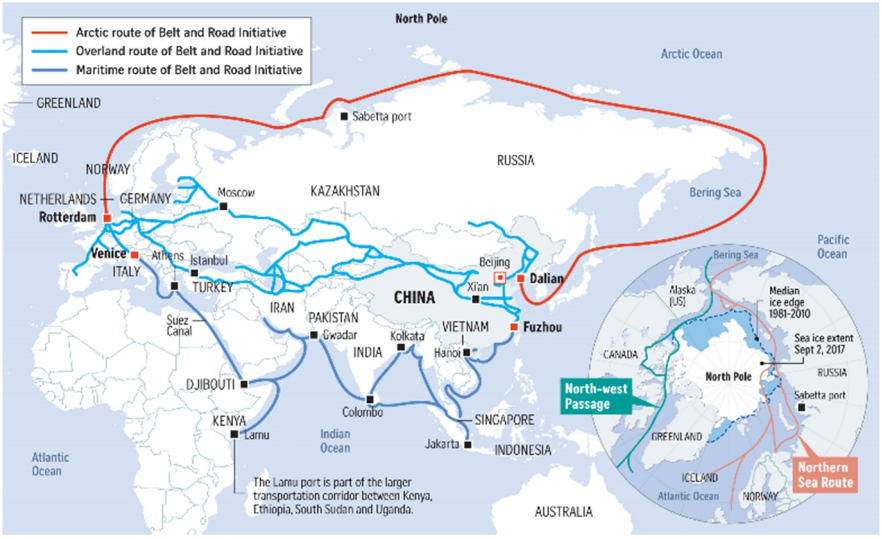
The white paper formally embeds China's Arctic policies in its 2013 OBOR initiative, meanwhile renamed in English 'Belt and Road Initiative' (BRI), which therefore becomes a global undertaking and consolidates China's maritime policy. This follows on the heels of the publication of China's 'Vision for Maritime Cooperation under the Belt and Road Initiative' in June 2017. It adds two new 'blue economic passages' to the existing 21st Century Maritime Silk Road, which connects Chinese and European ports via the Indian Ocean and the Suez Canal: the China-Oceania-South Pacific passage and the 'Polar Silk Road', linking China and Europe via the Arctic Ocean (see Figure 1).

The idea of Chinese-Russian cooperation in Arctic navigation can be traced back to 2015, after President Xi Jinping announced China's aspiration of becoming a 'polar great power' during a visit to Hobart, Australia, in 2014. Bilateral cooperation for instance is ongoing as regards rail and port facilities at Arkhangelsk in the north of Russia.

Compared to the 2018 white paper, China's 2017 vision paper is much more assertive and comprehensive in proposing maritime cooperation in different areas, both based on existing cooperation formats including the China-South Europe Marine Cooperation Forum, and platforms for new policy areas still to be created.

The advantage of the integration of China's Arctic policy into its flagship foreign policy initiative seems to be that it enables China, despite its limited Arctic rights, to act from a position of strength by offering cooperation to Arctic and non-Arctic states **under** a China-centred project based on Chinese goals and principles.[10] China thereby offsets its lack of territorial sovereignty and related sovereign rights through its ability to finance large-scale Arctic development projects and its unique capability of 'encouraging' Chinese companies to implement the government's long-term Arctic policies.

Figure 1 – China's Polar Silk Road as a new 'blue economic passage'



Source: *Straits Times*, China's Polar Ambitions Cause Anxiety, 20 February 2018.

China's main interests in the Arctic

Advancing scientific research for strategic purposes

China's Arctic research interest is largely strategic, going far beyond efforts to, inter alia, gain a better understanding of the impact of climate change on the region and on China and better weather forecasting. Scientific information is needed to foster China's geostrategic ambitions related to air

links, shipping, and resource extraction. Moreover, it is linked to its ambition to advance China's capabilities in space science including the worldwide coverage and enhanced usage of its *Beidou* satellite system (the Chinese equivalent of the US GPS and the EU Galileo system). This dual (civil and military) technology allows for high-precision satellite navigation and missile positioning and timing.[11] Scientific research also strengthens China's sea-based nuclear deterrence.

Exploring and exploiting Arctic oil, gas and mining resources

China is interested in exploiting the Arctic's untapped oil and gas supplies, which a 2008 US Geological Survey estimated at about 13 % of the world's undiscovered oil and 30 % of its undiscovered natural gas. China is however limited in its ambitions to harvest these resources alone, because they are largely located in the sovereign territory or (claimed) extended continental shelf of Arctic Ocean littoral states.[12] China therefore needs to rely on bilateral mining and energy agreements, such as those ongoing with Canada, Greenland, Russia (Yamal LNG project), and the USA. However, so far these agreements appear limited in scope and extent. They are also not necessarily successful: in January 2018, Chinese oil company CNOOC and the Norwegian Petoro withdrew from oil exploration in Icelandic waters deemed too risky and expensive. Next to geopolitical and security concerns about the increasing Chinese presence in Greenland, Chinese mining activities touch on political sensitivities, as they may support Greenland's ambitions for independence and raise fears about China acquiring a monopoly on rare earth supply.

