

# **CHINA IN THE ARCTIC**

A PERCEPTION OF EUROPEAN ARCTIC STATES

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**WANG, WEIQING: China in the Arctic: A Perception of European Arctic States**

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**Abstract:** The Arctic region is under great transformation due to climate change. The retreating sea and land ice has revealed opportunities for potential natural resources and new shipping routes, which have attracted both Arctic and non-Arctic states competing for them. They basically manage the Arctic affairs under the auspices of the Arctic Council. China, identifying itself as a “near-Arctic” state, has also joined the “Arctic rush”, hoping to be benefited from the Arctic resources. This thesis, through qualitative research method and the lens of realistic international relations theory, does a research on the participation of China in Arctic affairs and the opinions and attitudes of the European Arctic states towards it. The result is that the European Arctic states hold twofold attitudes and opinions towards China: they engage with it in an active yet cautious attitude; they regard it as an indispensable partner and a potential destabilizer in the region as well. This thesis also makes discussions on three questions regarding the geopolitical situations in the Arctic involving China and gives corresponding recommendations.

**Key words:** Arctic region, Arctic Council, Arctic states, China, Nordic countries, Russia, international relations, realism, security dilemma, energy resources, Arctic sea routes, disputes, cooperation

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## **Glossary of Terms**

AIIB	Asian Infrastructure Investment Bank
BRI	The Belt and Road Initiative
CSP	Comprehensive Strategic Partnership
EEZ	Exclusive Economic Zone
EU	European Union
FTA	Free Trade Agreement
IR	International Relation
LNG	Liquefied Natural Gas
NATO	North Atlantic Treaty Organisation
NSR	Northern Sea Route
PPs	Permanent Participants
PRC	People's Republic of China
PSR	Polar Silk Road
SAO	Senior Arctic Official
The U.S.	The United States of America
UN	United Nations
UNCLOS	United Nations Convention on the Law of the Sea

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## 1. Introduction

### 1.1 Background

The Arctic region was a peripheral region in the 1990s, when it did not yet capture attention due to climate change, nor was it valued for the vast resources covered in ice. At that time, the regional affairs were mainly handled by the eight Arctic states, namely Canada, Denmark, Finland, Iceland, Norway, Russia, Sweden, and the United States, while the rest of the world accepted that the Arctic states maintained the dominance in the region.

However, in recent years, the Arctic region has come into public view because of certain global issues. For example, ice melting in the Arctic - caused by global climate change - raises huge concerns because it not only has a destructive impact on the local environment, but also is leading to drastic consequences on a global scale. In addition, as the ice retreats, natural resources in the Arctic region that have been covered up for centuries are revealed. Moreover, short-cuts on the Arctic Ocean which can bring enormous economic benefit to the countries along the route will soon become a reality. These changes even have the potential to alter the global geopolitical situation. Thus, the Arctic region is now an international arena, no longer exclusive to the eight Arctic states. The non-Arctic states regard the Arctic region as the property to all humankind and also claim the right to take part in issues related thereto. Among them, China causes increasing concerns among the Arctic states because it is a rising power and is actively extending its global influence. Moreover, China and Russia are developing their bilateral relations, and this enhanced cooperation in the Arctic region draws concern and close attention from the rest of the Arctic states.

### 1.2 Outline of Contents

This thesis studies the geopolitical dynamics in the Arctic region. Its focus narrows down on the European Arctic part because it is the area which draws much attention as the presence of China has increased. The main goal is to provide an overview of the geopolitical situation among the major European Arctic countries, and its changes with the involvement of China. The thesis explores the

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participation of China in Arctic affairs as well as its strategic policy regarding the region. This thesis pays particular attention to the Sino-Russian-Nordics triangular relations in the region. It analyses the attitudes and opinions of European Arctic states towards the involvement of China in the region with the theoretical framework of realism. The results confirm that China indeed has a great presence and influence in the European Arctic region. The attitudes and opinions of the European Arctic states towards China are twofold—they welcome the contribution of China, yet they suspect its true intentions in the region; they value China as a constructive partner, yet they worry that it may cause instability in the region. Last but not least, the thesis makes discussions and recommendations upon three questions: Is staying away from military security discussions a good choice for the Arctic Council? Is China a destabilizer in the Arctic region? What is the future for China in the Arctic?

### 1.3 Research questions

The main research question is: What have been the interactions between China and the European Arctic states and what do the European Arctic states think of the Chinese involvement in the Arctic? The main research question breaks down into minor research questions as following:

How significant role does the Arctic region have in Europe and in the worldwide?

What issues have been discussed in the European Arctic region?

What kinds of Arctic strategic policies do the European Arctic states have?

What kind of Arctic strategy does China have?

As regards the Chinese involvement in the region, what kinds of opinions and attitudes do the European Arctic states have, and have they changed over time?

How to ease tension and promote cooperation in the region?

## 2. Theoretical Framework

This thesis uses realism as its theoretical tool because, dedicating to the study of defence of national interests and conflicts among international powers, it is the approach that offers explanations for the fundamental logic behind Arctic countries' concerns towards China's involvement in Arctic affairs.



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Starting from an outline of the basic elements of realism, this theoretical framework presents the common ground which classical realists and structural realists share, and then the specific thoughts of important realists of both the two camps on international affairs are explored. In the end, critiques of specific realist ideas are presented as a discussion on whether realism can have more positive thinking and whether there is a fundamental alternative to it.

## 2.1 Fundamental Elements of Realism

Realists maintain a pessimistic view of human nature because they see humans as being preoccupied with their own interest in the competitive relations with each other. In the realistic worldview, people desire to keep their priority in relations with others but avoid being taken advantage of. This mindset determines humans' relentless pursuit of having the edge in relations with other people, or in other words, "the struggle for power over men" as Hans Morgenthau believes, and similarly, countries in international relations with other countries (Jackson and Sørensen 2013, 66). International politics is thus considered as an arena of power politics in which states engage in rivalry, conflict, and war in order to defend their national interests, ensure their survival, and protect their own people (Jackson and Sørensen 2013, 66). Therefore, in realistic thought, it is believed that international relations are destined to be conflictual and that the ultimate solution for international conflicts is war (Jackson and Sørensen 2013, 66). Rising powers may go to war for a better position in the existing geopolitical framework, while traditional powers declare war to maintain the status quo.

The reason why states inevitably resolve the conflicts among them through war lies in another important assumption of realists: states operate in an anarchic international system, i.e. a system with no higher, supranational authority (Jackson and Sørensen 2013, 79). Even though states can rest their hope on various kinds of international agreements, conventions, and laws for peaceful settlement of their conflicts, they are in fact provisional and conditional, existing only on the will of states to observe them. They can be put aside if they conflict with the vital interests of states. There are no international obligations in the legal or ethical sense that independent states have to meet, and the only core responsibility of states is to defend their own national interests (Jackson and Sørensen 2013, 67). On this account, since there is no arbiter making a ruling for states on their disputes and thus

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states have no one to turn to when their interests are undermined, their survival and security only rely on themselves. States therefore are the main actors in international politics, and the main purpose of foreign policy is to defend and advance the interests of the states (Jackson and Sørensen 2013, 66).

Realists rule out the possibility for states to co-exist in peace also because they see the arena of international politics as an iron cage where states are trapped in a zero-sum game (Mearsheimer 2013, 78). In order to survive, states have no better choice but to compete with each other for living space in the iron cage, or in other words, power. Thus, it makes good sense that states strive to be powerful enough to protect itself and then for further development. Moreover, the potential tension among states can never be completely eliminated due to their uncertainty about the intentions of other states (Mearsheimer 2013, 79). It is almost impossible to be clear whether other states will resort to force for an alteration of power status, or they are satisfied with the status quo and have no interest in changing it. It is also arguable that the policy documents and speeches made by policy makers of a certain state are not reliable, either, because policy makers may lie about or conceal their true intentions (Mearsheimer 2013, 79). In addition, even if one state can precisely discern another state's current intention, by no means can the former make accurate prediction about the latter's future foreign policy because it will change and evolve over time along with national interests. Consequently, states have little trust towards each other, and they fear that other states may have the intention and capability to attack them. This sense of being threatened is magnified by the insecure macro environment, namely the anarchic international system which cannot assure protection for any state. Therefore, if states want to survive in the iron cage of international politics, they have to presume other states' intention in the worst scenario and prepare to compete for power with them. This is what realists regard as the tragedy of power politics (Mearsheimer 2013, 80).

Although classical and structural realists share many common values in their approach to understand international relation (IR) as mentioned above, they have an important distinction: classical realism is basically a normative approach and it attributes states' striving for power without parallel to human nature; while structural realism is a more scientific approach as it argues that states pursue power fundamentally due to the architecture of international system, namely the anarchic system (Mearsheimer 2013, 79). Structural realism is indeed the most prominent branch of IR theory;

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however, classical realism is still worth studying as it is also evident at present time and modern realists build their theoretical framework on the basis of it when making analyses of current international affairs.

## 2.2 Classical Realism

### 2.2.1 Thomas Hobbes and Morgenthau

Thomas Hobbes thinks that, before the invention and institution of sovereign state, human beings live in anarchy, or in his words, a “state of nature” in which “every man is against every man”. In this natural condition, people are living in constant fear of each other because each person is endangered by everybody else and no one can be reassured about his or her security and survival. Even if people have no intention to seek gain, their fear of others will ultimately lead to a defensive war.

Hobbes believes that the cure for this anarchical status lies in the establishment and maintenance of sovereign state. The hierarchical political rule within a state saves people from the state of nature and leads them into the civilized human condition by forming a security pact which turns their fear of each other into rational joint collaboration (Jackson and Sørensen 2013, 71). Under the protection of sovereign government that owns absolute authority and credible power, people can escape from both internal chaos and foreign threats.

The starting point of Morgenthau’s IR theory mirrors Hobbes’ idea of human beings living in the state of nature. Morgenthau defines human beings as political animals in essence: they are born to pursue for power and to enjoy its fruits. The key concept of Morgenthau’s realism is “power politics”. He thinks that politics is “a struggle for power over men”, and its immediate goal is power. This pursuit of power inevitably draws people into conflict with each other. Even though security can be achieved within a certain independent state, security beyond the state and between states does not exist. The anarchical system of states cultivates international conflict which will eventually evolve into war (Jackson and Sørensen 2013, 73).

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### 2.2.2 Security Dilemma

The condition of all the states constantly being at odds with each other mentioned above is usually referred to as “security dilemma” in IR. It indicates that realization of domestic security and concern of international insecurity always appear in parallel due to the anarchical architecture of international system.

As a key concept in IR theory, security dilemma is utilized by realists to understand why security-seeking states can end up in conflict. Out of the assumption that the outer environment is dangerous, a sovereign state may seek to strengthen its security, such as through enhancing its military power, developing lethal weapons, and making alliances. These actions may make other sovereign states feel more insecure and thus respond to the situation in the similar manner to protect themselves. Then these reactions confirm the initial assumption of the first state that the others are dangerous, and it should endeavour to ensure its military superiority, resulting in spirally increased tensions among states and unnecessary defences which may escalate into conflicts.

However, there is no possibility to eliminate security dilemma among states due to the lack of supranational authority. Furthermore, since it is impossible for states to precisely discern the real intention of each other, they constantly live in the fear of being attacked by others. Permanent or guaranteed peace among sovereign states is an unrealizable dream and dangerous illusion (Jackson and Sørensen 2013, 72). This pessimistic assumption is the cornerstone of the theory of Hans Morgenthau, the leading classical realist of the 20<sup>th</sup> century.

### 2.3 Structural Realism

Structural realism, or neorealism, inherits some elements of classical realism as the starting point of its theories: independent states exist and operate in a system of international anarchy and they have a relentless pursuit of power over others. However, while classical realism keeps human nature and the political decisions of state leaders as its centre of attention, structural realism is distinctive with regard to its emphasis on the structure of international system, especially the relative distribution of power

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among states (Mearsheimer 2013, 79). The changes in the distribution of power among the states, in particular the rise and fall of great powers and the shift of balance of power among them in accordance, are crucial for determining the changes in the structure of international system. In this sense, the great powers are regarded as the main players managing the structure, and international relations are a series of great-power games. The actions of great powers are not driven by human nature but are shaped by the anarchic structure of the international system where they have to self-help in order to survive. As John Mearsheimer describes, great powers are like animals trapped in an iron cage where they have little choice but to be powerful enough to compete with each other (Mearsheimer 2013, 78).

### 2.3.1. Balance of Power

Balance of power is a core idea of structural realism and it justifies the alliance formation among states. It suggests that states are fearful of the rising of any potential hegemon and thus may unite in a coalition to stop the expansion of their common enemy. In this way, the equilibrium of power in international system can be achieved, and states manage to sustain their securities. Nevertheless, as the possibility of war always exists in an anarchical international system, states' efforts of maintaining balance and even advantage over others is ceaseless. According to Kenneth Waltz, these efforts fall into two categories. The first one is internal efforts, meaning the actions of states to improve their economic capabilities, military strength, and strategies. The second category is external efforts, meaning the actions of states to strengthen their own alliance or to weaken that of the opposing side (Mearsheimer 2013, 78). As a result of states' constant efforts in various aspects, the equilibrium of power in international system is dynamic rather than static. However, how much power is enough for states? Mearsheimer argues that there is a disagreement among structural realists regarding the answers to this question, and they are characterized as "offensive realists" and "defensive realists".

### 2.3.2 Offensive Realism and Defensive Realism

In offensive realists' opinion, states should seek to maximize power, influence, and wealth in order to be more secure in the anarchic international system. They believe that it is the structure of anarchic system that strongly motivates states in their relentless pursuit of power with the ultimate goal of

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being hegemon (Mearsheimer 2013, 83). This is because, if a state does not try to maximize its influence and miss the opportunity to expand, other powers will seize the opportunity and develop at its expense. Thus, as offensive realists maintain, states are expected to constantly search for opportunities to gain advantage over each other. However, it is impossible for any state to achieve global hegemony, because it is too difficult to include the entire world under its power and compete with the great powers at a distance. Therefore, the best outcome of any state in maximizing power is to become a regional hegemon, dominating its own geographical area. In the meanwhile, they need to make sure that there are no rival great powers dominating other regions, because regional hegemon does not want peer competitors (Mearsheimer 2013, 88).

However, defensive realists, represented by Waltz, are concerned that it is strategically unwise to pursue hegemony. According to the theory of balance of power, if any state becomes too powerful, balancing will occur, i.e. other states will increase their strategic strength and form an alliance as well to weaken the strength of the rising state and even destroy it. In addition, even if offensive action is feasible, it does not pay because the costs of war outweigh the benefits. Any state that pursues excessively additional power is likely to end up in fighting a series of losing wars (Mearsheimer 2013, 81). Therefore, defensive realists think that states should seek to maximize security and concentrate on maintaining their position in the balance of power, or otherwise, their development will be limited, and their survival is at risk.

## 2.4 Rethinking Security Dilemma and Realism

### 2.4.1 The Concept of Security is Flawed

Even though the term “security” has already been widely used by scholars and politicians, there are still suspicious thoughts regarding its development. As Barry Buzan claims, security is an underdeveloped concept because of the lack of coherent investigation, sufficient theoretical writing and a clear definition. The literature on security are mainly based on contemporary security issues and it cannot be devoid of certain political rhetoric. The existing concept of security is deficient in two ways: it has a heavy emphasis on military aspect, and it is bound to the level of individual states

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and thus fails to take a broader view of the common interests among states and the linkage among their securities (Buzan 1983, 5). The fundamental reason for inadequate attention towards the concept of security is that it is too complex and is always considered as a derivative of power. It is also arguable that the concept is deliberately left unexplored so that it can provide space for power-maximising strategies (Buzan 1983, 9). Consequently, the flawed notion of security may lead to hazardous results. For example, the ambiguity of concept makes it easier to cover the bad intentions with the claim for national security.

