RUSSIA AND CHINA: INTERESTS, POTENTIAL AND PROSPECTS OF INTERACTION IN THE ARCTIC

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ABSTRACT

The globalization of the Russian and Chinese economies in the 1990 – 2010s, as well as the policy of strategic partnership between two countries come together with strengthening their political activity and interaction in the Arctic. Based on the methodology of fundamental system analysis, the article is a critical study of real interests, the common strategy that is formed, resource potential and probable prospects for the Chinese policy in the Arctic as an important component and factor for the development of the Russian and Chinese relations. The conclusions and recommendations made at the end of the article are relevant and important both for China and Russia as one of the Arctic states.

Key words: Russia, China, strategic partnership, Arctic, real interests, common strategy, resource potential, prospects of interaction

http://www.iaeme.com/IJCIET/issues.asp?JType=IJCIET&VType=10&IType=2

1. INTRODUCTION

Russia is the largest Arctic state in the world that began to explore the natural and resource potential of its Polar region and Northern Sea Route (NSR) from Asia to Europe during the reign of Peter I (1682 – 1725).

However, according to rather authoritative international assessments, after the collapse of the USSR (1991), the exploration of the Arctic resources by the Russian Federation (RF), as well as the transport and logistics structure of its NSR are far from perfect. At the same time, the developed and largest developing countries of the East Asia (EA) and, above all, China, are extremely interested in exploring Arctic natural resources. Besides, the NSR is the “shortest line” that connects these countries with Europe [1].

In 2008, Russia published the main provisions of the state strategy for the development of its Arctic zone until 2020. At the ordinary Eastern International Economic Forum 2018
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(Vladivostok), President V.V. Putin called on all parties in interest to actively cooperate with Russia in developing the natural and transport potential of the Arctic [2].

In 2013, China initiated the Silk Road Economic Belt (SREB) that is a part of One Belt, One Road, the Chinese system megaproject, and aims in the future at particularly “stimulating free, but orderly movement of production factors, the highly efficient allocation of resources, and the deep merger of European, Asian, and African markets” [3].

In 2017, Russia and China agreed on merging (“uniting”) their national projects on the integration of Eurasia: the Eurasian Economic Union (EEU, Russia) and the “Belt and Way” (PRC), including such an important component of the latter as “ice silk road” that, according to the authors, de facto is by a number of parameters adequate to the Russian concept of the NSR development.

In terms of the above general circumstances and factors, the prerequisites, problems and prospects for the interaction of Russia and China in the Arctic will be considered.

2. CHINESE INTERESTS IN THE ARCTIC: VIEW FROM RUSSIA

Globalization of China's economy is accompanied by its political activation, including in the Arctic, which is not equally perceived by the world community. Denmark, for example, believes that China “has legitimate economic and scientific interests in the Arctic”, while Canada is convinced that it “threatens the sovereignty” of the Arctic countries [4]. Such “polar” assessments make us seriously think about the real interests, strategy, resource potential and prospects of Beijing's Arctic policy.

In our opinion, the interests of China in the Arctic jointly form an interconnected complex whose structure, firstly, consists of economic interests, including natural resources and transport and logistics, secondly, geopolitical and closely related military-strategic, and thirdly, ecological-climatic and other research interests, including both fundamental theoretical and various scientific-applied ones [5].

The interest of the PRC in natural resources in the Arctic is due to at least two factors: the relative shortage of the ones in China (in terms of the total mineral and raw material potential it is 12 – 15 times inferior to Russia) and, on the contrary, the wealth of the Arctic natural resources, which includes, in particular, hydrocarbons that are from 30 to 75 % of all forecasted reserves of the planet [6].

The importance of Chinese transportation and logistics interests in the Arctic is increasing as the export potential of the Chinese economy grows, and due to the recent transformation of China into the first export, and then the first foreign trade state of the world (in 2010 and 2012, respectively).

The Chinese leadership is fully aware of the benefits related to the development of trade communication through Arctic waters. Thus, the Northwest Passage (a strait between Canada and Greenland) is the shortest route from the Atlantic Ocean to the Pacific Ocean, while the Northern Sea Route along the entire Arctic coast of Russia, as compared to the current southern routes, can reduce the distance between China and the Western Europe almost twice, and considerably decrease the transport and logistics costs of goods and passengers’ transportation.

In addition, the development of strategically important raw materials, as well as the development of new sea routes in the Arctic can certainly have for China not only trade and economic, but also geopolitical and, especially in the future, military-strategic importance. This is directly or indirectly recognized by authoritative Chinese experts [7].

Rather important components of the Arctic interests of China include ecological and climatic ones. After all, in recent years China has been focusing its attention on them to the
world community, and arguing in particular that “the Arctic is the main region where the weather of the Northern Hemisphere, including in China is formed”, and that there can be connection between the natural disasters in the PRC and “the steady increase in the global temperature, and melting of Arctic ice plays a critical role in this process” [8].

