

BIG WORDS, SMALL DEEDS RUSSIA AND CHINA IN THE ARCTIC

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ABSTRACT

Russia's war against Ukraine has had a significant impact on the Arctic. Relations between Russia and the Arctic NATO states have deteriorated, the western Arctic states have ceased most institutional cooperation with Moscow, and the Arctic Council is paralysed. At the same time, climate change is changing the natural environment of the region. This has made it easier to extract and transport Arctic resources by sea. New Arctic shipping lanes are opening up, which is attracting military and naval powers to the High North. Russia has long focused on expanding its Arctic cooperation with China, especially in its attempts to reduce the impact of Western sanctions. Following its occupation of Crimea in 2014, Moscow could rely on Chinese investors to prop up its Arctic companies. However, since 2022, investments by Chinese partners have fallen short of Russia's expectations. Military cooperation between Russia and China in the region has also been scarce. In light of China's reticence to become more involved in its Arctic economy, Moscow has tried to diversify the range of its non-Arctic regional partners.

CONTENT

Introduction	2
Russia and China in the paralysed Arctic governance system.....	5
Of sanctions and substitutions: Sino-Russian Arctic economic ties	9
China on the sidelines of a militarising Arctic	14
Annex	19

INTRODUCTION

Russia's war against Ukraine has prompted a large number of states to reassess their security outlook. This has also affected a region that, after the Cold War, was long regarded as a zone of exceptional peace and cooperation: the Arctic.¹ In the High North, confrontation has become the order of the day, while diplomacy and dialogue are receding into the background.² Relations between the two largest Arctic military powers, the United States and Russia, have deteriorated. Meanwhile, strategic competition between the United States and China is accelerating to cover ever-wider stretches of the globe, including the Arctic. China is not a littoral state of the Arctic Ocean, but has articulated its own interests in the region. In addition to the massive transformation to the Arctic natural environment caused by climate change, the region is also gradually being militarised by major powers. Against this backdrop, the activities of the great powers in the Arctic deserve special attention. Of particular interest are the regional cooperation efforts of Russia, the largest Arctic state, and China, a close partner of Russia and observer at the Arctic Council. In February 2022, Beijing and Moscow labelled their relationship a "comprehensive strategic partnership" and promised to further expand their cooperation in the Arctic.³ At first glance, Russia and China's interests in the region are indeed complementary. China's demand for raw materials is rising, while Russia continues to base its economic model on the export of natural gas and oil. Due to the depletion of resource deposits underneath established production sites, Russian oil and gas companies are moving their exploration projects further north. A quarter of fossil fuels exported by Russia is extracted north of the Arctic Circle. And more than ten percent of Russia's gross domestic product is generated in Arctic territories.⁴ Should Russia's 2020 "Strategy for the Development of the Arctic by 2035" be implemented in full, the importance of the Arctic regions for the Russian economy will only continue to grow.⁵

A key feature of Russia's Arctic strategy is the extraction of oil and natural gas, and their transport by sea. As early as 2019, Russia's leadership set itself the goal of significantly increasing the proportion of Russian natural gas exported by tanker, instead of by pipeline.⁶ Many of the projects to tap into new gas deposits on the Yamal Peninsula in Siberia, as well as the Gydan Peninsula on the opposite bank of the Ob River, include plans for the construction of plants for the liquefaction of natural gas, as well as new seaports and terminals.

1. On the perception of the Arctic as an exceptional region: Christoph Humrich, "Krieg in der Arktis? Konfliktszenarien auf dem Prüfstand," in *Logbuch Arktis. Der Raum, die Interessen und das Recht* (Berlin, 2011) [= *Osteuropa* 2-3 (2011)], 225-242; Dean Lackenbauer, "Arctic Exceptionalism," in *The Arctic and World Order*, eds. Kristina Spohr, Daniel S. Hamilton (Washington, 2020), 327-357.

2. See articles in *Klimawandel und Meeresstrategie. Konflikt und Kooperation in der Arktis* (Berlin, 2020) [= *Osteuropa* 5 (2020)].

3. "Sovmestnoe zjavlenie Rossijskoj Federacii i Kitajskoj Narodnoj Respubliki o meždu narodnych otnošenijach, vstupajuščich v novuju epochu, i global'nom uctočajvomu razvitii," 4.2.2022 <<http://kremlin.ru/supplement/5770>>.

4. "Arktika segodnja. V 2020 godu Arktičeskaja zona RF polučila impul's razvitija," Arctic Russia, 4.2.2020 <<https://arctic-russia.ru/article/arktika-segodnja/>>.

5. "O Strategii razvitija Arktičeskaj zony Rossijskoj Federacii i obespečenija nacional'noj bezopasnosti na period do 2035 goda," Ukaz 645, 26.10.2020 <www.kremlin.ru/acts/bank/45972/page/1>.

6. Yohei Ishikawa, "Russia to boost LNG output fivefold to supply Asia," *Assia.nikkei.com*, 13.6.2019.

China, in turn, already now considers Russia to be an important partner for meeting its growing demand for fossil fuels.⁷ Beijing also aims to diversify its range of energy suppliers. Oil and gas imports from the Middle East are to be reduced, as China fears that, in the event of a military conflict, the United States could intercept energy shipments at maritime bottlenecks such as the Malacca Strait.⁸ China also hopes to reduce its coal consumption, to lower air pollution and carbon dioxide emissions.⁹ Among other measures, it is planned that coal is to be replaced by liquefied natural gas, which will be imported by sea. That is why Chinese energy companies are considering further investments in the gas-rich Russian far north. In addition, China has repeatedly expressed an interest in expanding maritime traffic in the Arctic Ocean.¹⁰ To support Chinese shipping companies in their northerly expeditions, Beijing has pledged investments to expand Russian Arctic ports such as the White Sea port of Arkhangel'sk. However, none of these investment plans has so far been successfully implemented.¹¹ China advocates a restrictive interpretation of the Arctic littoral states' claims to the Arctic continental shelves, and champions freedom of navigation in Arctic waters, partly in order to give Chinese fishing fleets access to as much of the central Arctic Ocean as possible.¹²

Alongside the general strengthening of China-Russia ties after 2014, the interest of both countries to cooperate in energy and shipping have served as key drivers of contacts in the Arctic. This is reflected in the inclusion of numerous joint activities in the Arctic (*see* table in the annex for investments and financing agreements of Chinese companies in the Russian Arctic) in the "strategic partnership without borders" declaration issued by Xi Jinping and Vladimir Putin on 4 February 2022, on the sidelines of the Beijing Winter Olympics.¹³

Moscow's welcoming attitude towards China's Arctic ambitions represents a notable departure from previous Russian diplomacy in the region. Russia traditionally tried to prevent non-Arctic states from amassing political weight in the Arctic. Indeed, when China applied to join the Arctic Council as a permanent observer in 2007, Russia initially lobbied against the application. Just one week before the 2013 Arctic Council summit in Kiruna, Sweden, Foreign Minister Sergei Lavrov "categorically" ruled out granting China observer status.¹⁴ The change of course that followed was likely due to pressures from the Russian

7. In 2022, Russia overtook Saudi Arabia to become China's largest crude oil supplier. Russia is China's second largest natural gas supplier after Turkmenistan.

8. Janet Xuanli Liao, "China's Energy Diplomacy Towards the Middle East in the BRI Era," in *Routledge Companion to China and the Middle East and North Africa*, ed. Yahia H. Zoubir (London, 2023), 2.

9. Yana V. Leksyutina, "China's Participation in Energy Cooperation with Russia in the Arctic," in *Energy of the Russian Arctic*, ed. Valery I. Salygin (Berlin: Springer, 2022), 125-140.

10. Kong Soon Lim, "China's Arctic Policy and the Polar Silk Road Vision," in *Arctic Yearbook 2018*, eds. Heather Exner-Pirot, Lassi Heininen (Akureyri, 2018), 420-432 <https://arcticyearbook.com/images/yearbook/2018/Scholarly_Papers/24_AY2018_Kong.pdf>.