#### 2.4.2 Security Dilemma can be Relieved

Security dilemma cannot be completely eliminated because it derives from an anarchical international system and there is little possibility for the states in this system to discern the real intentions of each other. However, as some realistic scholars of IR claim, security dilemma can be relieved if states can successfully convey their good intentions to others in a convincing way. Delivery of good intention can be realized in states' foreign policy, adjustment of military strategy such as adopting a more defensive stance, closer interaction and more frequent communication, and institution of a common security system.

In addition, Buzan transcends the narrow view that the anarchical international system is destined to chaos due to security dilemma by putting the system on a spectrum of varieties. He argues that even though anarchy is a default, it is simply a structure of system, and there can be many varieties and styles of system built in it. Therefore, a spectrum can be drawn, with extreme immature anarchy at one end and extreme mature anarchy at the other (Buzan 1983, 96).



**Figure 1.** Buzan's Spectrum of Anarchies (Picture made by the author of this thesis).

As shown in Figure 1, in the extremely bad scenario, each state only recognizes the legitimacy of

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itself and the relations among states take form of continuous struggle for dominance. The members of this system share no common norms, rules nor conventions, and thus the establishment of any international society is an illusion. The extremely ideal scenario is a utopian anarchy where a strong international society can be built on the basis of mutual recognition among the members. Norms, such as non-interference in internal affairs, respect for different ideologies, and disposal of violence as dispute settlement, can further ensure the international security in the system.

With the spectrum of anarchies, Buzan makes it clear that chaos caused by security dilemma is not the only destination for the international society. He puts the present anarchy somewhere in the middle of the spectrum because it is undoubtedly away from the ultimate chaos with the development of some elements of maturity such as the mutual recognition of sovereign equality. Moreover, the establishment of various international institutions and universal norms is also a positive sign, though they are partially respected in practice. In sum, there is still the possibility of moving to more mature system.

#### 2.4.3 Non-Western International Relations Theory Exists

The origin of most mainstream international relations theories stems from Western philosophy, politics, and history. Western IR theories mainly stand for the Western interests in maintaining its power and influence. Therefore, Western IR theories are too narrow in their sources and too dominant in their influence to understand a wider scope of the world (Acharya and Buzan 2010, 2). China, for instance, cannot perfectly fit into the realm of realism because it has its own tradition and ideology of international relations, and the inadequate understanding of them by Western countries leads to the doubt towards the country's claim of peaceful rising.

The current Chinese IR theories are the result of ideological evolution through centuries and still will be constantly revised along with the changes of international society. Ancient Chinese, holding a deep-rooted faith in harmony, distinguished themselves from Western realists who restrained their thoughts in security dilemma. The Chinese thinking of IR has developed from Confucian doctrine and has been practiced by dynasties through the tributary system. The system, though being unequal



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for other East Asian countries with China at the centre of the region and even the world, has benignly connected the members in the region together with rites, norms and institutions.

The tributary system collapsed when Western powers and Japan invaded into China and other East and South Asian countries. After the establishment of People's Republic of China (PRC) in 1949, Chinese practices of international relations echoed with the Western realistic thoughts because the survival of the new country was at the top priority. The states in the international system fell into three categories according to Mao Zedong's preeminent theory developed during the 1950s, namely "we", "ally" and "enemy". The Chinese leader maintained that "we" should unite our "allies" against our "enemy", and the country needed to "lean against one side" when it's necessary, be it the side of Soviet Union, or that of the U.S.

A fundamental break-up with the realistic thoughts in Chinese foreign policy began from the era of Deng Xiaoping administration (1978-1989). The paramount leader of China shifted away from political struggle and emphasised the economic development of the country. Since then China began to increasingly connect with the rest of the world and took active actions in joining various international organizations and multilateral conventions. The administration of Hu Jintao (2003-2013) was praised by Chinese IR scholars for its foreign policy of "keeping a low profile", meaning China, as a status quo state, was satisfied with its current place in the international system and had no intention to confront with other great powers for dominance. Thanks to this policy, China won itself a peaceful decade and managed to be dedicated to its economic development. However, it was also the time when "China Threat" theory started to prevail in international community. The rising of China as a regional power under Xi Jinping administration has caused further concerns among other countries. Nevertheless, the country has constantly reassured the international community that it will not fall into the pitfalls of power politics but will embark on a path of peaceful rising. The concept of "building a community of common destiny" has been developed into the overall goal of current China's foreign affairs work, showing the shift of the country's foreign policy from being nation-oriented to caring about the humankind as a whole.

In sum, China's IR thinking has transcended the narrow notions of Western realism. The notion of

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harmony has long been existing in the Chinese ideology and contributed to the country's unique foreign policies. China tries to convince the international community dominated by Western IR theories with its intention of peaceful development, however, the acceptance by others is still under question.

### **3. Methodology**

The research is conducted mainly through qualitative research. It gathers data through literature study and desk research and analyses them for insights of the geopolitical dynamics in the Arctic region, with the realist international relations theory as the theoretical tool.

The literature study of this research includes:

Gathering and analysing national and institutional strategy papers: the Arctic strategies and /or security strategy of all the countries under study;

Gathering and analysing the official documents of the Arctic Council, including the declarations, the reports of the Senior Arctic Official submitted to the Arctic Council, and the reports of the Arctic Council Observers submitted to the Arctic Council;

Gathering and reading academic literature for the study of background knowledge.

The desk research includes:

Gathering and analysing data from databases, including the Arctic Portal, Eurostat, and U.S. Energy Information Administration;

Gathering and analysing data from websites of governments and institutions, including the websites of the Arctic Council and governments of all countries under study;

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Gathering and analysing data from highly reliable media, including the Economist, the Guardian, Reuters, the Diplomat, and China Daily.

Particularly, this research draws much information from the results of the interviews conducted by Willis and Depledge with the Senior Arctic Officials of the Arctic Council. Their results, published in the article named “How We Learned to Stop Worrying about China’s Arctic Ambitions: Understanding China’s Admission to the Arctic Council, 2004–2013”, give much insight to this research about the Arctic Council.

#### **4. Key Background Information**

##### 4.1 The Arctic Region, the Arctic States and the Arctic Council in General

Although there is no exclusive standard of the definition of the Arctic Region, and the region can be defined from various perspectives, scientists usually define it in terms of solar radiation: it is the area that spreads around the North Pole, with a line of latitude 66°34' north as its southern border, and thus the region is also named as the Arctic Circle. Other key ways of definition define the region by the indexes of temperature, forest line, permafrost, sea ice, culture, etc.<sup>1</sup> The circle is where the Arctic ocean basin is located and it covers the northern parts of Scandinavia, Russia, Canada, Greenland, and Alaska of the U.S.<sup>2</sup>

The Arctic states are eight states which have territories within the Arctic Circle, namely Canada, The Kingdom of Denmark (Greenland), Finland, Iceland, Norway, The Russian Federation, Sweden, and the United States of America (Alaska). These states have developed their close multilateral cooperation predominately on environmental protection in the Arctic region via the Arctic Environmental Protection Strategy since 1991 and were also the founding members of the Arctic Council. Along with the adoption of the *Ottawa Declaration* by the eight Arctic states in 1996, the

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<sup>1</sup> Basic information about the Arctic region drawn from the website of the Arctic Centre of University of Lapland

<https://www.arcticcentre.org/EN/arcticregion>

<sup>2</sup> Encyclopedic entry of the Arctic on the website of National Geographic <https://education.nationalgeographic.org/resource/arctic>

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Arctic Council was established as the high-level intergovernmental forum for the promotion of the “cooperation, coordination and interaction among the Arctic states, with the involvement of the Arctic indigenous communities and other Arctic inhabitants on common Arctic issues” (*Ottawa Declaration* 1996, 1). With the system of rotating chairmanship, each Arctic state holds the post of the Council chairman for two years. Canada was the first country to chair from 1996 to 1998. Each chairmanship is ended with a Ministerial Meeting and a declaration which gives guidance for the next chair.<sup>3</sup>

Recognizing the important role of the Indigenous peoples of the Arctic, in the *Ottawa Declaration*, the eight **Member** states of the Arctic Council came up with an innovative category of **Permanent Participants (PPs)** as a means for active involvement and full consultation of the Arctic Indigenous peoples within the Council.<sup>4</sup> A category of **Observer** status was also set up in the Declaration for the non-Arctic countries, governmental and non-governmental organizations in light of their interests in active participation in the work of the Council. Consequently, in the first Ministerial Meeting in Canada in 1998, the Arctic Council approved the status of Observer for Germany, the Netherlands, Poland, the U.K. and eight intergovernmental and international non-intergovernmental organizations. By the 11<sup>th</sup> Ministerial Meeting of the Arctic Council in Finland in 2019, there have been altogether 39 states and organizations granted Observer status. The applications for Observer status by the European Union and Turkey are currently under pending. Figure 2. is a map showing the Member and Observer states of the Arctic Council by 2022.

The Arctic Member states, the PPs, and the Observers have different and coordinated roles in the Arctic Council. The eight Member states hold the exclusive right and responsibility of the decisions at all levels in the Council. All decisions and subsidiary bodies of the Council should be adopted by consensus of all the Member states (*Ottawa Declaration* 1996, 2). The Member states primarily

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<sup>3</sup> There have been 12 Ministerial Declarations from Ottawa, Canada in 1996 to Reykjavik, Iceland in 2021. However, the Ministerial Meeting in Rovaniemi, Finland in 2019 for the first time failed to issue a declaration because the Ministers could not reach an agreement on the issue of climate change (Heininen et al. 2020).

<sup>4</sup> Permanent Participants include six organizations of Arctic Indigenous Peoples: Aleut International Association, Arctic Athabaskan Council, Gwich'in Council International, Inuit Circumpolar Council, Russian Association of Indigenous Peoples of the North, and Saami Council. More detailed information about Permanent Participants can be found through this link <https://www.arctic-council.org/about/permanent-participants/>

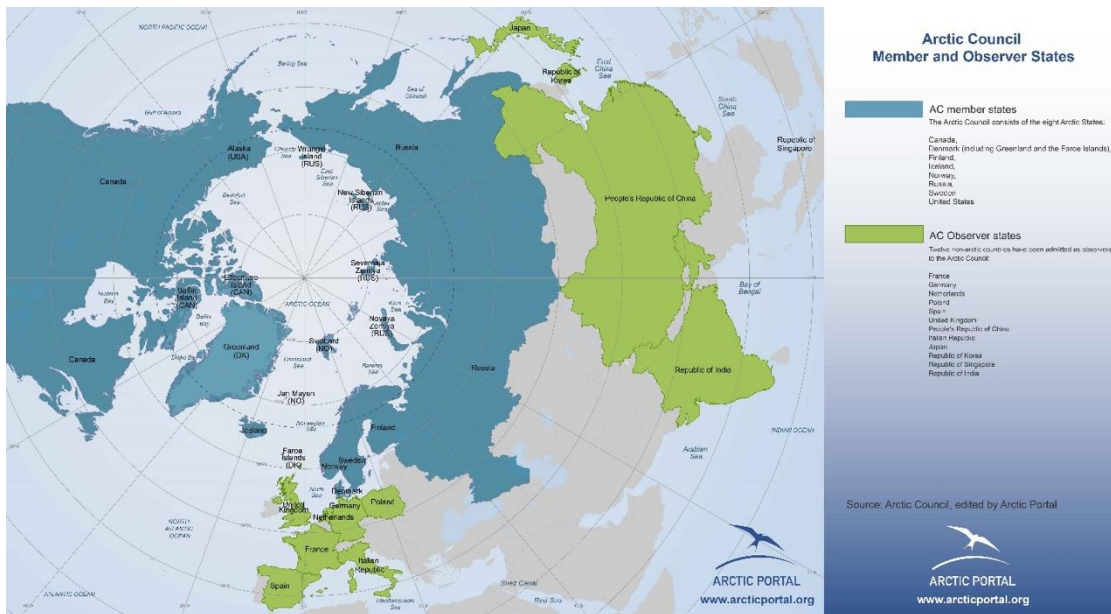
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conduct the activities of the Council in six Working Groups which are responsible for implementing the programs and projects commanded by the Council Ministers. In turn, the working outcomes of the Working Groups provide foundation for decision-making of the Council.<sup>5</sup> The PPs maintain full consultation rights with regard to the negotiations and decisions of the Council, and they make valuable contribution to its activities in all areas. The Observers are invited to the Ministerial Meetings of the Council, while their primary role is to observe the work of the Council. Although Observers do not have voting rights in the Council meetings, they are permitted to make both oral and written statements after the Member states and PPs submit written statements and present their opinions on the issues under discussion. As demanded by the Council, the Observers ought to continue making contributions for the Council through their engagement in the Working Groups.<sup>6</sup> It is also possible for the Observers to fund the projects of the Working Groups as long as their financing does not exceed the one from the Member states. With the cooperation cross the Member states, PPs, and Observers, the Arctic Council addresses key issues in the Arctic region from environmental protection to the ones of a broader sense of sustainable regional development such as biodiversity, green energy solutions, sustainable shipping practices, search and rescue, and emergency prevention.

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<sup>5</sup> The six Working Groups are Arctic Contaminants Action Program, Arctic Monitoring and Assessment Programme, Conservation of Arctic Flora and Fauna, Emergency Prevention, Preparedness and Response, Protection of the Arctic Marine Environment, and Sustainable Development Working Group. More detailed information about Working Groups can be found through this link <https://www.arctic-council.org/about/working-groups/>

<sup>6</sup> Though it is impossible for the non-Arctic countries to obtain a formal Member status, the Arctic Council still expect them to actively engage in the issues that it addresses and make valuable contribution based on their respective strengths, or they will be deposited as Observers.



**Figure 2.** Member and Observer States of the Arctic Council (Source: [Arctic Portal](http://www.arcticportal.org)).

#### 4.2 Issues under Discussion about the Arctic Region

The Arctic region has drastically transformed in the past few decades due to climate change. The melting ice not only reveals new potential resources, but also makes the region an arena where the interests of both Arctic and non-Arctic countries coincide and collide. The international attention mainly falls on climate change, new shipping routes, potential natural resources, and security situation in the Arctic region.

**Climate change:** Arctic Monitoring and Assessment Programme (AMAP), a Working Group of the Arctic Council, presented significant climate changes which have happened in the Arctic region from 1971 to 2019 in its recent report *Arctic Climate Change Update 2021: Key Trends and Impacts—Summary for Policy Makers*. For example, AMAP identified that the temperature in the Arctic region between 1971 and 2019 has increased three times the rate as the global average. Arctic permafrost has warmed 2-3 degree Celsius. The extent of Arctic Sea ice has been declining throughout the Arctic all year round from 1971 to 2019, with September witnessing the most dramatic sea ice decline (43%). The loss of land ice is also occurring in all regions of the Arctic, among which Greenland has suffered the most, making up to 51% of the Arctic total loss. Snow cover in the Arctic has also shrunk by 21%

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during May and June in the same period of time. As the CMIP6 ensemble of climate models<sup>7</sup> predicted, and the AMAP report quoted, by the end of this century, the annual average surface air temperature of the Arctic will be 3.3-10.0 degree Celsius higher than the 1985-2014 average, and as early as in the 2040, the Arctic will witness the first ice-free September.

**Shipping routes:** Along with the trend of ice recession, new opportunities for Arctic transportation have emerged. Currently there are three main shipping routes connecting the Atlantic and the Pacific oceans through the Arctic as illustrated in Figure 3: The Northeast Passage (or the Northern Sea Route defined from the Russian perspective<sup>8</sup>), the Northwest Passage, and the Trans Arctic Shipping Route. The Northern Sea Route (NSR) spreads along the Russian Arctic coast. It is the route that has already seen a large number of human activities and holds the most promising commercial potential thanks to the current of warm water. Across the Canadian Arctic Ocean, navigations in the Northwest Passage can be harder to carry out due to thick ice and complicated straits. However, the Trans Arctic Shipping Route basically remains unexplored as a hypothetical route running through the high sea, because it is still hidden under the permanent sea ice floe and is currently only traversable by heavy icebreakers. In spite of its inaccessibility, the Trans Arctic Shipping Route still draws much attention of the world, considering that it holds the potential of significant distance savings and economic yields between Europe and Asia (Humpert and Raspotnik 2012). It is not only the shortest one of the three Arctic shipping routes, but also the easiest one to go through in the sense that it is a mid-ocean route and bypasses the territorial jurisdiction of any state, while by contrast the other two routes are involved within the territorial seas of Russia and Canada respectively. The exemption from legal disagreement makes the Trans Arctic Shipping Route of particular geopolitical significance, and it can be argued that stakeholders in the Arctic will consider the possibility of exploiting it as an important future trade route in the region.

