China's Hybrid Arctic Strategy

Implications for the High North Rules-Based Order

By **Dr. Elizabeth Buchanan**, lecturer in strategic studies, Deakin University at the Australian War College

Assigned the role of spoiler in what some deem to be an unfolding Arctic great game, Beijing has incrementally bolstered its High North strategic interests. This popular assessment of Chinese strategic ambitions in the Arctic is apt; however, the development and delivery of China's Arctic strategy is hybrid in nature. The Arctic is not a lawless, strategic vacuum in which Beijing is inserting itself to take advantage of the region's shipping and resource riches. Rather, it is a zone of functional governance structures and adherence to agreed international laws. While rising great powers, such as China, are seeking to erode the existing rules-based order elsewhere on the globe (for instance, the South China Sea), when it comes to the Arctic, the Chinese strategy will be less overt.

China's hybrid Arctic policy model uses cooperative state-to-state, multilateral and environmental narratives to disguise aggressive and assertive ambitions. Obfuscating Beijing's strategic intent with cooperative efforts, including its efforts to craft the Arctic as a "global common," allows China to operate beneath the threshold of overt strategic challenge.

BEIJING'S ARCTIC INTEREST

When considering China's Arctic stake, existing literature tends to focus on what is (and is not) stated in Beijing's 2018 Arctic Strategy. The key sentiment emerging from the strategy is that of China as a "near-Arctic state." From this, Beijing builds its Arctic "global commons" and "leadership" notions. It frames Beijing as a responsible global actor with a special role in maintaining the Arctic zone as one of environmental sustainability and facilitating access to global commons resources (primarily hydrocarbons and fisheries) belonging to all — and not just to the Arctic-rim states. Resources, global shipping diversification via the "Polar Silk Road" and strategic reach for the Chinese military are the key drawing cards for Beijing in the High North.

Yet, Beijing's Arctic stake began in 1925, when China acceded to the Spitsbergen (now Svalbard) Treaty. The treaty benefited the signatories economically by facilitating access to mining rights in the Svalbard archipelago, while agreeing to protect Svalbard from any military buildup. The Arctic island chain's scientific and research value was further tapped by China in 2004 when it built the Yellow River Arctic research station — cementing a Chinese presence in the region. In addition, the Xue Long 2, China's first icebreaker, has conducted numerous Arctic research expeditions since 1999.

In securing observer status to the Arctic Council in 2013, China further inserted itself into the Arctic governance ecosystem. But this does not place Beijing at the decision-making table — observers do not vote or lead multilateral discussion within the Arctic Council. The Arctic Council rules of procedure require that observers abide by a code of conduct of sorts, which includes criteria such as: observers must "accept and support the objectives of the Arctic Council defined in the Ottawa Declaration," they must "recognize Arctic States' sovereignty, sovereign rights and jurisdiction in the Arctic" and "recognize that an extensive legal framework applies to the Arctic Ocean." China evidently overlooked these requirements when developing its 2018 Arctic Strategy. Therefore, perhaps China is failing to deliver on the requirements of its Arctic Council observer status. While the *Arctic Council Observer Manual for Subsidiary Bodies* contains avenues to strip observers of their status for not abiding by the standards set before them, it has yet to be used to manage Beijing's Arctic footprint.

Most likely, this is because Arctic-rim powers are acutely aware of the perils of shutting out China in a zone that Beijing identifies as "near-China" and of immense strategic interest. Plus, international waters in the Arctic Ocean are legitimately accessible to Beijing. The West, in promoting and upholding the liberal, rules-based order, cannot actively undermine the principles of the United Nations Convention on the Law of the Sea (UNCLOS) in the Arctic, particularly when international maritime rules are a sticking point in the Sino-Western relationship elsewhere at present, such as the South China Sea.

