

# China's Polar Silk Road Revisited

Larissa Stünkel

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Västra Finnbodavägen 2, 131 30 Stockholm-Nacka, Sweden

Tel. +46-841056953; Fax. +46-86403370

Email: [info@isdp.eu](mailto:info@isdp.eu)

Editorial correspondence should be directed to the address provided above (preferably by email).



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# Summary

- China's Arctic ambitions have expanded significantly over the past few years and have been integrated into the country's foreign policy architecture.
- Yet, the rhetorical expansion is not congruent with developments on the ground. For the most part, Chinese activities have been thwarted due to geopolitical pressures, local pushback, and practical issues and are unlikely to materialize in the short term.
- In particular, the Chinese government can concurrently only boast partial success in the Russian part of the High North. The ongoing war in Ukraine has, arguably, opened a window for increased cooperation between Russia and China.
- Nevertheless, the Sino-Russian embrace may encounter deep-seated issues that may act as a counterweight to even stronger Arctic collaboration between the two actors.
- However, Beijing will remain committed to the Arctic in the long term. Arctic governance will therefore entail coming to terms with China's presence as an actor to be reckoned with.

# Introduction

China's presence in the Arctic continues to garner international attention, not least since Beijing published its first Arctic White Paper in 2018. The prospect of improved economic opportunities caused by the melting of the Arctic ice cap, reduced shipping times, access to potentially large fossil fuel reserves, and opportunities to advance climate change research have led to numerous actors – China included – venturing further into the Arctic. China has been active in the northern polar region since the 1980s via scientific research. Yet, in tandem with Beijing<sup>1</sup> concretizing its Arctic ambitions with its vanguard Polar Silk Road (PSR; 冰上丝绸之路), pushback against Chinese investments and activities grew stronger. Spearheaded by the U.S., opposition to China's anticipated northward expansion further extended to include more Western countries (especially northern Europe and Canada).<sup>2</sup> Exacerbating Sino-American tensions, in particular, have fuelled concerns that China's Arctic ambitions may not be entirely benign, with some critical voices even suggesting that Chinese economic and research interests foreshadow a High North militarization.<sup>3</sup>

For Washington, the mere prospect of China increasing its Arctic presence has fuelled anxieties over the Xi government establishing an economic and possibly strategic bridgehead up North. Tensions started running high when former U.S. President Trump infamously proposed to “buy Greenland” in 2019, a move that would contravene the 2009 Self

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1 Throughout this paper, the words Beijing and China will be used interchangeably to refer to the Chinese government, not the Chinese people, for the sake of simplicity. The same applies to: Moscow and Russia, with both referring to the Russian government; Washington and U.S. refer to the U.S. government.

2 Marc Lanteigne, “The Polar policies in China's New Five-Year Plan,” *Diplomat*, March 12, 2021, <https://thediplomat.com/2021/03/the-polar-policies-in-chinas-new-five-year-plan/>.

3 Swee Lean Collin Koh, “China's strategic interest in the Arctic goes beyond economics,” *DefenseNews*, May 12, 2020, <https://thediplomat.com/2021/03/the-polar-policies-in-chinas-new-five-year-plan/>.

Government Act between the Danish and Greenlandic governments. His proposal came just months after a Pentagon report advocated for increased investments to maintain “competitive military advantage.”<sup>4</sup> Trump’s simultaneous heavy-handed denial of climate change eventually caught up with the High North’s primary governing body, the Arctic Council.<sup>5</sup> In fact, Washington ruffled the intergovernmental body’s feathers twice. Once during the council’s senior officials’ meeting in 2017 in Fairbanks, Alaska, when then-Secretary of State Rex Tillerson sought to significantly water down a joint statement on climate change, albeit unsuccessfully. Just two years later, in Rovaniemi, Finland, his successor, Mike Pompeo, took an even harder line by outright failing to address climate change and brashly attacking both Moscow and Beijing in a fierce solo speech.<sup>6</sup>

Under President Joe Biden, the Arctic remains a priority, allegedly with a stronger focus on cooperation and combatting climate change.<sup>7</sup> In its latest Arctic Strategy, published in October 2022, the U.S. government strategically nevertheless prioritized security once again. The document doubles down on much-needed military upgrades and a stronger focus on territorial sovereignty in what seems to be a direct response to Russia’s aggression towards Ukraine spilling over into the Arctic.<sup>8</sup> Tellingly, following months of Beijing resisting to condemn Russia’s invasion of

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4 Simon Tisdall, “Trump’s bid to buy Greenland shows that the ‘scramble for the Arctic’ is truly upon us,” *Guardian*, August 24, 2019, <https://www.theguardian.com/world/2019/aug/24/trump-greenland-gambit-sad-sign-arctic-up-for-grabs>.

5 Yereth Rosen, “Trump administration sought last-minute changes to soften Arctic Council climate-change commitment,” *Eye on the Arctic*, May 29, 2017, <https://www.rcinet.ca/eye-on-the-arctic/2017/05/29/trump-administration-sought-last-minute-changes-to-soften-arctic-council-climate-change-commitment/>.

6 Arne O. Holm, “Arctic Council Tensions Run high: Verbal Thunderstorm From Mike Pompeo,” *High North News*, May 7, 2019, <https://www.highnorthnews.com/en/verbal-thunderstorm-mike-pompeo>.

7 “Biden-Harris Administration Brings Arctic Policy to the Forefront with Reactivated Steering Committee & New Slate of Research Commissioners,” The White House, September 24, 2021, <https://www.whitehouse.gov/ostp/news-updates/2021/09/24/biden-harris-administration-brings-arctic-policy-to-the-forefront-with-reactivated-steering-committee-new-slate-of-research-commissioners/>.

8 “National Strategy for the Arctic Region – October 2022,” The White House, (accessed October 18, 2022), <https://www.whitehouse.gov/wp-content/uploads/2022/10/National-Strategy-for-the-Arctic-Region.pdf>.

Ukraine, President Biden announced in early September 2022 that he would designate an ambassador-at-large for the Arctic Region. Ostensibly to rein in China expanding its economic trajectory northwards and its relationship with Russia, Biden practically reinvigorated plans once curated under the Obama administration but abandoned under Trump.<sup>9</sup> In February 2022, weeks before the Ukraine invasion, Chinese President Xi Jinping and his Russian counterpart Vladimir Putin had declared “a no-limits friendship”.<sup>10</sup> Both had been edging closer for some time already, yet the “no limits” declaration ultimately underscored that Beijing was siding with Moscow on NATO enlarging its footprint in Europe.<sup>11</sup> This move might have further influenced the Biden administration’s decision to step up U.S. diplomatic engagement in the Arctic.

The sighting of both Russian and Chinese vessels in the Bering Sea close to Alaskan shores in late September 2022 seems to have reinforced these concerns.<sup>12</sup> China’s perpetually ambivalent stance on the invasion of Ukraine and the Sino-Russian Arctic connection certainly do raise legitimate questions about Beijing’s foreign policy choices and the future of Arctic governance. However, current evidence suggests that China seems to be experiencing a spillover effect from the war in Ukraine. Chinese businesses are increasingly concerned about operating in Russia and with Russian counterparts and the ensuing damage to trade with Europe<sup>13</sup> – further impeding the already stagnant PSR. In consequence, the

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9 Jiang Yu, “Biden to Name Arctic Ambassador as China Eyes Region,” *Voice of America News*, September 1, 2022, <https://www.voanews.com/a/biden-to-name-arctic-ambassador-as-china-eyes-region-/6727979.html>.

10 “Joint Statement of the Russian Federation and the People’s Republic of China on the International Relations Entering a New Era and the Global Sustainable Development,” President of Russia (kremlin.ru), February 4, 2022, <http://en.kremlin.ru/supplement/5770>.