11. Jan Jakub Solski, "In the Fog of War: Russia Raises Stakes on the Russian Arctic Straits," *The Arctic Institute*, 22.9.2022.

12. China's position on maritime and state sovereignty in the Arctic is diametrically opposed to its position on the South China Sea. Liselotte Odgaard, "Home versus abroad: China's differing sovereignty concepts in the South China Sea and the Arctic," 25.5.2022, <www.tandfonline.com/doi/full/10.1080/09557571.2022.2078278>; Jingchao Peng, Njord Wegge, "China and the Law of the Sea: Implications for Arctic Governance," *The Polar Journal* 2 (2014): 11-15.

13. "Sovmestnoe javavljenie Rossijskoj Federacii i Kitajskoj Narodnoj Respubliki o mezhdunarodnyh otnosenijach, vstupajuschich v novuju epochu, i global'nom ustojčivom razvitii," 4.2.2022, <<http://kremlin.ru/supplement/5770>>.

14. "Rossiya ograničivajet poljarnyj krug," *Kommersant*, 14.5.2013.

energy sector. A key role was played by Igor Sechin, who as Deputy Minister President had initiated the “Strategic Russia-China Dialogue for the Fuel and Energy Sector” in 2009 and, following his appointment as CEO of Rosneft’ in 2012, exerted pressure on Putin to approve controversial advance payment deals between Rosneft’ and Chinese banks. In the run-up to the 2013 Arctic Council summit, Russian energy corporations pushed ahead on their own initiative to expand Arctic cooperation with China, perhaps to pre-empt their growing dependency on shrinking markets in Europe.¹⁵ At Kiruna, the foreign ministers of the member states then managed to strike a diplomatic deal at the suggestion of the US: Canada gave up its resistance to granting the EU observer status and Russia agreed to grant that same status to China.¹⁶

Since then, Sino-Russian energy cooperation in the Arctic has made much progress. In January 2014, the China National Petroleum Company acquired a twenty percent stake in Novatek’s “Yamal LNG” project. This corresponds to a share held by the French oil company Total Energies since 2011. The Silk Road Fund has been the fourth largest partner in the consortium, with a 9.9% stake held since 2015. “Yamal LNG” developed the Yuzhnoe-Tambeyskoe natural gas field on the Yamal Peninsula and has been producing natural gas and gas condensate there since 2017.

In May 2014, Gazprom and the China National Petroleum Company signed a contract to the value of USD 400 billion for the supply of gas through the Sila Sibiri (Power of Siberia) pipeline. The swift conclusion of the contract following difficult negotiations was viewed by observers as a corollary of China’s *de facto* backing of Russia in the aftermath of Russia’s annexation of Crimea. Shortly afterwards, the China Import-Export Bank granted Novatek an emergency loan to mitigate the impact of Western financial sanctions on “Yamal LNG”.

As a result of these investments, China became the most significant foreign economic player in the Russian Arctic. This deepened the material basis of Sino-Russian bilateral relations. With its presence above the Arctic Circle expanded, China reconceptualised its polar interests in the context of China’s desired role of a “responsible great power” as envisioned by Xi Jinping. In 2018, Beijing released its first ‘Arctic policy white paper’. In it, China defines itself as a “near-Arctic state”, emphasising its interest in researching climate change in the Arctic and its impact on mainland China, in promoting “connectivity and sustainable development”, as well as underlining China’s “rightful and rational” participation in Arctic international relations.¹⁷

China’s emphatic claim to the pursuit of its own interests in the Arctic provoked an immediate counterreaction from western Arctic states. The United States, which under President Donald Trump had readjusted its focus onto competition with China, gradually

15. Alexander Gabuev, “Russia’s Policy Towards China: Key Players and the Decision-making Process,” Carnegie Endowment for International Peace, 5.3.2015 <<https://carnegieendowment.org/2015/03/05/russia-s-policy-towards-china-key-players-and-decision-making-process-pub-59393>>; Lukas Wahden, “On thin ice: The role of state-owned energy corporations in the formulation of Russia’s China policy in the Arctic,” Master’s thesis, London School of Economics Library, 2021.

16. Matthew Willis, Duncan Depledge, “How we Learned to Stop Worrying about China’s Arctic Ambitions: Understanding China’s Admission to the Arctic Council,” The Arctic Institute, 22.09.2014 <www.thearcticinstitute.org/china-arctic-ambitions-arctic-council/>.

17. “Zhongguo de beiji zhengce,” 26.01.2018 <www.gov.cn/zhengce/2018-01/26/content_5260891.htm>.

began to frame the Chinese presence in the far north in terms of military security.¹⁸ From 2019, the Trump administration also accused Russia, which had recently completed a modernisation of its Arctic armed forces, of aiming to “destabilise” the Arctic security system in lockstep with the Chinese.¹⁹

This created a dilemma for Moscow. On the one hand, due to Western sanctions, the continued implementation of Russia’s Arctic development plans largely depended on the goodwill of Chinese investors. Russia was prepared to tolerate Chinese advances in the Arctic in return for better economic relations. On the other hand, Russia also pursued the strategic goal of shielding the Arctic from international conflicts, preserving its status as a regional military and economic power, and counteracting any weakening of its position in the Arctic through Western or Chinese activities. The assertive tone of the Chinese ‘white paper’, coupled with difficulties in the realisation of promised Chinese investments,²⁰ led to a certain sense of disillusionment on both sides.²¹

Before Russia’s full-scale invasion of Ukraine, it would therefore have been unfounded to speak of an Arctic alliance between Russia and China. Rather, the two countries had entered into limited regional cooperation. The forces of attraction emanating from their inherently compatible interests were weakened by the fact that Russia was not prepared to put its traditional ‘Arctic great power status’ up for grabs.²² China, in turn, also came to recognise the limits of its Arctic ambitions. From 2018, Beijing made efforts to invest in Arctic countries and territories, such as Finland, Greenland, and Norway.²³ At the same time, Beijing became more involved in the Arctic Council working groups and regional research projects,²⁴ while striking an overall more conciliatory note in its Arctic diplomacy.

RUSSIA AND CHINA IN THE PARALYSED ARCTIC GOVERNANCE SYSTEM

As a consequence of Russia’s full-scale invasion of Ukraine in February 2022, the governance system of the Arctic sank into disarray, and thereby altered the basis of Russia and China’s regional partnership. On March 3, 2022, the Arctic states of Denmark, Finland, Iceland, Canada, Norway, Sweden and the US all declared that they would suspend their participation in Arctic Council meetings with immediate effect, in protest at Russia’s war.

18. Marc Lanteigne, “Considering the Arctic as a Security Region: The roles of China and Russia,” in *Routledge Handbook of Arctic Security* (London, 2017), 9.

19. Carol Morello, “Pompeo warns of the dangers of Russian and Chinese activities in the Arctic,” *The Washington Post*, 6.5.2019.

20. In 2019, Chinese companies complained that Russia had failed to promote transit traffic on the Northern Sea Route. China’s investments subsequently stalled: Yun Sun, “The Northern Sea Route: The Myth of Sino-Russian Cooperation,” *Stimson East Asia Program Reports* (Washington, DC, 2019).

21. Pavel Gudev, “Arktičeskie ambicii Podnebesnoj,” *Global Affairs*, 14.9.2018.

22. Tom Røseth, “Russia’s China Policy in the Arctic,” *Strategic Analysis* 6 (2014): 841-859.

23. Heidi Holz et al, “Exploring the Relationship between China’s Investment in the Arctic and its National Strategy,” *CNA Research Memorandum* 1 (2022), 29-35.

24. Andrew Chater, “China as Arctic Council Observer: Compliance and Compatibility,” *NAADSN*, 3.5.2021 <<https://www.naadsn.ca/wp-content/uploads/2021/05/China%E2%80%99s-Strategic-Objectives-in-the-Arctic-Region-AC-Final.pdf>>.