3. FORMATION OF THE CHINESE ARCTIC STRATEGY
The general strategy of China in relation to the Arctic has not yet been completed. However, it is possible to name the main directions and some certain projects undertaken by Chinese research institutes and practical organizations on developing and implementing the initial stage of this strategy:

- Natural resources of the Arctic, studying them, exploration and technologies of industrial development,
- Sea routes and transportation in the Arctic region,
- Arctic expeditions of China,
- Participation of PRC representatives in international scientific and expert discussions on the Arctic issues,
- Arctic in the international law, international legal activity of China on clarifying and institutionalizing the legal status of the Arctic,
- National policy and diplomacy in relation to the Arctic and the Arctic countries, search for partner countries on exploring and developing the region, and
- Military and strategic situation, prospects and forms of military presence of the PRC in the Arctic.

Among the actively implemented projects on the above areas, in particular, it is necessary to single out the complex project “Arctic Expedition”. It includes, firstly, the implementation of regular expeditions to the Arctic Ocean in the summer (from May to September) (such expeditions were held in 1999, 2003, 2008 and 2010 and are implemented in the current decade on average at least once in two years); secondly, the work on the permanently operating Chinese polar exploratory station.

In this regard it is very remarkable that until recently some Chinese researchers and officials have argued for the internationalization of the Arctic as an object of the international law and tried to equal the powers of polar countries and “other states that hold Arctic expeditions”, above all, China. For example, according to the statement of the Chinese counter-admiral Yin Zhuo made in 2013, “The Arctic belongs to the whole world, so no single nation has a sole power over it”.

In the 2000 – 2010s China vividly activated its diplomatic efforts in the Arctic, in particular, by seeking partner countries to explore the region, first of all, among eight polar countries that are permanent members of the Arctic Council. In particular, the RPC carries out an official dialogue and cooperates on issues related to mining energy resources, as well as cargo transportation in the polar latitudes with Norway, Canada, Iceland, and Denmark.

This is largely due to the initiative of Denmark that China seems to have a special relationship on the Arctic. In May 2013 China finally succeeded in becoming one of the permanent observers of the Arctic Council. Having received this very responsible but consultative status, experts of the PRC did their best to dissuade the stereotype of the “Chinese threat in the Arctic” spread by Western media and to present its emerging arctic strategy exclusively as respect for the sovereignty of the sub-polar countries and constructive international cooperation with them [9].
As for Russia, in 2011 Rosneft and the China National Petroleum Corporation (CNPC) signed a memorandum on joint exploration and development of minerals on the Russian Arctic shelf. In this regard, in the 2010s I.I. Sechin, the Head of Rosneft, repeatedly stated that the parties were formally discussing various possibilities of cooperating in this area [10]. In particular, in 2013 this discussion had a legally binding nature, when within the negotiations between V.V. Putin and Xi Jinping, the new chairman of the PRC, in Moscow, Rosneft and CNPC signed documents on a joint study of the West-Prinovozemelskiy area in the Barents Sea, as well as the South Russian and Medynsko-Varandeyskyi areas in the Pechora Sea [11].

4. RESOURCE POTENTIAL OF CHINESE ACTIVATION IN THE ARCTIC

The authors believe that the resource potential of China’s activation in the Arctic is rather important and can be conditionally structured into general economic and target resources that directly and/or indirectly influence the development of China in the Arctic.

It is possible to single out the following general economic resources:

- High total GDP (the world’s first position in terms of purchasing capacity parity – since 2014, the second position according to the official exchange rate – since 2010),
- The industrial complex of the PRC that took the first position in the world in the 2000s by the main result indicators – volumes of gross production and value added of industry,
- Advancing shipbuilding, aerospace, transport, communications and telecommunications, as well as other industries directly related to the creation of China’s own transport and logistics system in the Arctic,
- The highest absolute export earnings in the world for more than two decades (since 1993) as the most important source of financing for a relatively rapid and stable economic growth of the country,
- Considerable increase in total R&D expenditures (from 0.7 to 2.5 % of GDP in 1990 – 2020) and their efficiency,
- The ever-increasing financial resources that enable China to step by step take the leading positions among the world’s largest investors, and
- The world’s largest gold and currency reserves that have increased more than 60 times in the last two decades.

The main target resources for the China’s activation in the Arctic are the following ones:

- One of the most diversified and comprehensive national Arctic research programs in the world, generously funded by the state, implemented by highly qualified specialists and technicians,
- The Huanghe Zhan Polar Research Station located in the Spitsbergen archipelago in the Barents Sea (in the Norwegian territory that was rented) has been permanently operating since 2004, and
- Its own Xuelong icebreaker (Snow Dragon) operating since 1999, redone and upgraded from the merchant ship purchased from Ukraine. Recently built for the first time in China, specifically designed for the Arctic, a more powerful icebreaker with the tonnage of 8000 tons (officially announced cost of its construction was more than USD 300 million).
5. PROSPECTS OF PURSUING THE ARCTIC POLICY OF CHINA IN THE NEXT DECADE

The prospects for pursuing the Arctic policy of China in the next five to ten years will be largely determined by the interaction of internal and external factors and circumstances in relation to China. Thus, the general availability of natural resources and freedom of navigation in the Arctic considerably depend on the objective external factor – the change of natural conditions (global warming of the climate and melting of the polar ice), as well as on the factor of rapid modernization of the world technological base that accelerates its effect.