11 Anna Kireeva, “The limits to Russia and China’s ‘no limits’ friendship,” *East Asia Forum*, March 23, 2022, <https://www.eastasiaforum.org/2022/03/23/the-limits-to-russia-and-chinas-no-limits-friendship/>.

12 “Patrol spots Chinese, Russian naval ships off Alaska island,” *New York Post*, September 26, 2022, <https://nypost.com/2022/09/26/patrol-spots-chinese-russian-naval-ships-off-alaska-island/>.

13 Adam Xu, “Chinese Companies in Dilemma Over Russia,” *Voice of America News*, March 24, 2022, <https://www.voanews.com/a/chinese-companies-in-dilemma-over-russia-/6498839.html>.

northernmost branch of the Belt and Road Initiative faces an even more uncertain future. Having already run into trouble locally in Greenland, the Nordics, and Alaska, any progress will depend on geopolitical dynamics – both in and outside the Arctic – and the Chinese government's response to the rapidly changing environment.

## A Polar(izing) China

In 2018, the State Council published China's first comprehensive Arctic White Paper. It followed a host of changes to the nation's foreign policy since Xi Jinping took office as president in 2013. Beijing's interest in both the Arctic and Antarctic, however, can be traced back to numerous expeditions to both polar regions beginning in the late 1980s and the establishment of the Polar Research Institute of China (PRIC; 中国极地研究中心) in Shanghai in 1989. It was not, however, not until 2003 that sporadic expeditions to the Arctic led to a more permanent Chinese foothold with the establishment of the first polar research station in Ny-Ålesund (Spitsbergen, Norway) in 2004. In collaboration with the PRIC, the Chinese Communist Party (CCP), under then-president Hu Jintao (2003-2013), ventured into the Arctic for scientific research, including studying the aurora borealis phenomenon.<sup>14</sup>

Nevertheless, the Polar Regions appeared largely absent from broader Chinese foreign policy debates until 2014. One year prior, President Xi Jinping launched his ambitious Belt and Road Initiative (BRI) during a state visit to Kazakhstan. The main idea behind the BRI was to upgrade vital infrastructure along the ancient Silk Road, both on land and in the maritime sphere.<sup>15</sup> The so-called "project of the century" envisions a vast network of critical infrastructure projects, including railways, highways, and ports, that, taken together, would form a global web of interconnected economic hubs.<sup>16</sup> Besides seeking inroads into new markets for the then-

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14 "Yellow River Station opens in Arctic," *China Daily*, July 29, 2004, <http://www.china.org.cn/english/2004/Jul/102431.htm>.

15 "The Belt and Road Initiative," Silk Road Briefing, (accessed October 18, 2022), <https://www.silkroadbriefing.com/the-belt-and-road-initiative.html#whenwasthebeltandroadinitiativeannouncedHeader>.

16 "Demystifying Belt and Road – The Struggle to Define China's "Project of the Century"," *Foreign*

still swiftly expanding Chinese economy, it would allow Beijing to integrate further into the global economy and become an economic hub.

Overall, however, the BRI was poised to be Xi's primary foreign policy brainchild. For the Chinese leader, growing the nation's international economic footprint and securing domestic economic growth in return would help support his vision of a prosperous China.<sup>17</sup> Over the past few years, the BRI has slowly but steadily transitioned from a plan on paper to concrete projects around the globe, ranging from a rail link between China and Germany to numerous port projects in Southeast Asia. While these commercial and logistical hubs were initially confined to land-based routes through Central Asia and an improved maritime route to Europe through the Suez Canal, Beijing eventually started looking to the High North to further expand the BRI and China's presence as an economic powerhouse.

In 2014, Xi Jinping first signed a cooperation agreement with then-Australian Prime Minister Tony Abbott onboard the then-only Chinese icebreaker, the Xuelong (*Snow Dragon*), while docked in Tasmania. An attending Chinese official noted that the agreement with Australia marked the country's first step to becoming "a polar expedition power."<sup>18</sup> Just one year prior, China gained observer status in the Arctic Council (AC) after almost 10 years of deliberations among the eight member-states. These deliberations, however, were primarily due to internal discussions about the direction of the Council and only partially due to geopolitical pressures. It appears that both Russia and Canada had reservations about the negotiation table becoming overly crowded to make meaningful

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*Affairs*, May 29, 2019, <https://www.foreignaffairs.com/articles/china/2019-05-22/demystifying-belt-and-road>.

17 Dingding Chen, "China's 'Marshall Plan' Is Much More," *Diplomat*, November 10, 2014, <https://thediplomat.com/2014/11/chinas-marshall-plan-is-much-more/>.

18 Bree Feng, "China Seeks to Become a 'Polar-Region Power'," *New York Times*, November 19, 2014, <https://archive.nytimes.com/sinosphere.blogs.nytimes.com/2014/11/19/china-seeks-to-become-a-polar-region-power/>.

progress, including on climate change or general governance questions.<sup>19</sup> Beijing initially applied for observership in 2004 following a personally extended invitation to join by the Icelandic Chairman of the Senior Arctic Officials (SAOs), Gunnar Pálsson.<sup>20</sup> While Beijing's Antarctic interests remain primarily confined to research purposes –lately also testing the waters on fishing and ice core drilling<sup>21</sup> – the High North has since become the embodiment of an expanding Chinese polar portfolio.

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19 Matthew Willis and Duncan Depledge, "How We Learned to Stop Worrying About China's Arctic Ambitions: Understanding China's Admission to the Arctic Council," *The Arctic Institute*, September 22, 2014, <https://www.thearcticinstitute.org/china-arctic-ambitions-arctic-council/>.

20 Ibid.

21 Nengye Liu, "What Are China's Intentions in Antarctica," *Diplomat*, June 14, 2019, <https://thediplomat.com/2019/06/what-are-chinas-intentions-in-antarctica/>.

# China as an Arctic Player

The Communist Party published the first Arctic White Paper in 2018. The paper summarizes China's fundamental interests – scientific cooperation, economic benefits, access to rich resources, and active participation in Arctic governance structures – and clarifies why the Asian nation seeks to be part of the Arctic cohort. Besides, official discourse started overtly referring to China as a “near-Arctic state” (近北极国家).<sup>22</sup> While the term initially puzzled international observers<sup>23</sup> – and indeed continues to raise eyebrows – the spatially ambiguous language has allowed Beijing to legitimize its growing presence in the region whilst underscoring that it is not, in fact, a full-fledged Arctic nation.

On the one hand, the Arctic White Paper explicitly links the “direct impact” a changing Arctic climate has on China's domestic “climate system and ecological environment, and, in turn, on its economic interests.”<sup>24</sup> It thus implicitly calls for the High North to ‘internationalize’ and allow space for non-littoral states, a narrative that had once been pushed by the AC itself in the early 2000s to draw attention to a changing Arctic climate. Thus, being spatially far away from Beijing is not inherently contradictory to becoming an Arctic stakeholder, possibly also due to other Asian nations, including Singapore, Japan, and South Korea, having raised a similar point.<sup>25</sup>

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22 “China's Arctic Policy,” The State Council of The People's Republic of China, (accessed August 10, 2022), [https://english.www.gov.cn/archive/white\\_paper/2018/01/26/content\\_281476026660336.htm](https://english.www.gov.cn/archive/white_paper/2018/01/26/content_281476026660336.htm).

23 Ties Dams, Louise van Schaik, and Adája Stoetman, “Presence before Power – China's Arctic strategy in Iceland and Greenland,” Clingendael, June 2020, <https://www.clingendael.org/sites/default/files/2020-06/presence-before-power.pdf>.

24 “China's Arctic Policy,” The State Council of The People's Republic of China, n. 22.