The activities of the Council and its working groups thus ground to a halt,²⁵ halfway through the period of Russia's Arctic Council presidency, which lasted from May 2021 to May 2023.

It is problematic, however, that the governance system of the Arctic is a highly decentralised network of treaties and bilateral and multilateral agreements, which regulate divergent aspects of environmental protection, maritime and shipping law, political and social rights, sovereignty issues, and climate policy obligations.²⁶ Many of these treaties, such as the United Nations Convention on the Law of the Sea,²⁷ have a supra-regional scope. The multi-layered structure of the Arctic governance regime made it difficult, if not impossible, for the western Arctic states to centralise the decision to terminate or dissolve their contractual relations with Moscow. While some treaties and cooperation formats were swiftly suspended, others remained in force due to practical necessity or the exceptional requirements of individual western Arctic states. In general, all those elements of the Arctic governance system enshrined in international treaties, whose termination or suspension would be subject to the Vienna Convention on the Law of Treaties,²⁸ have proven more durable than non-binding cooperation agreements.²⁹

For example, Russia is still a member of the United Nations Framework Convention on Climate Change,³⁰ which, while not a legal document specifically for the Arctic, is of considerable importance for the region. Russia also remains a party to the legislation and procedures of the International Maritime Organisation, known as the Polar Code, which came into force in 2017. Norway continues to fulfil its obligations under the Spitsbergen Treaty,³¹ which regulates the international community's access rights to a Norwegian-administered archipelago on which Russia maintains several settlements despite occasional spats over the access of Russian supply vessels to the port of Barentsburg.³²

Bilateral border agreements between Finland and Russia and Norway and Russia also remain in force, although coastguard cooperation between the countries was suspended. Norway in 2022 and 2023 decided to sign new annual fisheries agreements with Russia,³³ even though Moscow in October 2023 threatened to suspend the agreement in response to Norway's decision to close all but three of its ports to Russian fishing vessels.³⁴ Treaties on scientific cooperation, such as the Agreement on the Conservation of Polar Bears,³⁵ also

25. "Joint Statement on Arctic Council Cooperation Following Russia's Invasion of Ukraine," 3.3.2022 <www.state.gov/joint-statement-on-arctic-council-cooperation-following-russias-invasion-of-ukraine/>.

26. The Arctic Portal provides an overview of the international agreements on the Arctic <<https://arcticportal.org/arctic-governance/international-agreements>>; "Arctic Governance", Fact Sheet, 1.5.2020 <https://www.arctic-office.de/fileadmin/user_upload/www.arctic-office.de/PDF_uploads/Fact_Sheet_Governance_Englisch.pdf>.

27. Adopted on December 10, 1982, 1833, UNTC, 396 (entry into force: November 16, 1994).

28. Adopted on 22 May 1969, 1155 UNTS 331 (entry into force: January 27, 1980).

29. Timo Koivurova, Akiho Shibata, "After Russia's invasion of Ukraine in 2022: Can we still cooperate with Russia in the Arctic?" *Polar Record*, Vol. 59, 17.3.2023, <<https://doi.org/10.1017/S0032247423000049>>.

30. Adopted on June 4, 1992, 1771 UNTS 107 (entry into force: March 21, 1994).

31. Adopted on February 9, 1920, 2 LNTS 7 (entry into force: August 14, 1925).

32. "Russia and Norway agree to resolve Svalbard transit dispute," Euronews, 6.7.2022.

33. Astri Edvardsen, "Norway and Russia Reached a Fisheries Agreement for 2023," Highnorthnews.com, 28.10.2022.

34. Thomas Nilsen, "Russia threatens to withdraw from fishery deal with Norway. Little to worry about, says expert," Thebarentsobserver.com, 27.10.2023.

35. Adopted on November 15, 1973, UNTS 2898, I-50540 (entry into force: May 26, 1976).

continue.³⁶ It is particularly noteworthy that the 2021 Agreement to Prevent Unregulated High Seas Fishing in the Central Arctic Ocean,³⁷ which imposes strict restrictions on the fishing fleets of Russia, Iceland, China, Japan, South Korea and the EU states, also remained in force. Representatives from Russia took part in a meeting of national delegations in Seoul in November 2022.³⁸

On the other hand, EU states stopped all scientific cooperation with Russia in March 2022. Several large Arctic research projects were terminated. The Northern Dimension, an EU cooperation platform with Russia, Iceland and Norway, ended its activities. The Barents Euro-Arctic Council and the Council of the Baltic Sea States suspended Russia's participation. Russia then announced its withdrawal from both formats on March 11.³⁹ The International Council for the Exploration of the Sea, an advisory body for the fishing industry, also excluded Russia by majority vote of its member states.

In June 2022, the Western Arctic states decided to resume those activities of the Arctic Council in which Russia did not necessarily have to participate in line with the final programme of the Council's 2021 Reykjavik Conference. The Council thus decided against its dissolution, which in any case would have only been possible with the consensus of all eight member states. Moscow had previously expressed its displeasure at the suspension of the Council's activities and maintained the events it had planned under the Russian Presidency.⁴⁰

In spring 2023, Norway took over the Council Presidency from Russia. The Norwegian Foreign Minister confirmed her intention to resume the Council's work on "climate change, sustainable development and efforts to improve the well-being of people in the region".⁴¹ In autumn 2023, the eight Arctic states announced an agreement on new guidelines to allow the working groups and expert group of the Arctic Council to resume their work.⁴² This indicates that the Arctic states are aspiring to relaunch institutional cooperation in the region under Norwegian leadership.

It remains to be seen whether Norway will succeed in the endeavour. Although the three binding agreements concluded under the auspices of the Arctic Council – the Search and Rescue Agreement (SRA), the Oil Spill Preparedness and Response Agreement (OSPA) and the International Scientific Cooperation Agreement (ISCA) – remain formally in force, the decision in March 2022 to stop cooperating with Russia is currently preventing their practical implementation. In addition, given the current political climate, the consensus principle of the Arctic Council is paralysing the Council's decision-making ability. The blockage of the Council also prevents observer states like China from participating in Arctic diplomacy.

36. "2023 Polar Bear Range States Biennial Meeting of the Parties" <<https://polarbearagreement.org/highlighted-publications/121-2023-pbrs-mop>>.

37. Adopted on July 15, 2015 (entry into force: June 25, 2021).

38. Paul Molyneux, "Arctic fisheries agreement holding under pressure," National Fisherman, 23.2.2023.

39. "Kommentarij oficial'nogo predstavitelja MID Rossii M.V. Zacharovoj v svjazi s situacij v 'Severnom izmerenii' (SI) i Sovete Barenceva/Evroarktičeskogo regiona (SBER)," 11.3.2023 <https://mid.ru/ru/foreign_policy/news/1803807/>.

40. "MID RF nazval otkaz Zapada učastvovat' v rabote Arktičeskogo soveta politizirovannym," Tass, 4.3.2022.

41. "Speech by the Norwegian Foreign Minister to the Arctic Council," 12.5.2023 <www.regjeringen.no/en/aktuelt/norway-takes-over-as-chair-of-the-arctic-council/id2976965/>.

42. Astri Edvardsen, "Light at the End of the Tunnel for the Arctic Council," Highnorthnews.com, 12.09.2023.

In April 2022, President Putin announced that Russia would henceforth give priority in its Arctic cooperation efforts to “friendly” non-Arctic states, such as Brazil, India and China.⁴³ Russia, which held the Council presidency until May 2023, consequently invited numerous states from Africa, Asia and Latin America to Arctic-related events held on Russian soil. In April 2023, Russia announced its plan to establish a new research station on Svalbard in cooperation with the BRICS countries (Brazil, Russia, India, China and South Africa). To date, Russian representatives have not, however, publicly floated the idea of replacing the Arctic Council with any alternative, more “multipolar” cooperation format.