It is necessary to distinguish the following internal factors: common Chinese strategic benchmarks, such as China’s “big strategy” that supposes to turn it into the largest economic state of the world by 2020-2021, the four times increase in GDP as compared to 2000, and as a consequence, a radical increase in the overall global status of the PRC, its transformation from “a regional state that has global impact into a global power” [12].

In the context of these general circumstances, the prospect of China’s activation in the Arctic can be schematically presented as follows.

1. In science
   - Development and improvement of the national Arctic research program, including by Chinese research institutes, as well as foreign specialists,
   - Activation and diversification of the research work at the operating polar station of the PRC in Spitsbergen, construction and commissioning of several new permanent research polar stations in the Arctic, located on the territories of Arctic countries that were rented for a long term,
   - Carrying out regular (at least once per two years) scientific polar expeditions on the above own icebreakers.

2. In economy and military area
   - The beginning of large-scale preparation, and in case of favorable conditions, industrial development of the whole complex of mineral resources of the Arctic – both individually and in partnership with other countries and foreign multinational corporations,
   - Planned further expansion of the construction of its own icebreaker fleet, as well as the construction and modernization of a part of the merchant fleet targeted for freight transportation in the Arctic,
   - Modernization of the Chinese seaports located at high latitudes, their orientation towards promising arctic routes and the future transformation into world transport centers, and
   - Re-equipment and modernization of the PRC Navy and Air Force units oriented towards the prospect of establishing a regular maritime trade intercourse, protection of relevant interests, and ensuring the military-strategic presence of China in the Arctic.

3. In the international political and legal area
   - Attempts to achieve the maximum possible alignment of the PRC with the rights of the polar countries as a country that will have a system of permanent Arctic stations in the future and regularly organize large polar expeditions,
   - A general increase in the global status of China through its reflection and documenting in international law institutes, in particular as a result of active participation in developing the so-called Arctic legislation and in solving other major political and legal problems related to exploring the Arctic.
6. CONCLUSION

Summarizing the above facts and considerations in terms of global geostrategic and national economic interests of the Russian Federation, it is possible, in particular, to make the following conclusions and offer the following recommendations about the tasks and prospects of Russia related to the Arctic direction in the strategic partnership with China.

- The current Arctic policy of China is one of certain but very significant manifestations of developing the initial stage of the political strategy of “the Chinese globalism”.

- At the same time, it would be desirable to believe that, unlike its elder “analogue”, this globalization, to a greater degree, is methodologically based on the real rather than declarative globalization – as an objective global trend and methodology for the integration of all countries into the developing world economic and political system, an interdependent, compromising, and multipolar world where the national idea of “the peaceful rise of China” can only be fully realized.

- In this multipolar global system that is evident in the foreseeable future, the strategic interests of China and Russia in principle coincide, are close and/or supplement each other in terms of geopolitical, resource-economic, and cultural-civilization aspects.

- The contradictions between these interests are predominantly subjective rather than objective. The one who voluntarily or involuntarily inflates these contradictions and manipulates the strange myth about the “yellow threat” is de facto deliberately or unknowingly externally oriented on the disintegration of Russia as the successor of the USSR against the counteraction to objective integration processes that develop in the post-Soviet space and in Eurasia, as a whole.

- “The history happens twice – as a tragedy and as a farce...” It is desirable to believe that the quality of the current political elites in Russia and China will still not allow the repeated fatal mistake of separating these countries from one way or another that was made by their predecessors at the turn of the 1950 – 1960s, and that became, in fact, a factor in the relative weakening of pre-reform China in the 1960 – 1970s, as apparently one of the critical external prerequisites for the subsequent collapse of the Soviet Union in the early 1990s.

- Now Russia as the largest state of the world in terms of territory and mineral resource reserves, and as one of the Arctic countries has a unique opportunity – under the conditions of a deficit of its own resources for full exploration of these reserves – to use the China’s surplus financial, labor, technological and other resources for this purpose, involving China, in particular, in joint development of hydrocarbon deposits on its Arctic shelf, modernization of the existing and construction of new international seaports all over the Northern Sea Route.

- Defending and fully strengthening its own national sovereignty, Russia may and must use the constructive potential of the Russian and Chinese strategic partnership, including in the Arctic as one of the drivers of its current catching-up development and modernization of the economy, one of the prerequisites for the future advanced economic growth of the Russian Federation as a gradually reviving global state.

- The most important key aspects for Russia to succeed in the Arctic are the political will of the country’s leadership, as well as the mechanism of its implementation in the Russian and Chinese relations.

FOOTNOTES

1. For reference: The Arctic Council International Organization was established in 1996 through the initiative of Helsinki. The council includes eight Arctic countries as permanent members: Denmark, Finland, Iceland, Canada, Norway, Russia, Sweden, and the United States. The permanent observers are the United Kingdom, France, Germany, the Netherlands,
Poland and Spain, as well as Italy, China, India, Japan, the Republic of Korea and Singapore since 2013.

2. The corresponding request was submitted as early as in 2011.

REFERENCES