25 Mia Bennett, “How China Sees the Arctic: Reading Between Extraregional and Intraregional Narratives,” *Geopolitics* 20, no. 3 (April 2015): 645-668, <http://dx.doi.org/10.1080/14650045.2015.1017757>.

On the other hand, Beijing merely positions itself as “near” the Arctic, ostensibly to avoid undermining existing governance structures such as the AC. In fact, the White paper unequivocally refers to the AC as the primary regional governing mechanism whose role is “highly value[d],” even though its legal status is blurry.<sup>26</sup> And in Beijing’s 14<sup>th</sup> and latest Five-Year Plan published in 2021, the policy guidelines doubled down on the government’s goal to “participate in practical cooperation in the Arctic.”<sup>27</sup> Thus, Beijing’s Arctic ambitions, and the PSR in particular, are defined as complementary to, and not in opposition to, an existing governance structure – the AC, the Polar Code, and a new fishing ban – that is said to benefit from Chinese participation.

Indeed, the AC remains the primary gatekeeper for all questions on Arctic governance, and China has been keen to participate beyond its observer status. In 2021, a Chinese delegation, for the first time, participated in council-level negotiations for the “Agreement to Prevent Unregulated High Seas Fisheries in the Central Arctic Ocean” (CAOFA). Under CAOFA, fishing in the Central Arctic Ocean, once viable in light of melting sea ice, would be subject to scientifically backed rules to be developed over the next 15 years.<sup>28</sup> From a Chinese perspective, the change of regulations mirrors the government’s strategy to “[...] actively promote[s] international cooperation on Arctic research.”<sup>29</sup>

Criticisms were sounded that it took Beijing three long years to adopt the CAOFA – likely caused by the nature of Chinese bureaucracy – and that, in principle, it was only approved by the State Council and not by the government. Nevertheless, the approval indicates that the Chinese

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26 “China’s Arctic Policy,” The State Council of The People’s Republic of China, n. 22.

27 Zichen Wang, “Part II of select translations of 14<sup>th</sup> FYP (2021-2025) and Objectives through 2035,” *Pekingology*, March 8, 2021, <https://www.pekingology.com/p/part-ii-of-select-translations-of>.

28 Hannah Hoag, “Nations agree to ban fishing in Arctic Ocean for at least 16 years,” *Science*, December 1, 2017, <https://www.science.org/content/article/nations-agree-ban-fishing-arctic-ocean-least-16-years>.

29 “China’s Arctic Policy,” The State Council of The People’s Republic of China, n. 22.

side is willing to align with AC decisions. This is not to say that once fishing becomes commercially viable, Beijing may not seek to reconsider its decision or even try to lobby the AC to rewrite the rules of Arctic fishing, especially in the Southern Ocean. Until then, High North fishing remains a low priority for Beijing, given that it is neither allowed nor feasible. Besides, it is noteworthy that the Chinese government has increasingly sought to promote the “rational use” of maritime resources and has implemented significant rule changes to distant-water fishing regulations beyond the Arctic framework. Numerous Chinese fishing fleets had previously made international headlines for violating rules and engaging in illegal activities. The Xi administration has since been adamantly pursuing a more rigorous approach to rein in Chinese fishing fleets.<sup>30</sup> Tightening regulations for the entire distant-water fishing fleet is not only meant to improve the optics of Chinese fishermen abroad. It also suggests that Beijing is willing to be part of and adhere to norms and standard-setting as a responsible international actor. The latter factor, in particular, has become a common trope in Chinese diplomatic language since Xi introduced the Global Development Initiative (GDI) at the UN General Assembly in 2021.<sup>31</sup>

As the case of the fisheries agreement also shows, China's interest in the Arctic has, not least since 2018, effectively expanded beyond scientific reasoning. These scientific endeavors still form the backbone of Beijing's High North policy yet have arguably also been supplemented by economic interests.<sup>32</sup> In particular, the prospect of shipping times being reduced by between 14 and 20 days offers a strong incentive for the Chinese

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30 Elizabeth Fitt, “China tightens sustainability rules for its notorious fishing fleet,” *Eco Business*, August 19, 2020, <https://www.eco-business.com/news/china-tightens-sustainability-rules-for-its-notorious-fishing-fleet/>.

31 “Jointly advancing the Global Development Initiative and Writing a new Chapter for Common Development,” Ministry of Foreign Affairs of the People's Republic of China, (accessed October 19, 2022), [https://www.fmprc.gov.cn/eng/zxxx\\_662805/202209/t20220922\\_10769721.html](https://www.fmprc.gov.cn/eng/zxxx_662805/202209/t20220922_10769721.html).

32 Gisela Grieger, “China's Arctic policy – How China aligns rights and interests,” *European Parliamentary Research Service Briefing*, May 2018, [https://www.europarl.europa.eu/RegData/etudes/BRIE/2018/620231/EPRS\\_BRI\(2018\)620231\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2018/620231/EPRS_BRI(2018)620231_EN.pdf).

government to increase its footprint in the High North.<sup>33</sup> The fate of the Evergreen ship M/V *Ever Given*, which blocked the vital Suez Canal for several weeks in early 2021, highlighted the vulnerabilities of overreliance on singular maritime chokepoints and trade routes.<sup>34</sup> Hence, the possibility of sea routes opening up in and around the Arctic provides a crucial, if yet not fully realizable, secondary conduit for Chinese maritime trade.

In addition to shipping and seeking to connect global economies with China's, the PSR also is part and parcel of Beijing's national economic interests. Access to untapped natural resources, such as rare earths and minerals, in and around the Arctic are equally as important as access to energy resources like oil and gas.<sup>35</sup> Among the Arctic nations, it is primarily Greenland that has garnered attention with its large rare earths deposits. A case in point is the Kvanefjeld project in the southern parts of Greenland, for which a license was issued to Australian company Greenland Minerals, whose largest shareholder is the partially Beijing-backed Shenghe Resources.<sup>36</sup> The project ultimately failed after the Greenlandic electorate voted the pro-environment Inuit Ataqatigiit party to power.<sup>37</sup>

Nevertheless, the desire to develop infrastructure routes in tandem with access to critical resources such as rare earths speaks to a long-term

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33 Sharon Udasin, "Melting Arctic ice could reroute international shipping sector: study," *The Hill*, June 20, 2022, <https://thehill.com/policy/equilibrium-sustainability/3529996-melting-arctic-ice-could-reroute-international-shipping-sector-study/>.

34 "Suez Canal blocked by massive container ship Ever Green: Live," *Al Jazeera*, March 24, 2021, <https://www.aljazeera.com/economy/2021/3/24/suez-canal-blocked-by-massive-container-ship-ever-green-live>.

35 "China's Arctic Policy," The State Council of The People's Republic of China, n. 22.

36 Christina Lau, "Why Rare Earths Are Key to Just About Everything," *Foreign Policy*, April 22, 2021, <https://foreignpolicy.com/2021/04/22/rare-earths-china-us-greenland-geopolitics/>; Mary Hui, "A Chinese rare earths giant is building international alliances worldwide," *Quartz*, February 19, 2021, <https://qz.com/1971108/chinese-rare-earths-giant-shenghe-is-building-global-alliances>.

37 Yasuo Takeuchi, "Greenland says no to China-backed rare-earth mine in election," *Nikkei Asia*, April 8, 2021, <https://asia.nikkei.com/Business/Markets/Commodities/Greenland-says-no-to-China-backed-rare-earth-mine-in-election>.

strategy in Beijing that goes beyond connectivity. China remains the world's largest exporter of rare earths, accounting for about 63 per cent of all global exports as of 2022.<sup>38</sup> For the Chinese government, rare earths, general access to other mineral deposits, and sufficient energy resources are vital to maintaining economic growth domestically and delivering on national development goals.<sup>39</sup>

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38 Mary Hui, "How China built up its dominance in rare earths," *Quartz*, July 20, 2022, <https://qz.com/1924282/how-china-became-dominant-in-rare-earths/>.

