

# China's Increasing Role in the Arctic

*Luke Coffey*

## KEY TAKEAWAYS

The U.S. cannot afford to fall behind in the Arctic and should pursue an Arctic agenda that advances growing U.S. national interests and thwarts Chinese aims.

China seeks to be an Arctic actor for many reasons: to access new shipping routes, increase economic influence, and lay the groundwork for future military activity.

The Trump Administration should continue to raise awareness of China's questionable ambitions in the region and check Beijing's efforts to increase its regional influence.

America's interests in the Arctic region will only increase in the coming years. As other nations devote resources and assets in the region to secure their national interests, America cannot afford to fall behind. The U.S. must champion an agenda that advances its national interest and devotes the required national resources to the Arctic region. With the focus on China's dubious and aggressive claims of sovereignty in the South China Sea, massive infrastructure investments in Central Asia and Africa, and trade war with the U.S., it is easy to overlook another aspect of Beijing's activities in the Arctic. The Administration must continue to monitor China's activity in the region, promote economic freedom in the Arctic, and refuse to recognize China's self-proclaimed status as a "near Arctic-State."

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## “Near Arctic State”

In the simplest terms, China sees the Arctic region as another place in which to advance its economic interests and expand its diplomatic influence. As a non-Arctic country, China is mindful that its ambitions in international Arctic institutions are naturally limited, but this has not stopped Beijing from increasing its economic presence in the region.

China’s Arctic strategy published in 2018 offers a useful glimpse into how Beijing views its role in the region.<sup>1</sup> Running 5,500 words in its English translation, the strategy is littered with all the Arctic-related buzzwords, such as “common interests of all countries,” “law-based governance,” “climate change,” and “sustainable development.” The irony is not lost on observers of the South China Sea, where China has shunned international norms to claim sovereignty, or the fact that China is the world’s largest emitter of greenhouse gases.

Even though China’s closest point to the Arctic Circle is more than 800 nautical miles away, Beijing refers to itself as a “near Arctic State”<sup>2</sup>—a term made up by Beijing and not found in the lexicon of Arctic discourse. In fact, extending Beijing’s logic to other countries would mean that Belarus, Estonia, Germany, Ireland, Kazakhstan, Latvia, Lithuania, the Netherlands, Poland, and the United Kingdom are also “near Arctic” states. These are hardly the countries that one imagines when thinking about the Arctic. As Secretary of State Mike Pompeo has said: “There are Arctic states, and non-Arctic states. No third category exists. China claiming otherwise entitles them to exactly nothing.”<sup>3</sup>

## China’s Motivation

But even with its self-professed and exaggerated role in the Arctic, China does have legitimate interests in the region. After all, China is a global trading nation with the world’s second-largest economy. It holds a permanent seat on the U.N. Security Council. China is motivated to be an Arctic actor for five primary reasons:

1. **New Shipping Routes.** China is unique in modern times in being a continental power that is almost entirely dependent on the sea for food and energy.<sup>4</sup> New sea-lanes in the Arctic have the potential to play an important role when it comes to diversifying China’s import dependencies.

MAP 1

## China's Dubious "Near Arctic State" Claim



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- Economic Influence.** China sees itself as a global power, and the Arctic is just another region in which to engage. China hopes to complement its Belt and Road Initiative (BRI)—a vast trading network being constructed by China on the Eurasian landmass and beyond—by investing in and constructing major infrastructure projects along the emerging sea-lanes in the Arctic.
- Scientific Research.** Whether it is for China's sea-based nuclear deterrent, natural resource extraction, or commercial shipping, research on polar high-altitude atmospheric physics, glacial oceans, bioecology, and meteorological geology is important for China's strategic interests. As a signatory of the Svalbard Treaty, China is allowed to conduct scientific research on Svalbard and has done so since 2004 at its Arctic Yellow River Station located in Ny Ålesund. China has a total of eight scientific research stations in the Arctic.<sup>5</sup>
- Laying the Groundwork for Future Military Activity in the Region.** Currently, China's military involvement in the Arctic is limited. The People's Liberation Army Navy has never sailed into Arctic waters. However, the director of the Norwegian Intelligence Service,