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<sup>7</sup> The Coupled Model Intercomparison Project (CMIP) is a large program promoting climate model development and scientific understanding of the Earth system. It has developed a set of climate model experiment protocols, formats, standards, and distribution mechanisms for the use of a wide research community. For more information of CMIP please see: <https://www.wcrp-climate.org/wgcm-cmip/cmip-video>

<sup>8</sup> When referring to the same route, this thesis adopts the name “the Northern Sea Route” instead of “the Northeast Passage”, because its analyses about the specific sea route mostly develop around and draw references from the Russian Arctic strategy and rhetoric.

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At present, the NSR, as the most accessible maritime route in the Arctic, draws attention from both the Western and Eastern countries. In multiple research the NSR has been compared with the Suez Canal with regard to transportation efficiency and scholars have explored the possibility of the NSR replacing the Suez Canal in the future commercial shipping (Matthews 2019, 21). The advantages of the NSR lie in its potential of distance reduction and travel time saving. A journey between East Asia and Western Europe is around 21,000 kilometres via the Suez Canal, however, if well developed, the NSR can shorten the distance to 12,800 kilometres while reduces the transit time by 10 to 15 days (Matthews 2019, 21). In light of these merits, it is estimated that two thirds of trade currently conducted through the Suez Canal can be transited to the NSR (Matthews 2019, 20), which will facilitate a prompter trade exchange between European and East Asian economies including China, Japan, and South Korea.

Though the increasing accessibility of the NSR depicts a promising picture of increasing trade between the West and East, it is noteworthy that the practicalities of the route are still under question. The stability of the NSR is predominately determined by the complex Arctic environment, while the receding sea ice does not necessarily ensure a fully open NSR. Drifting ice may block and shift the trajectory of the route, and thus reduces the speed of ships, poses risks to navigation, and increases fuel consumption. Therefore, for commercial ships, safe travels through the Arctic heavily rely on good weather and necessitate the escort of icebreakers which will account for an additional cost. On top of that, the travelling cost of a foreign ship with an escort by icebreaker is at the mercy of Russia, since it keeps the exclusive right of despatching icebreakers in the NSR according to its regulations (Matthews 2019, 23).





**Figure 3.** Arctic Sea Routes (Source: [Arctic Portal](http://www.arcticportal.org)).

**Natural resources:** Despite the harsh Arctic climate, the development of the Arctic shipping routes is still at the top priority of the strategies of Arctic states, especially of Russia, because through them the abundant natural resources embedded in the Arctic Sea ice can reach to customers in the East Asia. It is estimated that the Arctic contains up to 13% of untapped petroleum and 30% of untapped natural gas of the world.<sup>9</sup> The Arctic is also rich in minerals such as nickel, iron, and copper core. These natural resources are widely utilized and have the tendency to be in shortage in the future decades in industrialized countries, with China as one of the most representative examples. China is heavily dependent on coal as the main energy resource in both civil and manufacturing uses; however, it has also been suffering for years from the severe air pollution caused by its humming factories and power stations. Therefore, China is seeking to optimize its energy structure to a more environmental-friendly one and is in need of clean energy such as natural gas. Under this circumstance, China sets its eyes

<sup>9</sup> The data is from the National Geographic website, encyclopaedic entry “Arctic”. For more details please see:

<https://education.nationalgeographic.org/resource/arctic>

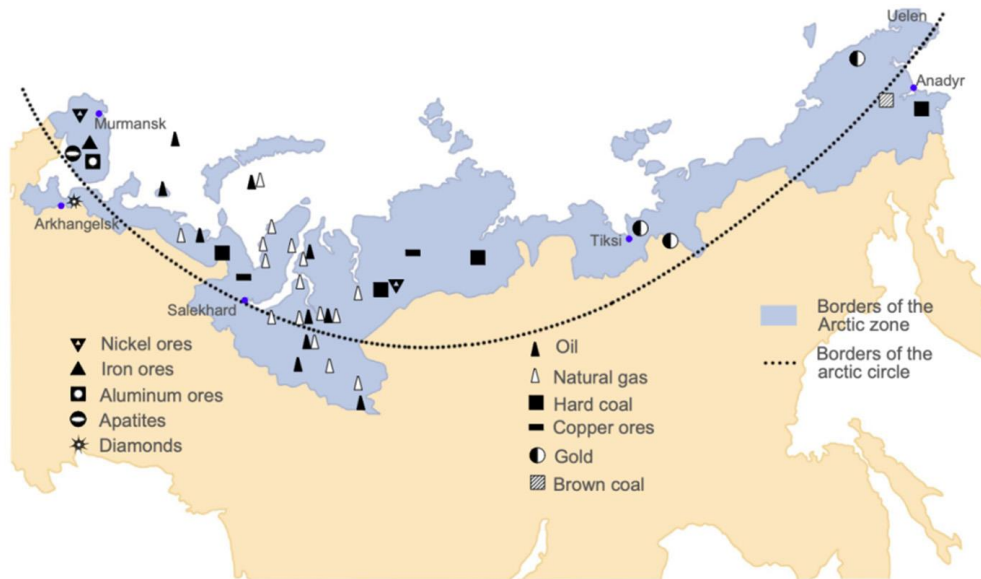
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upon the Arctic for energy alternatives.

Another reason accounting for the interest of China in the Arctic natural resources and the Arctic shipping routes is its “Malacca Dilemma”. This term was coined by the then Chinese President Hu Jintao in 2003, indicating the uncertain geopolitical situations which China has been faced with along the traditional route for resource shipping through the Malacca Strait. Located between the Indian Ocean and Pacific Ocean, the Malacca Strait carries 80% of energy import of China from Middle East and Africa (Krishnan 2020), and thus it is always depicted as the energy lifeline for the country. The Malacca Strait is also significant for China in terms of trade because much of the trade between Europe and China passes through the Strait (Krishnan 2020). However, the international tensions in the South and Southeast Asia have made the large energy-consuming country vulnerable. Since the climax of territorial disputes in the South China Sea between 2013 and 2014 involving China, the Philippines, and Vietnam, any actions of China in the South China Sea have always been caught in the limelight of its southern neighbours. Concerned with the hostile political environment in its south neighbourhood, China has been seeking to secure its energy supply by diversifying its energy sources. Therefore, the Arctic energy resource deposits and the Arctic shipping routes emerge to be a good option for China, especially considering that Russia, as one of the main countries along the Arctic shipping routes, has developed a more stable relation with China in the recent decade.

In fact, Russia shares with China the common goal of strategic diversification in energy development. As one of the main energy producers and exporters, Russia boasts around 800 billion tons of oil in its Arctic territory, with 80% located in the Barents and Kara seas (Matthews 2019, 31) (Figure 4.). Normally, Russia primarily exports its natural resources to European countries. However, the Crimea Crisis in 2014 brought negative shift to the Russian-Western relationships, which impelled Russia to expand its global energy customers. Moreover, the economic sanctions imposed by Western countries following the Crimea Crisis have greatly impeded the progress of Russian Arctic projects, because without Western investors and technicians, Russia found itself incapable of carrying on the extraction of natural resources in the Arctic region and the development of the NSR which have always been specialised and costly causes due to the harsh Arctic climate. Consequently, Russia has to look for other origins of investment and expertise in order to sustain its Arctic projects. China, on the other

hand, can help meet the urgent need of Russia.



**Figure 4.** Natural Resources in the Russian Arctic Region (Source: Chanysheva, Kopp, Romasheva, and Nikulina 2021, 5).

**Security situation:** The newly accessible resources coming along with climate change in the Arctic make the region more prone to tensions and disputes. The five Arctic littoral countries, namely Canada, the U.S., Russia, Norway, and Denmark (the Arctic Five), found themselves the main stakeholders competing for Arctic territories and the unclaimed natural resources either above or underneath the continental shelf. Sweden, Finland and Iceland are not involved in this power game as their territories do not go beyond the Arctic Circle.

Russia is always regarded as a powerful actor in the Arctic. The appearance of its provocative image in the region in the post-Cold War era could be dated back to 2007, when Russians made an expedition to the North Pole and planted a titanium national flag on the Arctic seabed (Rosamond 2011, 40). This was a typical action to claim territory and influence. Russia also claims that Lomonosov Ridge, an 1800 km underwater ridge in the Arctic Ocean, is mostly within its sovereignty. However, Canada, Denmark and Norway also defend their territorial rights regarding it (Rosamond 2011,41-42). Norway has also been actively safeguarding its territorial rights in the Arctic region, and successfully extended its Arctic continental shelf by 235,000 square kilometres in 2007 with the approval of the

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United Nations (UN) (Rosamond 2011, 47). Other sovereign disputes include the cases of the U.S. and Canada over the Beaufort Sea, and Denmark and Canada over the Hans Island (Åtland 2012, 22).

The building-up military capabilities of Russia in the Arctic region is another aspect which disturbs its Arctic neighbours, especially Finland, Norway, and Sweden (Klimenko 2019, 8). In order to protect its economic and sovereign interests, Russia has been restoring military bases, airfields, and radar stations in its Arctic continental shelves. It also modernised its nuclear forces and further equipped the Northern Fleet (Klimenko 2019, 9). The Norwegian government, for example, has expressed its concerns with the increasing Russian military infrastructure in the Arctic and the Russian military strategies tailored for the region (Åtland 2012, 16). Moreover, as a member of North Atlantic Treaty Organisation (NATO), Norway believes that NATO can play a significant role in stabilising the Arctic region (Rosamond 2011, 47), which certainly is an offensive standpoint in the viewpoint of Russia. In turn, Russia keeps its military presence in the Arctic region to maintain strategic balance with NATO and the U.S.

The Arctic states also have security and sovereignty concern over the NSR. Running through the territorial seas of Russia, the NSR is highly regarded by Russia as “a national transport route” in its *Basic Principles of Russian Federation State Policy in the Arctic to 2020* adopted in 2008 and is elevated to the importance of being “a globally competitive national transport corridor” in *Basic Principles of Russian Federation State Policy in the Arctic to 2035* adopted in 2020. In *Basic Principles 2035*, “ensuring sovereignty and territorial integrity” is listed as the top national interest of Russia in the Arctic, indicating the determination of Russia to securitise its Arctic territories. As the development of the NSR has been mainly carried out by Russia, other Arctic states worry that its military power and knowledge of the region will be used to support its claim to the jurisdiction of the route and deny the right of free passage of others (Klimenko 2019, 9). Opposition to Russian authority of the NSR also comes from different interpretations of the United Nations Convention on the Law of the Sea (UNCLOS). For example, the U.S. protested against the delimitation of Russian Arctic maritime territory, accusing Russia of restricting the free navigation of other Arctic states by interpreting its provisions too broadly (Matthews 2019, 20).

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Nevertheless, Russian scholar also admits that firmly upholding the Russian territorial right in the Arctic is not always a feasible strategy (Gudev 2019). The expensive and formidable projects in the Arctic need investment and expertise from other countries, and only with prosperous international trade can the NSR become lucrative for Russia. However, the growth of shipping in the NSR will certainly poses more security challenges to the Russian coastline. Therefore, Russia always finds itself in a dilemma of maintaining sovereign defence along the NSR and making economic benefits from developing the route with other countries.

Although Arctic states have dissidence with each other in terms of their territorial rights in the region, it is arguable that they will be very unlikely to engage in a hardcore conflict because an unstable Arctic region will definitely not be favourable for their shared commercial interests. Furthermore, problems such as pollution and climate change know no border, and thus the Arctic states and the outside actors as well need to put aside traditional power and hegemony game, enhance their cooperation in the region, and address environmental degradation. Maintaining peace is still the main spirit of the Arctic governance, and communication and coordination are the ways to it. For instance, in 2010, Russia and Norway settled their disagreements on the territory and natural resources of the Barents Sea. The then Russian Prime Minister Putin stated that the Arctic should be developed with peaceful cooperation and that international disputes should be solved according to the international law (Rosamond 2011, 41). The U.S. Obama administration also believed that it would be totally feasible to cooperate with Russia on Arctic issues and ensured that international cooperation would be emphasised in the Arctic policy of the U.S. (Rosamond 2011, 43).

Finally, the solutions to the disputes of the five Arctic coastal states were discussed on the Arctic Ocean Conference in Ilulissat of Danish Greenland in May 2008. Much to the dismay of Finland, Sweden and Iceland, they were not invited to the conference due to their non-coastal status. In the *Ilulissat Declaration* published after the Conference, the five coastal states reached a common ground on issues including natural resources exploitation, sovereign disagreements, and potential sea routes on the basis of UNCLOS. Though the five coastal states set a good example of peaceful governance of the Arctic region abiding by international law, they were criticised as using the law of the sea to justify their ambition of carving up the Arctic resources (Rosamond 2011, 50, from The Guardian

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2008).

To sum up, the intergovernmental discussions and academic researches regarding the Arctic region are primarily comprised of four topics, namely climate change, potential shipping routes, massive natural resource deposits and security situation. These four aspects are inextricably intertwined and construct a dynamic discourse which brings the Arctic region from the periphery of geopolitics into the worldwide attention. At present, not only do the Arctic states identify themselves as direct stakeholders in the region, but also the non-Arctic states realise that they can be benefited from the development of the region. With more resources in the Arctic revealed and the growing importance of the region, the involved actors find their interests become increasingly at odds. Tensions mainly originate from the five Arctic littoral states, especially from their territorial disputes and struggle for power superiority over others, while the three other Arctic states are mostly at peace. In Ilulissat Conference the five littoral states exchanged their opinions on sensitive issues regarding the Arctic governance. What they produced in the Conference was not only an agreement tackling their overlapping interests, but also to some extent an alignment which overlooked the rights and needs of near- and non-Arctic actors in the region.

#### 4.3 The Silk Road Economic Belt and the 21st Century Maritime Silk Road (The Belt and Road Initiative)

The Belt and Road Initiative (BRI) was formed on the basis of the speeches of Chinese President Xi Jinping during his two diplomatic visits in 2013: he proposed to build a new Silk Road Economic Belt when visiting Kazakhstan in September, and in his address to the Indonesian Parliament in October, he stated that China was ready to build the 21<sup>st</sup> Century Maritime Silk Road to strengthen connectivity and promote maritime cooperation partnership with the ASEAN members (Shang 2019, 1). In order to promote the implementation of the Initiative, in March 2015, the Chinese government made a comprehensive introduction of it in *Vision and Actions on Jointly Building Silk Road Economic Belt and 21<sup>st</sup>-Century Maritime Silk Road (Vision and Actions)*. The Silk Road Economic Belt, as outlined by *Vision and Actions*, starts from the Chinese city Xi'an, goes east through Central Asia, and arrives in Rotterdam, the Netherlands, linking China with Russia and Europe. The 21st-

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Century Maritime Silk Road starts from the Chinese south-eastern coastal ports, travels through the South China Sea and Indian Ocean, and finally joins the Silk Road Economic Belt in Rotterdam. The trajectories of the two routes are outlined in Figure 5.