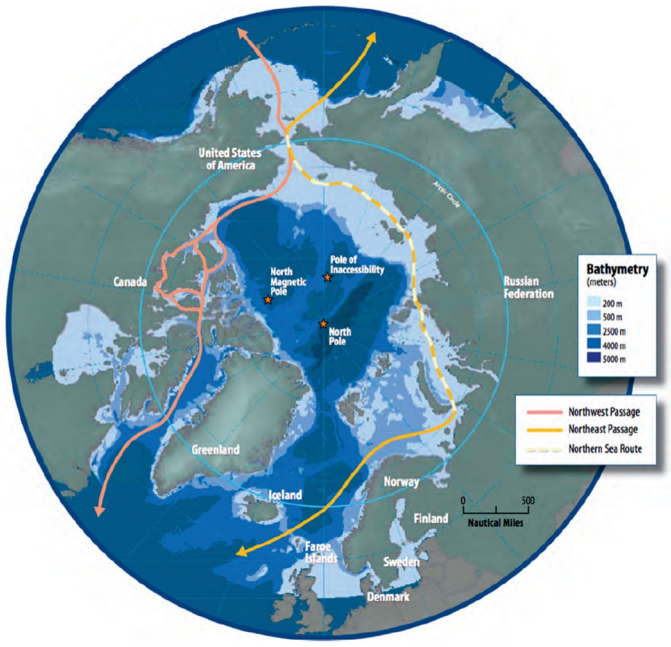
Harvesting Arctic fish only in the mid- to long-term

Given rising temperatures in the Arctic, fish stocks are likely to move northwards. As a result, the Arctic may become a new fishing ground. While China's goal is to partake in the exploitation of these new fish stocks in the mid- to long-term, it signed up to a precautionary measure to preserve them in the short-term. In 2017 the five Arctic coastal states, Iceland, the EU and three Asian countries with major ocean trawling fleets: China, Japan, and South Korea ('Arctic 5+5' negotiation format) reached a historic international agreement. The legally binding moratorium on commercial fishing in the Central Arctic Ocean extends for at least 16 years, until more research is available and more international mechanisms are in place to safeguard Arctic fish stocks. China's embrace of the moratorium may build trust and boost its reputation as a responsible great power, which despite the troublesome practices of its long-distance fishing fleets, has recently countered illegal, unreported or unregulated (IUU) fishing more resolutely.

Developing alternative Arctic shipping routes

China's interest in shipping routes across the Arctic as an alternative to the traditional southern maritime route through the Suez Canal is linked to its efforts to reduce its reliance on energy supplies from the Middle East by drawing more on Russian energy supplies. It also seeks to enhance its energy security by avoiding the US-monitored Malacca Strait chokepoint, as well as the pirate-infested Horn of Africa. Equally important is that alternative Arctic shipping routes such as the Northern Sea Route (NSR), the

Figure 2– Arctic shipping routes



Source: Maritime Futures. The Arctic and the Bering Strait Region, Center for Strategic and International Studies (CSIS), November 2017, p. 2.

Bathymetry is the measurement of depth of water in oceans, seas, or lakes.

Northwest Passage and the Transpolar Route (see figure 2) – are much shorter (up to 35 %) than the traditional maritime route, requiring less fuel and producing less CO_2 emissions. On the other hand, additional fees arise from passing through Russian waters with ice-breaker escorts and so far the NSR, for example, is only passable for a few months per year. Other challenges include the unpredictability of Arctic weather conditions, ice floes, and tonnage limitations. These constraints make Arctic shipping routes less suited for transit container shipping that relies on on-time delivery within a tight schedule. The routes are better suited for destination shipping, i.e. the transport of bulk goods such as minerals, LNG, gas and oil from points of extraction to markets outside the Arctic. Other disadvantages are the lack of purpose-built shipping fleets, variable seasonal conditions, limited satellite coverage, poor shore-side infrastructure and search-and-rescue capabilities, and high insurance premiums.

Opening up the Arctic for tourism

As China is interested in the development of Arctic tourism, the white paper calls for security, insurance, and rescue systems to be enhanced to ensure the safety of tourists in the Arctic. A surge in Chinese tourists can be expected in the near future, similar to the rise in the number of Chinese travelling to Antarctica, said to have more than doubled from around 20 000 in 2010-2011 to 45 000 in 2016-2017.