Lieutenant General Morten Haga Lunde, stated recently that “[i]n the long term, we must be prepared for a clearer Chinese presence also in our neighboring areas.”<sup>6</sup> The Pentagon recently warned “that China could use its civilian research presence in the Arctic to strengthen its military presence, including by deploying submarines to the region as a deterrent against nuclear attacks.”<sup>7</sup>

5. **Access to Minerals, Fishing, and Other Natural Resources.** China also sees the Arctic region as a way to satisfy its growing demands for energy and food. China is a significant investor in Russia’s Yamal liquefied natural gas (LNG) project. Beijing received the first shipment of Yamal LNG in July 2018 and will import 3 million tons of Yamal LNG every year beginning in 2019.<sup>8</sup> The dietary needs of China’s growing population can be met partly by increased fishing in the Arctic region.<sup>9</sup>

For now, however, China’s primary motivation in the Arctic is economic. In its Arctic strategy, China also coined the term “polar silk road.” The goal of the Polar Silk Road is to compliment China’s BRI by investing in and constructing major infrastructure projects along the emerging sea-lanes in the Arctic.<sup>10</sup>

## America’s Backyard

China is also becoming more involved in America’s backyard with an eye to investing in Greenland and Iceland, although it must be pointed out that in the case of Greenland, China’s role is often greatly exaggerated. For example, China has a license for only one mine in Greenland.

The Chinese embassy in Reykjavik can accommodate a staff of up to 500 people, underscoring the importance that China places on its presence in Iceland. The U.S. embassy in Reykjavik has about 70 people. In 2013, tiny Iceland, with a population of slightly more than 330,000 people (the population size of a small Chinese town), became the first European country to sign a free trade agreement (FTA) with China. However, Iceland has so far refused formal membership in China’s BRI.<sup>11</sup>

## Raising Awareness

The Trump Administration has used every available opportunity on the international stage to raise awareness of Chinese ambition in the Arctic. During a recent trip to Iceland, Vice President Mike Pence made Chinese economic activity in the Arctic one of the focal points of his visit.<sup>12</sup> During

the 2019 Arctic Council Ministerial meeting, Secretary Pompeo devoted a sizable amount of his speech to highlighting the threat that China poses to U.S. interests in the region, saying that “[t]he United States and Arctic nations welcome transparent Chinese investment that reflect economic interests, not national security ambitions.”<sup>13</sup> To build on this awareness, the U.S. should:

- **Continue to raise awareness of China’s questionable ambitions.** China has declared itself a “near Arctic state”—a made-up term that previously did not exist in Arctic discourse. The U.S. should work with like-minded partners in the Arctic Council to raise legitimate concerns about China’s so-called Polar Silk Road ambitions.
- **Check China’s desire to influence the Arctic Council.** The U.S. should make sure that China does not try to exceed what it is allowed to do under its status as an observer in the Arctic Council.
- **Keep an eye on China’s activities in America’s backyard.** So far, China’s motivation in Greenland and Iceland seems to be more about economics and less about security, but considering the massive debt that China has left in Sri Lanka, Djibouti, and elsewhere, it is only reasonable to question China’s motivations in the Arctic.
- **Promote economic freedom in the Arctic.** Economic freedom spurs prosperity, respect for the rule of law, jobs, innovation, and economic sustainability in the Arctic region. Most important, economic freedom can help to keep the Arctic stable and secure. It should be the focal point of broader U.S. engagement in the region.

## Preparing for Peace

The U.S. needs to champion an agenda that advances the U.S. national interest and devotes the required national resources to the region. These measures are not preparations for armed conflict. They are preparations for a peaceful future. With the Arctic becoming increasingly important for economic and geopolitical reasons, now is not the time for the U.S. to turn away from its own backyard.

**Luke Coffey** is Director of the Douglas and Sarah Allison Center for Foreign Policy, of the Kathryn and Shelby Cullom Davis Institute for National Security and foreign Policy, at The Heritage Foundation.

## Endnotes

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