Russia on multiple occasions signalled its willingness to relaunch the work of the Arctic Council. At the press conference on the handover of the Council presidency from Russia to Norway in May 2023, Ambassador Nikolai Korzhunov stated that Russia stood “ready to cooperate with other Arctic states”. Moscow announced that it has no “intention of developing alternative forums to the Arctic Council”.⁴⁴ At the same time, Russia has branded the other Arctic countries as “unfriendly states” and removed any mention of the Arctic Council from its strategy document on the “Development of the Arctic until 2035”.⁴⁵ With relations between Russia and the West at an all-time low, a full resumption of Arctic cooperation seems unlikely as long as the war in Ukraine continues.

China is reacting cautiously to all these developments. On the one hand, dissolving the Arctic Council as an exclusive regional forum could be seen as being in Beijing’s interests. On the other hand, China’s observer status in the Arctic Council contributes to justifying its presence in the region as Beijing uses this status to emphasise that the entire Arctic – and not just the central Arctic Ocean – is the “common heritage of mankind”. From this, the Chinese leadership derives its demand for easier access to the region and its resources.⁴⁶ However, it makes no secret of its aim to return the Arctic Council to its pre-war status quo ante. While offering support to the Norwegian ambition to preserve Arctic Council cooperation,⁴⁷ Beijing is also insisting that cooperation with Russia be resumed.⁴⁸ This goal was reiterated by the Chinese Arctic ambassador Gao Feng and his Russian counterpart Nikolai Korzhunov during the latest round of Sino-Russian consultations on Arctic matters in September 2023.⁴⁹

43. “Putin dal poručenija po razvitiju Arktiki,” Lenta.ru, 13.4.2022.

44. Arsti Edvardsen, “Lavrov: The Arctic Council’s Future Depends on Whether a Civilized Dialogue Can Continue,” Highnorthnews.com, 15.5.2023.

45. Malte Humpert, “Russia Amends Arctic Policy and Removing Cooperation Within Arctic Council,” Highnorthnews.com, 23.2.2023.

46. Elizabeth Wishnick, “China’s Interests and Goals in the Arctic: Implications for the United States,” Strategic Studies Institute, 2017, 24-25.

47. Astri Edvardsen, “China Wants to Support Norway in Restoring the Arctic Council,” Highnorthnews.com, 28.04.2023.

48. “China: ‘Will Not Acknowledge Council Without Russia,’” High North News, 15.10.2022.

49. Astri Edvardsen, “Russia and China Discussed Further Arctic Council Cooperation – Also Within the Arctic Council,” Highnorthnews.com, 15.09.2023.

OF SANCTIONS AND SUBSTITUTIONS: SINO-RUSSIAN ARCTIC ECONOMIC TIES

Western sanctions imposed against Russia are intended to damage Russia's economy, reduce its economic and technical capabilities for waging war, and persuade Moscow to stop its invasion of Ukraine. As taxes on profits from the energy and raw materials sector have made up a significant proportion of the Russian state budget revenue for many years – around 40 percent in 2022 – energy companies have also been subjected to sanctions.⁵⁰ 90 percent of the natural gas and a fifth of the oil produced in Russia are already being extracted in regions north of the Arctic Circle.⁵¹ And Russia intends to further increase oil and gas production in the Arctic. The energy giants Rosneft', Gazprom and Novaték have announced enormous future Arctic extraction projects. Rosneft' has merged its oil projects in the north of the Krasnoyarsk Krai, particularly on the Taymyr Peninsula, under the name "Vostok-Oil". Production is scheduled to begin in 2030. The natural gas production and liquefaction facilities built by Novaték under the name "Arktik SPG-2" (Arctic LNG 2) on the Gydan peninsula to the east of the Ob River are scheduled to go into operation in 2026. Future projects include the development of natural gas fields under the names "Arktik SPG-1" and "Arktik SPG-3". Production at the "Kharasavey" gas field developed by Gazprom was originally intended to launch in 2024. The natural gas produced at the site was to be transported to Western customers via the Yamal-Europe pipeline. However, since Russian authorities banned the transportation of natural gas through that pipeline in May 2022, the future of the project has been uncertain.

Following the occupation of Crimea and the downing of Malaysian passenger plane MH17 in the summer of 2014, Western countries imposed targeted sanctions on raw material projects in the Arctic.⁵² However, these restrictions encouraged Russian companies to establish relationships with non-Western credit and funding institutes, such as the China Export-Import Bank or the Silk Road Fund – and to accelerate the development of modern mining, drilling and shipping technologies inside Russia.⁵³

Immediately after the full-scale invasion of Ukraine in February 2022, a discussion began in the West as to whether sanctions should be massively expanded and an immediate embargo imposed on the import of natural gas from Russia. But several EU states, including Germany, opposed this because natural gas from Russia played a major role in their economies. France, Belgium and Spain were also not prepared to reduce imports of Russian liquefied natural gas.⁵⁴

50. Roland Götz, "Kriegswirtschaft. Russlands ökonomische Entwicklung 2022," *Osteuropa* 12 (2022): 47–57.

51. Janis Kluge, Michael Paul, "Russia's Arctic strategy until 2035: Grand plans and pragmatic constraints," SWP-Aktuell, 2.11.2020.

52. Timur Achmujtov, Darija Polosina, Anastasija Kosivec, "Probleme in der Arktis. Die US- und EU-Sanktionen gegen Russland," in *Sanktionen. Ziele, Kosten, Wirkung* (Berlin, 2021) [= *Osteuropa* 12 (2021)], 201–210.

53. Indra Overland, Gulaikhan Kubayeva, "Did China Bankroll Russia's Annexation of Crimea? The Role of Sino-Russian Energy Relations," in *Russia's Turn to The East*, eds. Helge Blakkisrud, Elana Wilson Rowe (Basingstoke: Palgrave Pivot, 2018), 95–118; Maria Shagina, "Has Russia's Pivot to Asia Worked?" *The Diplomat Magazine*, 10.1.2020.

54. Atle Staalesen, "Russian Arctic LNG Advances in Europe," *The Barents Observer*, 16.1.2023.

Furthermore, the aim to reduce Russia's revenues from the export of raw materials was also undermined by a steady rise in world market prices for oil and natural gas. Although hardly any gas now reaches Europe via pipeline, demand for liquefied natural gas has increased around the world. The EU countries bar Hungary no longer import crude oil directly from Russia and have decided on a price cap for oil exports from Russia, to which all companies registered in the EU and involved in these exports through shipping services must adhere. Nevertheless, Russia's income from the export of raw materials has not fallen significantly.⁵⁵

It also remains to be seen what impact the sanctions will have on Russia's envisioned future expansion of oil and gas production in the Arctic. After the invasion of Ukraine, most Western companies announced their immediate withdrawal from relevant projects. The French company Total Energies declared that it would halt its investments in the construction of a floating liquefied natural gas terminal at Belokamenka on the Kola Peninsula near Murmansk, which is needed to export natural gas from Novaték's Arctic LNG 2 project. In April 2022, US company Baker Hughes withdrew from a supply contract for modern turbines, and the German companies Linde and Siemens stopped supplying compressors and heat exchangers to Belokamenka.⁵⁶ The exclusion of Russian banks from the international payment system SWIFT, and the suspension of a loan from the Japanese Development Bank cut off Novaték's access to international credit.⁵⁷ Due to financial sanctions imposed by South Korea, Samsung Heavy Industries withdrew from its participation in the construction of 15 ice-class tankers at the Zvezda shipyard in Bolshoy Kamen'. Novaték needs these small tankers to transport liquefied gas from the Arctic to deep-water ports on the Kola Peninsula and Kamchatka.⁵⁸ In addition, Atomflot had to pause its assembly of several nuclear icebreakers, stopping their production completely in February 2023.⁵⁹ The delivery of construction materials for Rosneft', Gazprom and Novaték via the Northern Sea Route dried up within a few weeks. In China, the assembly of several large concrete gravity modules, which are a core component of the Arctic LNG 2 project, was temporarily suspended out of fear of Western secondary sanctions.⁶⁰ However, China's Bomesc Onshore Engineering announced in August 2023 that the production of the modules had resumed, and that they were ready for shipment.⁶¹ In the same month, the floating liquefied natural gas terminal Saam FSU, which Novaték had built at the Daewoo shipyard in South Korea,

55. Tania Babina, Benjamin Hilgenstock et al, "Assessing the impact of international sanctions on Russian oil exports," Vox EU CEPR, 20.4.2023 <<https://cepr.org/voxeu/columns/assessing-impact-international-sanctions-russian-oil-exports>>; Brévonn Giacomo, Sami Ramdani, "La stratégie russe de limitation des exportations de gaz vers l'UE: Une composante de l'invasion de l'Ukraine," Observatoire de la sécurité des flux et des matières énergétiques, IRIS, 1.5.2023 <www.iris-france.org/wp-content/uploads/2023/05/Rapport13_OSFME.pdf>.