The EU's Arctic policy

On 27 April 2016 the European Commission published a joint communication on an integrated EU policy for the Arctic that proposes three priority areas: climate change and safeguarding the Arctic environment; sustainable development in and around the Arctic; and international cooperation on Arctic issues. On 20 June 2016, the Council of the EU adopted conclusions on EU Arctic policy. The European Economic and Social Committee (EESC) adopted an opinion on EU Arctic policy on 14 December 2016, with the Committee of the Regions (CoR) following suit with the adoption of its opinion on 8 February 2017. Finally, the European Parliament adopted a resolution on an integrated EU policy for the Arctic on 16 March 2017.

Further reading

A.-M. Brady, China as a Polar Great Power, Woodrow Wilson Center Press, Washington D.C., 2017. See also the Wilson Center podcast.

Copenhagen Business School, Arctic Shipping – Commercial Opportunities and Challenges, 2016.

E. Wishnick, China's Interests and Goals in the Arctic: Implications for the United States, Strategic Studies Institute and U.S. Army War College Press, March 2017.

ENDNOTES

1 In the wake of the publication of China's White Paper, on 6 February 2018 the US Wilson Centre held a panel discussion entitled 'The Polar Silk Road: China's Arctic Ambitions', reflecting first reactions from several experts.

2 For a comparison of the policies of Arctic Council states and observers as of 2017, which does not yet consider China's 2018 white paper, please see V.-G. Schulze, Arctic Strategies Round-up 2017, 2017.

3 In 2015, in connection with the draft national security law, the Chinese government announced that the polar regions, the deep seabed, and outer space are China's 'new strategic frontiers'. A.-M. Brady, China as a Polar Great Power, Woodrow Wilson Center Press, Washington D.C., 2017, p.7.

4 Vice Foreign Minister Zhang Ming presented the six policies contained in China's Arctic strategy in a keynote speech at the China country session of the third Arctic Circle Assembly on 17 October 2015 in Reykjavik, Iceland.

5 A.-M. Brady, Authoritarianism Goes Global (II): China's Foreign Propaganda Machine, Journal of Democracy 26(4), 2015, pp.51-59.

[6] A.-M. Brady made the following observation as regards different messaging about Antarctica: 'In November 2014 the Chinese media deliberately mistranslated the words of Chinese President Xi Jinping. Xi had just given a speech in Hobart [Australia] on China's polar agenda (…). Using standard political phraseology to describe China's Antarctic agenda, as reported in English by the Chinese Foreign Ministry* and in Chinese by Xinhua News Service, Xi said 'The Chinese side stands ready to continuously work with Australia and the international community to better understand, protect and **exploit** the Antarctic' (emphasis added). But the Chinese Communist Party's official English-language newspaper, *China Daily*, reported that Xi had expressed China's continued interest in cooperating with Australia and other nations to 'know, protect and **explore** Antarctica' (emphasis added). A.-M. Brady, China's undeclared foreign policy at the poles, The Interpreter, 30 May 2017.

[7] The white paper states: 'The Arctic situation now goes beyond its original inter-Arctic States or regional nature, having a vital bearing on the interests of states outside the region and the interests of the international community as a whole, as well as on the survival, the development, and the shared future for mankind'.

[8] An example is the frequently cited English translation of an 2010 statement by Admiral Yin Zhou in an article entitled: 'China should not be excluded from the Arctic: "The Arctic belongs to all the people around the world as no nation has sovereignty over it".' Zhou actually said: 'The North Pole and surrounding area do not belong to any state; they are part of the common heritage of humankind'. A.-M. Brady, China as a Polar Great Power, A.-M. Brady, China as a Polar Great Power, Woodrow Wilson Center Press, Washington D.C., 2017, p.194.

[9] The Chinese term for 'community' here is the same as used in Chinese for 'European Community', so it may have greater structural, legal or political implications than first appears. China's attempts to project its normative power into international governance fora by introducing terms like a 'community of a shared future for mankind' (recently integrated in the Chinese Communist Party constitution and China's state constitution), inter alia into UN Human Rights Council resolution A/HRC/37/L.36 on 'Promoting Mutually Beneficial Cooperation in the Field of Human Rights', were welcomed by developing countries, but have run into criticism from like-minded Western liberal democracies as regards their vagueness and ambiguity.

[10] The white paper states: 'China ... is ready to cooperate with all relevant parties to … seize the historic opportunity in the development of the Arctic, to … advance Arctic-related cooperation **under** the Belt and Road Initiative, so as to build a community with a shared future for mankind and contribute to peace, stability and sustainable development in the Arctic' (emphasis added).

[11] A.-M. Brady, China as a Polar Great Power, Woodrow Wilson Center Press, Washington D.C., 2017, p.105.

[12] A.-M. rady, China as a Polar Great Power, Woodrow Wilson Center Press, Washington D.C., 2017, pp.90-91.

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