39 "中华人民共和国国民经济和社会发展第十四个五年规划和2035年远景目标纲要 [Outline of the 14<sup>th</sup> Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Term Objectives through 2035]," The State Council of The People's Republic of China, (accessed August 10, 2022), [http://www.gov.cn/xinwen/2021-03/13/content\\_5592681.htm](http://www.gov.cn/xinwen/2021-03/13/content_5592681.htm).

## A Cold Reality Check

During a press conference in August 2022 with Canadian Prime Minister Justin Trudeau, NATO Secretary General Jens Stoltenberg issued a stern warning that Beijing was “investing tens of billions of dollars in energy, infrastructure, and research projects in the High North. He moreover noted that it is not only China’s growing interest in the region but increasingly the alleged strengthening of Sino-Russian relations in the region that “challenge[s] our value and interests.”<sup>40</sup> Beijing, for its part, immediately repudiated this, noting that Stoltenberg was revving up “cold war thinking and ideological bias.”<sup>41</sup> While there are legitimate concerns about a Chinese presence in and around the Arctic, Stoltenberg’s harshly-worded criticism failed to account for the already intensifying disconnect between Beijing’s stated goals and developments on the ground.<sup>42</sup> All of this is further compounded by the ongoing war in Ukraine, which arguably will have a lasting impact on Arctic governance and the prospect of closer cooperation on issues such as climate change or resource extraction. Thus, contrary to Stoltenberg’s statement, the PSR continues to be upset by practical concerns, exacerbating geopolitical frictions (mainly between the U.S. and China), Beijing’s policies being scrutinized more intensely as a result, as well as geopolitical shifts.

In practical terms, the feasibility of the Northern Sea Route being ice-free and safe for cargo ships to pass through remains scientifically debated.

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40 “Joint press conference with NATO Secretary General Jens Stoltenberg and the Prime Minister of Canada, Justin Trudeau,” NATO Speeches & Transcripts, (accessed September 12, 2022), [https://www.nato.int/cps/en/natohq/opinions\\_206908.htm](https://www.nato.int/cps/en/natohq/opinions_206908.htm).

41 Vincent Ni, “Beijing hits out at Nato strategy for ‘malicious attack’ on China,” *Guardian*, June 30, 2022, <https://www.theguardian.com/world/2022/jun/30/beijing-hits-out-at-nato-strategy-for-malicious-attack-on-china>.

42 Marc Lanteigne, “The Rise (and Fall?) of the Polar Silk Road,” *Diplomat*, August 29, 2022, <https://thediplomat.com/2022/08/the-rise-and-fall-of-the-polar-silk-road/>.

Generally, there is agreement that, at current temperature increases, the Arctic's thick ice coverage will melt at unprecedented levels by mid-century.<sup>43</sup> Consequently, this will allow for more economic activity along the Northern Sea Route beyond the current ice-free months. Nevertheless, scientific studies note that the size of ice-free areas will significantly depend on how well climate change is mitigated in the years to come.<sup>44</sup> Indeed, in late 2021, numerous cargo ships were left stranded in the eastern waters of the Russian Arctic, resulting in a large-scale rescue operation. According to the Russian state-owned nuclear company Rosatom, the vessels encountered unusually thick ice for October, which oversees all shipping operations along the NSR.<sup>45</sup> Unusual sea-ice formations regularly disrupt supply shipments to Arctic communities in the Russian<sup>46</sup> and Canadian<sup>47</sup> parts of the region.

The lack of predictability casts doubt over the initially optimistic outlook of Chinese shipping companies that foresaw a rapid expansion of economic activity along the NSR, with estimations as high as 15 per cent of all Chinese maritime cargo to pass through the NSR eventually.<sup>48</sup> The inaugural NSR sailing of the Chinese icebreaker *Xuelong* had "greatly encouraged" business strategists that shorter shipping routes

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43 Amanda H. Lynch, Charles H. Norchi and Xueke Li, "The interaction of ice and law in Arctic marine accessibility," *Proceedings of the National Academy of Sciences* 119, no. 26 (2022): 1-3, <https://www.pnas.org/doi/epdf/10.1073/pnas.2202720119>.

44 Damian Carrington, "Ice-free Arctic summers now very likely even with climate action," *Guardian*, April 21, 2020, <https://thediplomat.com/2022/08/the-rise-and-fall-of-the-polar-silk-road/>.

45 Atle Staalesen, "Rosatom will manage Russia's Northern Sea Route," *Arctic Today*, January 02, 2019, <https://www.arctictoday.com/rosatom-will-manage-russias-northern-sea-route/>.

46 Atle Staalesen, "Ice-locked Arctic towns might now get needed supplies," *Barents Observer*, November 24, 2021, <https://thebarentsobserver.com/en/life-and-public/2021/11/ice-locked-arctic-towns-might-not-get-needed-supplies>.

47 Bob Weber, "Arctic communities won't get crucial supplies after barge cancelled due to excess sea ice," *Global News*, October 3, 2018, <https://globalnews.ca/news/4513776/arctic-berge-cancelled-supplies/>.

48 Trude Pettersen, "China starts commercial use of Northern Sea Route," *Barents Observer*, March 14, 2013, <https://barentsobserver.com/en/arctic/2013/03/china-starts-commercial-use-northern-sea-route-14-03>.

were feasible, saving valuable travel time. Additionally, the government in Beijing had also actively encouraged Chinese businesses – primarily the state-owned shipping company COSCO<sup>49</sup> – to actively take part in turning the PSR into reality.<sup>50</sup> However, COSCO’s head of marketing and sales, Chen Feng, struck a more somber tone in 2019, stating that the Arctic’s conditions remained harsh despite plans to further test the Arctic waterways in line with the PSR’s goals.<sup>51</sup> And in 2022, during the Arctic Circle Assembly in Reykjavík (Iceland), Chen Feng still appeared restrained in his commentary, noting that the situation overall was “too uncertain.”

Tellingly, an early survey among Chinese shipping companies in 2014 already suggested that many remained skeptical about the PSR as a genuine alternative to the Suez Canal. Many considered the costs involved in constructing and maintaining an ice-ready shipping fleet too high, given that parts of the Russian maritime zones of the NSR are restricted to ships holding the highest ice classification (1A Finnish Swedish).<sup>52</sup> In consequence, shipping operators were concerned about the overall cost-effectiveness, given that these specifically designed cargo ships may only be able to make a few round-trip Arctic sails while the sea lanes are ice-free.<sup>53</sup>

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49 Malte Humpert, “Chinese Shipping Company COSCO To Send Record Number of Ships Through Arctic,” *High North News*, June 19, 2019, <https://www.highnorthnews.com/en/chinese-shipping-company-cosco-send-record-number-ships-through-arctic>.

50 Jane Nakano and William Li, “China Launches the Polar Silk Road,” *Center for Strategic & International Studies Energy Fact & Opinion*, February 2, 2018, <https://www.csis.org/analysis/china-launches-polar-silk-road>.

51 Atle Staalesen, “China’s COSCO to stay course on Arctic shipping,” *Arctic Today*, May 16, 2019, <https://www.arctictoday.com/chinas-cosco-to-stay-course-on-arctic-shipping/>.

52 Malte Humpert and Andreas Raspotnik, “The Future of Arctic Shipping,” *The Arctic Institute*, October 11, 2012, <https://www.thearcticinstitute.org/future-arctic-shipping/>.

53 Linyang Huang, Frédéric Lasserre and Olga V. Alexeeva, “Is China’s interest for the Arctic driven by Arctic shipping potential?” *Asian Geographer* 32, no. 1 (2014): 59-71, <https://doi.org/10.1080/10225706.2014.928785>.