Against the background of emerging international financial crisis and slow growth of world economy, the BRI was designed on the basis of the historic Silk Road<sup>10</sup> to develop a broader and more in-depth economic cooperation with the countries and regions along the routes. It connects the developing East Asian economic circle and the developed European economic circle. The construction of infrastructure projects along the routes is at the core of BRI. Additionally, *Vision and Actions* illustrates five cooperation priorities of the Initiative as followings:

- (1) Policy coordination: to promote the cooperation on building a multilevel intergovernmental communication mechanism for macro policy exchange, explore shared interest, achieve new consensus, and enhance mutual political trust.
- (2) Facilities connectivity: to improve the connectivity of the infrastructure construction plans of the countries along the routes, converge technical standard systems, and gradually form an infrastructure network in all subregions in Asia, and between Asia, Europe, and Africa.
- (3) Unimpeded trade: to improve investment and trade facilitation, reduce investment and trade barriers, expand trading areas, build free trade zone etc.
- (4) Financial Integration: to deepen cooperation in financial policy, establish the Asian Infrastructure Investment Bank, set up and operate Silk Road Fund, and strengthen financial regulation cooperation.
- (5) People-to-people bond: to facilitate cultural and academic exchanges, increase personnel exchange and cooperation, expand the scale of cross-border tourism, enhance cooperation in science and technology etc.

The proposal of BRI is in line with the basic policy of opening-up of China. With the vision of win-

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<sup>10</sup> The ancient Silk Road was a network of Eurasian trade routes facilitating economic, cultural and religious interactions between the East and the West from the Chinese Han Dynasty (around 114BCE) until the mid-15<sup>th</sup> century. For more detailed information of the ancient Silk Road please see: [https://en.wikipedia.org/wiki/Silk\\_Road#cite\\_note-5-1](https://en.wikipedia.org/wiki/Silk_Road#cite_note-5-1)

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win cooperation, China not only aims for further integration of itself into the world economic system, but also strives for mutually beneficial outcomes with countries along the routes by exploring regional market potential, promoting investment, creating job opportunities, and enhancing personnel and cultural exchanges.

According to the spokesman of Chinese National Development and Reform Commission, until 2022, there are 147 countries and 32 international organisations around the world signing cooperation agreements with China under the framework of BRI.<sup>11</sup> Chinese Vice Minister of Commerce Sheng Qiuping said on a press conference that the economic and trade ties between China and the countries along the Belt and Road have been significantly strengthened from 2013 to 2021, with the annual trade volume reaching USD 1.8 trillion. Even during the COVID-19 pandemic period, the BRI continues to show strong resilience and facilitates the global economic recovery (Xinhua 2022).

#### 4.3.1 Polar Silk Road (PSR)

The Polar Silk Road initiative, a north branch of BRI, was put forward by Chinese government as an essential part of its White Paper on Arctic policy in 2018. Connecting Dalian, China and Rotterdam, the Netherlands through the Pacific Ocean and Arctic Ocean, PSR is envisioned on the basis of the Arctic shipping routes, including the NSR, the Northwest Passage, and the Trans Arctic Shipping Route. The plan of further developing the Arctic shipping routes is based on the previous successful navigation of Chinese ships through them—Chinese icebreaker *Xuelong* (Snow Dragon) and commercial ship *Yongsheng* have gauged the feasibility of the sea routes in 2012 and 2013 respectively. PSR initiative is destined to facilitate infrastructure network, enhance digital connectivity, and promote sustainable economic and social development with Russia and Nordic countries as well. A brief outline of PSR is shown in Figure 5.

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<sup>11</sup> News from the website of Chinese government, “China has Signed more than 200 BRI Cooperation Agreements with 147 Countries and 32 International Organizations.” The original title, 《我国已与 147 个国家、32 个国际组织签署 200 多份共建“一带一路”合作文件》。Link of the news: [http://www.gov.cn/xinwen/2022-01/19/content\\_5669215.htm](http://www.gov.cn/xinwen/2022-01/19/content_5669215.htm)





Economist.com

**Figure 5.** The Silk Road Economic Belt, The 21st-Century Maritime Silk Road, and Polar Silk Road (Source: [The Economist](#)).

## 5. Geopolitical Dynamics in the Arctic

### 5.1 The Arctic Policy of China

The legitimacy of Chinese activities in the Arctic region is guaranteed by the Spitsbergen Treaty<sup>12</sup> and the 1982 United Nations Convention on the Law of the Sea (UNCLOS). With the accreditation of the Spitsbergen Treaty, China enjoys equal rights with other countries in entry, fishing, mining, and trade in the Arctic Archipelago of Spitsbergen. Under the UNCLOS, China is entitled to innocent passage in the territorial waters of the Arctic states, free navigation in the Exclusive Economic Zones

<sup>12</sup> The Spitsbergen Treaty was initially signed on 9<sup>th</sup> February 1920 during the Peace Conference in Paris. It puts Spitsbergen under the Norwegian administration and legislation, confirms that citizens of all signatory nations enjoy free access to and the right of economic activities in the archipelago, and keeps it as demilitarized. China ratified the Treaty in 1925 and in the same year the Treaty came into force. For more information about The Spitsbergen Treaty please see: <https://www.spitsbergen-svalbard.com/spitsbergen-information/history/the-spitsbergentreaty.html>

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(EEZ) of the Arctic littoral states and in the high seas, and fishing and mining in some specific Arctic areas (Sun 2018, 2).

For the last decades, China has demonstrated its potential in the region, the genesis of which came via scientific research. For example, in 1996, China gained membership to the International Arctic Science Committee, which formed a fundamental basis for its continued and even more active participation in the region. In 2005, China was honoured as the first Asian country to host the Arctic Science Summit Week, a high-level conference in Arctic affairs. More importantly, in 2013, China became an accredited Observer to the Arctic Council. By 2017, China had organized eight scientific expeditions in the Arctic with its icebreaker *Xue Long* and established the Arctic Yellow River Station as the base for its scientific research in the region. In addition to these high-level activities, more detailed and rigorous research missions have been conducted by prestigious Chinese universities and research institutions, some of which have been cooperating with Chinese enterprises to explore the economic potential in the Arctic. The Chinese universities also pool knowledge and resources with their international counterparts by joining global networks. A prominent example is that Ocean University of China became an associate member of the University of the Arctic (UArctic)<sup>13</sup> in 2013, as the first Chinese scientific and educational institution taking this step.

Even more recently, China has been determined to exceed mere conduction of scientific research in the Arctic; the country has actually even expanded its ambitions which cover economic development associated with Arctic shipping routes, regional cooperation, bilateral and multilateral affairs, global governance, tourism, cultural exchanges and so on. In the economic cooperation with Arctic stakeholders, the most involved Chinese actors are state-owned enterprises in energy, mining, and shipping industries, making investment in and offering know-how for the projects of Arctic states. For example, China has initiated three mining projects for copper, zinc, and lead in Greenland since 2009. Its most significant energy partner is Russia, and it has directly invested in Russian transport infrastructures along the NSR. In political and diplomatic sphere, as a way to enhance its presence in

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<sup>13</sup> The University of the Arctic is a network of universities, colleges, research institutes, and other organizations concerned with education and research in and about the Arctic. For more information about UArctic please see: <https://www.uarctic.org/about-us/>

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the Arctic, Chinese government pursues close bilateral relations and keeps regular dialogues with individual Arctic states.

The evolving Arctic activities of China, its cooperation with other actors in the region, and its future strategy for the region require a policy guidance. In 2018, China for the first time made a clear statement on its basic positions, principles, and major policy goals in terms of its involvement in Arctic affairs in a White Paper named *China's Arctic Policy*.

Considering the Arctic as a common property for humanity and identifying itself as a “near-Arctic state”, in the White Paper, China claims to be “an active participant, builder, and contributor” in Arctic affairs who is determined to spare no efforts “to contribute its wisdom to the development of the Arctic region”. It makes the commitment to improve and complement the existing Arctic governance regime by “playing a constructive part in the making, interpretation, application, and development of international rules regarding the region”. China recognizes the absolute and exclusive sovereignty of the eight Arctic states over the Arctic continental and insular land territories and reiterates throughout the White Paper that it fully respects the interests of other stakeholders in the region and the broader international community. On the other hand, China also maintains that, in accordance with UNCLOS and general international law, it enjoys the rights of joining in activities in the Arctic such as scientific research, navigation, overflight, fishing, laying of submarine cables and pipelines, and resource exploration.

Moreover, China is committed to maintaining peace and promoting sustainable development of the region with other countries and organizations. To be more specific, the White Paper claims that China will participate in the Arctic governance abiding by the basic principles of “respect, cooperation, win-win result and sustainability”. China regards “reciprocal respect” as the premise of its participation in Arctic affairs. It maintains that all stakeholders should respect the international treaties and laws which regulate the region. They should not only respect the sovereign rights owned by the Arctic states, but also acknowledge the freedom and rights of the non-Arctic states to carry out activities in the region in accordance with the laws. China sets an ambitious goal for cooperation as it will be dedicated to “establishing a multi-level, omni-dimensional and wide-ranging cooperation” in the

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region. “Win-win result” refers to the benefits and progresses shared by both Arctic and non-Arctic states as well as by non-state entities. “Sustainability”, as the fundamental goal of China’s participation in the Arctic, means a better balance among environmental protection, resource utilization, and human activities in the region.

In the main body sections, the White Paper sets the policy goals of China in the Arctic as “to understand, protect, develop, and participate in the governance of the Arctic” in accordance with the UNCLOS and general international law, and correspondingly lays out the action plans of the country for meeting the goals:

- (1) “To understand the Arctic” means to develop a comprehensive knowledge of the region. It is the goal that will motivate China to improve its capacity and capability in Arctic scientific research covering diversified fields such as Arctic geology, geography, hydrology, and ecology.
- (2) “To protect the Arctic” indicates that China recognizes the significance and urgency of environmental protection in the Arctic. It will support the Arctic states in tackling climate change and protecting the Arctic marine environment and ecological system. China also commits to fostering the awareness of environmental protection of its people and enterprises when taking activities in the region.
- (3) “To develop the Arctic” is related to the interest of China in natural resources and shipping routes in the region. China encourages its enterprises, with the advantages in capital, technology, and domestic market, to engage in the exploration and utilisation of Arctic oil, gas, and mineral resources along with their international partners. It will also work with Arctic states in developing geothermal, wind, and other clean energy. Remarkably, China proposes the initiative of building a “Polar Silk Road” with international cooperation on the basis of the Arctic shipping routes. Other aspects that China addresses are the conservation and utilization of fisheries and other living resources and the development of tourism resources.
- (4) “To participate in Arctic governance” expresses the desire of China to become an active actor in the Arctic governance and cooperation from multiple levels. At the bilateral and multilateral levels, China has had bilateral consultations on Arctic issues with all Arctic states.

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In addition to keeping dialogues with other non-Arctic states, it proposes to build a better connection between the Arctic and non-Arctic states. At the regional level, China will make contribution to the work of the Arctic Council as an accredited Observer through engaging in its Working Groups. At the global level, China will also actively engage in the international policy making for global environment, climate change, international maritime issues, and high seas fisheries management, and fulfils all its international obligations in line with the laws.

In summary, China is determined to shape itself into an active and all-round player in the Arctic region. It has a long tradition in conducting scientific research in the region and aims for increasing presence in other spheres as well in the recent years. To guide its research and commercial activities in the Arctic and to explain its intentions in the region for other stakeholders, China issued its first White Paper on Arctic policy in 2018. Identifying itself as a “near-Arctic” country in the White Paper is not only a way to safeguard its own legitimate rights in the region, but also reassures the Arctic states that it has no intention to seek the same status and rights as they have. The main focus of China in the region falls on the conduction of scientific research, the exploration and utilization of natural resources, and the development of shipping routes. The ambitious initiative of Polar Silk Road offers new opportunities for international cooperation. In the meanwhile, China emphasizes that it respects the political status quo in the Arctic and will strive for a peaceful governance along with the international community. However, will the good intentions of China be recognized by other stakeholders in the Arctic?

## 5.2 Attitudes and Opinions of European Arctic States towards the Participation of China in Arctic Affairs.

This chapter examines how other Arctic actors, primarily the European Arctic states, perceive China with regard to its increasing participation in the regional affairs from two key aspects: the accreditation of China as an Observer to the Arctic Council in 2013, and the changing geopolitical situation in the Arctic after the breakout of Crimea Crisis in 2014. The first part of this chapter investigates the relations between China and individual European Arctic states, and the reasons why

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they were supportive for / hesitant towards the application of China for an Observer status in the Arctic Council. The second part of this chapter explores how their opinions of China have changed against the background of the annexation of Crimea by Russia.

### 5.2.1 Accepting China as an Observer in the Arctic Council

As the main regional forum for cooperation in the Arctic, the Arctic Council was traditionally considered to keep the management of the regional affairs within the “private club”. However, on the contrary, the Arctic Council has been in full campaign mode of promoting its work on the international stage as early as in the 2000s and has actively reached out to the outsiders.

The reasons for the Council to engage with the rest of the world were both pragmatic and institutional. The Council was fully aware that the climate change in the Arctic was not merely a regional issue and it was imperative to involve the non-Arctic countries into its environmental policy. However, in the early 2000s, the survival of the Council itself was even a question, not to mention the effective exertion of its influence into the wider international community. Devoid of secretariat, central budget, or formal institutional structure, the Council was a loose conglomeration of Arctic states, simply focusing on the interests of the regional Indigenous People and the scientific research of the environment. The Senior Arctic Officials (SAOs) of the Council, chaired by the Icelander Gunnar Pálsson who was reluctant to attach any political role to the Council, excluded issues of security, fisheries, and even natural resources from their conference table (Willis and Depledge 2015, 396). Therefore, the inclusion of other major countries in the Council, such as the rising global power China, was considered as a feasible way to enlarge its institutional capability and improve its significance in the international system which was already filled with various international institutions. Moreover, the Council believed that it should integrate the non-Arctic countries into it and regulate their actions in the region in line with its governance, so that they will not challenge the existing regional order by working on additional treaties or even setting up a rival organization. Uniting all the related parties within the framework of the Council and giving them informal voice can preserve its central position in the management of the regional affairs (Willis and Depledge 2015, 397).

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Under this circumstance, the interest of China towards the Arctic region was welcome by the Arctic Council. In fact, it was the Chairman Gunnar Palsson who firstly suggested China to consider the possibility of applying for Observer status to the Council during his meeting with the Chinese Ministry of Foreign Affairs in Beijing in 2004 (Willis and Depledge 2015, 388). China responded with an increasing attention to the Arctic and a submission of application for the Observer status in April 2007 (Willis and Depledge 2015, 397).

At that time, the “China threat” narrative started to become increasingly prevalent in the media. However, it could not find its place in the Arctic Council. The Council officials were left with positive impression of the genuine attitude of China, praising Chinese diplomats as being well-behaved towards the Council delegates and well aware of the centrality of the Council in the regional issues (Willis and Depledge 2015, 391). Furthermore, the Council was not concerned with the interests of China in the Arctic. According to the information derived from interviews with the Council officials conducted by Willis and Depledge, there was actually no single formal discussion about China within the Council meetings before the country was granted with the Observer status in 2013 (Willis and Depledge 2015, 391). Although having no unanimous interpretations about the interests of China in the Arctic, the officials who participated in the interviews did not consider China to be ill-intended. Some of them maintained that China was aiming for environmental research; some saw China have an interests in shipping routes, fisheries, and natural resources; and some thought the actions of China were simply out of curiosity, meaning it wanted to learn about the region and cultivate positive relations with the Council member states. In addition, the interviewed officials stated that there was no need to treat China with peculiar attention because they estimated that the departure point of China in participating in the Arctic affairs was basically identical with the one of other applicants (Willis and Depledge 2015, 391). Therefore, at the Council level, welcoming China into its framework was a mainstream attitude.

