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Ashley J. Tellis, Alison Szalwinski, and Michael Wills

Russia and the Arctic

Russia and the Arctic in China's Quest for Great-Power Status

Elizabeth Wishnick

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EXECUTIVE SUMMARY

This chapter examines the contributions of both Russia and the Arctic to China's quest for great-power status and highlights the constraints that China faces in its interactions with each.

MAIN ARGUMENT

The Sino-Russian partnership and China's growing role in Arctic affairs attest to the country's aspirations as a rule-maker. A comparison of its objectives with regard to Russia and the Arctic shows that China faces different challenges as an insider in its partnership with Russia and as an outsider in its Arctic activities. With Russia, China must accept some constraints (e.g., in Central Asia and the Arctic) and agree to disagree with some Russian policies (e.g., on Ukraine) in exchange for Russian diplomatic support and military cooperation. In the Arctic, China fears being left out of the evolving governance structures and seeks to position itself through diplomacy and investments to take advantage of future opportunities afforded by climate change and its observer status in the Arctic Council.

POLICY IMPLICATIONS

- Greater U.S. support for its own alliances as well as for democratic principles and institutions will be important in counteracting Sino-Russian efforts to erode their functioning.
- Russia's ability to pursue a more diversified Asia policy will constrain China's ambitions in the region.
- China's Arctic ambitions reflect its great-power and maritime-power aspirations. The U.S. should work to involve China in Arctic governance along with other observer states, while remaining mindful of Chinese efforts to increase its economic leverage in the region.
- The U.S. needs to play a more active role in Arctic affairs to better support its interests by funding scientific research, modernizing its icebreaker fleet, cooperating on the environment, and ratifying the United Nations Convention on the Law of the Sea.

Russia and the Arctic in China's Quest for Great-Power Status

Elizabeth Wishnick

Despite Russia's economic difficulties and diminished status relative to the Soviet era, the Sino-Russian partnership has played an important role in the rise of the People's Republic of China (PRC) as a great power. This has been most obvious in terms of military cooperation, where Russia was one of only a few countries willing and able to sell China the weapons systems it wanted in the aftermath of post-Tiananmen sanctions. Although China has increasingly sought to produce its own weapons since the mid-2000s, it continues to buy some Russian-made systems, which could have a considerable impact on Asian regional security. Moreover, Sino-Russian naval exercises have enabled China to show its flag more widely as it seeks to expand its maritime power well beyond its own shores.

In terms of energy, neighboring Russia has been a logical supplier of the oil and gas that China increasingly needs to power its growing economy. Although agreements for oil and gas pipelines took a long time to negotiate, Russia is now China's top oil supplier, providing about 15% of its oil in 2018.[1] After sanctions were imposed on Russia in 2014, China succeeded in investing in key upstream energy projects in the country, such as the Yamal liquefied natural gas (LNG) plant. Energy cooperation with Russia supports many key Chinese goals—reducing the risk of chokepoints in the Malacca Strait and the

Elizabeth Wishnick is a Professor of Political Science and Law at Montclair State University. She can be reached at <wishnicke@montclair.edu>.

[1] Daniel Workman, "Top 15 Crude Oil Suppliers to China," World's Top Exports, April 1, 2018, http://www.worldstopexports.com/top-15-crude-oil-suppliers-to-china.

Suez Canal, encouraging long-sought cooperation between northeast China and the Russian Far East, and highlighting China's role in the development of Arctic resources.

While China is geographically an outsider in the Arctic, it claims to be a "near-Arctic" state on the basis of its physical presence, achieved through investments, research stations, and diplomacy in the region. Russia both facilitates and restrains China's role, which is important for its great-power aspirations. Indeed, the Arctic is the only region in the world where China is an outsider, and Chinese leaders fear missing out on the bounty to be developed as the polar ice melts. Yet the Arctic is important for China not only economically, due to the promise of reduced shipping times to Europe and plentiful resources, but also politically. As the Arctic ice recedes, China wants to be a participant in the governance process that will decide how to manage the region's resources and waterways. Participation in the Arctic also requires improving China's naval and shipping capabilities to accommodate Arctic routes and projects. In addition, China's Arctic diplomacy supports its approach to Europe more broadly, where the country seeks out opportunities to engage, divide, and expand its presence. Nonetheless, in the short term, China faces many constraints in the region.

This chapter examines the contributions of both Russia and the Arctic to China's quest for great-power status and highlights the constraints that China faces in its interactions with each. In the first section on China's ambitions vis-à-vis Russia, key areas of cooperation (specifically defense and energy) are examined. This section also discusses the ties between northeast China and the Russian Far East, especially within the context of the Belt and Road Initiative (BRI), and Russian support for China's global and regional positions. While Russia provides considerable support for China's great-power aspirations, the Sino-Russian partnership also constrains China in other respects, especially in terms of its Arctic ambitions. The second main section focuses on these great-power ambitions in the Arctic, including China's efforts to establish a physical presence in the region and relations with Arctic states. The chapter concludes with a discussion of the policy consequences for the Arctic region and the United States of China's ambitions in both the Sino-Russian partnership and the Arctic.

China's Ambitions and Russia

The Sino-Russian partnership is neither an alliance nor a marriage of convenience. The focus on asymmetries and differences on some issues obscures China's interests, which are long-term and reflect the perception that the Sino-Russian partnership can help China deal with certain

key threats. Indeed, this partnership has supported China's global, regional, and domestic ambitions by improving its energy security, enhancing its military capabilities, contributing to the development of its northern border provinces, and providing support on important foreign policy issues. Nonetheless, this partnership constrains Chinese ambitions in other respects—by requiring the country to be more circumspect in Central Asia and the Arctic and tolerate Russian arms sales to China's rivals in Asia. Chinese investments in Russia also have been limited by Russian caution and the imperfect business climate, especially in the eastern region of the country, where Chinese officials had high hopes for cooperation.

Enhancing Military Capabilities

Creating a strong military is a key component of Xi Jinping's "China dream." At the 19th Party Congress in November 2017, Xi declared that China's military modernization would be nearly complete in 2035 and that the PRC would have a world-class military by 2050.[2] This involves developing capabilities that allow the People's Liberation Army (PLA) to project power beyond China's borders and coastlines as well as to challenge U.S. technological superiority.[3]

Since the 1990s, security cooperation with Russia has been an important factor in China's military modernization. Unable to purchase Western military technology after the 1989 Tiananmen Square massacre, China turned to Russia to satisfy most of its military needs, spending an average of $1 billion annually in the 1990s and more than $2 billion per year in the early 2000s.[4] This was a mutually beneficial arrangement that extended a lifeline to Russia's ailing defense industries and provided China with a source of relatively affordable military technology to improve its forces.[5] Within a few years, Chinese arms purchases had declined and were limited to component parts. Indigenous industries proved capable of producing major systems, though these were largely based on older designs from Russia and other countries. At the same time, as a result of concerns over reverse engineering

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[2] "Full Text of Xi Jinping's Report at 19th CPC National Congress," Xinhua, November 3, 2017, http://www.xinhuanet.com/english/special/2017-11/03/c_136725942.htm.

[3] U.S. Department of Defense, *Annual Report to Congress: Military and Security Developments Involving the People's Republic of China 2017* (Washington, D.C., 2017), 6, https://www.defense.gov/Portals/1/Documents/pubs/2017_China_Military_Power_Report.PDF.

[4] Paul Schwartz, "Sino-Russian Defense Relations Intensify," Asan Forum, December 23, 2015, http://www.theasanforum.org/sino-russian-defense-relations-intensify.

[5] Ethan Meick, "China-Russia Military-to-Military Relations: Moving toward a Higher Level of Cooperation," U.S. Economic and Security Review Commission, Staff Research Report, March 20, 2017, 4, https://www.uscc.gov/sites/default/files/Research/China-Russia%20Mil-Mil%20Relations%20Moving%20Toward%20Higher%20Level%20of%20Cooperation.pdf.

by Chinese manufacturers, Russia refused to sell its most advanced systems to China during this period, including some that were sold to India.[6] In 2008, China and Russia signed an agreement on intellectual property to address these concerns, paving the way for Chinese purchases of major Russian systems.[7] Moreover, Alexander Gabuev, an expert on Russian policy toward Asia, reported that a defense review conducted after the Ukraine crisis found that many of the systems Moscow believed China had reverse-engineered actually were developed indigenously thanks to improvements in Chinese defense technology.[8]

Contemporary Sino-Russian military cooperation involves arms purchases, joint production of weapons systems, policy consultations, and exercises.[9] A number of deals were under contract by 2014, including for Su-35 fighter jets, when international sanctions were imposed on Russia.[10] The sanctions accelerated ongoing negotiations and spurred a series of additional sales, such as a $1.7 billion contract for S-400 surface-to-air missiles, reached in the fall of 2014. China has long sought these systems to support its goals in Taiwan and the South China Sea. Once fully deployed, the S-400 will facilitate coastal defense and extend to the entire territory of Taiwan. Naval deployments of the system will be an important defense against U.S. long-range anti-ship missiles. The Su-35 would enable China to expand its patrolling of disputed areas in the East and South China Seas.[11]

As the Sino-Russian partnership has deepened in recent years, the two sides are increasingly collaborating on the production of military technology. China and Russia will jointly produce a number of systems, including a Chinese-financed heavy-lift helicopter for exclusive Chinese use, submarines based on the Lada-class diesel model, and aircraft engines and space components.[12] Chinese suppliers have also been able to replace some key

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[6] Charles Clover, "Russia Resumes Advanced Weapons Sales to China," *Financial Times*, November 3, 2016, https://www.ft.com/content/90b1ada2-a18e-11e6-86d5-4e36b35c3550.