A related issue pertains to the lack of navigational assistance available to ships passing through the NSR. Improved satellite imagery could help predict and later track ice movements and thawing rates.<sup>54</sup> In 2019, Beijing Normal University, China Great Wall Industry Corporation, and Shenzhen Aerospace Dongfanghong Satellite jointly designed and later launched the BNU-1 (short for Beijing Normal University-1), the country's "first polar-observing satellite."<sup>55</sup> In line with the government's Arctic policy, the project is said to be "supported" by the Ministry of Science and Technology. Purportedly, BNU will launch more than 20 satellites to obtain visual data to better map environmental conditions in both the Arctic and Antarctic. Beijing has arguably been at the forefront of trying to improve the conditions for shipping through its vast satellite program. Nonetheless, the program is still in its infancy, yet it is too early to discern when the satellite network will be fully operational.

In addition to practical issues, the perpetually exacerbating Sino-American tension has probably had the most profoundly negative impact on the PSR. With the election of Donald Trump in 2016, relations between Beijing and Washington swiftly turned sour. Infamously, Trump proposed buying Arctic-bordering Greenland following revelations that Chinese investors were keen to develop local mining facilities in 2019.<sup>56</sup> Previously, the China Communications Construction Company (CCCC) had handed in a bid to refurbish two regional airports in Greenland. However, local authorities ultimately decided to award the contract to

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54 Heiner Kubny, "Chinese microsatellites monitors polar regions," *Polar Journal*, July 25, 2020, <https://polarjournal.ch/en/2020/07/25/chinese-microsatellite-monitors-polar-regions/>.

55 "China's polar-observing satellite obtains over 2,500 images," *CGTN*, September 14, 2020, <https://news.cgtn.com/news/2020-09-14/China-s-polar-observing-satellite-obtains-over-2-500-images-TLUjcVCdBS/index.html#:~:text=China%27s%20first%20polar-observing%20satellite%2C%20BNU-1%2C%20has%20obtained%20%2C501,sensing%20data%20of%20the%20North%20and%20South%20Poles.>

56 Stuart Lau and Keegan Elmer, "Did China's growing presence in Arctic prompt Donald Trump's offer to buy Greenland?" *South China Morning Post*, September 1, 2019, <https://www.scmp.com/news/china/diplomacy/article/3025207/did-chinas-growing-presence-arctic-prompt-donald-trumps-offer>.

Danish sponsors.<sup>57</sup> Copenhagen's response to Trump's offer resulted in a short diplomatic spat, with the U.S. president cancelling a state visit, even though bilateral relations continued amicably. Ultimately, Greenland received a generous \$12.1-million financial assistance package for "sustainable economic development," which signaled that Washington grew increasingly worried about China's economic footprint expanding close to U.S. shores.<sup>58</sup> Intensifying frictions, however, were not due to the Arctic environment actually changing due to China's presence. Instead, the Arctic became a new theater for broader Sino-American discord over the international political order. Or at least Washington reasoned that China's growing economic prowess was of concern to the status quo. Meanwhile, the Chinese government has sternly repudiated these allegations even though it could not stop tensions from spilling over into other Arctic nations. Ranging from pushback against the Arctic Railway involving Norway and Finland and mining projects in Greenland, financing linked to Chinese firms resulted in an increasingly centralized pushback against all sorts of Chinese investment.<sup>59</sup>

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57 "China withdraws bid for Greenland airport projects: Sermitsiaq newspaper," *Reuters*, June 4, 2019, <https://www.reuters.com/article/us-china-silkroad-greenland-idUSKCN1T5191>.

58 Marc Lanteigne, "China and the 'Two Arctics'," *Diplomat*, October 18, 2022, <https://thediplomat.com/2022/10/china-and-the-two-arctics/>.

59 Marc Lanteigne, "The Rise (and Fall?) of the Polar Silk Road," n. 42.

# The Russian Upside

Russia boasts access to the most significant section of the Arctic coastline and thus represents a pivotal player to align with when venturing into the region. Indeed, Beijing's general economic interests and the PSR appear to align well with Moscow's own version of economic development.<sup>60</sup> Their burgeoning relationship is further supplemented by a shared distrust of Western dominance, at least rhetorically. In a joint statement in June 2021, Moscow and Beijing outlined their general distaste for "great power competition and confrontation" and "zero-sum games", instead advocating for a "more just and democratic international order."<sup>61</sup> While the statement does not explicitly reference any one country or entity, the wording likely hints at the establishment of AUKUS, the U.S. shift towards the Indo-Pacific and withdrawal from international weapons reduction treaties, among others.<sup>62</sup> Thus, and perhaps unsurprisingly, when Putin ordered the invasion of Ukraine in February 2022, Beijing remained incessantly muted. The Chinese Foreign Ministry went to great lengths to mirror its Russian counterparts in calling the invasion "a special military operation."<sup>63</sup> The very fact that China's government adamantly defended

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60 Jonathan E. Hillmann, "China and Russia: Economic Unequals," Center for International & Strategic Studies Report, July 15, 2020, <https://www.csis.org/analysis/china-and-russia-economic-unequals>.

61 "中华人民共和国和俄罗斯联邦关于《中俄睦邻友好合作条约》签署20周年的联合声明 (Joint Statement of the People's Republic of China and the Russian Federation on the 20<sup>th</sup> anniversary of the Signing of the Treaty of Good-Neighborliness, Friendship and Cooperation between China and Russia)," The State Council of the People's Republic of China, (accessed October 19, 2022), [http://www.gov.cn/xinwen/2021-06/28/content\\_5621323.htm](http://www.gov.cn/xinwen/2021-06/28/content_5621323.htm).

62 Min Ye, "The Logic behind China and Russia's Strategic Alliance-like Partnership," *Georgetown Journal of International Affairs*, April 14, 2022, <https://gjia.georgetown.edu/2022/04/14/the-logic-behind-china-and-russias-strategic-alliance-like-partnership/>; "Putin, Xi reaffirm partnership in face of Western criticism," *DW*, December 15, 2021, <https://www.dw.com/en/putin-xi-reaffirm-partnership-in-face-of-western-criticism/a-60132129>.

63 CK Tan, "Beijing says little as West blasts Ukraine invasion," *Nikkei Asia*, February 25, 2022, <https://asia.nikkei.com/Politics/Ukraine-war/Beijing-says-little-as-West-blasts-Ukraine-invasion>.

its position *vis-à-vis* Russia even until today has led many commentators to assume that the Chinese government is neither afraid nor opposed to aligning with its largest neighbor. After all, for an Arctic-bound Beijing, good relations with Putin are deemed a prerequisite for expanding its footprint in the High North.<sup>64</sup> The Sino-Russian embrace rests partially on congruent developmental visions and financial opportunities and partially on providing legitimacy to China's Arctic claims.

Bilateral relations in the Arctic may not have been all smooth sailing. During Putin's first years in office, Beijing was not seen as Moscow's partner of choice. In concrete terms, Russia was the strongest opponent to Chinese observership in the AC.<sup>65</sup> Not least since the Russian annexation of Crimea in 2014, however, has Russian foreign policy started looking eastward. Pragmatism over a post-annexation lack of European investment in Siberia apparently trumped initial concerns over embracing China more openly. Arguably, a flurry of Western sanctions imposed on Russia following the annexation resulted in closer cooperation between Asia's largest economy and an increasingly isolated Russia.<sup>66</sup> For Putin, turning East meant a better outlook for the flailing Russian economy and a means to level the Western sanctions regime, all of which was keenly reciprocated by the Chinese government.

In 2013, the same year the BRI was announced, China's National Petroleum Corporation (CNPC) bought a 20 percent share in the Yamal LNG project in northwest Siberia.<sup>67</sup> With the help of the government-

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64 Sherri Goodman and Yun Sun, "What You May Not Know About Sino-Russian Cooperation in the Arctic and Why it Matters," *Diplomat*, August 13, 2020, <https://thediplomat.com/2020/08/what-you-may-not-know-about-sino-russian-cooperation-in-the-arctic-and-why-it-matters/>.