#### 5.2.1.1 The Nordic Countries: The Most Affirmative Supporters of China in the Arctic Council

Since any decision of the Arctic Council is to be made by consensus of the Members (*Ottawa Declaration* 1996, 2), China needed to win votes from all the Members states in order to obtain its

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Observer status. Among the Council Members, the five Nordic countries were the most positive ones towards involving China into the Council. The primary and common motivation behind their support was economic interest. In addition, they believed that the Council should be formed into an inclusive policy-shaping body and many of the critical issues require not only regional efforts but also global solutions (Lunde 2014, 43). The rest of this chapter seeks explanations for the support of Nordic countries for China from their general relations with the country and respective interests in having it as a more involved actor in the Arctic.

Historically, China has developed a primarily good relations with the Nordic countries, which paved the way for China into participating in Arctic affairs. In the first decade of the 21<sup>st</sup> century, **Iceland** was one of the most outstanding Arctic actors in engaging with China. As a “natural partner” for China, Iceland has been steadily developing its relations with China ever since 1971 when the diplomatic relations among the two countries were officially established (Lanteigne 2016, 34). The active engagement of Iceland with China started from its huge efforts to enhance the economic ties between the two countries. Iceland was the first European country to recognize China as a fully developed market economy in 2005. It started the negotiations with China on Free Trade Agreement (FTA) in 2007 and they signed the agreement in 2013. This was the first FTA signed by China with a European state (Lanteigne 2014, 15).

The interest of Beijing in the Icelandic economy lied in its fish and seafood industry, expertise in thermal energy, and banking sector. Reykjavik responded with support for a greater economic presence of China, considering its growing economic importance in the world market. In addition, Reykjavik welcomed the investment and expertise from Beijing into the Arctic region (Goldenberg 2013), and their cooperation expanded into fossil fuel development. In the same year of 2013, more concrete progress of the cooperation between Iceland and China was manifested through their agreement on joint exploration of oil and gas in the Dreki region which is located in the North Atlantic, between Iceland and Norway (Lanteigne 2014, 20). As the first Arctic project that China has embarked, the Dreki agreement facilitated the economic influence of China in the Arctic. Furthermore, against the background of the meetings among the Arctic Five which made Iceland feel peripheral in regional governance, Iceland attached great importance to the close relationship with China, the rising



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international power and the second largest world economy, for the sake of enhancing its own voice in the Arctic issue.

However, there have also been some political disagreements within Icelandic government on the its increasing economic exchanges with China. One example was the controversy in 2011 over a USD 200 million project proposed by a Chinese investor named Huang Nubo, on behalf of Beijing Zhongkun Investment Group, to purchase around 30,000 hectares of land at Grímsstaðir in north-eastern Iceland for developing tourist facilities. The Icelandic government, concerned by domestic dissent, turned down the purchasing request by Huang. The bid was brought up again in the following year, but this time it degraded into an application for leasing a smaller amount of land for the same purpose. Nevertheless, Icelandic authorities delayed its final decision on the proposal (Lanteigne 2014, 16).

**Denmark** was the most consistent actor advocating the request of China to obtain Observer status in the Arctic Council. A benign Danish-Chinese relationship dated back to 1950 when Denmark granted formal recognition to the newly established PRC. Denmark also supported the PRC in recovering its place in the UN in 1971. It is worth noting that when China was extremely isolated in international community during the Cold War due to the containment from both the U.S. and the Soviet Union, Danish-Chinese diplomatic relation survived intact (Forsby 2016, 13, from Østergaard 2011). The opening-up of China since the 1980s injected new dynamism into Danish-Chinese relationship and they intensified their cooperation all around.

In 2008, Denmark and China signed an agreement on building a Comprehensive Strategic Partnership (CSP), which stimulated a drastic rise in bilateral trade in the 2010s and turned China into the second largest non-European economic partner of Denmark, preceded only by the U.S. Denmark gained enormous export revenues from China mostly from shipping, mink furs, pharmaceuticals, industrial machinery, and meat products (Forsby 2016, 13). It also demonstrated strength in green technology, energy efficiency, and logistical services in Chinese market (Forsby 2016, 15). With capital investments of USD 370 million, Denmark joined the Asian Infrastructure Investment Bank (AIIB), a key institution in the investment plans of BRI led by China, in spite of the opposition from the U.S.

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(Forsby 2016, 15).

The two countries have also gradually expanded their cooperation into more areas, covering research and education, climate change and environment protection, labour market conditions, anti-corruption measures, and people-to-people exchange (Forsby 2016, 15). The Danish companies, with their know-how and technology in fields such as energy efficiency, climate adaptation, water cleaning, alternative energy, sustainable urbanization, lean administration and effective governance, have catered to China in terms of its modernization reforms (Forsby 2016, 16). Furthermore, under the agreement of CSP, the two countries have boosted their political dialogues, with a threefold increase in official Ministerial Meetings (Forsby 2016, 15, from Sørensen and Delman 2016).

Apart from valuing Denmark as a member of EU and NATO, China also regards Denmark as an important strategic actor in the Arctic. Through its Ministerial Meetings with Denmark, China can publicize its interests and views of Arctic affairs. Danish government was supposed to be very interested in promoting Chinese investments in the resource extraction projects in Greenland, but it had to remain prudent to ease the U.S. sense of insecurity towards Chinese growing presence. Nevertheless, Denmark still enlisted the help of China as a balancing act against the growing Canadian influence in the Arctic (Kluth and Lynggaard 2017, 9).

Despite a stable and growing economic linkage, Denmark has been concerned with a dilemma in its relations with China. On one hand, it has the interest in promoting bilateral relations and gaining access to the vast Chinese market. On the other hand, there is also the wish to safeguard its Western democratic values with the respect for human rights at the centre. Upon the 1989 Tiananmen Square Incident, Denmark was among the first Western countries to impose sanctions against China. However, after the re-normalisation of Danish-Chinese relations, Denmark chose to stick to a pragmatic approach, avoiding sensitive political disagreements with China nor publicly criticising its human rights controversy, in order to maintain a good momentum of economic engagement with China. This dilemma between keeping economic ties with China and upholding its political tenets is not exclusive to Denmark. Norway has similar challenges.

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The relations between **Norway** and China have been more intricate in the recent decades. By virtue of the Chinese reform and opening-up policy, the two countries have gradually cultivated a close and dynamic relationship and achieved a magnificent growth in bilateral trade, which fuelled the Norwegian success in Chinese market (Sverdrup-Thygeson 2016, 46, from Pettersen, interview, 2013). However, a particularly tense moment occurred in 2010, when the Chinese government was offended by the decision of Norwegian Nobel Committee to award the Nobel Peace Prize to Xiaobo Liu, a Chinese sentenced dissident. As the Chinese government saw it, the action of Norway was a serious interference in the political and legal affairs of China (Sverdrup-Thygeson 2016, 47, from China.com.cn 2010).

The consequence of the Nobel Prize conferment was severe for Chinese-Norwegian political relations. As a retaliatory measure to Norway, China suspended formal connections in various fields between the two countries for a long time. It stopped importing fish products from Norway, put all scheduled bilateral political meetings into abeyance, and denied the visa application from Norwegian experts. Even the visit requests made by high-ranking Norwegian officials, such as the former Prime Minister Kjell Magne Bondevik, were turned away by the Chinese government (Tulupov 2013).

The Norwegian government, feeling the pressure from its business community which admitted that in the economic sector “Norway needs China more than China needs Norway”, has sought to resolve the diplomatic deadlock through various channels since 2011. Though initially the goodwill by Norwegian government officials did not receive positive response from their Chinese counterparts, a breakthrough in negotiation for recovering bilateral relations emerged between 2013 and 2014. The sincere attempts made by Norway including accepting the application of Beijing for Arctic Council Observer status in 2013, establishing the China-Nordic Arctic Research Centre in Shanghai in the same year, etc (Bos 2016). China welcomed a normal relationship with Norway, considering that a stable economic connection will yield huge benefits for both countries. It also needed a friendly linkage with Norway in the North Polar in order to implement its projects in the region. In 2015, despite unrecovered relations with Norway, China accepted it as a founding member of AIIB. Full normalisation of political and diplomatic relations was finally achieved in December 2016 with a joint governmental press release.

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**Sweden** considered China as a key source of investment and a major market for Swedish businesses. Ever since 2003, China has been the most important trading partner for Sweden in Asia. Trade and investment in their bilateral exchanges have taken such an essential position that most Swedish official visits to China were accompanied by a large team of business delegates (Leijonhufvud 2016, 64). For China, Sweden has been an attractive partner with its advantages in fields such as research and higher education, green technology, information technology, urbanization, and welfare systems (Leijonhufvud 2016, 65). Around 600 Swedish companies operating in China flourished along with its rapidly expanding market, and in turn, Sweden emphasized the importance of providing an equal platform in its industries for Chinese companies (Swedish Ministry for Foreign Affairs 2019). Sweden was also unique in advocating Chinese investment in the Arctic, as it was the first one to allow China to build a satellite facility named North Polar Ground Station on its territory. Similar to other Nordic countries, Sweden has been trying to maintain a balanced stance between commercial cooperation with China and protection of the core Swedish values such as human rights and freedom of expression (Khorrami 2019).

**Finland** is one of the few countries which has never cut off diplomatic relations with China (Kallio 2016, 23). Sino-Finnish cooperation relations are basically motivated by economic interests from the Finnish side. The two countries also address close exchanges in other fields such as politics, environment and climate, research and education, and cultural development (Kallio 2016, 25). On the international BRI Forum in Beijing in 2017, the then Finnish Prime Minister Juha Sipilä expressed his open attitude towards BRI by proposing a joint Nordics and Arctic cooperation with China within the BRI framework (Biedermann 2021, 11). Among the Chinese-led projects under BRI, Finland was particularly interested in the ‘Digital Polar Silk Road’ initiated in 2016, for which the Finnish government has held negotiations of a 10,500 km cable through the Arctic (Biedermann 2021, 11). If the agreement can be achieved by all parties, not only more industries will be attracted to Finland, but also the country will become the European data gateway to Asia, providing a much convenient data connection between the two continents.

Moreover, eager to position itself at the centre of the trade between East Asia and Europe, Finland

has envisioned more convenient transport connection with China through the PSR. Finnish academics and entrepreneurs pitched an ambitious transportation infrastructure plan named the “Arctic Corridor” (Figure 6.). It will lay in between Tallinn and Helsinki as an undersea tunnel, switch to a north-south railway system across the Finnish land, connect Rovaniemi of Finland and Kirkenes the Norwegian port, and converge with the PSR in the Barents Sea. Once the “Arctic Corridor” is completed, Chinese commodities can arrive in the Nordics and countries in the Baltic Sea region in a short cut via the PSR, and oil and gas from Russian Arctic fields can be transported westward to Kirkenes (Devonshire-Ellis 2017). This project was so ambitious that Finnish politicians were once concerned with the tremendous volume of investment to be made, but great impetus from Chinese investment, equipment, and labour shapes the plan more like a potential reality (McNeicein, 2018). The target year for the completion of the Helsinki-Tallinn tunnel is 2024, and the building of the Rovaniemi-Kirkenes railway will start in the late 2030s (arcticcorridor.fi).



**Figure 6.** The Vision for the “Arctic Corridor” (Source: [Brett Dietrich/China Daily](#)).

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In summary, the diplomatic dynamics between China and the five Nordic countries have evolved in the last seventy years. There are two key features characterising the relations between China and the Nordics: firstly, mutual benefits stemmed from their positive economic and political ties; secondly, the tendency of China to use its economic leverage as a political tool and the dilemma of Nordic countries between its economic interests and political values. In most of the cases, the economic dimension has taken the priority in the Chinese strategy of the Nordics, and China values the Nordics as strategic partners with regard to their strengths in high technology and expertise in many other fields. In addition, for China, having a more pronounced voice in the Arctic region necessitates maintaining a close relation with the Nordics; for the Nordics, Chinese investment and influence in the Arctic can also cater to their development and strategic needs. Though experiencing rise and fall at some critical points throughout the decades, the bilateral relations between China and the Nordics finally manage to reach harmony and reciprocity, which transformed into the advocacy for Observer status of China in the Arctic Council.

#### 5.2.1.2 Russia: The Reluctant yet Pragmatic Supporter of China in the Arctic Council

Even though the mainstream attitude within the Arctic Council was approval for the engagement of non-Arctic countries, there was still dissidence coming from its members. Specifically, Russia held a reluctant attitude when it came to the discussion about granting the Observer status to China and other applicants. For Moscow, the idea of the Arctic as a “property of all the humankind” upheld by Beijing is not acceptable. On the contrary, Moscow has been a strong advocate of the predominance of the narrower circle of the Arctic Five and has been highly sensitive towards security issue in the region. The Russian Senior Official Vasiliev explicitly expressed the opinion that since the five littoral states are directly responsible for the practical management of the Arctic Ocean, its security, and safety of navigation, the involvement of any new actors is not necessary. The Russian Navy Commander Admiral Vladimir Vysotsky also made a rare warning speech with China as his target in 2010, stating that Russia was observing its penetration in the Arctic (Hong 2020, 8).

In addition, the hesitancy of Russia was related to its concerns of power balance and security interests

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in the Arctic region. In the Arctic, Russia is the most powerful actor in both geographical and military sense: it controls more than 50% of the Arctic coastline and has a substantial military force in the Arctic including naval, aerial, and missile assets. As mentioned in Chapter Four, the NSR, running mostly inside Russian sovereign waters, was defined as a national transport route for Russia in the Arctic in *Basic Principles 2020* issued in 2008. Its significance was further emphasised in the renewed strategy paper of *Basic Principles 2035* issued in 2020. Therefore, Russia has sought to ensure the safety and security of the NSR and its critical infrastructures along the route. However, the presence of other strong actors in the Arctic, such as China, would change the balance of power in the Arctic and especially would contest the dominant position of Russia in the region. Particularly, Russia was irritated by the determination of China to explore the shipping potential of the NSR and to integrate the development of it into BRI, because it would be faced with complicated tasks in protecting the national resource bases in the region and the transport route. Furthermore, Russia was also concerned with China as a rising military power on its southern border (Pezard 2018, 7).

Regardless of all the concerns, Russia remained to be a pragmatic actor which had incentives to cooperate with other stakeholders in the region, and ultimately agreed on the acceptance of China into the Arctic Council. After all, in order to accomplish its ambitious Arctic projects, Russia has been heavily dependent on foreign know-how and investments. For example, China is a major investor in the Yamal LNG project of Russia by holding a 29.9% stake, and Russia has the intention to expand the railway and port facilities in Arkhangelsk with the cooperation from China (Hong 2020, 11). On the other hand, as its economic growth is increasingly dependent on natural resource exportation, Russia will be benefited from the connection between its oil and gas industries and Asian markets through the Arctic shipping route, and this was the reason why Russia welcomed Chinese interest in establishing port infrastructures along the NSR. As for the security concerns of Moscow, they were eased by the oath in both written and oral forms made by Beijing to respect the sovereignty, rights, and jurisdiction of the Arctic states (Willis and Depledge 2015, 400). Last but not least, if Russia rejects the cooperation from China, it might fear that China will form a coalition with the Nordic countries requiring a joint development of the NSR. This new balance of power between the Nordic countries, China, and Russia will definitely be last thing that Russia expects in the Arctic and it does not want to merely play a transit role between China and the Nordic countries on the Arctic issues.

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### 5.2.1.3 *Kiruna Declaration*: Granting China the Observer Status

China has not been granted the Observer status by the Arctic Council until 2013 when the Ministerial Meeting was held in Kiruna, Sweden. Some scholars interpreted this deferment as the hesitancy of the Council due to its uncertainty towards the true intentions of China in the region (Hong 2020). However, as mentioned above, Willis and Depledge obtained a different perception from their interviews with the Arctic Council officials: there was no spoken scepticism towards the real intentions of China with regard to the Arctic; on the contrary, the involvement of China was never a topic on the meeting agenda of the Council. Furthermore, Willis and Depledge believed that the admission of China as an Observer was actually the result of institutional maturation of the Council rather than the result of specific discussions concerning China in the Council.