[7] Elina Sinkkonen, "China-Russia Security Cooperation: Geopolitical Signalling with Limits," Finnish Institute of International Affairs, Briefing Paper, no. 231, January 16, 2018, 6, https://storage.googleapis.com/upi-live/2018/01/bp231_china-russia.pdf.

[8] Alexander Gabuev, "China and Russia: Friends with Strategic Benefits," Lowy Institute, Interpreter, April 7, 2017, https://www.lowyinstitute.org/the-interpreter/china-and-russia-friends-strategic-benefits.

[9] Li Shuyin, "Dui ZhongE junshi hezuo de lishi kaocha yu sikao" [Historical Investigation and Reflection on the Military Cooperation between China and Russia], *Eluosi xuekan*, no. 3 (2016): 6.

[10] Alexander Lukin, *China and Russia: The New Rapprochement* (Cambridge: Polity Press, 2018), 157.

[11] Paul Schwartz, "Evolution of Sino-Russian Defense Cooperation since the Cold War (Part 1 + Part 2)," in *International Relations and Asia's Northern Tier: Sino-Russia Relations, North Korea, and Mongolia*, ed. Gilbert Rozman and Sergey Radchenko (London: Palgrave Macmillan, 2018), 42.

[12] Meick, "China-Russia Military-to-Military Relations," 16–17.

components that Russia once received from Ukraine.[13] In addition, increasing restrictions in the West on cooperation with Chinese civilian companies on dual-use technology production has encouraged greater Sino-Russian cooperation in this area.[14] China's interest in joint production also partly reflects a realization within the country that its indigenous defense industries remain weak in research and development despite their rapid development.[15]

Yet although Russian arms sales and the joint production of weapons systems contribute to the ability of China to fulfill its global, regional, and domestic ambitions, the partnership also constrains it in several important respects. As China seeks to expand its own clientele for weapons, it finds itself competing with Russia for market share in East Asia—for example, in Myanmar and the Philippines. In addition, Russian arms sales to China are counterbalanced by sales, including of more advanced components, to key regional opponents like India and Vietnam.

China and Russia have been holding joint military exercises regularly since 2005, including naval exercises since 2012. Initially these exercises provided an opportunity for China to assess Russian military technologies for potential purchase while enabling the PLA to gain operational knowledge. In recent years, however, they have emphasized interoperability and provided training in a variety of combat scenarios. The naval exercises in particular have highlighted the PLA Navy's growing capabilities and increasingly global aspirations (see **Table 1**). Chinese commentary notes the strategic importance of the exercises, given the tension over maritime issues in many regions as well as the specific sites selected.[16] The first three sets of naval exercises took place in East Asia (the Yellow Sea, Sea of Japan, and East China Sea), but subsequent rounds have taken place much farther afield in the Mediterranean (2015), the South China Sea (2016), and the Baltic Sea (2017).

In September 2018, 3,200 Chinese personnel took part for the first time in the land-based Vostok (East) exercises that Russia typically holds on its own. While many Western observers have tended to view these biannual exercises as Russian preparations against a potential Chinese threat, this time commentary focused on the large (but likely inflated) number of

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[13] Richard A. Bitzinger and Nicu Popescu, eds., *Defence Industries in Russia and China: Players and Strategies*, ISSUE Report 38 (Luxembourg: EU Institute for Security Studies, 2017), 17.

[14] Vassily Kashin, "Industrial Cooperation: Path to Confluence of Russian and Chinese Economies," *Russia in Global Affairs*, April 18, 2016, https://eng.globalaffairs.ru/valday/Industrial-cooperation-path-to-confluence-of-russian-and-chinese-economies-18111.

[15] Bitzinger and Popescu, *Defence Industries in Russia and China*, 17.

[16] Ma Yao, "Liangguo zhanlüe cengci de xuyao: 'Ouzhou neihai' ZhongE junyan zai guoji guanzhu" [The Strategic Dimension of the Needs of the Two Countries: The Global Significance of Sino-Russian Military Exercises in European Internal Seas], *Shijie Bolan*, no. 16 (2017): 25.

TABLE 1 Chinese-Russian naval exercises

Year	Month	Host and operational area	Scale
2012	April	China – Yellow Sea	• 25 warships • 13 planes • 9 helicopters
2013	July	Russia – Sea of Japan	• 18 surface ships • 1 submarine • 3 airplanes • 5 ship-launched helicopters
2014	May	China – East China Sea	• 14 warships • 2 submarines • 9 airplanes • 6 helicopters
2015	May	Russia – Black Sea/Mediterranean Sea	• 18 warships
	August	Russia – Sea of Japan	• 23 vessels • 2 submarines
2016	September	China – South China Sea	• 18 ships and support vessels • 21 aircraft
2017	July	Russia – Baltic Sea	• 13 warships • Ka-27 multipurpose ship-borne helicopters • Su-24 tactical bombers
	September	Russia – Sea of Japan/Okhotsk Sea	• 11 ships • 2 submarines • 4 antisubmarine warfare aircraft • 4 ship-borne helicopters

SOURCE: David Scott, "Russia-China Naval Cooperation in an Era of Great Power Competition," Center for International Maritime Cooperation, June 12, 2018, http://cimsec.org/russia-china-naval-cooperation-in-an-era-of-great-power-competition/36773.

forces and the implications for an incipient Sino-Russian military alliance.[17] An opinion piece in China's usually nationalist tabloid the *Global Times* struck a measured tone, noting that fears of such an alliance reflect "old-fashioned"

[17] The Russian Ministry of Defense claimed that nearly 300,000 Russian soldiers participated in the exercises. Michael Kofman, "Vostok 2018 Day 4 (September 14)," Russia Military Analysis, September 15, 2018, https://russianmilitaryanalysis.wordpress.com/2018/09/15/vostok-2018-day-4-september-14.

logic and arguing that the Sino-Russian partnership was evolving so that the two countries could meet new challenges together.[18] *China Daily* further explained that it was only "natural" for two neighbors with excellent bilateral ties to cooperate and that the exercises would improve their capability to respond to regional crises.[19] Gabuev argues that exercises like Vostok serve as vehicles for confidence-building among senior Chinese and Russian officials. He further claims that in an environment where both countries feel increased pressure from the United States, they have begun to share intelligence on CIA operations and possibly even cooperate in determining U.S. vulnerabilities in cyberspace.[20]

Energy Cooperation

Chinese leaders have long touted energy cooperation as a key aspect of the Sino-Russian partnership, particularly with respect to cooperation between northeast China and the Russian Far East. In May 1992, China National Petroleum Corporation (CNPC) first proposed developing Siberian oil for the Asian market. The following year China became a net oil importer for the first time. Three years later in 1996, the same year that the Sino-Russian strategic partnership was initiated, the two countries established an intergovernmental commission on energy cooperation. In 1997, they signed an intergovernmental agreement for a pipeline that would ship Siberian natural gas to China.[21]

The East Siberia–Pacific Ocean (ESPO) pipeline spanning from Taishet in East Siberia to Kozmino on Russia's Pacific coast was completed in 2009 and began pumping oil to China via a branch line to Daqing in 2011. On January 1, 2018, a second parallel branch line from Russia to China began operating, enabling crude deliveries to double from 15 million tons to 30 million tons per year.[22] Russia has been China's top supplier of crude since 2016, surpassing Saudi Arabia. Thanks to energy cooperation with Russia, China has been able to diversify its supply sources beyond the Middle East, via land pipeline

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[18] "Jiefangjun canjia Ejunyan tuxian jieban bu jie meng" [PLA Participation in Russian Military Exercises Highlights Partnership Not Alliance], *Huanqiu Shibao*, August 29, 2018, http://opinion.huanqiu.com/editorial/2018-08/12868870.html.

[19] "Military Exercise Should Not Be Misinterpreted," *China Daily*, August 30, 2018, http://europe.chinadaily.com.cn/a/201808/30/WS5b87f0bba310add14f388b96.html.

[20] Alexander Gabuev, "Why Russia and China Are Strengthening Security Ties," *Foreign Affairs*, September 24, 2018, https://www.foreignaffairs.com/articles/china/2018-09-24/why-russia-and-china-are-strengthening-security-ties.

[21] Keun-Wook Paik, *Sino-Russian Oil and Gas Cooperation: The Reality and Implications* (New York: Oxford University Press, 2012), 10–12.

[22] Li Fang, "New Line of China-Russian Oil Pipeline Begins Operation," Xinhua, January 1, 2018, http://www.xinhuanet.com/english/2018-01/01/c_136864998.htm.

and LNG, thereby reducing the impact of the "Malacca dilemma"—China's vulnerability to Middle East oil supplies being cut off at the chokepoint of the narrow Malacca Strait.

