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Issue Brief

Understanding China-Russia Cooperation in the Arctic

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Summary

The Arctic has become an important arena of cooperation between Russia and China. Energy, trade and NATO expansion are among the factors propelling this cooperation. At the same time, Chinese investments in the Russian Arctic would not only enhance Chinese dominance over Russian energy and rare earth mineral projects, but could also challenge its hegemony, decision making and negotiating capabilities over future energy deals. India needs to enhance its bilateral cooperation with Russia, as well as with the other Arctic Seven (A7) states.

Introduction

The melting of Arctic sea-ice is offering multiple economic and geo-strategic opportunities for China–Russia cooperation. The opening up of the Northern Sea Route (NSR) along the Russian coast adds an important dimension to the bilateral engagement in the North. Russia aims to develop and benefit from its vast energy and other resource projects in the Arctic, and seeks to transform the global shipping industry from its traditional course by developing the NSR as a shorter alternative for connectivity between European and Asian ports.

China with its huge capital investment in the Arctic is drawing Russia into a partnership of mutual material interest and strategic gains. The advent of the Ukraine crisis, the shifting geopolitical alliances in the Indo-Pacific and Western-imposed economic sanctions on Russia tend to strengthen China–Russia cooperation in the Arctic. This Brief highlights multiple aspects of China–Russia cooperation in the Arctic. By analysing India’s Arctic policy, it also seeks to provide a new alternative to Russia for balancing its approach vis-à-vis China in the region.

Assessment of China–Russia Relations

In the past three decades, the steady China–Russia ‘quasi-alliance’, despite changes in leadership, national economic models, and even political systems, has largely been underestimated by the Western powers.¹ Those hoping for a rupture in the China–Russia relations in the backdrop of the Ukraine crisis will be disappointed as these countries’ interests continue to converge, despite the fact that China has been distancing itself from Russia’s predations. Some Western scholars argue that Russia needs to be wary of China’s demographic expansion, military modernisation and rising economic domination that favours its hegemonic rise.

A critical assessment of the China–Russia ‘marriage of convenience’ could also be reasoned to broader shifts in global politics. The US-led western approach against Russia and China is, one can argue, a catalysing factor in bringing the two countries closer. How equal the relationship will be is a matter of speculation but both would like to maximise their interests. Russia without being a ‘client state’ or a ‘junior partner’ of China would like to use the opportunity to develop its Far East. China, on the other hand, noting the resource richness of Siberia would speed along this outcome.

In 2014, the Crimea crisis intensified Russia’s economic outreach to China. The two countries signed a US\$ 400 billion gas deal to transport 38 billion

¹ Alexander Lukin, “[A Russian Perspective on the Sino-Russian Rapprochement](#)”, *Asia Policy*, Vol. 13, No. 1, January 2018.

cubic metres (bcm) of gas from the ‘Power of Siberia’ pipeline to China.² The changes in the European and Asian gas markets as well as the leadership role of Russian President Vladimir Putin and Chinese President Xi Jinping gave impetus to the deal.

Soon after becoming president in March 2013, Xi visited Moscow to discuss a comprehensive strategic cooperation plan with Putin that also included the routing of Siberian gas to northeast China. Both the leaders have been courting each other with rare fondness and ‘no limits’. Steadily, over the years, the partnership has progressed including scientific research, sharing intelligence, surveillance and reconnaissance data. With Russia as a suitable partner, China can advance its Polar Silk Road and yet remain aggressively focused on Taiwan and the South China Sea. It is, however, unlikely that Russia will allow a Chinese military base in the Arctic.³

China’s Arctic Approach

China’s engagement in the Arctic region dates back to 1925 when it became a signatory to the Spitsbergen Treaty.⁴ China’s contemporary research in the Arctic came to light with the establishment of the Yellow River Station at Ny-Ålesund, Svalbard in 2003. Hu Jintao, the then President and General Secretary of the Communist Party of China, sent a congratulatory note to his scientists in which he emphasised that “scientific research in the polar areas is a great cause that would benefit both the current generation and the generations to come”.⁵ Subsequently, China set up Remote Sensing Satellite North Polar Ground Station in Kiruna, Sweden in 2016 and an Arctic Science Observatory in Iceland in 2018.

In 2018, it released a White Paper titled ‘China’s Arctic Policy’.⁶ Calling itself a ‘Near Arctic State’, the White Paper notes:

China is also closely involved in the trans-regional and global issues in the Arctic, especially in such areas as climate change, environment, scientific research, utilization of shipping routes, resource exploration and exploitation, security, and global governance. These issues are vital to the existence and development of all countries and humanity, and directly affect the interests of non-Arctic States including China. China enjoys the freedom or rights of scientific research, navigation, overflight, fishing, laying of submarine cables and pipelines, and resource

² Elizabeth Wishnick, **“The ‘Power of Siberia’: No Longer a Pipedream”**, Policy Memo, PONARS Eurasia, 18 August 2014.

³ John Grady, **“China, Russia Quietly Expanding Arctic Partnership”**, *USNI News*, 11 October 2022.

⁴ Fuzuo Wu, **“Shaping China’s Engagement with the Arctic: Nationalist Narratives and Geopolitical Reality”**, *Journal of Contemporary China*, 15 September 2022.

⁵ **“China Opens First Research Station in Arctic”**, *China Daily*, 28 July 2004.

⁶ **“China’s Arctic Policy”**, The State Council Information Office of the People’s Republic of China, January 2018.

exploration and exploitation in the high seas, the Area and other relevant sea areas, and certain special areas in the Arctic Ocean, as stipulated in treaties such as the UNCLOS and the Spitsbergen Treaty, and general international law.