Even though the Council members were willing to admit China along with other applicants, they had to admit that they were not ready institutionally. Though the category of Observer was created in its founding document, namely *Ottawa Declaration*, the Council has not established any criteria for admitting Observers or rules for regulating the actions of Observers. As also mentioned in previous chapters of this thesis, *Ottawa Declaration* only provided absolute authority for the eight Member states and ordered a consensus of the Members upon all decisions in the Council. There were still many questions to be discussed regarding the potential Observers: What was their role? What were their rights and obligations? How would they change the function of the Council? How would they affect the position of the PPs? How would they contribute to the work of the Council? Therefore, with the necessity to make a list of admission criteria and code of conduct in the first place, the consideration of the application of China made in 2007 was deferred until later Ministerial Meetings.

Only until the Arctic Council Ministerial Meeting in Kiruna of Sweden in 2013 could the Senior Arctic Officials (SAOs) push forward the process on the decision of new Observer admission. It was still hard to reach a consensus, as some SAOs saw no harm to make the activities of the Council fully transparent to the Observers, while others disliked the idea that they would be scrutinized by those governments outside of the region (Willis and Depledge 2015, 400). However, Stockholm was



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determined to wrap up the debate before “it was polarized even further” (Willis and Depledge 2015, 401). The SAOs came up with seven admission criteria for Observers as part of annexes to the *1998 Rules of Procedure*, which included:

- (1) accepting and supporting the objectives of the Arctic Council defined in the *Ottawa Declaration*;
- (2) recognizing Arctic States’ sovereignty, sovereignty rights and jurisdiction in the Arctic;
- (3) recognizing that an extensive legal framework applies to the Arctic Ocean including, notably, the Law of the Sea;
- (4) respecting the values, interests, culture and traditions of Arctic Indigenous Peoples and other Arctic inhabitants;
- (5) demonstrating a political willingness and financial ability to contribute to the work of the PPs and other Arctic Indigenous Peoples;
- (6) demonstrating their Arctic interests and expertise relevant to the work of the Arctic Council;
- (7) demonstrating a concrete interest and ability to support the work of the Arctic Council (*Arctic Council Rules of Procedure* 2013, 14).

Having the recognition from China and other applicants of the items above, the Arctic Council finally announced the accreditation of their Observer status in *Kiruna Declaration*:

[The Ministers] welcome China, India, Italy, Japan, Republic of Korea and Singapore as new Observer States, and take note of the adoption by Senior Arctic Officials of an Observer manual to guide the Council’s subsidiary bodies in relation to meeting logistics and the roles played by Observers (*Kiruna Declaration* 2013, 6).

As mentioned in the declaration, China, as an Observer, should abide by the rules written in *Observer Manual* when taking part in the Council activities. *Observer Manual* reiterated the exclusive membership of the Council owned by the eight Arctic states and the special position of PPs. It defined that the primary role of Observers is “to observe the work of the Arctic Council”. Observers may attend meetings and other activities of the Council, but the Members and PPs are “seated at the main

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table”. Only after the speakers from Members and PPs intervene and discuss the agenda items in the first place, can Observers have the opportunity to make statements, “take part in discussion concerning projects to which the Observer intends to contribute to or has contributed”, present written statements, and submit relevant documents. Observers will have access to the documents available to Members and PPs of the meetings which they all attend, unless the documents are “designated as restricted to Members and PPs”. Observers may “propose projects through a Member or a PP”, but their total financial contributions to any given project may not exceed those from the Members. Last but not least, if any Observer “engages in activities which are at odds with *Ottawa Declaration* or with the *Rules of Procedure*”, its Observer status will be suspended.

Overall, China was finally admitted as an Observer to the Arctic Council after years of delay, and it was expected to play an active role and make constructive contribution to the work of the Council with its financial and expertise advantages. However, its activities should be in line with the instructive documents including *Observer Manual* and *Rules of Procedure*, otherwise it will be at the danger of expulsion. Not only do these documents provide a code of conduct for the Observers, but also draws a clear distinction between the formal Members and Observers, with the purpose of preserving the predominance of the former and preventing potential abuse of power by the latter.

### 5.2.2 The Geopolitical Dynamics in the Arctic after the Crimea Crisis: The Unchanging and Changing Aspects

Some researchers may argue that the Crimea Crisis in 2014 marked the watershed of geopolitical dynamics in the Arctic, and their judgement is reasonable to some extent. Generally speaking, before 2014, the Arctic was considered as a land of peace, and the Arctic Council, abiding by *1996 Ottawa Declaration*, has never allowed military security issues to appear on its working agenda. Despite the tension in Sweden-Russia relations which mainly derived from Russian military activities conducted near Swedish territory, the Nordic countries generally maintained a friendly and collaborative relations with Russia by virtue of their consensus on international laws, common policies, and cooperation projects. The Arctic Council, of course, has been the most important forum facilitating Nordic-Russian cooperation and communication on Arctic issues. The *Ilulissat Declaration*, though

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being controversial, has had a positive effect on the practical cooperation among the Arctic Five regarding navigation safety, scientific cooperation, environmental monitoring and so on (Biedermann 2021, 5). Nevertheless, after the Crimea Crisis in 2014, the Nordic countries shifted to the stance of defensive neorealism in dealing with Russia, concerned with its aggressive actions in Crimea and increasing military deployment in the Arctic. They also began to cautiously re-examine the intentions of China in the Arctic, considering that there was a potential for growing Sino-Russian cooperation in the region.

#### 5.2.2.1 The Normal Operation of the Arctic Council and the Growing Tensions among Member States after the Crimea Crisis

Before examining the reactions of the individual Nordic countries towards the geopolitical dynamics in the Arctic, it is worth mentioning that, even though Russia and other Arctic states have had tense relations after the annexation of Crimea, the situation was actually intricate and thus cannot be simply described as a clear-cut conflict or non-conflict scenario.

While most economic and military cooperation between Russia and Western countries was brought to a halt, the operation of the Arctic Council remained to be intact: there were still many projects of regional cooperation continued as usual in the Council under the chairmanship of Iceland, including on fisheries, search and rescue, navigation and climate changes (Byers 2017, 376). Russian Foreign Minister Sergey Lavrov even attended the Ministerial Meeting of the Council in 2014. Though Canada boycotted a meeting of Task Force in the Council in response to the annexation of Crimea and the continuing provocative actions of Russia elsewhere, it had no intention that the Council operations should be suspended. On the contrary, Canada ensured that it would continue to be supportive of the important work of the Council (Byers 2017, 387). Under this circumstance, the Task Forces initiated before the Crimea Crisis continued to meet regularly with all the Council members included, and there were new Task Forces established after the Crisis, such as the one on scientific cooperation in May 2014 and the one on marine cooperation in April 2015. Those new projects were certainly carried out with full support and involvement of Russia.

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The fundamental reason why the Arctic Council could stay relatively immune from the geopolitical tensions from a wider context can be found from the commitment of Member states written in the founding document of the forum, namely *1996 Ottawa Declaration*. It stipulates that decisions cannot be achieved without the consensus of all the member states. It also defines that the forum is dedicated to the cooperation on environmental protection and sustainable economic development in the region and should not deal with issues related to military security. The *Declaration* thus differentiates the core missions of the Council from military security, making them resilient to tensions in the latter issue area. Therefore, the normal operation of the Arctic Council was not affected by the geopolitical tension between Russia and other Arctic states following the Crimea Crisis. The Council maintained the current cooperation among Arctic states, given that the regional issues which have direct impact on the Member states, such as climate crisis and maritime rescue, hold more dominant position than Crimea Crisis on its agenda.

In addition, it is basically impossible for the Arctic states to engage in conflicts when their interests are deeply interlinked. For example, joint management is indispensable for the common issues that they are faced with such as climate change, environment protection, and maritime search and rescue. These are the onerous and cross-border tasks that cannot be tackled by any single country. Russian oil and gas are necessary imports for some of the other Arctic states. Statistics show that, for instance, Russian oil accounted for 84% of the imports of Finland in November 2021 (Reuters 2022). Russia has also developed a close linkage with the EU through its Members in the Arctic.

Remarkably, in 2016, the Arctic Council issued a declaration upon its 20th anniversary and stated itself as “a forum for peace and cooperation”. In the declaration, the Council reaffirmed its commitment to coordinating all the actors under its auspices in addressing climate change, environmental issues, sustainable development, and the wellbeing of Arctic inhabitants. It looked forward to “a long-term future of peace and stability in the region” (Arctic Council 2016). This declaration indicated that the Council will uphold the spirit of *Ottawa Declaration* and keep carrying on its missions in spite of the international geopolitical turmoil.

However, it cannot be denied that the annexation of Crimea indeed has driven a wedge between

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Russia and other Arctic states and non-Arctic international organizations. In the economic sphere, the United States, Canada, Norway and EU started large-scale sanctions on Russia<sup>14</sup>, including the restriction on its access to Western capital and technologies for oil and gas exploration in the offshore Arctic (Overland and Kubayeva 2018, 98). In the security sphere, the military cooperation between NATO and Russia was suspended just one month after the annexation of Crimea. With the decrease of cooperation and communication and the increase of suspicion toward the real intention of each other, Russia and its Arctic neighbours fell in security dilemma, and military exercises on both the Russian and non-Russian sides of the Arctic have gained momentum. For instance, the under new challenges and military threats, in March 2015 Russia held five-day Arctic drills to examine the capability of its Northern Fleet in protecting the state borders on land, in the air, and at sea, with the participation of 38,000 servicemen, more than 50 surface ships and submarines, and 110 aircrafts (Isachenkov 2015). The tension in the High North heightened, as the Norway-led “Arctic Challenge” exercise was conducted in May 2015 with the collaboration of Sweden and Finland. Moreover, as the military capabilities of Russia in the eastern Arctic have been strengthened, Norway, Denmark, Iceland, Sweden and Finland reacted with an agreement on military cooperation in April 2015 to further develop defence capabilities.

Under the new and tense geopolitical circumstance, what was the situation of China in the Arctic Council? Did the Council have any concerns with China? This thesis looks for answers from the official documents archived in the Arctic Council website since 2013, including Declarations, SAOs Reports, and the Observer Reports submitted to the Council by China. It can be concluded that China maintained a steady, continued, and extensive participation ever since it obtained the Observer status in the Council.

In fact, the conclusion above is mainly drawn from the Observer Reports by China in 2016, 2018, and 2020, because basically all the Declarations and SAOs Reports referred to the Observers as a whole, without specifically elaborating issues related to China. One exception was that the 2019

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<sup>14</sup> The sanctions against Russia on the annexation of Crimea have extended into three rounds from 2014 to 2021. The first and second round of sanctions were in March and April 2014. The third round was from July 2014 to 2021. After Russia invaded Ukraine in February 2022, the fourth and tougher round of sanctions was initiated with more countries participating.

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SAOs Report briefly mentioned China in the achievements of Working Group named Conservation of the Arctic Flora and Fauna between 2017 and 2019: “Important in these efforts [of conserving migratory bird populations] are technical workshops held in Observer countries, such as in China (2018). Cooperation with China, for example, could help significantly advance action on habitat protection and unsustainable harvest in the East Asian-Australasian Flyway.” It can be inferred from this simple reference that at least China has gained recognition from the Arctic Council in terms of its contribution to and potential in the conservation of Arctic migratory birds.

The three Observer Reports by China, with each recapping its work in the last two years, give more information about the Chinese activities within the Arctic Council framework. China has been an active role in the Council in many ways. It attended all the governmental meetings open to Observers in the Council (Report 2016). Chinese governmental officials, experts, and university scholars were active and constructive participants in the meetings of all the six Working Groups (Reports 2016, 2018, and 2020). China hosted meetings and sessions related to Arctic issues (Report 2016). China initiated various projects regarding climate change, pollution, and environmental protection (Report 2016). Between 2016 and 2020, China has conducted five scientific expeditions in the Arctic waters and shared the relevant outcomes in the Working Groups meetings (Report 2020). As of 2020, 13 Chinese universities and scientific institutes have joined the network of UArctic (Report 2020). Particularly, China attached great significance to the traditions and cultures of the Arctic Indigenous Peoples and did research on issues such as how Asian countries can dedicate to the welfare of Indigenous Peoples (Reports 2018 and 2020). Outside of the Council, China held dialogues on Arctic affairs with both the Arctic and non-Arctic states (Reports 2016, 2018, and 2020), and it continued to work on the joint programs with its Arctic partners such as Iceland and Norway (Reports 2018 and 2020).

In sum, despite the tense geopolitical situations among Russia and other Arctic states following the Crimea Crisis, the Arctic Council maintained its full functions with the continued work of all Member states. Ministerial Meetings were held as usual, and there were advances in the initiation of new Task Forces. China did not find its activities in the Council impeded, either. In fact, after being accredited as an Observer, China lived up to the expectation of the Council and has been an active and

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responsible actor.

#### 5.2.2.2 Russia-China Cooperation and the Changing Nordic Perceptions towards China

New geopolitical dynamics following the Crimea Crisis had more impact on the strategic relations at state level. As mentioned above, traditionally Russia was reluctant to welcome China into the Arctic region, concerned that it will pose challenges for its strategic position in the region and sovereign security along the NSR. Furthermore, the BRI was considered by Russia as a threat to its interests and influence in Central Asia rather than an opportunity for mutual development.

However, since 2014, Russia has been increasingly open to the participation of China in its Arctic energy projects. The shift of Russian attitude towards China was mainly motivated by two factors: firstly, the fall in oil prices put Russian economy under pressure and thus made it more difficult for the Kremlin to support the costly energy and infrastructure projects in the Arctic; secondly, Western sanctions following Crimea Crisis limited the access of major Russian oil and gas companies to equipment and technology essential for deep oil production (Lasserre and V. Alexeeva 2019, 14). As a result, Russia looked for new partnership and thus integrated China into its projects of Arctic development, inviting Chinese companies and banks not only to make investments but also to export their technology to Russia for the purpose of joint development of the NSR infrastructure.

The openness towards China in the Russian Arctic energy projects was reiterated by Russian officials and diplomats in various occasions in the next years. The strategic relations between the two countries have also been gradually enhanced and upgraded, as China was invited to join the development of some crucial Russian Arctic infrastructures. In 2015, the Minister of Natural Resources Sergey Donskoy called for a collaborative development of Arctic energy resources with China, inviting it to make contributions with its investment and technology; Chinese Premier Li Keqiang and Russian Prime Minister Medvedev signed a joint statement in December 2015 which for the first time proposed that the two countries would jointly develop the NSR into a competitive commercial sea route (Deng 2016); the Russian Minister of Foreign Affairs Sergey Lavrov also stated in 2016 that Russia welcomed Chinese investors in the Arctic; in the same year, Deputy Prime Minister Dmitry

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Rogozin announced that China was one of the most potential partners for the infrastructure development of the NSR. He also suggested the creation of a “Cold Silk Road” through the Arctic with the integration of NSR into BRI. Vladimir Putin and Xi Jinping identified the joint development of the infrastructure along the NSR as a key area of Sino-Russian cooperation and discussed the possibilities for China to participate in the construction of the Belkomur railway and the deep-water harbour in Arkhangelsk (Sørensen and Klimenko 2017, 34). In 2019, Putin attended the second BRI Forum and addressed it as an “important platform and set a successful example for expanding international cooperation” (Biedermann 2021, 8).

A closer Russia-China cooperation on energy resources and sea routes appears to be of great potential. After all, on one hand, Russia has a strong motivation in exploring Arctic oil and gas fields since its economic growth heavily relies on exports of oil and gas. On the other hand, China has a growing consumer market and growing demand for diversified energy imports and shipping routes (see Chapter 4.2). Impelled by the common interests in developing the Arctic, companies from both sides have made some progress in their cooperation. The shipping company of China named COSCO made trial shipments along the NSR in 2013 and 2015, and then has been dedicated to working on feasible cargo shipment services. The Yamal Liquefied Natural Gas (LNG) project has been the most successful example of the pragmatic cooperation between the two countries. The LNG plant, located in the northeast of the Yamal peninsula of Russia, officially started LNG exports to China via the NSR in 2017. China is the second-most important stakeholder of the project with a 29.9% share, and Chinese companies were involved in the manufacture of key drilling equipment, helping Russia overcome technological difficulties resulted from Western sanctions (Lasserre and V. Alexeeva 2019, 22). The Yamal LNG project is of important implications to both countries. For Russia, it creates job opportunities, facilitates local industrial and urban development, enhances modernization, and highlights the strategic importance of the NSR. For China, the project provides a platform showing its skills and competence in the energy resources development, and thus it can further strengthen Chinese influence in the Arctic region.