Gas pipelines connecting Russia and China have been slower to move forward. After years of difficult negotiations, an agreement for the $400 billion Power of Siberia gas pipeline connecting the two countries was finally signed, and the first gas is expected to be pumped in 2019. A second pipeline, spanning from the Altai region to China, remains under discussion. The western route has always been less desirable for China, which receives gas from Turkmenistan, Kazakhstan, and Uzbekistan and has highest demand in its eastern coastal areas, than for Russia, which has harbored hopes of becoming a swing producer for Europe.[23]

Energy cooperation is a key piece of BRI and an important means of involving Russia within Xi's signature initiative, despite the history of difficult bilateral negotiations. According to the 2017 white paper jointly issued by China's National Development and Reform Commission and the National Energy Administration, "the Belt and Road Initiative seeks to foster energy cooperation in order to jointly build up an open, inclusive, and beneficial community of shared interests, responsibility and destiny."[24] Initially, maps of BRI appeared to circumvent Russia, but by 2015, Xi and Vladimir Putin agreed to a "great Eurasian partnership" that would connect the initiative to the Russian-led Eurasian Economic Union (EEU).[25] Despite these grandiose plans for economic corridors and major infrastructure development, the scale of Sino-Russian cooperation has thus far been modest and mostly centered on the Russian Far East.

One exception is the Yamal LNG plant. Chinese lenders invested $12 billion in the $27 billion project operated by Novatek, a private company with connections to the Kremlin, after CNPC secured a 20% stake and the Silk Road Fund acquired 9.9%.[26] China contracted to purchase 3 million tons of

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[23] Elizabeth Wishnick, "'The 'Power of Siberia': No Longer a Pipe Dream," PONARS Eurasia, Policy Memo, no. 332, August 18, 2014, http://www.ponarseurasia.org/memo/%E2%80%9Cpower-siberia%E2%80%9D-no-longer-pipe-dream.

[24] National Development and Reform Commission and National Energy Administration of the People's Republic of China (PRC), "Vision and Actions on Energy Cooperation in Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road," May 12, 2017, http://www.nea.gov.cn/2017-05/12/c_136277478.htm.

[25] Sebastien Peyrouse, "The Evolution of Russia's Views on the Belt and Road Initiative," *Asia Policy*, no. 24 (2017): 96.

[26] Elena Mazneva, "From Russia with Love: A Super-Chilled Prize for China," Bloomberg, October 26, 2017, https://www.bloomberg.com/news/articles/2017-10-26/china-to-get-first-yamal-lng-cargo-as-russia-says-thank-you.

LNG annually and the plant began production in December 2017.[27] As China seeks to decrease its dependence on coal, still the country's dominant energy source, LNG imports have soared, climbing 46% in 2017.[28] The Yamal investment has supported Xi's efforts to increase reliance on cleaner energy sources while providing opportunities for Chinese companies to supply equipment and gain expertise in Arctic conditions.[29]

Expanding nuclear energy has also been a key component of Xi's efforts to reduce China's reliance on fossil fuels. The Soviet Union and China had a brief period of nuclear cooperation in the late 1950s that would fall victim to the Sino-Soviet split. Chinese cooperation with Russia on nuclear energy began in 1992 with the signing of an intergovernmental agreement. Construction commenced in 1999 on the first two blocks of the two-gigawatt Tianwan Nuclear Power Station in Jiangsu Province, the first major Sino-Russian cooperative venture in the nuclear sector, and the project was completed in 2009. Russia and China then signed another agreement to cooperate at the same power station on the construction of two WWER-1000 reactors, each with a capacity of 1,060 megawatts. Construction began in 2012 on a third block and in 2015 on a fourth.[30] The two sides have signed subsequent agreements on additional blocks that will use Russia's most advanced technology.

Despite such progress, limitations on energy cooperation persist due to a variety of causes. In the area of nuclear technology, China's complaints about delivery times and Russia's concerns about competition for nuclear contracts have introduced obstacles to cooperation. Previously, Russian technology faced competition from U.S. and Japanese suppliers, but China's interest in developing its own technology poses a new threat and has constrained Sino-Russian nuclear deals. For example, a consortium of Chinese companies appears to be developing floating nuclear technology largely on their own, despite having signed agreements with Russia, which has been a leader in this area. This capability will enable China to better supply its outposts in the South China Sea independently of Russia. Similarly, fearing excessive dependence on the Chinese market, Russian officials in effect barred Chinese companies from upstream oil and gas investments in Russia in the first decade

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[27] Viktor Katona, "Yamal LNG Is Conquering China," *Oil Price*, July 16, 2018, https://oilprice.com/Energy/Natural-Gas/Yamal-LNG-Is-Conquering-China.html.

[28] Anna Shiryaevskaya, Matthew Carr, and Dan Murtaugh, "What LNG Traders Want to Know Most Is if China Surprises Again," Bloomberg, February 13, 2018, https://www.bloomberg.com/news/articles/2018-02-13/what-lng-traders-want-to-know-most-is-if-china-surprises-again.

[29] Nadezhda Filimonova and Svetlana Krivokhizh, "China's Stakes in the Russian Arctic," *Diplomat*, January 18, 2018, https://thediplomat.com/2018/01/chinas-stakes-in-the-russian-arctic.

[30] James Henderson and Tatiana Mitrova, *Energy Relations between Russia and China: Playing Chess with the Dragon* (Oxford: Oxford Institute for Energy Studies, 2016), 72, https://www.oxfordenergy.org/publications/energy-relations-russia-china-playing-chess-dragon.

of the 2000s, even as it allowed such investment from other Asian partners like India and Vietnam. While Russian opposition had softened by the end of 2010, it was the sanctions imposed following Russia's intervention in Ukraine that finally removed any remaining caution about Chinese investments in the energy sector.[31]

Developing China's Northeast Provinces

For China, the end of the Sino-Soviet conflict in the late 1980s brought security to the border regions and led to confidence-building steps with Russia and Central Asian neighbors in the 1990s. The meetings of the Shanghai Five (China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan) became the basis for the Shanghai Cooperation Organisation (SCO), created in 2001 to foster regional economic and security cooperation. The settlement of outstanding border disputes with Russia in the 1990s and 2000s paved the way for bilateral cross-border cooperation and generated hope and enthusiasm for the development of China's northeastern provinces, which have lagged economically. Northeast China was the first region to industrialize, and successive Chinese leaders have sought to reinvigorate inefficient state-owned enterprises and address the social consequences of underemployment, including periods of worker unrest. In China, the revitalization of the northeast is now the focus of a leading group headed by Prime Minister Li Keqiang.

Since the 1990s, Russian concerns about illegal Chinese immigration to the Russian Far East and population asymmetries have served as a brake on cooperation. Another factor is the lack of Russian investment in regional development and a poor investment climate in the region for foreign investors. In recent years, Russia and China have created new institutions to oversee their regional cooperation. In 2009 the two sides developed a ten-year strategy for cooperation between northeast China and the Russian Far East, and in 2016 they set up an intergovernmental commission to discuss cooperation. Two years later, the China Development Bank, one of China's three policy banks, and the Russian Direct Investment Fund announced a plan to set up the China-Russia RMB Investment Cooperation Fund, which will invest $10 billion in joint projects.

Some joint regional projects now finally appear to be near fruition, such as the Tongjiang-Nizhneleninskoye railway bridge that is part of the China-Mongolia-Russia economic corridor and a key component of

[31] Lukin, *China and Russia*, 148–49.

BRI, and a high-speed rail line connecting Harbin and Vladivostok.[32] The railway bridge, expected to be completed in 2019, will be the first bridge connecting the Russian and Chinese rail lines and is expected to reduce shipping costs and time between the two countries. The long-discussed Blagoveshchensk-Heihe automobile bridge is slated for completion in 2020.[33] Other projects under the BRI umbrella include two new trade corridors that will use Russian Far East ports as hubs. Primorye-1 will serve as a conduit for Chinese goods bound for the west coast of the United States via Vladivostok, Nakhodka, and Vostochny, while Primorye-2 will focus on trade with Japan and the Korean Peninsula and connect Changchun with Zarubino.[34]

Experts in the Russian Far East hope that Pacific Russia will become integrated more broadly with the Asia-Pacific region and diversify both its partners and economy.[35] While progress on oil and gas pipeline projects is often viewed as the barometer for the vitality of the Sino-Russian partnership, over the years the two countries have quietly pursued cooperation in renewable energy, especially hydropower. As early as 1992, China's Heilongjiang Province began receiving electricity from Russian hydropower plants across the Amur River from Heihe City, and this cooperation was expanded in the 2000s. In 2014, China and Russia signed a long-term contract for the export to China of 100 billion kilowatt hours of electricity through 2036.[36] Beijing views this as a model of trans-border energy cooperation, bringing reliable and clean energy to China and improving economic ties with Russia. It has sought to replicate this success with other neighbors first through BRI and later through the Global Energy Interconnection Development and Cooperation Organization, which was established in 2017 to promote such efforts worldwide.[37]

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[32] Chinging Chen, "Heilongjiang Highway Bridge Project Moves Ahead," *Global Times*, August 17, 2017, http://www.globaltimes.cn/content/1061888.shtml; and "Kitay nastroilsya na skorost" [China Is in the Mood for Speed], EastRussia, November 16, 2018.

[33] Ivan Zuenko, "A Milestone, Not a Turning Point: How China Will Develop the Russian Far East," Carnegie Moscow Center, November 8, 2018, https://carnegie.ru/commentary/77671.

[34] Qiyang Niu, "Can Russia Save Northeast China's Economy?" *Diplomat*, April 8, 2017, https://thediplomat.com/2017/04/can-russia-save-northeast-chinas-economy; and "Russia, China Agree On Primorye-1 Corridor; Opens Up Heilongjiang to Asia-Pacific Markets," Russia Briefing, May 15, 2017, https://www.russia-briefing.com/news/russia-china-agree-primorye-1-corridor-opens-heilongjiang-asia-pacific-markets.html.