The duality of the Arctic Council forum then becomes one of hybrid nature itself — maintaining avenues for collaborative engagement and dialogue with an assertive and expanding China. After all, one of the observer requirements is to "demonstrate their Arctic interests and expertise," which

Beijing has certainly committed to do. Arguably, the Arctic geostrategic narrative exists within a context of duality and hybrid components. It is a zone of both conquest and collaboration, of competition and cooperation, as well as efforts to develop and protect the region.

CHINA'S HYBRID ARCTIC STRATEGY

Beijing follows a hybrid Arctic policy that is evident across three key sectors: China's state-to-state engagement, its approach to multilateral forums and the crafting of its environmental strategy.

State-to-state engagement

As noted, Beijing is not a new player in the Arctic. It has had economic and research footprints for decades in the European Arctic. Yet, there has been a recent uptick in interest in an evolving Sino-Russia partnership in the region. Indeed, their bilateral relations in the Arctic are increasingly considered evidence of an Arctic alliance. This is a problematic misassessment of the realities of their relationship. Strengthened commercial engagement between Russia and China on Arctic energy ventures does not constitute an alliance. The reality is that mutual mistrust, centuries-old territorial tensions over the Russian Far East and hangovers from the Sino-Soviet split in the Cold War are all permanent features of the China-Russia relationship. They will continue to shape the strategic outlook to an extent that curtails the two states' "axis" potential.

A car is refueled at a CNOOC gas station in Shanghai. CNOOC was the first Chinese oil company to make a play for oil in the Arctic, in partnership with Iceland's Eykon Energy, a sign of China's growing interest in the polar region.
REUTERS

Moscow and Beijing hold that nations do not have allies or partners. Secure, successful states seek merely mutually beneficial relationships. That sentiment frames Sino-Russian engagement in the Russian Arctic. Of the eight members of the Arctic Council, Russia needed the most convincing to grant China its observer status. Moscow approved membership and with it, legitimacy, on the basis that Beijing explicitly acknowledged the sovereignty of Arctic-rim states and reaffirmed its commitment to the legal architecture of the Arctic region — the UNCLOS.

Since 2014, with Russia sanctioned by the West over its invasion and annexation of Crimea, and subsequent sustained aggression in Ukraine, Moscow has had a cash flow problem. When sanctions targeted Russian energy projects in the Arctic, China wasted no time in offering capital injections and technology for offshore exploration. This does not mean that Beijing is tying all of its energy security plans to the Russian Arctic zone. China's Arctic engagement is driven by energy insecurity. Beijing diversifies its energy imports across the globe, and the Russian Arctic energy pot is but one source. The Sino-Russian Arctic relationship is predicated on economic foundations. Russia has yet to fall into Beijing's debt-trap diplomacy or become overly reliant on Chinese capital and ownership in joint ventures for energy projects in the Arctic. To avoid this, Russia has worked to offset Chinese investment and the risk of overreliance in energy ventures.

This is a delicate balance. On one side of the energy security coin, Russia relies on Chinese demand for Arctic liquified natural gas (LNG), but Moscow has worked to diversify its capital pools. India, Japan, Saudi Arabia and South Korea are all linked to Russian Arctic energy ventures. Russian law stipulates that while private Russian energy firms can develop in the Arctic zone, they may not cede controlling stakes to foreign firms. China does not have a majority share in either of the two key LNG projects on the Russian Arctic's Yamal Peninsula. Beijing's share in the Yamal LNG venture is 29.9%, while Russia's Novatek holds a controlling 50.1% and France's Total holds 20%. In the Arctic-2 LNG project, China holds 20%, Novatek 60%, Total 10%, and the remaining 10% is held by a Japanese consortium. We can expect Russia's upcoming Arctic energy projects, located near the Yamal Peninsula ventures, to attract diverse capital pools.