65 Elizabeth Buchanan, "Russia and China in the Arctic: assumptions and realities," *Strategist*, September 25, 2020, <https://www.aspistrategist.org.au/russia-and-china-in-the-arctic-assumptions-and-realities/>.

66 Jane Nakano and William Li, "China Launches the Polar Silk Road," n. 50.

67 Stephen Bierman and Ilya Arkhipov, "CNPC Buys Stakes in Novatek's Yamal LNG Project in Russian Arctic," *Bloomberg*, September 5, 2013, <https://www.bloomberg.com/news/articles/2013-09-05/cnpc-buys-stake-in-novatek-s-yamal-lng-project-in-russian-arctic?leadSource=uverify%20wall>.

owned Silk Road Fund (丝路基金), the shares held by Chinese investors went up to 29.9 percent in 2016.<sup>68</sup> Just one year later, in 2017, it was the Russian president himself who invited China to jointly establish an Arctic transportation corridor – a suggestion that seems to mirror Xi Jinping's plans to develop globally connected transportation corridors. While Russia would benefit from an increase in energy exports to China, China could boost its domestic economy with improved access to Russian territory and market. Concurrently, Russia is China's third largest gas supplier, accounting for about 5 percent of all Asian nations' demand. Yet, despite the comparatively minor figure, demand for gas in China was booming in late 2021 due to shortages in hydropower in the southern parts and a shortage in coal.<sup>69</sup> It remains to be seen, though, whether gas demand will remain sufficiently high post-COVID and if so, the Chinese government might opt to invest more in domestic sourcing to avoid supply chain constraints.<sup>70</sup> In mid-October 2022, China's Sinopec Corp announced that it was starting explorational gas drills in southwestern Sichuan, which promises to produce a sizable 258,600 cubic meters per day.<sup>71</sup> Nevertheless, it might take time for Chinese domestic gas resources to deliver on these promises. This suggests that Beijing will likely be inclined to continue importing gas from Russia to meet domestic demand. China's de facto non-condemnation of Moscow's invasion of Ukraine, perhaps tellingly, had the positive side effect of Beijing acquiring Russian gas at a reduced price.

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68 "About the Project," Yamal LNG, (accessed October 17, 2022), <http://yamallng.ru/en/project/about/>.

69 Wood Mackenzie, "The Future of China's Gas Demand," *Forbes*, September 22, 2021, <https://www.forbes.com/sites/woodmackenzie/2021/09/22/the-future-of-chinas-gas-demand/?sh=26c7e641765d>.

70 "China's Commercial Gas Demand Growth Slowed on Lockdowns: ENN," *Bloomberg*, April 28, 2022, <https://www.bloomberg.com/news/articles/2022-04-28/china-s-commercial-gas-demand-growth-slowed-on-lockdowns-enn>.

71 "China's Sinopec taps large shale gas reserves in Sichuan exploration well," *Reuters*, October 18, 2022, <https://www.reuters.com/business/energy/chinas-sinopec-taps-large-shale-gas-reserve-sichuan-exploration-well-2022-10-18/>.

In some ways, Russia's and China's interests converged beyond mere convenience, which both sides showcased in practical terms with joint military drills such as the 2022 Vostok exercise.<sup>72</sup> Additionally, this year's seventh Eastern Economic Forum saw the participation of Li Zhanshu, then-Chairman of the National People's Congress and, up until today, the highest-ranking official sent from Beijing. In his address, Li underscored that the Chinese government under Xi is committed to fostering relations with Russia.<sup>73</sup> With the advent of the first China-Russia Dialogue on Arctic Affairs in 2015 and the expert-level China-Russia Arctic Forum, both sides have further enshrined their broader converging economic interests in the High North. In 2021, Chinese shipbuilding company Wison (Nantong) Heavy Industries won a contract to supply the hulls for two nuclear floating power plants, both of which are slated for delivery in 2023.<sup>74</sup> And while Russian news media noted that increased workloads among domestic shipbuilders led to manufacturing being outsourced to Wison, the development speaks to the importance of Moscow and Beijing on mutual economic benefit. Nevertheless, while both parties appear to manifest their positions within the global economy, these positive developments cannot veil underlying differences in the bilateral relationship that may be more difficult to circumnavigate.

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72 "Russia starts massive war games with China and other ally states," *Al Jazeera*, September 1, 2022, <https://www.aljazeera.com/news/2022/9/1/russia-starts-war-games-with-china-and-other-ally-states>.

73 "Li Zhanshu Addresses 7<sup>th</sup> Eastern Economic Forum," *China Today*, October 5, 2022, <https://www.pressreader.com/australia/china-today-english/20221005/281689733714556>.

74 Holly Chik, "Chinese-made hulls for Russian floating nuclear plants set for 2023 delivery," *South China Morning Post*, September 5, 2022, <https://www.scmp.com/news/china/article/3191142/chinese-made-hulls-russian-floating-nuclear-plants-set-2023-delivery>.

# The Russian Downside

Growing convergence between Moscow and Beijing notwithstanding, Russia's invasion of Ukraine has cast severe doubt as both sides hold divergent views on territorial integrity in the Arctic. While Beijing has been pushing for equal access to the High North for non-littoral states and the "internationalization" of the region, Moscow has persistently reiterated that its territorial claims in the Arctic are non-negotiable. In 2021, Russia's envoy to the UN submitted two additional addendums that, if approved, would expand the nation's territorial claims in the Arctic. The Continental Shelf is currently contested by both Russia and Canada and partially by Denmark and has led to numerous spats between the two former parties.<sup>75</sup> Russia going to great lengths to cement its territorial claims may be indicative of Moscow showcasing its geopolitical resolve. For Beijing, the hard line pursued by the Russian government should be considered a clear signal that internationalizing the Arctic will be regarded as an infringement on Russia's territorial integrity.

Moreover, as Western sanctions on Russia started piling up in the wake of the Ukraine War, the Arctic's primary intergovernmental mechanism, the Arctic Council (AC), issued a statement condemning Moscow's "flagrant violation" of "the core principles of sovereignty and territorial integrity."<sup>76</sup> Given that Russia (still) chairs the AC until early 2023, the other permanent members – Canada, Sweden, Finland, Norway, Denmark, Iceland, and the United States – indicated that they would all "temporarily pause" attending official meetings. For the AC's

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<sup>75</sup> "Russia Claims Continental Shelf in Arctic Ocean," *Moscow Times*, April 12, 2021, <https://www.themoscowtimes.com/2021/04/12/russia-claims-continental-shelf-in-arctic-ocean-a73566>.

<sup>76</sup> "Joint Statement on Arctic Council Cooperation following Russia's invasion of Ukraine," Government of Canada, (accessed October 1, 2022), <https://www.canada.ca/en/global-affairs/news/2022/03/joint-statement-on-arctic-council-cooperation-following-russias-invasion-of-ukraine.html>.

work, however, Russia's implicit suspension (in reality, the Russian side continues holding Council meetings, albeit without anyone else present) impedes the body's ability to address critical issues, from climate change and shipping to environmental protection, through cooperation.<sup>77</sup>

For Beijing, in turn, even a temporarily defunct AC poses yet another challenge to the PSR and, more generally, for China as an Arctic player, given the importance it places on the regional body.<sup>78</sup> Gao Feng, the nation's top Arctic envoy, did not mince words at the 2022 Arctic Circle Assembly in Reykjavík. He boldly proclaimed that his government "would not acknowledge" an AC that excluded Russia, remarking that the AC as it stood until a few months ago would not exist without Moscow's participation.<sup>79</sup> Gao also claimed that transitioning from Russia's to Norway's chairmanship of the council requires all members' consensus and may thus not be possible without Russian input. His comments alluded to discussions that the remaining Arctic 7 (rather than Arctic 8) could opt to not only temporarily resume the council's work but that it might force Russia to withdraw entirely, effectively removing the largest Arctic nation from the playing field.<sup>80</sup> For its part, Moscow had initially criticized its *de facto* exclusion from the regional body.<sup>81</sup> With the AC still operating in crisis mode, the ongoing impasse now appears to have Beijing hard-pressed to push for a swift resolution and resumption of the AC at full capacity.