[35] Victor Larin, "Pacific Russia in the New Regionalism of North Pacific: Cross-Border and Inter-Regional Relations," in *The Political Economy of Pacific Russia: Regional Developments in East Asia*, ed. Huang Jing and Alexander Korolev (London: Palgrave Macmillan, 2017), 42.

[36] Henderson and Mitrova, *Energy Relations between Russia and China*, 72.

[37] "Economic Watch: China Pushes for Global Energy Network to Power B&R Initiative," Xinhua, September 5, 2017, http://www.xinhuanet.com/english/2017-05/09/c_136269140.htm.

Agriculture is another promising area of cooperation between northeast China and the Russian Far East. However, this area, too, is not without controversy when Chinese farm workers are employed or lease land in the region. Although northeast China is a food-producing region, it is also home to heavily polluting industries. Consequently, around 80% of the water in the region is considered unsafe for drinking.[38] Moreover, one-fifth of the land is contaminated by soil pollution.[39] For these reasons, China's wary consumers welcome Russian agricultural products, which are produced under greener conditions. China is building a new port in Fuyuan in Heilongjiang Province on the Amur River to accommodate up to 650,000 tons of grain by September 2019. Grain exports from Russia increased 42% in the first half of 2018 compared with the previous year and reached 1.23 million tons. China's largest food processor, COFCO (China National Cereals, Oils and Foodstuffs Corporation), is prepared to import up to 4 million tons of spring wheat alone in the future.[40]

The difficulties in Sino-Russian cooperation in oil and gas reflect a broader problem—the disconnect between Chinese and Russian approaches to regional integration. While China has allocated considerable resources to BRI, Russia has only partially implemented its own agenda for the development of the Russian Far East, as outlined in its 2009 strategy document.[41] More importantly, the Chinese conception of comparative advantage, based on the asymmetric involvement of weaker neighboring economies to the benefit of its own, is very different from the Russian conception of economic development for the region, which relies on state-led industrialization.[42]

A similar mismatch of approaches is occurring in Central Asia, which Chinese leaders have long viewed as a key region economically and politically. China has needed to tread more cautiously due to Russia's long-standing view of the region as its sphere of interest and its own identity as a key player in Eurasia. Another issue is local Sinophobia, though the Ukraine events created more concern in the region about Russian intentions, perhaps reducing fear of China to some extent. China's inability to push forward multilateral economic

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[38] "China Pollution: Over 80% of Rural Water in North-east 'Undrinkable,'" BBC News, April 12, 2016, https://www.bbc.co.uk/news/world-asia-china-36022538.

[39] Yu Zhuang, "Soil Pollution in China Threatens the Health of Its Citizens and Investment," Asian Environmental Governance Blog, May 9, 2016, http://asia-environment.vermontlaw.edu/2016/05/09/soil-pollution-in-china.

[40] "Russia's Grain Exports to China Hit Record One Million Tons," RT, May 17, 2018, https://www.rt.com/business/426971-russia-china-grain-exports.

[41] Ivan Zuenko, "A Chinese-Russian Regional Program Ends with a Whimper," Carnegie Moscow Center, September 26, 2018, https://carnegie.ru/commentary/77341.

[42] Gaye Christoffersen, "Northeast China and the Russian Far East: Positive Scenarios and Negative Scenarios," in Rozman and Radchenko, *International Relations and Asia's Northern Tier*, 220.

projects within the SCO helped motivate it to create its own institutions, such as the Asian Infrastructure Investment Bank (AIIB), and frameworks such as BRI, to engage with Central Asia, other neighbors, and partners outside the region. In pursuing these initiatives, China has had to be mindful of Russian sensitivities and has made an effort to engage Russia by signing an agreement with the EEU and urging the country to be a key stakeholder in the AIIB.

Support for Chinese Global and Regional Positions

Xi Jinping has called the partnership with Russia a "ballast stone."[43] The relationship has served as a model for China's approach to great-power relations. In their numerous interactions and joint statements, the two countries have outlined the rules of the authoritarian road, including noninterference in the domestic affairs of states and a strong emphasis on sovereignty. Together, China and Russia have put forward joint initiatives at the United Nations and resisted the widespread application of human rights norms, such as the responsibility to protect civilians and the imposition of sanctions for human rights violations. They have used their double veto to block Western initiatives and show a united front, even when a single veto would have been sufficient.[44] While China and Russia are not in a position to challenge the global order, they have been involved in rule-making and pushed back against rule-taking in situations where their own interests are threatened. By promoting alternative norms, they seek to be insiders in an evolving international system rather than outliers in the liberal order. They have sought to take advantage of information asymmetries in interactions with democracies to expand their own influence at the expense of democratic choices—what Christopher Walker and Jessica Ludwig have called projecting "sharp power."[45]

At a time when China's increasingly active role in the Asia-Pacific has caused alarm in many countries, its partnership with Russia, despite limitations on some issues, has provided an important source of support. Lacking any specific mutual defense clause, the partnership falls short of an alliance. But through their regular meetings, the two countries have outlined some key norms of behavior for East Asia. Both are opposed to the deployment of missile defense systems, and their opposition to deployment of the Terminal High Altitude Area Defense (THAAD) missile defense system

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[43] "Xi Says China, Russia Play Role of 'Ballast Stone' in World Peace, Stability," Xinhua, May 14, 2017, http://www.xinhuanet.com/english/2017-05/14/c_136282238.htm.

[44] Sinkkonen, "China-Russia Security Cooperation."

[45] Ren Xiao, "Toward a Normal State-to-State Relationship? China and the DPRK in Changing Northeast Asia," *North Korean Review* 11, no. 2 (2015): 65.

on the Korean Peninsula led them to begin a special bilateral dialogue on Asian security issues, as well as to issue a rare statement cosigned by their foreign ministries.[46] This being said, Russian and Chinese positions on the North Korean nuclear crisis are not identical. China prefers the status quo to a united Korea with a U.S. military presence and can deal with a nuclear North Korea as long as it is not provocative. From its perspective, strengthening the Sino-Russian partnership prevents North Korea from being able to find much daylight between its two main interlocutors. Moreover, due to its leverage, China has faced more pressure from the international community to use its economic power to achieve North Korean compliance with UN resolutions, and Russia's support for Chinese positions helps alleviate this pressure. Russia, on the other hand, is more concerned about its long-term economic plans for the peninsula and becoming a part of the Asian security solution.

Interestingly, both China and Russia claim to pursue neutrality with respect to the conflicts that the other has with the international community over territory and sovereignty issues. Fu Ying, chair of the Foreign Affairs Committee of the Chinese legislature, has described the partnership as "stable, complex, and deeply rooted" but acknowledges the two countries' differences in diplomatic style: "Russia is more experienced on the global theater, and it tends to favor strong, active, and often surprising diplomatic maneuvers. Chinese diplomacy, in contrast, is more reactive and cautious."[47] On Ukraine, Fu argues that the Chinese leadership understood Russian policy in the context of the complex political, economic, and social environment in Ukraine and against the background of Western intervention in "color revolutions" and NATO expansion.[48] In her account, China's official response to the crisis in Ukraine was to urge respect for its territorial sovereignty and integrity and to outline a three-pronged proposal involving (1) international coordination to stabilize the situation, (2) an appeal for the parties to refrain from actions that might aggravate the crisis, and (3) steps to assist Ukraine economically. While Xi reportedly told Putin just after the takeover of Crimea that he understood the situation as an "inevitable accident," Fu affirms that "Beijing did not take sides" and that "impartiality has been a commitment that China has consistently honored when dealing with international affairs."[49] Indeed, China abstained from the March 2014 UN Security Council resolution condemning Russian actions in Crimea. China's ambassador to the

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[46] Sinkkonen, "China-Russia Security Cooperation," 4–5.

[47] Fu Ying, "How China Sees Russia," *Foreign Affairs*, December 14, 2015, https://www.foreignaffairs.com/articles/china/2015-12-14/how-china-sees-russia.

[48] Fu Ying, "Are China and Russia Partnering to Create an Axis?" Valdai Discussion Club, October 24, 2016, http://valdaiclub.com/a/highlights/are-china-and-russia-partnering-to-create-an-axis.

[49] Ibid.

United Nations Liu Jieyi explained that the resolution would only exacerbate the crisis and complicate matters.[50]

China has had to accept Russian neutrality on some of its core concerns as well, particularly on territorial conflicts in the East and South China Seas. While some analysts interpret the Russian stance as a limitation on the partnership, others view Russia as largely a "bystander" in the territorial disputes.[51] Due to the Northern Sea Route (NSR) and pipeline connections to Europe and Asia, the country does not face the Malacca dilemma so acutely experienced by its resource-consuming Asian neighbors. Moreover, Russia needs to cooperate with all of its neighbors to be able to successfully develop and market the resources from its eastern regions. Regarding the East China Sea, Nikolai Patrushev, Chairman of the Security Council of Russia, stated that "Russia doesn't take any position."[52] Russia, however, gives the appearance of supporting Chinese positions by cooperating in joint naval exercises in the region, patrolling by air areas claimed by China, and issuing joint statements on World War II.