China is also engaging in a mutually beneficial arrangement with Russia to access the Northern Sea Route, which slashes transit times between Asia and Europe by roughly half and presents attractive savings for Chinese shipping. However, Russia has not given China privileged use of the route. Chinese vessels have been refused entry, and those that pass abide by Russian transit laws — vessels must be piloted by Russian pilots,

The Xue Long 2, the first icebreaker built by China, sails in the Antarctic Ocean in January 2020 during a scientific expedition.
REUTERS

tolls are charged and Russia must be prenotified about trips. China is actively engaging with other Arctic-rim powers and has commercial ventures, investment plans and entrenched soft-power strategies in Canada, Greenland, Iceland and Norway.

China is also driven by the prestige a polar footprint brings, supported by its icebreaker-building capabilities. Russia is aware of the rationale behind China's Arctic strategy. Any efforts by Beijing to move beyond the terms of its arrangement with Moscow or failure to uphold its observer status commitments will no doubt encourage deeper anti-China cooperation among the Arctic-rim states. How closely China adheres to the legal and sovereign Arctic arrangements will signal the limits to its relationship with Russia.

Sino-Russian Arctic ties will continue to be predictable. The relationship, built upon an energy security foundation, will remain mutually beneficial — until it is not. Russia's economic base is predicated on the Arctic remaining a zone of low tension to ensure the Northern Sea Route — an economic artery — remains conflict-free. For now, China appears to be playing it safe and abiding by Moscow's rules in the Northern Sea Route, or as Beijing refers to it: the Northeast Passage. However, in 2017 China's Xue Long 2 icebreaker traversed the Northwest Passage for the first time, a sea route which Canada proclaims to be through its internal, not international, waters.

China's relationship with the United States is also considered in terms of the evolving Arctic security narrative. Clearly, China has found itself in the crosshairs of a revitalized U.S. The recent flurry of Arctic strategy from Washington — including the first U.S. Army Arctic Strategy — has galvanized the perception of Beijing as a great power competitor in the Arctic. Washington's framing of China as a legitimate Arctic competitor has irked Moscow. Ever interested in avoiding being "little brother" to the Chinese on the international stage, not to mention in the coveted Arctic arena, Russia now finds itself somewhat displaced as the peer-to-peer competitor to Washington. Crisis of great power identity aside, Moscow could use this development to ease tensions with the U.S. — after all, an enemy's enemy is a friend.

The great power rivalry developing between China and the U.S. is at odds with the Arctic-specific governance framework and their respective commitments to the principles enshrined by the Ottawa Declaration, the founding document of the Arctic Council. China's hybrid strategy in dealing with Washington in the Arctic appears to be one of collaborative engagement via various Arctic Council working groups in step with developing more assertive capacity, such as the establishment of its own domestic icebreaker-building capability.

Multilateral forums

A second sector in which China's hybrid Arctic strategy is evolving is its engagement with multilateral forums. The Arctic Council is the central governance forum in the region. As a consensus-based mechanism for the management of environmental and social Arctic issues, it lacks the mandate to deal with military-security affairs or generate binding legal agreements. More than a goodwill body, the Arctic Council is an effective forum to tackle transnational environmental and social challenges unique to the Arctic region. At its core, the body facilitates (at least some) dialogue and collaboration between Arctic stakeholders.

Indeed, the deliverance of such accomplishments as synthetic aperture radar, scientific research, and marine fuel-spill response agreements — despite tensions beyond the Arctic being strained — is indicative of the immense

China's Polar Research Institute built an observatory in Karholl, Iceland. China seeks to expand its interests in the High North by investing in Arctic-rim countries. THE ASSOCIATED PRESS

political capacity of the Arctic Council. Beijing's approach to the council is interesting: On one hand, China is an active and committed (and by most accounts, collaborative) council observer through its working groups. On the other, its own Arctic strategy was introduced five years after its observer status accession but contains no reference to the Arctic Council. As an observer, Beijing committed to uphold the existing Arctic Council mandate as enshrined by the Ottawa Declaration, but in practice and articulated in its strategy, China wants to engage in and shape Arctic governance.