56. Interview with Malte Humpert, Senior Fellow, The Arctic Institute, 5.7.2023.

57. Thomas Nilsen, "Japan Government bank extends freeze of loan to Arctic LNG 2," The Barents Observer, 10.6.2022.

58. "Rossijskomu SPG sušat vesla," eadaily.com, 27.5.2022.

59. Paul Goble, "Moscow's Cutback on Icebreaker Construction Opens Door for China in the North," Eurasia Daily Monitor, 2.3.2023.

60. Xu Yihe, "Chinese yards to halt work on Russian Arctic LNG 2 modules," upstreamonline.com, 10.5.2022.

61. "Chinese yard ready to ship Arctic LNG 2 modules to Russia but sanctions uncertainty persists," upstreamonline.com, 16.8.2022.

reached its destination near Murmansk after a months-long voyage along the Northern Sea Route.⁶²

In addition to the restrictions on the export of capital and technology, the EU imposed a sixth sanctions package in summer 2022, banning imports of petroleum products and crude oil transported by sea from Russia. The EU also agreed a price cap for Russian oil with G7 countries and Australia. Finally, the European Commission prohibited EU companies from granting insurance cover to oil tankers operating out of Russia. This severely restricted the range of insurers available to Russian oil exporters, who were therefore forced to make use of “grey fleets” of tankers – transport ships flying the flags of countries already operating under sanctions, such as Iran or Venezuela.⁶³ With the exception of the “Prirazlomnaya” oil field operated by Gazprom Neft on Novaya Zemlya, EU sanctions led to the temporary suspension of plans for all pending oil development projects in Russia’s Arctic, such as the “Pobeda” field in the Kara Sea.⁶⁴ Rosneft’s “Vostok-Neft” project on the Taymyr peninsula, which is expected to go online in 2030 and produce more than 100 million tons of crude oil per year, will also likely be affected by EU sanctions, as the oil will have to leave the facility by sea. Russia’s access to ice-capable oil tankers is limited by the sanctions, which means that Moscow is now employing non-ice-grade oil tankers in Arctic waters – at great risk to the environment.⁶⁵

Russia’s leadership reacted hesitantly to Western sanctions. On April 13, 2022, Vladimir Putin admitted that Russia’s Arctic transport and logistics sector was facing “extreme difficulties”. Russia is therefore attempting to sell its oil and gas to a broader customer base in Latin America, Africa and Asia.⁶⁶ In the course of 2022, Russia sold most of its crude oil to India, China and Turkey – in some cases at considerable discounts.⁶⁷ This enabled Moscow to compensate at least in part for the losses suffered on Western markets. Following Putin’s April statement on the situation in the Arctic, Rosneft resumed deliveries of construction materials to the “Vostok-Neft” construction site, although the conditions imposed by the sanctions had not changed.

In order to boost its Arctic crude oil exports, the leadership in Moscow announced in summer 2022 that it wanted to invest additional funds in the infrastructure of Arctic ports.⁶⁸ However, at that time, for the first time in more than a decade, not a single major international shipping company, including China’s COSCO, had applied to the relevant Russian authorities, in this case Rosatomflot, for a summer transit permit for the Northern Sea Route.⁶⁹

62. “Europas LNG-Bedarf hilft Wladimir Putin,” *Die Zeit*, 10.8.2023.

63. Frédéric Lasserre, Hervé Baudu, “Les conséquences de la guerre en Ukraine dans l’Arctique,” in *Réseau d’analyse stratégique*, Report RGV9N1, 2023, 8.

64. Aleksandr Sergunin, Professor of International Relations, Saint Petersburg State University, in correspondence with the author in June 2023.

65. Malte Humpert, “Russia Sends Oil Tanker Without Protection Through Arctic for First Time,” *High North News*, 12.9.2023.

66. “Rossii, Soveščanie po voprosam razvitija Arktičeskoj zony,” 13.4.2022 <<http://kremlin.ru/events/president/news/68188>>.

67. “Rossija perenapravila neft’ v Kitaj i Indiju,” *Forbes.ru*, 2.4.2023.

68. “Pravitel’stvo profinansiruet infrastrukturnye proekty, neobchodimye dlja razvitija Severnogo morskogo puti,” 16.1.2023 <<http://government.ru/news/47546/>>.

69. Personal interview with Humpert [footnote 56].

While Rosneft appealed to the Russian leadership for support, Novaték negotiated with corporations from Turkey, China and the United Arab Emirates to see if they could replace Western technology and financing. Towards the end of 2022, Chinese companies resumed their delivery of concrete gravity modules for the Arctic LNG 2 project. Novaték and Chinese company Harbin Guanghai Gas Turbine Co., Ltd. concluded a contract for the supply of new turbines.⁷⁰ In December 2022, Novaték announced that it had been able to overcome sanctions-related difficulties with the help of its non-Western partners. The second and third modules of Arctic LNG 2 could now be completed as planned.⁷¹

Novaték continued to produce and liquefy natural gas at its Yamal LNG site throughout 2022. In addition to China, France, Belgium, Spain and the Netherlands also contributed to rising demand. All four countries sourced record quantities of LNG from Russia to compensate for the cost explosion associated to the loss of pipeline gas. In view of the increased profitability of its liquefied natural gas business, Russia in 2022 increased its tax rate for LNG exporters from 23% to 34%, which generated additional state revenue of USD 3.5 billion.⁷² In July 2023, Novaték anchored two huge LNG storage vessels off deep-water ports on the Kola and Kamchatka peninsulas. In light of the increasing demand for liquefied natural gas in Europe and Asia, these storage ships are intended to receive supplies from Arctic production sites, to then reload them onto more cost-effective, conventional large freighters bound for ports in the Pacific and Atlantic regions.

Despite all the efforts by the European institutions to curb liquefied natural gas imports from Russia, LNG has not yet been subjected to EU sanctions, and neither has it been possible to substantially reduce import levels across all EU states. In late 2023, the United States introduced additional sanctions against Novaték, targeting the LNG storage vessels anchored near Kola and Kamchatka, the Arctic LNG 2 project, as well as one of Novaték's UAE-based partner companies.⁷³ Arctic LNG 2 stakeholders Total Energies and Mitsui were granted temporary sanctions waivers, to ease the impact of measures on European and Japanese markets. But any future non-compliance by companies with the new sanctions could result in their blacklisting by US regulators. In contrast to the punitive US measures, the 12th package of EU sanctions against Russia, which was released in December 2023, did not specifically target Russian LNG imports. This decision reflects disagreements among EU member states over the war in Ukraine, sanctions, and energy policy, as well as growing concern among EU states over the impact of gas price hikes on their industrial competitiveness.⁷⁴ The end of 2023 therefore saw a breaking of ranks between Western states over the future direction of Russian energy sanctions. In addition, Western states have so far refrained from sanctioning major non-energy conglomerates of the Russian Arctic such as Nornikel', which produces non-ferrous metals such as palladium and nickel.

70. Heiner Kubny, "Chinese technology to power Russian Arctic LNG 2 plant," Polarjournal.ch, 2.6.2023.

71. Malte Humpert, "Novatek confident it will complete Arctic LNG 2 on schedule despite Western sanctions," Highnorthnews.com, 16.12.2022.