In the case of the South China Sea, Russia has a long history of partnering with Vietnam, including defense and energy cooperation. It also has sought to broaden ties with other Southeast Asian states such as the Philippines, Malaysia, and Indonesia. Although Putin went so far as to support China's position not to recognize the validity of the Permanent Court of Arbitration ruling in 2016,[53] Russia made no official expression of support for China's claims to the nine-dash line. When some Chinese media overstated the level of Russian support, the Russian Foreign Ministry pushed back to clarify.[54] In the end, the Chinese Foreign Ministry praised Putin's position for its objectivity and fairness, and Xi himself thanked the Russian president for his support.[55] Although Russia did participate in naval exercises with China in the South China Sea in 2016 not long after the court's decision, these drills took place in waters recognized by all as Chinese. Yet, as in the case of the East

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[50] Liu Jieyi, "Statement by Ambassador Liu Jieyi after Security Council Voting on the Draft Resolution on Ukraine," Permanent Mission of the PRC to the UN, March 15, 2014, http://www.china-un.org/eng/hyyfy/t1140296.htm.

[51] For an example of the former view, see Alexander Korolev and Vladimir Portyakov, "China-Russia Relations in Times of Crisis: A Neoclassical Realist Explanation," *Asian Perspective* 42, no. 3 (2018): 422. For an example of the latter view, see Anna Kireeva, "Russia's View on the International Security in Northeast Asia," *Korean Journal of Defense Analysis* 30, no. 1 (2018): 121.

[52] Elizabeth Wishnick, "The Sino-Russian Partnership and the East Asian Order," *Asian Perspective* 42, no. 3 (2018): 367.

[53] "Russia Supports China's Stance on the South China Sea," Sputnik News, September 5, 2016, https://sputniknews.com/world/201609051044988523-russia-china-putin.

[54] Lukin, *China and Russia*, 134.

[55] Hua Xia, "China Appreciates Putin's Position on South China Sea Issue," Xinhua, September 8, 2016, http://www.xinhuanet.com/english/2016-09/08/c_135673025.htm.

China Sea, even as Russia avoids clear expressions of support, Russian weapon sales enable China to better press its claims. The first Su-35s, for example, were used by China to patrol the South China Sea in February 2018, enabling the PLA to respond to a freedom of navigation operation by the USS *Hopper* near Scarborough Shoal, which is disputed by China and the Philippines.[56]

Despite the limitations of the Sino-Russian partnership, in many respects China has no alternative to Russia as a partner either in global institutions like the UN Security Council or in East Asia, where most other states are either competing with China or fearful of its rise. The benefits of the partnership have been significant for China, particularly in the energy and defense sectors. Nonetheless, China has had to make some tradeoffs, for example, in the Arctic.

China's Ambitions in the Arctic

The Arctic and China's Great-Power Ambitions

The Sino-Russian partnership has both supported China's Arctic ambitions and at times acted as a check on them. Broadly speaking, the region serves as a testing ground for key goals of Xi Jinping's foreign policy agenda. On January 26, 2018, the Chinese State Council issued a long-awaited white paper defining its policy goals and interests in the Arctic. The document is interesting both for what aspects of China's Arctic policy it highlights and for what it omits. Focusing on climate change, sustainable development, and global governance, the white paper downplays China's security interests in the region, especially the link between the projection of power in the polar region and the development of naval capabilities needed for great-power status. The PLA, however, has been integral to the development of China's Arctic capabilities, and the changing Arctic (and China's evolving role in it) are becoming a key part of the country's maritime strategy.[57]

For several years prior to the white paper's publication, Chinese academics sought to justify their country's role as an Arctic player. They did so by pointing to China's history of involvement in the region, dating back to the Republic of China's signing of the Svalbard Treaty in 1925 and then to the PRC's participation in the International Arctic Science Committee in 1996 and in research expeditions in subsequent years. In 2003, China acquired a physical presence in the region by building a research station in Svalbard.

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[56] Ralph Jennings, "How China Could Gradually Assume Control of Scarborough Shoal in the South China Sea," *Forbes*, December 29, 2017, https://www.forbes.com/sites/ralphjennings/2017/12/29/chinas-takeover-of-an-islet-disputed-with-the-philippines-3-scenarios/.

[57] For further discussion, see Anne-Marie Brady, *China as a Polar Great Power* (Cambridge: Cambridge University Press, 2017), 75–77.

In 2013, it finally became an observer on the Arctic Council, and the following year, Xi first referred to China as a "polar great power."[58] The new priority of the Arctic mission was reflected in its association in 2015 with BRI. Chinese officials began outlining a vision for a Polar Silk Road linking BRI to the PRC's Arctic infrastructure projects, to be built with the Arctic states, especially Russia. In June 2017 the National Development and Reform Commission and State Oceanic Administration identified the Arctic as one of three key shipping routes under BRI.

Interestingly, Chinese officials have showcased their country's Arctic credentials with a new vertical image of Sinocentrism—a vertical map of the world with China at the center of the two poles.[59] According to Zhang Xia, director of the Polar Strategy Center at the Polar Research Institute of China, the vertical map better expresses China's strategic and development goals with respect to the polar regions than horizontal maps, with their more limited land-based focus.[60] For others, however, the map exemplifies how Chinese polar policies have led to a major shift in the country's view of its own place in the world.[61]

In recent years some Chinese experts have begun referring to China controversially as a "near-Arctic state," despite the country's geographic distance from the Arctic. Yang Jian, vice president of the Shanghai Institute for International Studies, points to geography, influence, and connections to the Arctic as justification for China's near-Arctic status. The geographic factors seem the most tenuous—Yang highlights that the Ertix River begins in Xinjiang, China, before becoming the Irtysh River in Kazakhstan, which turns into the Ob River and flows into the Arctic Ocean. He also notes that birds migrate from China to the Arctic and that Chinese coastal waters flow into the Arctic.[62] Nonetheless, Harbin, one of China's northernmost cities, is still located 1,440 miles south of the Arctic Circle, on the same latitude as Venice.

Connections and influence are more readily established, in terms of China's participation in Arctic governance institutions, economic investments and resource interests in the region, scientific and technical contributions,

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[58] Brady, *China as a Polar Great Power,* 109, 182.

[59] For an image of the map, see "A New Version of World Map Published," Chinese Academy of Sciences, Institute of Geodesy and Geophysics, 2013, http://english.whigg.cas.cn/ns/es/201312/t20131211_114311.html.

[60] Yang Haixia, "Jing lüe Beiji jinzao xingdong—Zhuanfang Zhongguo Jidi Yanjjiu Zhongxin Jidi Zhanlüe Yanjiushi zhuren Zhang Xia" [A Strategy for Passing through the Arctic as Soon as Possible: An Interview with Zhang Xia, Director of the Research Division on Polar Strategy at the Polar Research Institute of China], *Xianzhuang Qishi*, no. 7 (2018): 20.

[61] See, for example, Brady, *China as a Polar Great Power*, 4.

[62] Yang Jian, "Zhongguo de Beiji zhence" [China's Arctic Policy], *Taipingyang Xuebao* 3 (2018).

and partnerships with Arctic states.[63] Geographic evidence notwithstanding, the 2018 Arctic white paper codifies the term near-Arctic state:

> China is an important stakeholder in Arctic affairs. Geographically, China is a "Near-Arctic State," one of the continental States that are closest to the Arctic Circle. The natural conditions of the Arctic and their changes have a direct impact on China's climate system and ecological environment, and, in turn, on its economic interests in agriculture, forestry, fishery, marine industry and other sectors.[64]

The Chinese government justifies its participation in the region by virtue of its permanent seat on the UN Security Council, global economic power, and interests in Arctic energy, shipping, and infrastructure development. While recognition of the sovereignty of Arctic states was a precondition for China's observer status in the Arctic Council, the white paper emphasizes the importance of reciprocity and the rights of states outside the region:

> States from outside the Arctic region do not have territorial sovereignty in the Arctic, but they do have rights in respect of scientific research, navigation, overflight, fishing, laying of submarine cables and pipelines in the high seas and other relevant sea areas in the Arctic Ocean, and rights to resource exploration and exploitation in the Area, pursuant to treaties such as UNCLOS [United Nations Convention on the Law of the Sea] and general international law. In addition, Contracting Parties to the Spitsbergen Treaty enjoy the liberty of access and entry to certain areas of the Arctic, the right under conditions of equality and, in accordance with law, to the exercise and practice of scientific research, production and commercial activities such as hunting, fishing, and mining in these areas.[65]

The Chinese government further states its intention to "seize the historic opportunity" to participate in the development of the Arctic on the basis of the principles of respect, cooperation, and sustainability with the aim of building a "shared future of mankind," a concept that Xi began developing in 2015.[66] According to the white paper, China seeks "to understand, protect, develop and participate in the governance of the Arctic, so as to safeguard

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[63] Yang, "Zhongguo de Beiji zhence," 33–34.

[64] Information Office of the State Council of the People's Republic of China, *China's Arctic Policy 2018* (Beijing, January 2018), https://www.chinadailyhk.com/articles/188/159/234/1516941033919.html.

[65] Ibid. Russia and Canada pressed the Arctic Council to change its rules so that members would have to agree to observe UNCLOS and respect the sovereignty of Arctic states, with their compliance being subject to review every four years. After these new rules were passed in 2011, China and other non-Arctic states succeeded in achieving observer status in 2013. For further discussion, see Elizabeth Wishnick, *China's Interests and Goals in the Arctic: Implications for the United States*, Letort Papers (Carlisle: U.S. Army War College Press, 2017), 42, https://ssi.armywarcollege.edu/pubs/display.cfm?pubID=1347.