Environmental strategy

Chinese Arctic strategy is developing in dual-use terms when it comes to environmental leadership. Beijing seeks to promote and protect the Arctic commons and conduct environmental research in the region. But to do so requires presence, engagement and enhanced capabilities. Of course, scientific research facilitates dual-use capabilities — for instance, satellites to track changes in the extent of Arctic ice are important for Chinese research into climate change and the knock-on implications for extreme weather events such as flash flooding in China's coastal regions. Yet, these polar satellites are immensely valuable for military applications as well.

While climate change research facilitates Chinese legitimacy in the Arctic, there are aspects of its strategy that negate environmental concerns. The 2018 strategy outlined at length China's interest in developing Arctic tourism, but increasing traffic, marine fuel and pollution in the Arctic region does not bode well for environmental interests. Furthermore, increased chances of marine accidents, including fuel spills, challenge Beijing's environmental protection rationale.

IMPLICATIONS

The evolution of hybrid Arctic strategies — traditionally from Arctic-rim states such as Russia and the U.S. — in which states seek to secure their Arctic stakes via competitive and cooperative avenues (often both at once) is nothing new. What is new is the way in which Arctic stakeholders are more acutely pursuing their rights in the High North commons. In the case of China, this is clearly a process that delicately balances Beijing's interests far beyond the Arctic. China's hybrid Arctic strategy has followed a dual-track process in which perceived rights are balanced with state interests.

In its state-to-state engagement with Russia, China has been clear regarding the nature of the special commercial partnership and economic interests it seeks in the Arctic. Beijing looks to diversify its energy import sources internationally. A congested South China Sea or Malacca Strait would impact China's African and Middle East energy imports, and this is where the viability of the Northern Sea Route emerges. But China is careful not to frame its ambitions in the context of Russia's Northern Sea Route, instead referring to the shipping route as the Northeast Passage or Polar Silk Road.

As the Arctic region reemerges as an international hot spot and a theater for great power politics, so has a misguided strategic debate on the issue. Numerous assumptions regarding the Sino-Russia Arctic relationship are frequently promoted

From left, then-Chinese Vice Premier Wang Yang; Sergei Ivanov, Russian presidential special representative on ecology and transport; and then-Norwegian Foreign Minister Børge Brende attend a session of the 2017 International Arctic Forum in Arkhangelsk, Russia. China is taking an increasingly active role in Arctic governance institutions. THE ASSOCIATED PRESS

in Arctic policy guidance and documents, as well as think-tank and media coverage. China's engagement in multilateral forums in the Arctic is, at face value, toeing the line of the established rules-based order in the region — as seen in its active observership at the Arctic Council. In practice, however, Beijing goes beyond the agreed terms of its status by seeking a leadership voice in Arctic governance.

Likewise, in terms of environmental strategy, China promotes its interest in protecting the pristine environment and Arctic ecosystem. Yet in practice, it seeks to expand shipping routes and increase polar tourism in the region. Furthermore, China holds ownership stakes in several key Arctic resource and mineral projects and is actively eyeing more.

The specifics of the hybrid nature of China's Arctic strategy are complex, but it is necessary to consider the emerging great power politics in the Arctic in this way. Accepting the return of great power politics to the Arctic is easy, but recognizing that the Arctic geostrategic contest is evolving, consistently in the "gray zone," is something many seem to struggle with. Failure to grasp the Chinese (or Russian or U.S.) Arctic strategy in terms of its true hybrid nature by opting to brand it as either benign or aggressive is simplistic and will serve to cloud regional realities. Indeed, there are lessons to learn from China's hybrid Arctic policy model. Elsewhere, we can expect assertive states to use cooperative, multilateral and environmental narratives to disguise aggressive ambitions and interests. Of course, this should be no surprise, given that the liberal-democratic, rules-based order constructed following World War II is well versed in hybrid strategies to deliver on Western interests. Perhaps this is the starkest challenge for Arctic stakeholders — how does one box in China in the Arctic without denying its legitimate rights in the region? This problem will no doubt remain at the forefront of the Arctic narrative for years to come. □