72. "Nalog na pribyl' dlja eksporterov SPG v Rossii uveličili s 20 % do 34 % na 2023-2025 gody," Tass.ru, 21.11.2022.

73. Malte Humpert, "New US sanctions target Russia's Arctic LNG 2 - 'Our objective is to Kill that Project'," Highnorthnews.com, 13.11.2023.

74. Gabriel Gavin and Victor Jack, "EU hits end of the line on Russian energy sanctions," Politico.eu, 24.11.2023.

Both are urgently needed by car and battery manufacturers. Rosatom, which was put in charge of managing the Northern Sea Route in 2019, mines uranium that is used in French and American nuclear power plants. The lack of measures against these major players of the Arctic economy significantly curtails the impact of Western sanctions. On 25 December 2023, Novatek's European, Japanese, and Chinese partners exited the Arctic LNG 2 project under force majeure declarations.⁷⁵ But Chinese construction companies continued their supply of gravity-modules to Belokamenka in 2024,⁷⁶ and Russia will likely attempt again to redirect sanctioned LNG to Asian markets.

Overall, sanctions have therefore slowed, but not stopped the economic development of the Russian Arctic. Russia has found alternative customers for its Arctic oil and gas, and launched a rather successful import substitution program. In the course of 2023, transit traffic along the Northern Sea Route rebounded to record-breaking heights as a result of the rerouting of Russian oil from the Baltic to China via the Arctic.⁷⁷ Aside from profiting from the increased availability of Russian resources, Chinese companies suddenly found themselves in the privileged position of being able to cherry-pick among economic and investment opportunities in Russia. Unlike in 2014, however, Beijing is now proceeding with remarkable caution. Chinese companies agreed to become involved in the development of the "Pizhemskiye" titanium mine in the Komi Republic. China also signalled its interest in supporting Gazprom in the construction of petrochemical plants near now-idle gas fields along the Yamal-Europe pipeline.⁷⁸

At the same time, however, China has drawn out the concluding negotiations on the final section of the Sila Sibiri 2 gas pipeline, which is supposed to connect Russia's Arctic territories with the Chinese region of Xinjiang.⁷⁹ Apparently, Chinese negotiators are demanding better contract terms from Gazprom. Industry experts believe that China may have reached a saturation point regarding the import of Russian natural gas via pipeline. Beijing prefers to buy LNG, which can easily and quickly be resold on global markets in the event of domestic fluctuations in demand.⁸⁰

The reluctance of Chinese investors has also had internal causes: China's economy is only recovering slowly from the effects of the COVID-19 pandemic, and Chinese companies are investing less money abroad than before. However, Chinese direct investment in Russia had declined for some time prior to the pandemic.⁸¹ In March 2022, the Chinese

75. Nate Ostiller, "Russian media: Foreign shareholders suspend participation in Russian Arctic LNG-2 project," *kyivindependent.com*, 25.12.2023.

76. Malte Humpert, "China Continues to Deliver Prefabricated Modules in Support of Russia's Arctic LNG 2 Project," *Highnorthnews.com*, 8.1.2024.

77. Malte Humpert, "China Pushes Northern Sea Route Transit Cargo to New Record," *Highnorthnews.com*, 18.12.2023.

78. Florence Jones, "China to operate in the development of Russian Arctic titanium mine," 6.2.2023 <www.mining-technology.com/news/china-russia-titanium-mine/>; Atle Staalesen, "Russia's natural gas is stuck in the Arctic. Now the petrochemical industry moves in," *The Barents Observer*, 24.5.2023.

79. Joseph Webster, "China and Russia May Be Expanding Natural Gas Cooperation - Not Just Via Power of Siberia 2," *Diplomat Magazine*, 17.6.2023.

80. Ksenia Tepljakova, "Pekin zanjalsja Arktikoy. Ćem grozit dopusk Kitaja v razvitiju Sevmorputi. Nakanune," 24.3.2023.

81. Personal interview with Yue Wang, researcher at the Institute of Nordic Studies, Fudan University, Shanghai, 10.7.2023; Ivan Zuenko, cited in Elizabeth Wishnick, Cameron Carlson, "The Russian Invasion of Ukraine freezes Moscow's Arctic Ambitions," *Journal of Indo-Pacific Affairs* 5 (2022): 58; Oscar Almén and Christopher Weidacher

Ministry of Foreign Affairs allegedly instructed the country's three largest energy conglomerates to reassess their Russia business and thoroughly reconsider potential acquisitions.⁸² This is probably the real reason why Novaték has not succeeded in attracting Chinese direct investment for its Arctic LNG 1 and 3 production sites. The prospect of tax breaks for Chinese investors, which Novaték has been lobbying for with the Russian political leadership, is unlikely to change this situation.⁸³ Russia will increasingly try to reduce its financial dependence on China and diversify foreign investors and cooperation partners for projects in the Arctic. India, the United Arab Emirates, Vietnam and Turkey could be considered as potential stand-ins for China.

CHINA ON THE SIDELINES OF A MILITARISING ARCTIC

The war in Ukraine has also been accelerating the militarisation of the Arctic region. Arctic littoral states are increasingly engaging in the region in terms of security policy, boosting their military spending, and stationing additional troops on Arctic bases.

After the dissolution of the Soviet Union and the end of the Cold War, the Arctic lost much of its strategic importance.⁸⁴ Due to changed threat perceptions and the economic crisis of the 1990s, Russia hardly invested in its forces stationed in the High North. This has changed since the mid-2010s. The global heightening of tensions between Russia and the West has also affected the Arctic. Russia has modernised its Arctic armed forces as part of its state armament program.⁸⁵ This programme included institutional reforms, modernisation of equipment and rearmament. In 2014, four Russian federal subjects – the Arkhangel'sk Oblast, the Komi Republic, the Murmansk Oblast and the Yamal-Nenets Autonomous Okrug – were separated from Russia's Western Military District and integrated into a new United Strategic Command under the leadership of the Northern Fleet. This measure was aimed at giving the Northern Fleet more autonomy and increasing its interoperability with civilian organisations such as Rosatomflot.⁸⁶ The United Strategic Command was elevated to the status of a full-fledged Military District in 2021 – and equipped with an Arctic regional focus.⁸⁷ Russia's military planners equate the melting of the Arctic ice sheet with the disappearance of a natural military boundary. This may make it easier for US nuclear

Hsiung, *China's Economic Influence in the Arctic Region: The Nordic and Russian Cases* (Stockholm: Swedish Defence Research Agency, 2022), 67.

82. "Sinopec suspends natural gas marketing venture in Russia," *Offshore Technology*, 28.3.2022 <www.offshore-technology.com/news/sinopec-suspends-venture-russia/>.

83. "Chinese investors could finance Murmansk LNG," *The Barents Observer*, 7.6.2023.

84. Kristian Åtland, "Im Norden nichts Neues? Die Arktis in Russlands Sicherheitspolitik," in *Logbuch Arktis. Der Raum, die Interessen und das Recht*, 243–256.

85. Mathieu Boulègue, *Russia's Military Posture in the Arctic. Managing Hard Power in a "Low Tension" Environment* (London: Chatham House, 2019), 4-24 <www.chathamhouse.org/sites/default/files/2019-06-28-Russia-Military-Arctic_0.pdf>.

86. Jones Kjellén, "The Russian Northern Fleet and the (Re) militarization of the Arctic," *Arctic Review on Law and Politics* 1 (2022): 34-52.