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77 "About the Arctic Council," Arctic Council website, (accessed October 18, 2022), <https://www.arctic-council.org/about/>.

78 Nong Hong, "Ukraine war may freeze both Russia and China out of Arctic cooperation," *ICAS Commentary*, March 11, 2022, <https://chinaus-icas.org/research/ukraine-war-may-freeze-both-russia-and-china-out-of-arctic-cooperation/>.

79 Trine Jonassen, China: "Will Not Acknowledge Arctic Council Without Russia," *High North News*, October 15, 2022, <https://www.highnorthnews.com/en/china-will-not-acknowledge-arctic-council-without-russia>.

80 Trine Jonassen, "Arctic Council resumes work: Might push Russia to withdraw from Arctic Council," *High North News*, June 16, 2022, <https://www.highnorthnews.com/en/might-push-russia-withdraw-arctic-council>.

81 Melody Schreiber, "Russia denounces its exclusion from some Arctic Council work," *Arctic Today*, June 9, 2022, <https://www.arctictoday.com/russia-denounces-its-exclusion-from-some-arctic-council-work/>.

Tellingly, Russia's July 2022 Naval Doctrine unequivocally referred to the High North as "our Arctic waters" and foresees intensifying global competition in the region.<sup>82</sup> Moscow reasons that an expanding and more assertive NATO, combined with tense relations with Washington, is forcing Russia to increase its military presence in the High North. For the time being, this threat assessment remains confined to its Western neighbors, citing the possibility of Western expansion into the Arctic region for economic gains and military prowess undermining Russian sovereignty. If China successfully pushes for more widespread acceptance of the PSR, there is a chance that these long-term ambitions may also clash with Moscow's territorial claims. Russia's initial hesitation in admitting China as an observer already showcased that integrating more non-Arctic states would be viewed with suspicion in the Russian capital.<sup>83</sup> Among Russian experts, China's desire to open up the Arctic and advocate for freedom of navigation in the High North perpetuates misgivings. This became particularly apparent when Pavel Gudev, a lead researcher within the renowned Russian Academy of Science (RAS), noted in a short report in 2020 that "China continues to be the most obvious example of a state that violates key norms and provisions of international maritime law."<sup>84</sup> Thus, it does not seem likely that Moscow would allow China's PSR to 'upend Russia's status quo over the NSR.

Besides, under Russian law and the UN Convention on the Law of the Sea (UNCLOS), the NSR continues to be considered internal waters in its entirety. Yet, the prospect of melting sea ice, which represents an

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82 Malte Humpert, "Control Over Arctic Ocean Top Priority of New Russian Naval Doctrine," *High North News*, August 4, 2022, <https://www.highnorthnews.com/en/control-over-arctic-ocean-top-priority-new-russian-naval-doctrine>; Daniel Rakov, "Russia's New Naval Doctrine: A 'Pivot to Asia'?" *The Diplomat*, August 19, 2022, <https://thediplomat.com/2022/08/russias-new-naval-doctrine-a-pivot-to-asia/>.

83 Chris Cheang, "Russia, China and the Arctic: Cooperation or Looming Rivalry," *RSIS Commentary*, July 28, 2020, <https://www.rsis.edu.sg/wp-content/uploads/2020/07/CO20151.pdf>.

84 Pavel Gudev, "China, USA, Russia and the Code of Conduct in the Arctic," *Valdai Discussion Club Expert Opinions*, June 11, 2020, <https://valdaiclub.com/a/highlights/china-usa-russia-and-the-code-of-conduct/>.

economic opening for China, poses a direct threat to Moscow's NSR claims. Accordingly, once sea ice retreats, Russia's ability to refer to UNCLOS Article 234 – which stipulates littoral states' jurisdiction over "the prevention, reduction and control of marine pollution from vessels" for as long as the maritime zone in question remains ice-covered.<sup>85</sup> While this would present Beijing with an ideal opening to argue in favor of even greater participation in Arctic affairs as the High North figuratively melts, Moscow would be facing a loss of jurisdiction. For the time being, it seems that Beijing can count on the economic disequilibrium with Russia to allow continued Chinese participation in Russian Arctic projects. With sanctions weighing heavy on Moscow, the Kremlin will be hard-pressed to maintain a functioning economy and increase profits. This presents a window of opportunity for Chinese companies to provide the necessary financial means and tools to at least partially alleviate Russia's economic pressures.

Nevertheless, President Putin has already hinted that greater overall emphasis will be placed on the country's naval forces in "guarding the sovereignty of Russia." In concrete terms, the Russian Navy is expected to have its weapons systems upgraded and its technological advantages further amplified, all by decree from Moscow.<sup>86</sup> And although tangible ways to finance these upgrades are yet to be unveiled, the maritime turn suggests that Moscow will continue relying on legal interpretations and UNCLOS and may also resort to military capabilities to defend its superiority in the Arctic. Thus, while Moscow concurrently relies on Chinese investments in the region to kickstart and maintain resource extraction projects, these conditions may not hold in the long term. After all, Putin's rhetoric suggests that Moscow may have less interest in granting access to other entities, including Chinese state-owned businesses, to

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85 "Melting Arctic ice could transform international shipping routes, study finds," Brown University News, June 22, 2022, <https://www.brown.edu/news/2022-06-22/arctic#:~:text=Article%20234%20of%20the%20convention%20states%20that%20in,remains%20ice-covered%20for%20the%20majority%20of%20the%20year.>

86 "Main Naval Parade," President of Russia - The Kremlin, (accessed October 5, 2022), <http://en.kremlin.ru/events/president/news/63753>.

cooperatively extract natural resources along the Russian Arctic coastline or waters should those projects threaten economic security.

Similarly worrying might be the announcement in the new naval doctrine that more Russian icebreakers may soon be equipped with “modular capabilities”, such as cruise missiles or torpedoes. The Russian Navy has already launched the missile-carrying icebreaker *Ivan Papanin*, also referred to as the “combat icebreaker”, in 2019.<sup>87</sup> It appears that the Putin government will place more emphasis on defending national sovereignty in the Arctic by propping up domestic capabilities, even to the extent of equipping icebreakers with weapons systems

Moreover, the opening up of Arctic gas and oil projects to foreign investors has only been swift due to the Kremlin's direct involvement. A case in point is the often-cited Yamal LNG project benefitted from being directly endorsed by a decree from the Kremlin.<sup>88</sup> With a harsher foreign policy rhetoric employed by Russia as the war in Ukraine drags on, however, the prospect of other joint-energy sourcing projects being granted equally open access to foreign investors is overshadowed by doubt. Moscow is aware that it is concurrently economically vulnerable, especially vis-à-vis China who, following the Ukraine invasion, has been keen to step up its engagement and source reasonably priced gas and oil from Russia.<sup>89</sup> Other projects which have received interest from Chinese investors have yet to come to fruition, in many cases due to lengthy bureaucratic processes and tighter scrutiny by Russian authorities. Among those currently affected is the Arctic LNG 2 project, just like the Arctic LNG 1 (also often

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87 “Russian Shipyard Launches Missile-Carrying Icebreaker,” *The Maritime Executive*, October 28, 2019, <https://www.maritime-executive.com/article/russian-shipyard-launches-missile-carrying-icebreaker>.