[66] Xi Jinping, "A New Partnership of Mutual Benefit and a Community of a Shared Future" (speech at the 70th UN General Assembly, New York, September 29, 2015), in Xi Jinping, *The Governance of China II* (Beijing: Foreign Languages Press, 2017), 575.

the common interests of all countries and the international community in the Arctic, and promote sustainable development of the Arctic."[67] Polar scholar Anne-Marie Brady notes that this is a rephrasing of Xi's 2014 speech in Chinese (understand, protect, exploit) and integrates his language from the 19th Party Congress on "common interests of mankind."[68]

To justify its status as a near-Arctic state and lend credence to its aim to be a polar great power, China has sought to establish a physical presence at both poles.[69] In the Arctic, as noted earlier, the first step was the establishment of China's Yellow River research base at Svalbard in 2003. This was followed a decade later by an agreement to set up a joint research station in Iceland, which was completed in October 2018, to study the aurora borealis. China put in place its first overseas satellite-receiving ground station in Kiruna, Sweden, in December 2016, and in April 2018 it agreed with Finland to set up a joint center for satellite observation and remote sensing of the Arctic. Discussions with Greenland about the establishment of a research station have been taking place since 2015, and in 2017 a Chinese delegation held a ceremony at the Kangerlussuaq airport to celebrate the future construction of a satellite ground station there, reportedly before Greenland even authorized the project.[70] Yet while China has been a leader in investment in Arctic infrastructure and has big plans (and funds) for developing its own Arctic science capabilities, its scientific contributions remain modest.

China faces several obstacles to fulfilling its Arctic ambitions. At present, the country has limited experience in cold-water navigation and polar research, though the Chinese government has been making substantial investments, particularly in the latter. In the short term, fears about Russia in Northern Europe may contribute to greater receptivity to China's activities in the Arctic, but this may no longer be the case if China seeks to play a more substantial role. The current blowback against China in Sri Lanka, Malaysia, Djibouti, and other countries over debt incurred in BRI projects also may lead to more caution by smaller Arctic states. When questioned about this possibility, Chinese officials have been quick to dismiss concerns about China's role in the region, without much reassurance. For example, Vice Foreign Minister Kong Xuanyou stated that "some people may have misgivings over our participation in the development of the Arctic,

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[67] State Council Information Office (PRC), *China's Arctic Policy*.

[68] Brady, *China as a Polar Great Power*, 137. An official English translation changed "exploit" to "explore." Xi Jinping, "Secure a Decisive Victory in Building a Moderately Prosperous Society in All Respects and Strive for the Great Success of Socialism with Chinese Characteristics for a New Era" (speech delivered at the 19th National Congress of the Communist Party of China, Beijing, October 18, 2017).

[69] Brady, *China as a Polar Great Power*, 137.

[70] Ibid., 3.

worried we may have other intentions, or that we may plunder resources or damage the environment," but he claimed that "these kinds of concerns are absolutely unnecessary."[71]

China's ambitions in the Arctic could also complicate its relations with Russia. China's entry into the region has been importantly facilitated by Russia's acceptance of Chinese investments and provision of Arctic navigation training (though, as discussed above, Russia was initially wary of China's quest for observer status in the Arctic Council). Yet China may not need a gatekeeper in the region for much longer if Arctic ice continues to recede. If the NSR is no longer frozen, then Russia may lose its legal rationale for administering the waterway, potentially leading to tensions with China and other users hoping to avoid Russian oversight and fees. The country currently requires a Russian ice pilot to accompany all vessels at the rate of $673 per day.[72]

Developing Arctic Transportation and Related Naval Capabilities

As one of the world's largest shipping powers, China seeks to reduce its shipping time to the Arctic by developing what Chinese scholars call the "blue passage." Using the NSR could reduce shipping times by up to two weeks from existing routes through chokepoints in the Malacca Strait and the Suez Canal.[73] This makes many Chinese observers optimistic about the prospects for polar shipping. After the first Chinese commercial ship successfully sailed through the NSR in August 2013, Yang Huigen, the director of China's Polar Research Institute, claimed that anywhere from 5% to 15% of China's trade could use the route by 2020.[74] Guo Weiping, a scholar at Ocean University of China, spoke of the northern shipping route as having the potential to "change the structure of global trade."[75] For now, this route is the most plausible, due to more variable ice conditions, inadequate infrastructure, and the multiple permissions required for sailing along the Northwest Passage, which spans

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[71] Oki Nagai, "China and Russia Battle for North Pole Supremacy," *Nikkei Asian Review*, April 10, 2018, https://asia.nikkei.com/Spotlight/Asia-Insight/China-and-Russia-battle-for-North-Pole-supremacy.

[72] Jeroen F.J. Pruyn, "Will the Northern Sea Route Ever Be a Viable Alternative?" *Maritime Policy and Management* 43, no. 6 (2016): 665.

[73] Sherri Goodman and Elisabeth Freese, "China's Ready to Cash In on a Melting Arctic," *Foreign Policy*, May 1, 2018, https://foreignpolicy.com/2018/05/01/chinas-ready-to-cash-in-on-a-melting-arctic.

[74] Trude Pettersen, "First Chinese Merchant Ship on Northern Sea Route," *Barents Observer*, August 12, 2013, https://barentsobserver.com/en/arctic/2013/08/first-chinese-merchant-ship-northern-sea-route-12-08.

[75] Cited in Kai Sun, "Zhongguo beiji waijiao: Shizhan, liyi yu jinlu" [China's Arctic Diplomacy: Practice, Principles, and Ways Forward], *Taipingyang xuebao* 23, no. 5 (2015): 40; and Linyan Huang, Frédéric Lasserre, and Olga Alexeeva, "Is China's Interest for the Arctic Driven by Arctic Shipping Potential?" *Asian Geographer* 32, no. 1 (2015): 61.

from the Bering Strait to the North Atlantic. But as long as Russia claims the legal right to administer the NSR, Russian fees and other controls erode the projected savings. Moreover, the narrow passage through the Bering Strait is a chokepoint patrolled by U.S. as well as Russian forces.[76]

Despite more challenging conditions, the Chinese Arctic policy considers opportunities not just in the Northwest Passage but also along the Transpolar Sea Route in the event of significant ice melt there in the long term. The 40% reduction in shipping time experienced by the Canadian ore carrier *Nunavik*, which in 2014 sailed from Quebec to northeastern China through the Northwest Passage rather than the Panama Canal, fueled imaginations in China. This led the Chinese Maritime Safety Administration, which is under the Transport Ministry, to release a 365-page guidance in 2016 on navigation in the Northwest Passage in an effort to promote the route as weather conditions enable its greater use for trade.[77]

This requires investments in icebreaker technology and related naval capabilities. China currently has one ice-resistant ship, the *Xue Long* (Snow Dragon), which completed its first voyage through the NSR in 2012, and is constructing its first domestically built icebreaker in cooperation with Finland. Russian experts note that the *Xue Long* is a research vessel and would not be easily adapted to commercial shipping.

Much like northeastern Chinese provinces seized on the Deng Xiaoping–era concept of special economic zones to promote their regional interests, scholars from this part of China today view the Arctic route as a way of becoming involved in and benefiting from BRI. Thus, scholars from Ocean University of China in Dalian in Liaoning Province argue that combining the new shipping possibilities in the Arctic with BRI would have important consequences for the "greater Arctic."[78] Nonetheless, Chinese shipping companies have been as cautious as their Western counterparts, and shipping along the NSR has thus far proceeded slowly. While exports of Arctic resources from Russia to China have been increasing gradually, Russian ships have largely been used. A recent survey of Chinese shipping companies showed that they were more interested in access to these resources than in assuming responsibility for shipping due to the high risk and costs associated with Arctic shipping today.[79]

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[76] Marc Lanteigne and Su Ping, "China's Developing Arctic Policies: Myths and Misconceptions," *Journal of China and International Relations* 3, no. 1 (2015): 10.

[77] Erica Haun, "China Issues Guidance on Arctic Navigation," Marine Link, May 10, 2016, http://www.marinelink.com/news/navigation-guidance409448.aspx.

[78] Zhenfu Li, Wenya Wang, and Jing Zhu, "Beiji hanxian zai wo guo 'Yidai Yilu' jianshe zhong de zuoyong yanjiu" [The Study of the Role of the Arctic Route in Belt and Road Construction], *Yatai Jingji*, no. 3 (2015): 36.

[79] Huang et al., "Is China's Interest for the Arctic Driven by Arctic Shipping Potential?" 66.

Relations with Arctic States

As discussed above, China's relationship with Russia is central to its Arctic ambitions, though Russia's positions on Arctic shipping also set limits to the Chinese role. As a part of the cooperation between BRI and the EEU, in 2017 China and Russia pledged to cooperate on developing a Polar Silk Road. In June 2018 the China Development Bank pledged $9.9 billion in new financing for Vnesheconombank to support BRI projects in Russia, particularly in the Arctic.[80] For China to take advantage of shipping opportunities via the NSR, cooperation with Russia will be essential. Article 234 of UNCLOS allows coastal states to administer and develop ice-covered waterways. China's Arctic shipping ambitions became further constrained in 2018 when Russia issued new rules limiting the shipping of energy resources through the NSR to Russian vessels. As noted earlier, Russian icebreakers also must accompany foreign ships in the waterway.