87. "Severnij flot polučit status voennogo okruga," *Izvestija.ru*, 19.4.2019.

submarines to operate close to or even inside Russian territorial waters. As a result, Russia's own nuclear forces on the Kola Peninsula and the Russian Northern Fleet are at risk.⁸⁸

Moscow responded by adjusting its foreign and security policy strategies. In the "Foreign Policy Concept of the Russian Federation" of March 2023, the Arctic is marked out separately for the first time as a region in which Russia has special interests. The declared goal is to "neutralise the course of unfriendly states towards a militarisation" of the Arctic.⁸⁹ In response to Russia's military reforms and the occupation of Crimea, NATO members reviewed their own military capabilities in the Arctic, and are now rapidly expanding them. Before Russia's reforms, the United States had paid scarce attention to the security situation in the Arctic. This changed gradually with the issuance of the 2016 US Department of Defense Arctic strategy.⁹⁰ In 2018, the US signed a new trilateral agreement with Sweden and Finland to strengthen the interoperability of the three countries' armed forces.⁹¹ The US Navy's 2nd Fleet was reactivated, predominantly to act as a counterweight to Russia's Northern Fleet in the North Atlantic and Arctic. The US relocated military units to previously decommissioned military bases in Iceland and Norway.⁹² In 2019, NATO established a new joint force command for the Atlantic and Arctic in Norfolk, VA.⁹³ After US President Trump unsuccessfully tried to buy Greenland from Denmark in 2019, the Danish parliament tripled defence spending for activities in the Arctic. The USA also opened a new consulate general in Nuuk in 2020 and reactivated a Danish-American joint committee for Greenland. Copenhagen and Washington also reached a negotiated solution to disagreements over the US military airfield "Pituffik".⁹⁴ In April 2021, the US signed an agreement with Norway, which granted the US military free access to Norwegian military bases.⁹⁵ The agreement paved the way for the deployment of strategic US bombers above the Arctic Circle. In addition, American B-2 stealth bombers were stationed at Keflavik Air Base in Iceland for training purposes in 2021 and 2023.

Russia's war against Ukraine also changed the threat perception of Sweden and Finland, both of which are Arctic states. In May 2022, both countries applied for NATO membership. In 2023, Sweden and Finland joined Norway in concluding bilateral defence

88. Mathieu Boulègue, "The militarisation of Russian polar politics," Chatham House, 2022, 9-15 <<https://www.chathamhouse.org/2022/06/militarization-russian-polar-politics>>.

89. O Strategii razvitiia Arktičeskoj zony [footnote 6]. Ob utverždenii Morskoy doktriny Rossijskoj Federacii, 31.7.2022 <www.kremlin.ru/acts/bank/48215>; "Ob utverždenii Konceptii vnešnej politiki Rossijskoj Federacii," 31.3.2023 <<http://kremlin.ru/events/president/news/70811>>.

90. Department of Defense, *Report to Congress on Strategy to Protect United States National Security Interests in the Arctic Region*, 14.12.2016 <<https://dod.defense.gov/Portals/1/Documents/pubs/2016-Arctic-Strategy-UNCLAS-cleared-for-release.pdf>>.

91. Aaron Mehta, "Finland, Sweden and US sign trilateral agreement, with eye on increased exercises," Defense-News, 9.5.2018.

92. "Finland, Sweden and US building three-way defense ties," The Barents Observer, 9.5.2018; "US Navy resurrects Second Fleet in Atlantic to counter Russia," BBC.com, 5.5.2018.

93. Levon Sevunts, "NATO's new Atlantic command to keep watch over the European Arctic," The Barents Observer, 18.9.2020.

94. Sara Olsvig, "Greenland's ambiguous action space: Testing internal and external limitations between US and Danish Arctic interests," *The Polar Journal* 2 (2022): 215-239.

95. Njord Wegge, "The Strategic Role of Land Power on NATO's Northern Flank," *Arctic Review on Law and Politics* 1 (2022): 94-113.

agreements with the United States.⁹⁶ The US Army will be granted full access to seventeen Swedish bases, of which four are in northern Sweden, as well as fifteen Finnish bases, five of which are located in the Arctic or Arctic-adjacent territories. Finland became the 31st member state of NATO in April 2023. Should Sweden also be accepted into NATO, the two countries' combined armed forces will bring considerable polar capabilities to the alliance. NATO infrastructure may be erected on the Finnish-Russian border, not far from the Kola Peninsula. Finland and Sweden's membership will further facilitate defence policy coordination between the Arctic NATO countries. This should lead to the development of a NATO strategy for the Arctic region.⁹⁷ In June 2022, NATO Secretary General Jens Stoltenberg declared that the Arctic is of strategic importance to the alliance and called on member states to strengthen their presence in the region. As the largest military power of NATO, the US reactivated its 11th Airborne Division in Alaska. 12,000 troops are being trained at the base for possible combat missions under Arctic conditions.⁹⁸ Washington has also created the post of Ambassador for the Arctic, published a new comprehensive national Arctic strategy, and deployed several F-35 fighter jets to Greenland.⁹⁹

NATO cites China's polar policies as a reason for expanding its own Arctic military presence.¹⁰⁰ During a visit to the Canadian Arctic in August 2022, NATO Secretary General Stoltenberg warned that Beijing and Moscow had "pledged to intensify practical cooperation in the Arctic". This development is part of a "deepening strategic partnership that challenges [NATO countries'] values and interests".¹⁰¹ Stoltenberg did not, however, disclose the empirical facts upon which this assessment was based, particularly with regard to Sino-Russian Arctic cooperation.

China, in turn, is positioning itself in its own state media as a staunch opponent of the "militarisation" of the Arctic. Beijing assigns NATO sole responsibility for the arms race in the region. In June 2023, the People's Republic's main daily newspaper Renmin ribao accused the US of spreading its "military tentacles" in the Arctic.¹⁰² The article quotes government representatives and Chinese military experts, who claim that NATO is trying to establish a "military hegemony" in the Arctic at Russia's expense. This has been the official Chinese line since approximately 2020.¹⁰³ This tendency by Chinese authorities to play down Russia's military aggression and present it as a legitimate response to NATO expansion also characterises Beijing's stance on the causes of the war in Ukraine. China's

96. Arne O. Holm, "American Forces Enter the North With Free Access to 36 Military Bases," Highnorthnews.com, 15.12.2023.

97. Minna Ålander, William Alberque, "NATO's Nordic Enlargement: Contingency Planning and Learning Lessons," War on the Rocks.com, 8.12.2022.

98. Steve Beynon, "Army Forms 11th Airborne Division Amid Focus on Arctic Warfare," Military.com, 6.6.2022.

99. National Strategy for the Arctic Region, The White House, 2022.

100. In a guest column, NATO Secretary General Stoltenberg in 2022 described China and Russia as Arctic "challenges": "NATO is stepping up in the High North to keep our people safe," 24.8.2022 <https://www.nato.int/cps/en/natohq/opinions_206894.htm>.

101. Rob Gillies, "NATO head warns about Russian, Chinese interest in the Arctic," AP News, 26.8.2022.

102. Li Jiabao, "Jiajin buju, mei mouqiu 'beiji baquan'," Renmin ribao, 10.6.2023.

103. "Jiajin buju, mei mouqiu beiji baquan," Renmin ribao, 10.6.2023; "Mei xinban beiji zhanlue jiaju jidi boyi," Renmin ribao, 14.10.2022; "Bu ying jiang chongtu duikang dai ru beiji," Renmin ribao, 6.9.2022; "Beiyue qianghua beiji diqu junshi cunzai," Renmin ribao, 10.5.2022; "Jidi zaidu shangyan mei e rezhan," Renmin ribao, 23.2.2022.

rejection of NATO has its origins in Beijing's historical resentment of an allegedly similar containment policy of the American alliance system in the Asia-Pacific.¹⁰⁴

Russia and China see themselves in a confrontation with the West and feel threatened by the United States and its alliance systems. In recent years, both countries have expanded their military cooperation in the field of armaments and conducted joint manoeuvres.¹⁰⁵ However, this does not apply to the Arctic. Virtually no joint military exercises between Russia and China have taken place in the region. They were limited to formation exercises of naval and coast guard ships in the Bering Strait in 2022.¹⁰⁶ Both countries' reticence to expand military cooperation in the Arctic is presumably due to Russia's extensive secrecy. Moscow has always been reluctant to disclose information about its military structures, even to supposed partners. Equally important is the fact that the polar capabilities of the Chinese navy are limited. China only has two ice-capable ships, the Xuelong 1 and 2, and sees little benefit in a stronger military presence in the Arctic. Search and rescue operations and the protection of Chinese investments are a notable exception. Finally, there is the rather unlikely scenario of Chinese nuclear submarines operating under the Arctic ice sheet to alter China's nuclear deterrent against the US.¹⁰⁷