However, Russia may be disappointed by the prudent Chinese attitude in taking it as a major energy partner. In the case of the importation of crude oil, China has shown moderation by not relying too



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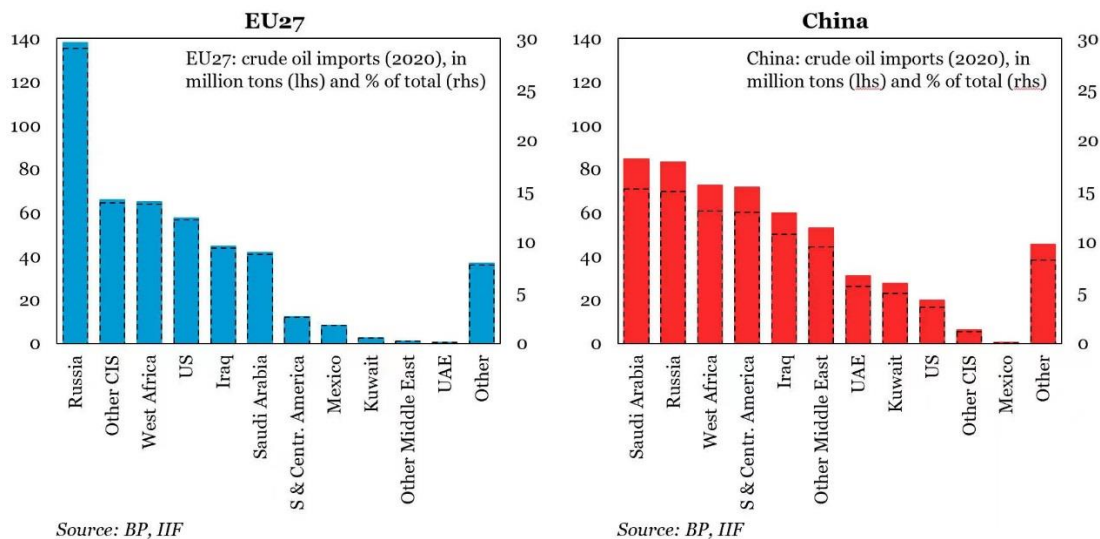
much on any one of its multiple sources (Chart 1.). In 2020, China only imported 80 million tons of crude oil from Russia, which accounted for around 15% of its total crude oil imports. China did not overlook its traditional energy partners such as Saudi Arabia and West Africa. On the other hand, for Russia, its most essential buyers of crude oil remained to be the EU countries which have imported 140 million tons of Russian crude oil in 2020, with Germany and the Netherlands on top of the rank.<sup>15</sup> In the case of natural gas, the most outstanding suppliers for China in 2021 has been Australia and Turkmenistan, with 4.1 and 3.2 billion cubic of natural gas exported to China respectively. Russia only came in the third place, exporting a much more moderate amount of natural gas of 1.6 billion cubic to China in the same year (Chart 2.). Statistics also revealed that Russia still had the EU as its largest buyer of natural gas in 2021.<sup>16</sup> Therefore, it is arguable that Russia has benefited much more from its European partners than the Chinese in terms of natural resources revenues.

Scholars also argue that there has been a discrepancy between the reality and anticipation in Sino-Russian joint management of energy projects. On one hand, Russia maintained its cautious attitude towards the Chinese involvement in its Arctic waters which are of security significance to Russia, especially the NSR. Russia enhanced its military presence along the NSR, a behaviour which can hardly be considered as a manifestation of its relaxed attitude towards China in the region. On the other hand, Chinese companies have been profit-oriented and required nothing but a “significant control and management role” in the cooperative energy projects (Hong 2020, 44). Many discussions on their energy projects failed to be materialized because China would not sign the deal unless it thought the price offered by Russia would be acceptable (Overland and Kubayeva 2018, 112). Therefore, the Chinese investment in Russian energy projects was not as significant as both the countries expected.

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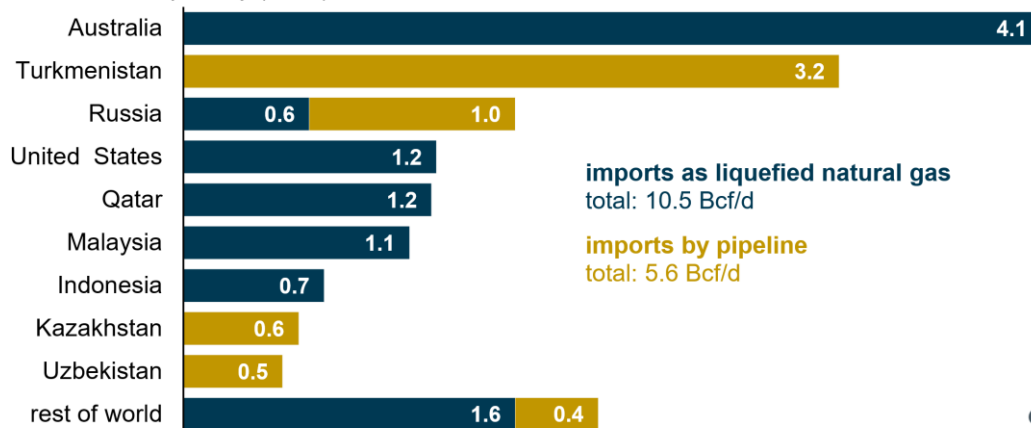
<sup>15</sup> “EU Imports of Energy Products - Recent Developments.” Eurostat. 2022. [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=EU\\_imports\\_of\\_energy\\_products\\_-\\_recent\\_developments&oldid=564016](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=EU_imports_of_energy_products_-_recent_developments&oldid=564016)

<sup>16</sup> “Exports of Natural Gas in Russia increased to 64290 USD Million in 2011 from 47739.30 USD Million in 2010.” Trading Economics. <https://tradingeconomics.com/russia/exports-of-natural-gas>



**Chart 1.** A Comparison of the Crude Oil Imports of EU and China in 2020 (Source: [IIF Deputy Chief Economist Elina Ribakova](#)).

**China's natural gas imports from selected countries (2021)**  
billion cubic feet per day (Bcf/d)



**Chart 2.** The Suppliers of Natural Gas for China in 2021 (Source: [U.S. Energy Information Administration](#)).

Even though Russia and China have had some struggles in building their economic cooperation, a tendency of growing strategic Sino-Russian relationship is still on the rise and has concerned the Nordic countries. In faced with the aggressive Russian military actions in Crimea and elsewhere, the increasing presence of China in the Arctic, and its enhanced relationship with Russia, the Nordic countries began to re-examine the Arctic security situation as well as the position and intention of the rising Asian power in the Arctic. Although the State Secretary of Norwegian Foreign Ministry Audun

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Halvorsen denied that China was a threat to the Arctic, Norway joined Sweden, Denmark and Finland in excluding Huawei from the construction of 5G networks in the region out of security concerns (Biedermann 2021, 12). In 2019, the Danish Defence Intelligence Service warned of intensifying geopolitical rivalry in the Arctic, claiming that Chinese military, with “dual-purpose”, uses scientific research in the Arctic as a way of getting into the region. The Swede Hans Wallmark expressed during his presidency of the Nordic Council that the Council believes China is a threat to the Nordic countries (Kerr 2019).

The concerns for the changing security situation in the Arctic region have been expressed in the Arctic strategies of the Nordic countries. Some national strategies showed moderation towards the security issues, while others adopted a relatively proactive rhetoric. Though some of them were not necessarily specifically targeting China, it can be argued that, while investigating the holistic situation in the Arctic, the Nordic countries certainly have China in mind.

**Iceland** issued its first Arctic policy in 2011, and it showed that the country already realized the need to safeguard its broadly defined security interests in the Arctic region. There has been increasing attention from international community on the region, and particularly, “China, Japan and the European Union have wanted to have influence on current developments.” Iceland attached significance to its defence cooperation with the United States, and to the regional defence and security cooperation with Norway, Denmark and Canada. Iceland maintained that general security must be strengthened in the Arctic region; however, the militarisation of the area should be prevented (Government of Iceland 2011). In 2021, Iceland revised its Arctic policy as a response to the environmental, economic, and security changes in the Arctic. The new policy paper maintained consistency with the previous one, stating that the growing international interests in the Arctic region not only indicated opportunities for Iceland, but also significantly changed the regional security scenario and thus posed defence challenge to Iceland. Particularly, Iceland claimed that, though the activities of China in the Arctic have basically been limited within economic and scientific fields, they may have security and political dimensions in the future which need to be specifically monitored. Iceland also reiterated in the new policy paper that non-Arctic states should respect international law and the sovereign rights of the eight Arctic states when conducting activities in the Arctic

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(Government of Iceland 2021).

In its 2013 Arctic strategy<sup>17</sup>, **Finland** stated that it has noticed the growing and keen interest in the Arctic from countries beyond the region. Their competition for the economic potential and new transport routes would have implications for security policy. Moreover, Finland took the growing presence of China and other Asian countries into account. The country showed determination in paying close attention to security developments in the Arctic, and it would be well prepared to actively promote stability and security in the region through international cooperation. Specifically, Finland would “explore the potential for increasing Nordic defence cooperation in Arctic issues.” (The Prime Minister’s Office of Finland 2013).

The Arctic strategy of **Denmark** for 2011-2020 stated the position of the country in the security sphere without much elaboration: “its approach to security policy in the Arctic is based on an overall goal of preventing conflicts and avoiding the militarization of the Arctic.” There are more details in its new version of *Foreign and Security Policy Strategy* issued in January 2022. This policy paper stated that there is an increasing risk of military and political escalation in and around the Arctic due to an increasing Russian military presence and the statement of “being a near-Arctic state” made by China. Denmark would continue its defence presence throughout the Arctic. Most importantly, Denmark would firmly support the U.S. as its crucial partner in the Arctic and support the increased attention of NATO to the region, because “it is a natural consequence of the increasing geopolitical challenges in the region, driven especially by Russia.” (Ministry of Foreign Affairs of Denmark 2022). However, Denmark also maintained that it would work specifically to avoid a military escalation and arms race in the Arctic.

**Norway**, in its 2017 Arctic strategy, also emphasized the importance of its NATO membership in its security policy, against the background of the increasing Russian military activity in the North. Nevertheless, Norway believed that international cooperation would be vital for maintaining peace and security, and thus, “despite Russia’s violations of international law in Ukraine and Norway’s

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<sup>17</sup> Finland has not renewed its Arctic Strategy yet since the issue of this version.

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response to these”, “Norway wants to have good neighbourly relations with Russia”. Norway thought highly of the cooperation with Russia in addressing key challenges in the North, and its government “gives high priority to dialogue with the Russian authorities.” (Government of Norway 2017). In this Arctic Strategy paper, Norway did not take China into consideration in terms of its security interests. This could be very likely because of the reason that it just renormalized diplomatic relationship with China in 2016 and then it avoided to be involved into disputes with China again in sensitive issues.

The most obvious narration of China as a challenger against the existing international order of the Arctic can be found in the Arctic strategy of **Sweden** issued in 2020. Sweden stated that it would be willing to continue developing cooperation with non-Arctic states including China, but it spent more words on evaluating the increased global ambitions of China, especially in the Arctic. Sweden believed that the growing influence of China in the Arctic can “risk leading to conflicts of interests” It noticed that, although China “expresses general support for international law, it acts selectively, especially concerning issues that it regards as its core interests.” Sweden also called for more attention onto the building-up naval forces of China, and it estimated that China and Russia could possibly conduct military cooperation aiming at the Arctic. Therefore, Sweden encouraged like-minded countries and the EU to “cooperate and act together regarding challenges and opportunities resulting from the increase in China’s global influence.” (The Ministry of Foreign Affairs of Sweden 2020).

In addition to the aforementioned national strategy papers, there were also institutional reports of foreign and security policy disseminating concerns for China. In a report on Nordic Foreign and Security Policy, the Icelander Björn Bjarnason maintained that, though Chinese military activity in the Arctic has still been very limited, the presence and strategic Arctic interest of China would have implications for security policy. He warned that the actions of China making maritime claims, which appeared in the South China Sea, must be kept out of the Arctic. He also urged the Nordic countries to develop a common Nordic analysis, policy, and approach to Chinese Arctic involvement (Bjarnason 2020, 12).

The concerns of the Nordic countries towards China did not just remain on the paper: their attitudes have been manifested through actions. For instance, the Nordics found it ambiguous in terms of the

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interest of China in investing in the strategic infrastructure and sectors in the region (Biedermann 2021, 12). According to a survey conducted by the Norwegian Institute of International Affairs among around 5000 people in the five Nordic countries, citizens prefer a foreign investment screening mechanism, especially for the investments from China in natural resources, infrastructure, and technology. Denmark and Finland have implemented a screening mechanism, following the establishment of an EU framework for the screening of foreign direct investment. On the BRI and PSR, the policymakers in the Nordic countries maintained a passive wait-and-see attitude. The participation of Denmark in the BRI and PSR was restrained to Greenland, and the interest of Norway in China was limited to trade and export of resources (Biedermann 2021, 12).

In summary, the triangle geopolitical relationships among Russia, the Nordic countries, and China have strategically changed after the Crimea Crisis, and this change was driven by national interests. Russia and China have common aims in developing the Arctic region. Under the sanctions imposed by the Western countries, Russia began to seek more investment and expertise support from China to continue its Arctic energy and shipping route development. China, on the other hand, had the intention to secure its energy supply by diversifying the sources, among which Russia could be of great potential. It also would be benefited from a good relationship with Russia if it wanted more legitimate involvement into the Arctic affairs. The increasing cooperation between Russia and China has aroused concerns from the Nordic countries. Some of them renewed their Arctic strategy and / or security strategy, in which attentions were called for towards Russia, China, and their cooperation in the Arctic. However, it is noteworthy that the cooperation between Russia and China has not been as smooth as they anticipated, because there are still fundamental discrepancies between their strategic interests.

## **6. Results**

Though the interests of stakeholders in the Arctic match and divide, it is an illusion to try to tell clear-cut different camps. Who are the friends of China in the Arctic, and who are the foes? There is no fixed answer. Countries will form new structure of alignment in times of need. Nevertheless, this thesis manages to gain a clear picture of the geopolitical dynamics in the Arctic through the lens of realistic IR theory.

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Realists maintain that the international system, having no supranational authority, is always in a state of anarchy. Therefore, in their point of view, the security of states in the world have to be maintained by themselves and thus they cannot engage with each other in a simply peaceful mindset. To gain a superior strategic stance and more resources, states are prepared for a zero-sum game involving rivalry, conflict, and even war. As Mearsheimer compares the sphere of world politics to a cage with a limited space where states compete for survival and power, in the context of the Arctic region, both Arctic and non-Arctic actors compete for more living space in order to maintain a significant strategic influence and to explore more economic potential in the “cage” made of melting glacier.

The international setting of anarchy and inevitable conflicts among states appear to be a destiny for humankind. Fortunately, as Buzan depicts in his spectrum of anarchies, chaos can be reined by international norms and institutions, and anarchy has various versions as international relations are changeable. Even the most desperate anarchy can be altered with goodwill for peace. States have drawn lessons from the tragic consequences of wars and have withdrawn from the conflict thinking pattern into a peaceful and cooperative one. Our current anarchy, thanks to various international laws, institutions, and conventions, is pulled far away from the most chaotic scenario. Actors in the Arctic region also demonstrate their determination of cooperation in the face of a deteriorating regional natural environment. Moreover, they have been fully aware that, in order to keep a consistently peaceful development of the Arctic and to achieve mutual benefits, they should avoid a return to the zero-sum game mentality in tackling regional affairs and keep the region intact in global power games.