88 “Putin Helps Launch \$27 Billion LNG Plant With Russian, French, Chinese Partners,” *Radio Free Europe*, December 8, 2017, <https://www.rferl.org/a/russia-putin-yamal-lng-chinese-french-partners/28905542.html>.

89 “China oil imports from Russia surge amid Ukraine war sanctions,” *Al Jazeera*, June 20, 2022, <https://www.aljazeera.com/economy/2022/6/20/china-oil-imports-from-sanctioned-russia-skyrocket-surpass-saudi>.

referred to as the Yamal project) located in northern Siberia. The projected 19.8-million-ton gas production project was put on hold in April 2022 due to “challenges in implementing it,” according to Russian firm Novatek.<sup>90</sup> For now, it appears that Moscow considers another large-scale LNG project, the Power of Siberia 1 and 2, vital for economic security, while the development of Arkhangelsk deep-water port and the Belkomur railroad have yet to materialize.<sup>91</sup> The project received preliminary approval from Mongolian president Ukhnaagiin KhurelsukhIt in September 2022 since at least one gas pipeline is meant to run through Mongolian territory before crossing through China’s northernmost provinces.<sup>92</sup>

Nonetheless, approval for large-scale energy projects hinges mainly on support from Moscow, whose current stance seems to have hardened. During the Interaction and Confidence-building Measures in Asia (CICA) summit in mid-October 2022, it was Putin himself who cast his country as “actively contributing to [...] the development and prosperity of Asia.”<sup>93</sup> Thus, for the Kremlin, it is not just a matter of participating with Asian nations economically. As Putin noted, Moscow prioritizes being part and parcel of the region’s economic development. Therefore, it appears unlikely that, in the long term, the Kremlin would deliberately relinquish control over both its territory and resources in the Arctic region, even for a close partner such as Beijing.

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90 “Russia’s Novatek says Arctic LNG 2 launch schedule may change – IFX,” *Nasdaq*, April 21, 2022, <https://www.nasdaq.com/articles/russias-novatek-says-arctic-lng-2-launch-schedule-may-change-ifx-0>.

91 “China interested in Belkomur project,” TASS, November 26, 2012, <https://tass.com/archive/685992>;  
“Investment in Arkhangelsk new port construction to reach \$2.7 bln – expert,” TASS, May 25, 2017, <https://tass.com/economy/947804>.

92 “Mongolian President says he supports Russia-China oil and gas pipelines through Mongolia,” *Reuters*, September 16, 2022, <https://www.reuters.com/world/mongolian-president-says-he-supports-russia-china-oil-gas-pipelines-through-2022-09-15/>.

93 “Conference on interaction and Confidence-building Measures in Asia (CICA) summit,” President of Russia – The Kremlin, (accessed October 20, 2022), <http://en.kremlin.ru/events/president/transcripts/69587>.

## Mute, But Not Gone

The current geopolitical climate does not appear conducive to China's ambitious Polar Silk Road – neither in terms of improving access to the region for traditionally non-Arctic nations, including Beijing, nor the yet-distant possibility of shorter trade routes across the Arctic Ocean. Besides perpetually exacerbating Sino-American tensions, the unabating war in Ukraine has dealt a severe blow to Arctic governance. With the region's main intergovernmental body, the Arctic Council, still unable to operate, China faces an additional obstacle in fulfilling its Arctic goals. As the region's primary gatekeeper, it has thus far only opened up a window of opportunity for the Asian nation to join as an observer, not as a member with more concrete powers. Considering Beijing's long-term goals, however, it is highly likely to want equal access to the region within the confines of international law. Especially against the backdrop of a Chinese narrative that envisions the Arctic as a global common space. Except for Iceland (and Russia), China cannot boast meaningful bilateral relationships with any of the remaining Arctic nations. Thus, the council represents the ideal platform for Beijing to make inroads and seek more significant input in regional affairs. The ensuing inaccessibility of Arctic knowledge – politically and economically – has widened the gap between Arctic aspirations and Arctic realities for the Chinese government.

Therefore, it remains vital for Beijing to maintain good relations with Moscow to have continued access to the Arctic region, even if limited. It still is noteworthy that Chinese authorities err on the side of caution to avoid collateral damage from Western sanctions placed on Russia, resulting in a delicate geopolitical balancing act. First of all, Moscow maintains supremacy over the NSR for as long as ice coverage prevents shipping companies from circumventing Russian waters. Second, Russian energy exports are an enticing alternative to meet Chinese demand, at

the very least in the short term. Whilst sanctions prevent Moscow from exporting gas and oil to other lucrative markets, China can benefit from affordable fossil fuel supplies from Russia.

Nonetheless, it would be premature to assume that Sino-Russian relations could withstand the test of time. Like the U.S. and NATO, Russia remains apprehensive about Chinese activities in the Arctic. Given Moscow's dire economic situation, it may be plausible that Russian policymakers may misinterpret any attempt from Beijing to push ahead with its PSR. In particular, if these moves entailed a loss of territorial sovereignty or the prospect of growing dependence on China for vital investments in the Arctic.

Additionally, the prospect of NATO expanding northwards has also caused uneasiness in Beijing. Chinese Foreign Ministry spokesperson Zhao Lijian recently criticized the transatlantic alliance for "recreat[ing] bloc confrontation."<sup>94</sup> It appears that, in general, there is little appetite in the Chinese capital to push for large-scale projects along the PSR for the time being. NATO's Arctic ambitions run counter to Beijing's, whose primary goal is to create an open High North rather than a closed-off region. Tellingly, it was Chen Feng, COSCO's head of marketing and sales, who noted during the 2022 Arctic Circle Assembly in Reykjavík (Iceland) that his company's decision not to passage through the NSR this summer was due to "too much uncertainty".<sup>95</sup>

Overall, it would be premature to assume that the PSR has been discarded. For the time being, Chinese policymakers will be tasked with re-evaluating

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94 "Beijing: NATO warnings on China-Russia arctic alliance 'irresponsible'," *Al Mayadeen*, August 31, 2022, <https://english.almayadeen.net/news/politics/beijing-nato-warnings-on-china-russia-arctic-alliance-irres>.

95 Atle Staalesen, "Chinese shippers shun Russian Arctic waters," *Eye on the Arctic*, August 24, 2022, <https://www.rcinet.ca/eye-on-the-arctic/2022/08/24/chinese-shippers-shun-russian-arctic-waters/>; Feng Chen, "COSCO's Arctic Shipping Future" in "Interactions and Development in China's Arctic Cooperation" (panel speech, The Harpa, Rezkjavik, Iceland, October 14, 2022).

the nation's approach, given that Arctic governance is constrained and that previous desires to invest in local resource extraction projects were upended due to political pressures. The Arctic may not feature high on Beijing's overall priority list. Still, it may play a supplemental role in expanding China's maritime footprint, as noted in Xi's opening speech at this year's 20<sup>th</sup> Party Congress.<sup>96</sup> He again drew attention to the need to "promote high-standard opening up," suggesting that China will not shy away from seeking to build trust in the Arctic and be involved in potential economic openings, including the NSR. In the short-term, increased Chinese presence is unlikely, given geopolitical and practical uncertainties. Yet, China will continue to pursue its long-term goals to remain an Arctic player to be reckoned with.

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96 Low De Wei, "Full Text of Xi Jinping's Speech at China's Party Congress," *Bloomberg*, October 18, 2022, <https://www.bloomberg.com/news/articles/2022-10-18/full-text-of-xi-jinping-s-speech-at-china-20th-party-congress-2022>.

## **Author Bio**

**Larissa Stünkel** is a Research Fellow at the Stockholm China Center of ISDP. She holds a Master of Science in Asian Studies from Lund University, Sweden.