Even though Arctic joint manoeuvres remain rare, China and Russia have been expanding their security cooperation in the region. In March 2023, a Rosatom spokesperson announced that his company would work with Chinese partners to obtain satellite-based real-time data on the ice coverage of the Northern Sea Route. Due to sanctions, Russia is facing considerable problems in the procurement of modern weather satellites.¹⁰⁸ In April 2023, the FSB Border Guard Service and the Chinese Coast Guard signed a memorandum on cooperation in the Arctic, which could prompt Russia to abandon its careful stance on non-military security cooperation with China.¹⁰⁹ Overall, though, Russia's military cooperation with China in the Arctic remains far below the two countries' general threshold for military and defence cooperation. However, it could be that the logistical difficulties in procuring modern military technology and Russian losses in the Ukraine war will prompt Russia to further expand its Arctic military cooperation with China. The probability of the war spilling over from Ukraine to the Arctic remains low. Military tensions in the region are likely to be limited to the ice-free waters of the Bering and Barents Seas. Disputed sovereignty rights on the Arctic seabed are likely to be resolved by the universally respected UN Commission on the Limits of the Continental Shelf.¹¹⁰ China, which expects little from

104. Alicja Bachulska, Mark Leonard, "The Chinese debate about Russia's war and its meaning for the world," European Council on Foreign Relations, 11.7.2023 <<https://ecfr.eu/publication/china-and-ukraine-the-chinese-debate-about-russias-war-and-its-meaning-for-the-world/>>.

105. Alexander Korolev, "Measuring Strategic Competition in China-Russia Relations," in *The United States and Contemporary China-Russia Relations*, ed. Brandon K. Yoder (Berlin: Springer, 2022), 29-53.

106. Database of the "Arctic Military Activity Tracker", CSIS <<https://arcticmilitarytracker.csis.org/>>.

107. Adam Lajeunesse, "Here there be dragons? Chinese submarine options in the Arctic," *Journal of Strategic Studies* 6-7 (2022): 1046-1062.

108. Malte Humpert, "Lacking Own Satellite Coverage Russia is Looking to China for Northern Sea Route Data," *Highnorthnews.com*, 30.3.2023.

109. Thomas Nilsen, "FSB signs maritime security cooperation with China in Murmansk," *The Barents Observer*, 25.4.2023.

110. Clive Schofield, Andreas Østhagen, "A Divided Arctic: Maritime Boundary Agreements and Disputes in the Arctic Ocean," in *Handbook on Geopolitics and Security in the Arctic*, ed. Joachim Weber (Kiel: Springer, 2020), 171-191.

interfering in Arctic conflicts, will look for alternative ways to expand its influence in the region. The deterioration of relations between China and the West on a global scale is likely to motivate Arctic NATO states to oppose any further Chinese economic involvement in the Western Arctic.

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Table

Direct investments and financing agreements of Chinese companies in the Russian Arctic

Company / Investment project	Chinese company	Resource	Location	Amount	Status	Year
Rosneft ¹¹¹	CNPC	Crude oil	Barents and Pechora seas	Unknown	Stalled ¹¹²	2013
Yamal LNG ¹¹³	CNPC	LNG	Yamal peninsula	20% stake	Ongoing	2013
Pipeline Sila Sibiri 1 ¹¹⁴	CNPC	Natural gas	Siberia	\$400 bln.	Ongoing	2014
Belkomur railway ¹¹⁵	Poly Group	Infrastructure	Archangel'sk oblast	\$4.5 bln.	Stalled ¹¹⁶	2015
Port of Archangel'sk ¹¹⁷	Poly Group	Infrastructure	Archangel'sk	\$5.5 bln	Stalled ¹¹⁸	2016
Yamal LNG ¹¹⁹	China Silk Road	LNG	Yamal peninsula	9,9% stake (\$1.2 bln)	Ongoing	2016
Yamal LNG ¹²⁰	China Development Bank; Export-Import Bank	LNG	Yamal peninsula	\$ 12 bln.	Ongoing	2016
Gravity modules (Yamal LNG) ¹²¹	Seven Chinese shipyards (incl. COOEC)	Infrastructure	Yamal peninsula	> \$ 1.64 bln.	Terminated	2016
Port of Murmansk ¹²²	Poly Group	Infrastructure	Murmansk	\$300 mln.	Stalled ¹²³	2017
Gazprom ¹²⁴	China Oilfield Service	Crude oil	Kara sea	Unknown	Ongoing	2017
Monchetundra project ¹²⁵	SinoSteel	Palladium, Platinum	Kola peninsula	\$149.6 mln.	Ongoing	2019

111. "Rosneft' i kitajskaja CNPC rassirjajut sotrudnichestvo v RF," rbc.ru, 30.5.2013.

112. Holz, "Exploring the Relationship between China's Investment," 30.

113. Stephen Bierman, "CNPC Buys Stake in Novatek's Yamal LNG Project in Russian Arctic," Bloomberg, 5.9.2013.

114. "Sila Sibiri," rbc.ru, 27.11.2014.

115. Trude Pettersen, "Russia and China sign agreement on Belkomur railroad," The Barents Observer, 4.9.2015.

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Company / Investment project	Chinese company	Resource	Location	Amount	Status	Year
Maritime Arctic Transport LLC ¹²⁶	China Silk Road Fund; COSCO	Logistics and transport	Northern Sea Route	Unknown	Ongoing	2019
Arctic LNG 2 ¹²⁷	CNPC	LNG	Gydan peninsula	10% stake	Withdrawn (force majeure) ¹²⁸	2019
Arctic LNG 2 ¹²⁹	CNOOC	LNG	Gydan peninsula	10% stake	Withdrawn (force majeure) ¹³⁰	2019
Oil field 'Pay-achskoye' ¹³¹	China National Chemical Engineering Group	Crude oil	Taymyr peninsula	\$5.0 bln.	Ongoing	2019
Gravity modules (Arctic LNG 2) ¹³²	Bomesc Offshore Engineering	Infrastructure	Belokamenka	\$520 mln	Ongoing	2019
Generators and heat compressors (Arctic LNG 2) ¹³³	Penglai Jutal	Infrastructure	Belokamenka	\$437 mln.	Ongoing	2021
Arctic LNG 2 delivery agreement (15 years) ¹³⁴	CNOOC; CNPC	LNG	Gydan peninsula	Unknown (4 mln. t LNG p.a.)	Ongoing	2021
Arctic LNG 2 delivery agreement (15 years) ¹³⁵	Shenergy Group	LNG	Gydan peninsula	Unknown (3 mln. t LNG p.a.)	Ongoing	2021
Arctic LNG 2 delivery agreement (15 years) ¹³⁶	Zhejiang Energy	LNG	Gydan peninsula	Unknown (1 mln. t LNG p.a.)	Ongoing	2021

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Company / Investment project	Chinese company	Resource	Location	Amount	Status	Year
Titanium mine 'Pizhemskeye' ¹³⁷	China Communications and Constructions Co	Titanium	Komi Republic	Unconfirmed	Planning stage	2023
Petrochemical industries on Yamal ¹³⁸	Chinese petrochemical companies	Petrochemical industries	Yamal peninsula	Unconfirmed	Planning stage	2023
Turbines (Arctic LNG 2) ¹³⁹	Harbin Guanghan Gas Turbine Company	LNG	Belokamenka	Unconfirmed	Planning stage	2023
Pipeline Sila Sibiri 2 ¹⁴⁰	CNPC	Natural gas	Arctic-Xinjiang	Unknown	Stalled ¹⁴¹	2023

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