



Russia's Dual Policy Towards China in the Arctic

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9 May 2017

Russia's policy towards China in the Arctic is pragmatic and opportunistic, and increased collaboration between the two states is expected.

Author's note: This short contribution is an updated assessment built on a previous article with free access until end of June 2017, among those chosen by Taylor & Francis to commemorate 25 years since the fall of the Soviet Union: <http://explore.tandfonline.com/page/pgas/soviet-union-collapse-25-years-on-post-soviet>. Tom Røseth, 'Russia's China Policy in the Arctic', *Strategic Analysis*, 38.6 (2014), 841–59.

Russia is destined to be the most significant player in the Arctic. It has the longest Arctic coastline, vast resources and the prospects of a new trade route. China has recently become a key actor in the Arctic. It has displayed an interest in the resources of several Arctic states, an ambition to utilise the Northern Sea Route (NSR), a strong [research agenda](#) on climate change in the region and has a permanent observer status in the Arctic Council. How does Russia welcome Chinese interest, and what kind of Russo-Chinese Arctic relationship should other states prepare for?

Russia has a dual policy towards China in the Arctic. On one hand, Russia's Arctic focus contains strong security concerns and a sensitivity to issues of sovereignty, which hamper opportunities with China. On the other hand, Moscow seeks to attract Chinese investments integrated in a strategy to promote the region commercially. In short, international euphoria seen 2007–2012 connected to the Arctic as an energy resource base and effective transit route between Asia and Europe has toned down, seeing little Chinese investments and activity. From a long term perspective, Chinese involvement in

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Russia's Arctic is expected to raise, depending on continued retracting ice conditions, oil prices, increase infrastructure development and improve Beijing's developing relationship with Moscow.

Russia views its own position in the Arctic as privileged. In the Arctic, it has both a “treasure chamber” in the region's vast resources, and its strong national security interests are protected by the Northern Fleet. Moscow demonstrated, through its Arctic strategies of 2008 and 2013, that **developing its Arctic policy** is a national priority, with a focus being placed on resource development, ensuring security and stability, developing the NSR and sustainable development. Through Russia's geopolitical positioning and active Arctic policies, Asian countries such as China depend on the benevolence of Russia if they seek a role in Arctic affairs. China's growing interest and Russia's main role in the Arctic makes it paramount to study their relationship in the region, which, by and large, reflects improved general bilateral relations. Scholars tend to inflate Chinese activities and interests in the Arctic by aggregating positive cases over time. However, Chinese interests and expectations in the Arctic actually **peaked** under the accession process to the Arctic Council around 2010-2013, and then fell as Chinese actors obtained in depth knowledge of climate challenges, sovereignty issues and the lack of infrastructure, combined with hard-hitting external factors in place since 2014, such as low oil prices and Western sanctions over Ukraine. There are three cases which can be raised to illuminate why Russia's policies towards China show greater potential for cooperation than conflict between the two powers in the Arctic.

The grounds for Sino-Russian cooperation

First, Chinese scholars and governmental actors had **high expectations** on shipping along the NSR, which became more **realistic** around 2013. Chinese

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commercial actors on shipping have never really embraced the NSR, and performed only test cases of utilizing the route. Currently, the route is important for Russian national shipments, and has the potential to bring resources out of the area both to the East and West. But as a proper transit route its prospects are still limited. Russian Arctic scholars have voiced disappointment on the low level of Chinese infrastructure investments along the route. China might wish for more unrestricted usage without Russian tariffs and special conditions with strict legislation including the exclusive economic zone, but both Beijing and Moscow have common aims in developing and commercialising the route. Russia sees China as a potential partner for making the route more feasible, as long as Beijing does not challenge Russia's national interests in controlling and regulating the NSR. At the same time, Russia's renewed focus on military presence in ensuring its sovereignty and security along the NSR indicates a defensive approach moving beyond commercial preparations, and conveys a strong message that it will balance other states' security interests in the region.

Second, in its quest to join the Arctic Council as a permanent observer, Beijing overstated the council's role. While the council is the main forum for arctic affairs – it is not a decision-making body. After being accepted, Beijing seemed bewildered over what to do next and how to make use of this new-won position, treading carefully to see where it could play a constructive role that coincided with its interests. Under the US-chairmanship, China is well integrated into the council's workgroups. Russia was reluctant to accept China and other applicants that do not border the Arctic as it may challenge Moscow's position and make the council ineffective. Moscow changed its stance at the Kiruna meeting in 2013, as Canada suddenly changed to a positive position and Russia could not take the cost of standing alone in opposition to Beijing's accession. Beijing had reassured Moscow over time that its intentions were not

to go against Russia's interest in the Arctic, made formal as the applicants were bound to adhere to the Arctic regime. Russia and China have since cooperated well in the council, and Russia seeks a constructive relationship in the forum, as long as China confines itself to its limited role as an observer and does not challenge Russian interests. The Russia-West conflict over Ukraine brings implications for intergovernmental cooperation although most states have tried to keep business as usual. China joined in a period where some participating states engaged in strong rhetoric over Ukraine, followed by limited cooperation avoiding sensitive issues in the council.

Third, on Arctic energy, Chinese participation in the Russian Arctic was initially promising, but is now basically limited to the LNG-project at Yamal. The Chinese National Petroleum Company bought 20 percent from Novatek in 2013, with China's Silk Road Fund acquiring another 9.9 percent in 2015. Other agreed projects between Russian and Chinese energy companies, especially offshore, have been put on hold awaiting a third western partner or higher oil prices. China has capital, but Western companies are main contenders for participating in offshore projects in the Russian Arctic due to their competencies. With the West's sanctions, deep-water technology is unattainable. Also, Chinese financing is more **complicated**, as these often were channelled through western institutions. Arctic energy contrasts at the state-to-state level, where Russo-Chinese energy cooperation has turned strategic with large agreements on the delivery of oil and gas to China. Russia's limited energy cooperation with China in the Arctic is due to more external factors than reluctance towards working with Chinese companies, as Moscow ideally would seek increased Asian investments, to balance Western influence and secure wider market access and diversity.

Conclusion

By allowing China into the Arctic, Moscow signals a willingness to re-evaluate previous positions as it wants to benefit from greater bilateral issues. This change opens up the potential for increased Chinese activity, investments and co-operation in the Arctic. In moving towards a strategic Sino-Russian relationship, more co-operation and Chinese activity is to be expected in the Russian Arctic, as long as China is a proponent of commercial opportunities and does not challenge perceived Russian national interests in the Arctic. Sino-Russian co-operation in the Arctic through shipping, energy projects and investments in infrastructure will incrementally lead Beijing to seek more influence in Arctic matters as it is more affected by it. China's economic rise might eventually give Beijing leverage over Russia on Arctic matters, as Moscow would become more dependent on Chinese capital and activity to make the region develop. Generally, Russia is initiating a constructive stance on Chinese economic interests in the Arctic, but takes great care in promoting its security interests. Russia's approach towards China is first and foremost pragmatic, as no special treatment is given to Chinese actors in the Russian Arctic. Russia needs assistance to develop its Arctic and an eastward diversification is opportune both for political support on international issues and economic opportunities. There is therefore a duality in Russia's China policy in the Arctic, between restrictions connected to security concerns and openness due to commercial interests, which Moscow needs to sort out before embarking a proper strategic relationship with China in the Arctic.

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