Thus far, Sino-Russian cooperation in the Arctic has involved some training for Chinese crews in polar navigation, though it was Finland that teamed up with China to build its first icebreaker. China's announcement of its plans to construct a nuclear icebreaker has raised questions about the degree to which Russia would cooperate in providing technology, given the potential military applications—for example, for the creation of the first nuclear-powered Chinese aircraft carrier. Russia is the only country with nuclear-powered ice breakers.[81] Chinese ships have already cooperated with the Russian Navy in a joint sea exercise in the Baltic Sea in 2017, and a visit by a PLA delegation to Russia's Northern Fleet in July 2018 led to speculation about a possible Barents Sea exercise in the near future.[82]

Although Russia is China's key partner in the Arctic, Chinese officials have sought to improve relations with all the Arctic states. As an observer in the Arctic Council, China depends on members to put forward its proposals and will only be able to participate in Arctic resource development in cooperation with these states. According to a 2014 report, a research institute affiliated with the PLA characterized the Arctic as a potential "lifeline" for

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[80] Atle Staalesen, "Chinese Bank Invests in Russia's Northern Sea Route," Eye on the Arctic, June 12, 2018, http://www.rcinet.ca/eye-on-the-arctic/2018/06/12/china-russia-arctic-shipping-infrastructure-northern-sea-route.

[81] Minnie Chan, "How China Could Move Closer to Nuclear-Powered Aircraft Carriers—with Russia's Help," *South China Morning Post*, June 27, 2018, https://www.scmp.com/news/china/diplomacy-defence/article/2152785/how-china-could-move-closer-nuclear-powered-aircraft.

[82] Thomas Nilsen, "Chinese Navy Commander Talks Cooperation in Severomorsk," *Barents Observer*, July 30, 2018, https://thebarentsobserver.com/en/security/2018/07/chinese-navy-commander-talks-cooperation-severomorsk.

the growing Chinese economy and urged greater energy cooperation with Arctic countries.[83]

China's Arctic ambitions have elicited concern among regional states for two sets of reasons. First, countries like Russia that view Arctic coastal waterways as subject to their own jurisdiction are apprehensive about China's position. Second, most of the Arctic states have significant resource deposits or coastal access to such stores and are concerned about the consequences of China's investments and economic power in the region. This is particularly acute for smaller Arctic states such as Iceland, where a large infusion of Chinese funds might have an outsized political and economic impact.

Sino-U.S. relations in the Arctic have thus far been cooperative. The U.S. and Chinese coast guards have a history of joint patrols in the northern Pacific Ocean in support of a UN General Assembly resolution (46/215) prohibiting driftnet fishing in the high seas. Beginning in 2015, China joined Japan, South Korea, and the five Arctic coastal states in several rounds of negotiations that culminated in the signing of an agreement in December 2016 prohibiting fishing in the central Arctic Ocean for sixteen years. For China, which has no vote in the Arctic Council, participating in the negotiation of this fisheries agreement provided a path to participation in Arctic governance as well as a means to safeguard its future fishing interests in the region.[84] China generally supports creating mechanisms to regulate fisheries issues on the basis of UNCLOS, to which it is a signatory, as a way of maintaining its voice on the issue.[85] The Chinese government also cites UNCLOS to side with the United States on freedom of the seas in the Arctic, despite its more restrictive definitions of sovereignty on "near seas" in the South China Sea.[86] In support of this, Chinese military vessels sailed near the Aleutian Islands in 2015.

While Canada, which views the Northwest Passage as internal waters, and Russia, with its assertion of administrative rights over the still ice-covered NSR, have had some reservations about China playing a greater role in the Arctic, Nordic countries have largely welcomed its growing interest in the region. Chinese policy toward these states has involved multilateralism, as well as bilateral diplomacy and investments under BRI. China has been an

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[83] "Junkeyuan fashi zhanlüe pinglun baogao: Zhongguo mianlin san da taikong weixie" [Army Research Institute Released a Strategic Assessment Report: China Faces Three Major Space Threats], *Sina Military*, June 19, 2014, http://mil.news.sina.com.cn/2014-06-19/1657785793.html.

[84] Min Pan and Henry P. Huntington, "A Precautionary Approach to Fisheries in the Central Arctic Ocean: Policy, Science, and China," *Marine Policy* 63 (2016): 153–57.

[85] Nengye Liu, "How Has China Shaped Arctic Fisheries Governance?" *Diplomat*, June 20, 2018, https://thediplomat.com/2018/06/how-has-china-shaped-arctic-fisheries-governance.

[86] Jingchao Peng and Njord Wegge, "China's Bilateral Diplomacy in the Arctic," *Polar Geography* 38, no. 3 (2015): 241; and Vesa Virtanen, "The Arctic in World Politics. The United States, Russia, and China in the Arctic—Implications for Finland," Harvard University, Weatherhead Center for International Affairs, July 17, 2013, 55–56.

active participant in the annual Arctic Circle Assembly, championed by Iceland. Prior to unveiling its own Arctic strategy, it regularly sent high-level delegations to this venue to explain Chinese objectives in the region. In 2013, when China achieved observer status in the Arctic Council, four Chinese academic institutes with input into Chinese policymaking on the Arctic (the Shanghai Institute for International Studies, the Polar Research Institute of China, Tongji University's Center for Polar and Oceanic Studies, and Ocean University of China's Research Institute of Polar Law and Politics) along with institutes from six Nordic countries created the China-Nordic Arctic Research Center to engage in joint research, share information, and hold annual meetings. In October 2015, three ships from the PLA Navy visited Finland, Sweden, and Denmark for the first time.[87]

More generally, Chinese diplomacy has focused on states with leadership roles in the Arctic Council, especially the United States (chair through 2016), Finland (current chair), and Iceland (next chair). Xi visited Finland in April 2017, after it had assumed the chairmanship, which was the first visit to the country by a Chinese leader since 1995. He then welcomed to Beijing the prime minister of Norway (now back on China's good side after a lengthy period of tension due to the decision by the Nobel Committee to honor a Chinese dissident), followed by the prime ministers of Denmark and Greenland.

Cooperation with Finland is now proceeding on several fronts, including plans (which also include Russia, Norway, and Japan) for a 6,500-mile fiber-optic cable on the polar seabed, a new freight rail connection to Xi'an, and a Finnish air hub for flights between Europe and Asia.[88] Iceland was the first European country to sign a free trade agreement (FTA) with China and is embarking on a new project to develop geothermal energy in the country. In addition, Chinese companies have been examining the possibility of investing in two ports in Iceland, as well as in Klaipeda, Lithuania, and Kirkenes, Norway.[89]

Chinese investments in Greenland have been especially controversial due to its strategic location and domestic pressures for political independence from Denmark. Chinese companies have been pursuing airport projects in the infrastructure-poor country, as well as a number of mining opportunities (especially for uranium, rare earths, lead, and iron). Progress has been slow

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[87] Shannon Tiezzi, "China's Navy Makes First-Ever Tour of Europe's Arctic States," *Diplomat*, October 2, 2015, https://thediplomat.com/2015/10/chinas-navy-makes-first-ever-tour-of-europes-arctic-states.

[88] Ting Shi, "10,000 Kilometers of Fiber-Optic Cable Show China's Interest in Warming Arctic," Bloomberg, December 13, 2017, https://www.bloomberg.com/news/articles/2017-12-13/undersea-cable-project-shows-china-s-interest-in-warming-arctic.

[89] James Kynge, "Chinese Purchases of Overseas Ports Top $20bn in Past Year," *Financial Times*, July 16, 2017, https://www.ft.com/content/e00fcfd4-6883-11e7-8526-7b38dcaef614.

due to community opposition to uranium mining, political opposition to any influx of Chinese workers, and the high costs of development. The Danish government also blocked a puzzling effort by the General Nice Company, a loss-making iron and mining company, to buy the Grønnedal naval base, used by the United States during World War II. The Danish military closed the site in 2014 and then decided to reopen it in 2017 as a strategic and logistics base.[90]

While Chinese officials and analysts have been cautiously avoiding discussion of Greenland's political future, China's approach to the Nordic states is in keeping with its general approach to Europe. China has successfully taken advantage of strains within the EU, as well as differences between NATO and non-NATO members and EU and non-EU countries. According to a 2018 report, it seeks a stable but pliant and fragmented Europe.[91] This strategy is at work in the Arctic as well. As noted above, China signed its first FTA in Europe with Iceland, a non-EU state, and has assiduously courted Finland, a non-NATO country and neighbor of Russia. The Trump administration's belligerence toward Europe may make China an even more attractive partner at a time of heightened EU-Russia tension. Only Sweden is experiencing difficulties with China as a result of protests over the kidnapping of a Swedish national.

Nonetheless, economic trends and domestic political factors in the Arctic states will restrict the pace and scope of Chinese investment. For example, although a development-friendly party achieved a large majority in the April 2018 elections in Greenland, low commodity prices are an obstacle to several mining projects, including the Citronen Fjord zinc project, owned by the Australian company Ironbark. China Nonferrous Metals was supposed to build the mine, most likely with Chinese workers (at least initially), but the low price of zinc due to a global glut has led to delays.

China is playing a long game in the Arctic, slowly building up its presence, scientific capacity, and naval capabilities in anticipation of future economic bounties as the ice recedes. China has had to tread carefully as an outsider, however "near-Arctic" it claims to be, because even small steps by Chinese investors could have a big impact on small Arctic states. While somewhat wary of China's intentions and protective of its own status as an Arctic littoral state, Russia has provided an important entry point, via transit through the NSR and investment opportunities in the Russian Arctic.