The Arctic Council emerged as the peaceful times required. As a high-level international organization coordinating all the stakeholders in the Arctic, the Council has been dedicating to the regional management of climate change and environmental protection. The Council also excluded military security issues from its agenda according to its founding document *Ottawa Declaration*, and thus has been able to ensure that its operation remains unaffected by the increasingly turbulent geopolitical situation both in the local region and worldwide in the last twenty years.

In addition to promote peace and cooperation among the Arctic states, the Arctic Council also

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welcomes non-Arctic actors to participate in Arctic affairs. China, as a country with a long tradition of Arctic exploration, also desired a seat in the Council. Despite the prevalent “China threat” rhetoric in the media, the Council has maintained a consistently positive attitude towards China. It saw China as an important global power with which it needed to integrate, and it welcomed China to make contribution to the wellbeing of the Arctic with its strengths. Though having some institutional difficulties, the Council finally granted China the Observer status in 2013, acknowledging China as an indispensable stakeholder in the Arctic. Moreover, as the Council rules out discussion of military security issues from its table, it never considers China as a threat to the Arctic region in that sense. China, in turn, lived up to the expectation of the Council and has been actively participating in regional affairs ever since 2013.

Nevertheless, no matter how peaceful the general international system appears to be, its nature of anarchy determines that security dilemma, or the sense of insecurity among states, can never be eliminated. This is because, in an anarchy, states cannot count on any international institutions and they have to defend their own national interests. However, the defensive actions of one state, e.g. strengthening its military power to safeguard its sovereignty and interests, can be offensive in the perception of another state. In this case, states are sceptical of the true intention of each other and they have to constantly enhance their own power to maintain an absolute superiority over others. If there is a regional power being difficult to challenge, other states will try to balance its power by forming an alliance to contain its expansion. The alliance among states may be reformed along with the change of the international situation and their strategic needs. Moreover, there are also power dynamics among coalitions as the rising coalition will be inevitably countered by the existing ones. Therefore, at the state level, the interactions among the European Arctic states and in between China and European Arctic states have multidimensional facets.

All of the countries attach great significance to the Arctic region because of their economic and security interests in the region. Before the participation of China, Arctic affairs are already characterized with territorial and power struggle beneath cooperation. Russia boasts massive natural resources in its Arctic coastal areas, and it regards the Arctic as strategic to its national interests and global influence. The territorial claim and military building of Russia in the High North have aroused



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concerns among the Nordic countries, and they call for a closer Nordic security cooperation and a more significant influence of NATO in the region. Nevertheless, the Nordic countries and Russia have kept the tension under control because they have respect for international norms and are willing to solve the conflicts through a diplomatic way in order to maintain their cooperation in the Arctic.

The participation of China in Arctic affairs has added more uncertainty to the intricate situation. Initially, China was greeted by a friendly welcome. Though the Nordic countries and Russia never accept the statement of China as being a “near-Arctic” state, fearing that China will maximum the advantage it can take in the Arctic via this self-made title, they admit that the increasing involvement of China in the region is unavoidable. Furthermore, the motivation of the Nordic countries and Russia behind their acceptance of Chinese involvement has economic dimension: they welcome investments from China into their Arctic construction projects, and they are interested in getting access to the vast Chinese market. On the other hand, China, in order to increase the legitimacy of its presence in the Arctic, has been devoted to cultivating a good relationship with Russia and all the Nordic countries. China has also been keeping a low profile in the Arctic after becoming an Observer to the Arctic Council to avoid containment by other countries which may impede its strategic development in the region. By virtue of its stable relations with the European Arctic states and its participation in the Arctic projects, though without having border with the Arctic, China is still considered as a key player in the region.

However, the opinions and attitudes of the European Arctic states towards China have changed against the background of new geopolitical dynamics. The Nordics stayed alert after the annexation of Crimea by Russia and argued that its increasing military presence in the Arctic should be contained because they felt that their security in the Arctic was also at the brink of impingement. Therefore, Western countries formed a strategic coalition and imposed a series of harsh sanctions on Russia to weaken its economic and military power. Russia, on the other hand, had to lean more towards China to seek for investment and technological support for its strategic Arctic projects. As China has risen as a proactive global power and has been enhancing its cooperation with Russia in the Arctic, the Nordics started to adopt a cautious and suspicious attitude towards the potential Sino-Russia coalition as well.

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Therefore, as the strategic interests of states have changed along with geopolitical situation, the triangle relationship among Russia, the Nordics, and China has also become increasingly intricate. In order to protect their own national interests and survive the challenging international situation, both Russia and the Nordics maintained a twofold stance towards the other two actors. Both Russia and the Nordics, though welcomed China as an economic facilitator, were also concerned that China would use its economic leverage to increase its influence in the Arctic political and strategic spheres. Russia wanted to increase its energy cooperation with China, but it had to be faced with the reality that the Chinese attitude towards its wish has been rather prudent and European customers still have contributed the most to its energy export revenues. Russia wanted to cooperate with China in developing the NSR, but it also saw its security interests and predominance along the route more crucial. The Nordics criticized Russia upon its aggressive military actions in the Crimea and Arctic, but they still wanted to have a good relationship with it and continue their Arctic cooperation. China, however, appeared to be a master of balance-of-power in the Arctic arena, because its aim was simple, namely keeping a friendly relationship and stable cooperation with all the main actors in the Arctic.

## **7. Discussion and Recommendation**

In this chapter, the author discusses three questions which have emerged in the previous analyses and gives corresponding recommendations.

**Question one:** Is staying away from military security discussions a good choice for the Arctic Council?

Generally speaking, the Arctic region is a peaceful region, and the Arctic states have the UNCLOS and general international law on top priority when solving their interest disputes. However, this does not necessarily mean that the region is immune to military tensions because the Arctic is still a part of the international anarchy and power competition. Though the Arctic is less militarised than it was from the 1980s to the 1990s, it is still an important place for Russia and the U.S. to implement their nuclear deterrence strategies. Moreover, as mentioned in the previous chapter, Russia and the other seven Arctic states, with five of them being NATO members and two others having a close military cooperation with NATO, have operated drills stimulated by each other. Particularly, the Nordics

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address the necessity to prevent potential arms race in the Arctic in their strategy papers, and some of them believe that there already exists arms race in the Arctic.

The founding document *Ottawa Declaration* stipulates that the Arctic Council should not involve military security issues into its agenda so that they will not impede the normal cooperation among Members in other spheres. The Council has strictly adhered to this rule ever since its establishment and it has survived the geopolitical turmoil prior to the full invasion of Ukraine by Russia in February 2022. However, it is obvious that keeping military security issues out of the agenda does not necessarily mean that it does not exist in reality, nor will it work out itself. The vicious spiral of security dilemma exists and escalates among the Members. They have the tendency to compete to enhance their military deployment in the Arctic region, and the conflicts in other regions can have an impact in the Arctic and on the work of the Council as well.

After the Crimea Crisis in 2014, the Arctic Council managed to keep normal operation because other states in the Council still considered Russia as an indispensable partner in tackling cross-border issues. Their energy reliance on Russian oil and natural gas also made them reluctant to cut ties with the giant energy exporter. However, the so-called “special military operation in Ukraine” conducted by Russia in the spring of 2022 indicates a different scenario. Aiming for either the annexation of eastern Ukraine or the conquest of the entire country, Russia has severely challenged and even will demolish the fundamental international norm against territorial conquest. This norm, established after the two atrocious World Wars, has been the last defence of states’ security in the international anarchy. Its collapse may mean that states can no longer rest assured of their relative security and the tendency of international chaos will be on the rise.

In the face of the basic survival question as an independent nation, energy security and environmental security of states are dwarfed. The EU countries shifted away from Russia and looked for other energy suppliers to weaken the Russian military mechanism. The other seven Arctic Council Members also found it unacceptable to continue cooperating with Russia in such a critical situation. Considering the previous experience of Western countries handling the Crimea Crisis, keeping cooperative dialogues with Russia in non-military spheres may mean appeasement and therefore emboldened Russia to take

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even more aggressive military actions. By the time when this thesis was being written, the Council paused its work on 3rd March 2022.<sup>18</sup> The other seven Council Members did not start to resume the work until June in the same year, but the resumption has only limited to the projects which did not involve Russia. In other words, Russia was excluded from the work of the Council, even at the time when it held the chairmanship.<sup>19</sup> This behaviour of the other seven Members violated the *Ottawa Declaration* which demands a consensus among all the eight Members upon any of the decisions to be made.

As there exists potential military tensions in the Arctic region and there is a proven possibility that the Arctic Council have to halt its operation in the critical security situation, there should be an appropriate way for all the Arctic states to keep connections, exchange ideas, build mutual trust, and come to a consensus under any circumstances. However, Russia is not a NATO member, and the Arctic Council does not have the function to handle military security issues, either. Thus, the Arctic states do not have a common platform to have dialogues on military security issues when it is necessary. Although the UN has been solving territorial disputes among Arctic states, it is arguable that if the Arctic Council could extend its function or set up a separate affiliated forum targeting military tension reduction, the Arctic states would find it more prompt to discuss and settle their internal disagreements. Therefore, **this thesis recommends** a dialogue platform for military security to be established either within or out of the Arctic Council involving all the Arctic states for unimpeded communication even in the most critical times.

**Question two:** Is China a destabilizer in the Arctic region?

As mentioned in Chapter 5, the Nordic countries are concerned by China being a rising military power, and they worry that China will adopt the same approach in the Arctic as it does in the South China Sea. There are also concerns about possible Russia-Chinese military cooperation with the Arctic as its target.

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<sup>18</sup> "Arctic Council Collaboration Halted!" Arctic Portal. 03.03.2022 <https://arcticportal.org/ap-library/news/2785-arctic-council-collaboration-halted>.

<sup>19</sup> Russia holds the chairmanship of the Arctic Council from 2021 to 2023.

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Even though China is undeniably seeking for more strategic influence and economic opportunities in the Arctic, this thesis argues that the aforementioned concerns of the Nordics are unnecessary. There are three points to be clear. Firstly, China has territorial disputes with other countries such as Vietnam and the Philippines in South China Sea, because it attaches strategic significance to the Sea, and, most importantly, it has reasonable sovereign claims of the waters and islands in the Sea. In the Arctic, however, China has no sovereign rights at all, and thus there is no need for the country to protect its territorial interests with military power. Secondly, Russia has not lowered its guard in the Arctic towards China to protect its strategic interests. On the other hand, China has been keeping a low profile in the Arctic to try not to provoke the Arctic states so that its development in the region will not be contained. Therefore, there is a power of balance in the Arctic.

The third and the most important point is that there is a need to revisit the grand foreign strategy of China when thinking of this question. China has adopted a grand strategy of “domestically, focusing on economic development; internationally, keeping a low profile to avoid containment” since the 2000s. Although nowadays China is a more active actor in the international community, it does not discard the tenet of “peaceful development”. Moreover, China maintains the principles of respecting the sovereign rights and no interference into the internal affairs of other countries in its diplomatic activities. Last but not least, China strives for shaping itself into a responsible major country and building a community with shared future for mankind, which indicates that it will act as a contributor to world peace and development, rather than a destroyer to existing international order.

In addition, the general background of a new Cold War in the form should be taken into account. The Sino-U.S. trade dispute reached its peak in 2018, which indicated the start of a new Cold War with Sino-American conflict at the core. Ever since then, China has been seeking to cultivate a closer connection with the Europe, especially Russia, and maintained a prudent approach towards international affairs to avoid unwanted disputes. It is the same case in the Arctic where all the major global actors are involved. Even though China claimed its significant position in the Arctic in its Arctic policy, in actual situations, China has been acting in a cooperation-oriented way, with scientific research as its main cause in the Arctic Council.

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It is reasonable for the Nordics to have concerns about the real intentions of China in the Arctic and the consequence of its enhancing cooperation with Russia, if they take a realistic approach towards the situations in the region. It is also possible that the Nordic states are concerned because the Arctic policy of China did not give a clear implementation plan of its future actions in the region. Therefore, **this thesis recommends** that China keep an active communication with the Arctic states in terms of its participation in regional affairs. It is also recommended for China to publish a more detailed Arctic plan, providing a further clarification about its intention and future actions in the Arctic, explaining its goodwill, and dissipating the suspicions of the Arctic states.

**Question three:** What is the future for China in the Arctic?

The new geopolitical situation following the invasion of Ukraine by Russia poses new challenges to China with regard to its work in the Arctic. The operation of the Arctic Council has already been heavily affected by the war, whether or not the participation of China in the Council will be influenced by it as well is still a question. Future studies can be done upon the question of whether an unhindered Sino-Russia cooperation in the Ukraine Crisis has any negative influence on China in the Arctic Council.

The war has also posed a diplomatic dilemma to China. As an unrelated actor, China is carefully looking for an appropriate stance in the war: sandwiched between two major powers in the Ukraine issue, it does not want to provoke neither Moscow nor the Washington. In other words, while most Western countries have been imposing tough sanctions against Russia, China did not join the international chorus. However, it can be argued that the Nordic states will not in favour of the choice of China, which is likely to cause even more disagreements between the Nordics and China. In addition, Sweden and Finland are actively seeking NATO membership in such a situation, and how this will affect the relationship between China and the two Nordic states, and the involvement of China in the Arctic needs further observation.

On this question, **this thesis recommends that** China keep communication with the Arctic Council

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with regard to its ongoing and future activities in the Council under the new geopolitical circumstances. This thesis also recommends that China keep communication with all the eight Arctic states in terms of their work and cooperation in the Arctic region. Finally, China should take concrete actions to become what it claims to be—a responsible major country that can facilitate regional and global cooperation and peace.

## **8. Conclusion**

The Arctic region has frequently appeared in the discourse of climate change. It is indeed urgent for humanity to address key issues in the Arctic. Temperature rise, recession of sea and land ice, and environmental degradation, these are the problematic issues in the Arctic that not only pose a threat to the local habitants, flora, and fauna, but also will have a widespread impact to the whole world. Nevertheless, the loss of nature is the gain of countries which crave for economic benefits. The receding ice has revealed the Arctic as a bounty of nature—it holds great potential for offering humanity nature resources and new shipping routes. Consequently, both Arctic and non-Arctic states compete for their interests in the Arctic region.

Under this circumstance, the Arctic becomes a peaceful and geopolitically dynamic region. It can remain peaceful in an international anarchy thanks to the successful governance of the Arctic Council, and it becomes dynamic because the new resources that it offers has aroused the increasing and competing interests from both the Arctic and non-Arctic countries. China, specifically, has clarified its interests in the natural resources and potential shipping routes in the Arctic. They are the reasons for both the cooperation and disputes between China and Arctic states.

In fact, before China became a strategic actor in the Arctic region, the eight Arctic states have already been engaging in disputes. The mentality of security dilemma has been prevalent in the conflicts of national interests, and the participation of China in the regional adds more uncertainties. The strategic position of the Arctic states has changed along with the changing geopolitics. They cooperated with China in the relatively peaceful times, and they held more suspicion towards it when they found it have an increasingly closer relation with Russia, the destabilizer in the region. The triangle

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relationship among Russia, the Nordic states, and China has made the geopolitical situation in the Arctic even more intricate.

The exclusion of military security issues from the agenda is the essential condition for the success of the Arctic Council, however, it can be argued that this is also the factor which makes the Council vulnerable in critical times. The Ukraine war impeded the normal operation of the Council, and the image of China as a growing power concerned the Arctic states about their strategic and security interests in the region. However, the more difficult the situation is, the more communication is needed. Though security dilemma cannot be eliminated, it can be alleviated. This requires goodwill and actions from all the stakeholders, be it Arctic, or non-Arctic states.



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