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[90] Jichang Lulu, "China, Greenland and Competition for the Arctic," Asia Dialogue, January 2, 2017, http://theasiadialogue.com/2017/01/02/china-greenland-and-competition-for-the-arctic.

[91] Thorsten Benner et al., "Authoritarian Advance: Responding to China's Growing Political Influence in Europe," Global Public Policy Institute and Mercator Institute for China Studies, February 2018, 6, https://www.merics.org/sites/default/files/2018-02/GPPi_MERICS_Authoritarian_Advance_2018_1.pdf.

Nonetheless, China has to balance its aspirations with the need to be mindful of Russian sensitivities on Arctic issues.

Conclusion

Implications for China's Great-Power Ambitions

When we typically think of China's rise as a great power we consider its role on the global stage, not its behavior on the peripheries. However, China's ambitions in the partnership with Russia and in the Arctic have a lot to say about its global aspirations. The Sino-Russian partnership has proved to be an important testing ground for Chinese foreign policy conceptions, and together the two countries have sought to challenge the United States in Asia and the Western order more broadly. For example, the new concept of great-power relations, typically ascribed to Xi's view of U.S.-China relations, was first discussed in the context of Sino-Russian relations.

While not operating in lockstep on all questions, China and Russia often act in parallel in ways that complicate U.S. foreign policy. Together they have sought to put their own imprimatur on global governance, advancing joint initiatives at the United Nations in support of information sovereignty and in opposition to the broad application of human rights norms such as the responsibility to protect. They have projected their own "sharp power" to take advantage of the vulnerabilities of open democracies and expand their own influence at the expense of democratic norms. As James Steinberg argues, the Sino-Russian partnership presents a greater challenge than the sum of their joint capabilities in that it emboldens the two countries to challenge Western interests and legitimates the existence of what Richard Ellings and Robert Sutter have termed a new "authoritarian axis" confronting the West.[92]

Nonetheless, differences between the two partners are sufficient to serve as a constraint to Chinese regional ambitions, even as Russia supports them globally. The military wherewithal that China has obtained over the years from Russia has enabled China to expand its reach well beyond its borders, but in the interest of maintaining the partnership with Russia, Xi will need to limit his ambitions in areas of key concern to Putin, such as Central Asia and the Arctic. Even in Asia, Russia has provided at best only qualified support and has traditionally developed relations with China's regional opponents, such as India and Vietnam. Countries that are uneasy about China's expanding reach,

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[92] James B. Steinberg, "China-Russia Cooperation: How Should the United States Respond?" in *Axis of Authoritarians: Implications of China-Russia Cooperation*, ed. Richard J. Ellings and Robert Sutter (Seattle: National Bureau of Asian Research [NBR], 2018), 160–61; and Ellings and Sutter, eds., *Axis of Authoritarians*.

such as Myanmar and Malaysia, have also been expanding their relations with Russia.

The partnership with Russia has enabled China to reduce its own vulnerabilities. Thanks to Russia, China has been able to modernize its military, especially in the 1990s, a time when international sanctions prevented it from purchasing weapons from most other countries. Although China increasingly produces a growing share of its own military technology, it continues to depend on Russia for key systems that are important for its goals vis-à-vis Taiwan and the South China Sea.

A broader limitation involves the differing conceptions of economic integration in the two countries, with Russia turning inward with the EEU, and China looking outward with BRI. While Xi has been mindful of Russian sensitivities, choosing to include Russia within the initiative (after initially circumventing it) and then seeking to find some *modus vivendi* between BRI and the EEU, China will still need to tread carefully on Russia's peripheries. This has been true of the Russian Far East as well, where China hoped to encourage regional integration, while Russia has sought to limit Chinese inroads, even to its own detriment.

For China, the Arctic is a promised land of untapped resources and an opportunity to exert its influence in global governance, yet these benefits are largely promised to insiders. However loudly China proclaims itself to be a near-Arctic state, it nonetheless has to demonstrate its presence through economic, scientific, and political activities. These same activities raise concerns among Arctic states about China's intentions and willingness to accept the status quo, which for Russia means the authority to administer currently ice-covered waterways. The Arctic is not a static environment, however, and its melting ice will have profound political consequences as well as environmental ones.

For Xi, the Arctic and polar regions more broadly are the testing grounds for his global ambitions, both as a maritime power and as a participant in the development of new forms of global governance. Two of Xi's landmark concepts, used at the 19th Party Congress and now inscribed in the Chinese Communist Party's constitution, have been applied to the Arctic. China has sought to justify its role in the Arctic in order to contribute to the "shared future of mankind." Xi also endeavored to enlist Putin's cooperation with China's Arctic agenda by promising to build a joint polar Silk Road, thereby creating an Arctic route in his signature Belt and Road Initiative.

When viewed together, China's Russia policy and its Arctic strategy reveal a quest for great-power status that is more than just an effort to improve and enhance Chinese capabilities. What these two policy areas have in common

is that they show that for China to be a global player means to have a voice in global governance.

Implications for the United States

Where the Sino-Russian partnership has succeeded mostly on the global level, and to a lesser extent in Europe and Asia, is in projecting a sense of common purpose and parallelism of action, which contrasts greatly with the fractious behavior of the United States in particular and Western countries as a whole. U.S. officials have struggled to make sense of the Sino-Russian partnership, and U.S. policy has tended to vacillate between two extreme positions. One view, expressed in the Trump administration's National Security Strategy, sees the United States pitted against a Sino-Russian bloc, whereas the other downplays the challenge of the Sino-Russian partnership because of differences between the two countries. Proponents of the first view argue that because the partnership is strengthening, the United States needs to counter it, and the only solution is to build up U.S. strength to counter this resurrected axis. A greater show of U.S. military might, they contend, would both deter and weaken Sino-Russian efforts to weaken U.S. positions. By contrast, others argue that Sino-Russian relations are a marriage of convenience, with more appearance of congruence than reality due to unabated historical differences and Russia's inferior economic position. Members of this group disagree over which country poses the greater threat to U.S. interests and seek to exert leverage over the more threatening state by accommodating the other.[93]

Neither of these approaches is likely to bear fruit, however, and both are rooted in past conceptions of world order that no longer apply (i.e., Cold War–era bipolarity and U.S. primacy of the 1990s). The Sino-Russian partnership is not a result of U.S. policies or policy failures but of their own shared interests and values. Thus, efforts to weaken the partnership by sanctions on Chinese military entities that purchase Russian weapons are unlikely to lead to any change in Sino-Russian military cooperation.

The question is often posed whether the United States should tilt toward Russia or China in an effort to weaken their partnership.[94] Those experts who see a greater threat from China urge greater accommodation of Russia, while those who focus on the benefits of an improved Sino-U.S. relationship argue for greater accommodation there. Nonetheless, such maneuvering by the West is unlikely to alter the domestic drivers of the Sino-Russian partnership,

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[93] Robert Sutter, "China-Russia Relations: Strategic Implications and U.S. Policy Options," NBR, NBR Special Report, no. 73, September 2018, 17–19.

[94] Ibid.

which reflect enduring national interests and shared identities and are largely unrelated to U.S. policy choices.

For the Trump administration, the solution has been to refocus on building U.S. strength and confronting both China and Russia simultaneously. While there may be merit to enhancing U.S. capabilities where they are lacking and pushing back against various Chinese and Russian actions that challenge U.S. interests, there is little sense of priority or understanding of the need to pursue the shared interests that the United States nonetheless has with states it considers its opponents, not to mention its allies. The underlying problem for current U.S. policy is a lack of coordination with allies and engagement with multilateral institutions. This is all the more important at a time when the international community faces an increasing number of transnational threats and challenges from nonstate actors that defy state-centric logics.

China has become more involved with multilateral economic institutions of its own creation, though primarily it has been using funding from BRI and state institutions to deepen bilateral economic partnerships, largely at the expense of regional political unity and economic transparency. Here the United States needs to encourage China to work within existing multilateral governance structures and prevent its money diplomacy from filling governance gaps. To counteract this trend in the Arctic, Mark Rosen and Cara Thuringer have proposed the development of a code of conduct to govern investment in the Arctic and the creation of a multilateral Arctic Development Bank, patterned on the European Investment Bank.[95] China has aptly capitalized on the need in the Arctic for infrastructure investments, and a regional framework, led by Arctic states, would ensure that development proceeds in a transparent way and in the interests of the sustainable development of the Arctic states rather than to the primary benefit of outside investors.

In the Arctic, a focus on building U.S. capabilities, not just icebreakers but also transportation and communications infrastructure, should accompany an equal effort to engage with allies, participate in multilateral institutions, and develop new approaches to governance as climate change brings about new challenges in the region. The ratification of UNCLOS would also enable the United States to defend its sovereignty and give it greater credibility in meeting challenges elsewhere, such as China's position on the South China Sea.

As in the response to the Sino-Russian partnership, the alliances and institutions that the United States has developed in the last half century

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[95] Mark E. Rosen and Cara B. Thuringer, "Unconstrained Foreign Direct Investment: An Emerging Challenge to Arctic Security," CNA, November 2017, 62–65.

are sources of strength that China lacks in the Arctic and globally. Despite China's great-power aspirations and growing capabilities, it faces a lonely struggle to become a global power, with only Russia at its side, and then sometimes only agreeing to disagree. With a greater focus on collaborating with allies and providing leadership in global and regional multilateral institutions, the United States would be in a much stronger position to address the challenges that China will pose, both with Russia and in the Arctic, as it pursues its quest for great-power status.