It further noted that “China has shared interests with Arctic States and a shared future with the rest of the world in the Arctic”.⁷

The emerging geo-strategic significance of the Arctic remains important in Chinese policy. Beijing has been working towards developing adequate infrastructure to sustain these emerging transitions in the region. Working in tandem with its national objectives, China has already started enhancing its partnerships with some of the Arctic states in the region. These partnerships involve economic investments via private individual Chinese entities, state owned enterprises (SOE), scientific and research collaborations with Nordic/Russian colleges, universities and premier research institutions, and even multiple partnerships at government-to-government level.⁸ Amongst all the eight Arctic states, China’s cooperation with Russia in the Arctic has consistently evolved and is expected to take a pivotal lead in the near future.

Reasons for Russia–China Arctic Cooperation

First, Russia is the largest Arctic country in terms of geographical size and coastal extent. The NSR that stretches from the Novaya Zemlya to the Bering Sea and runs along the Russian coast is emerging as a new shipping route. It has the potential to cut the shipping distance between Europe and Asia by 40 per cent.⁹ Russia currently maintains sole domination over the NSR and regulates all the shipping activity in the region.

More than 80 per cent of China’s energy and general cargo passes through the Strait of Malacca, which remains under US/Western spheres of influence.¹⁰ The NSR offers China an alternate shipping option which can help overcome its ‘Malacca Dilemma’ for future energy shipments and trade. Development of the NSR also suits Xi’s vision of developing the ‘Polar Silk Road’, an extension of his ‘Belt and Road Initiative’, and overall Chinese maritime strategy. However, in order to progress on these grand visions and to navigate through these routes, China needs Russia’s support and cooperation.

⁷ Ibid.

⁸ Stephanie Pezard et al., “**China's Strategy and Activities in the Arctic**”, Research Report, RAND Corporation, 2022.

⁹ Helene Bareksten Solvang et al., “**An Exploratory Study on the Northern Sea Route as an Alternative Shipping Passage**”, *Maritime Policy & Management*, Vol. 45, No. 4, 2018, pp. 495–513.

¹⁰ You Ji, “**Dealing with the Malacca Dilemma: China's Effort to Protect its Energy Supply**”, *Strategic Analysis*, Vol. 31, No. 3, 2007, pp. 467–89.

Russia, which maintains an adequate fleet of icebreakers, skilled ice navigators, search and rescue capabilities and other required infrastructure, also seeks to increase shipping traffic in NSR and aims to convert it into a new international shipping highway. This would not only enhance port and infrastructural development along Russia’s coastal cities in the north, but will also transform those to new economic corridors for Russia. China, which would be the biggest user of this route in the near future, becomes a suitable partner for Russia in the Arctic.

Second, current estimates suggest that oil and gas reserves in the Arctic vary between 3 and 25 per cent of the world’s total, most of which are on Russian territory.¹¹ China’s rising energy demands makes the Arctic region a potential alternative for fulfilling its future energy requirements. Russia, on the other hand, needs technology and capital, and reliable long-term partnerships to develop energy and infrastructure projects in the Arctic. The emerging China–Russia cooperation seems logical with trends suggesting greater convergence. The emerging investment voids as a result of Western exits from joint energy projects with Russia would further offer China new investment opportunities.

Western economic sanctions that were targeted at economically isolating Russia, would compound to China–Russia energy cooperation in the Arctic. Though these sanctions and exits from the Arctic energy project may result in economic losses to a certain extent on Russia, these would simultaneously catalyse better energy deals for China. With its limited choices in the Arctic post Ukraine crisis, Russia would be bound to forge such deals with China to ensure its consistent long-term energy orders.

Third, China’s economic investments, scientific research and port visits of its ships in the Arctic region is seen with caution by Western and Nordic countries. While Russia is also cautious of such Chinese activities in the Arctic, it also sees its powerful neighbour’s naval strength around Alaska and the Bering Sea region as a strategic counter-check to the US and Canada. In any averse case scenario, Russia–China joint naval cooperation at an operational level in/around the Bering Sea or in North Western Passage could pose a significant threat to the US and its allies in the region. The Arctic’s strategic location offers both China and Russia the shortest missile trajectory routes for their inter-continental ballistic missiles (ICBMs) to reach US mainland cities.¹² Therefore, the strategic prospect of China–Russia future cooperation in the Arctic remains possible.

Fourth, the eastward expansion of NATO, with Finland and Sweden’s decision to join the alliance, would further pivot Russia’s tilt towards China.

¹¹ Alina Ilinova and Amina Chanysheva, “[Algorithm for Assessing the Prospects of Offshore Oil and Gas Projects in the Arctic](#)”, *Energy Reports*, Vol. 6, No. 2, February 2020, pp. 504–09.

¹² Anne-Marie Brady, *China As A Polar Great Power*, Cambridge University Press, Cambridge, 2017, p. 80.

Simultaneously, new emerging Western alliances in the Indo-Pacific could compel China to take equal reciprocal measures by aligning with Russia. The Arctic Council, which specifically remained an important regime for cooperation on various ‘non-security related issues’, has been politicised and remains currently suspended as a result of the Western boycott of Russia post its military action against Ukraine. Gao Feng, China’s Special Envoy for Arctic Affairs in a recent statement emphasised that China does not recognise the legitimacy of limited resumption of the Arctic Council, and it will continue its collaboration with Russia and other Arctic nations.¹³

Expanding NATO membership has also changed the matrix of the Arctic Council. There are now seven NATO members in the Council with Russia being the only non-NATO member. In the changed circumstances, will the Arctic Council revive in its true spirit of the Ottawa Declaration?¹⁴ Will Russia be part of any such future cooperation? Will the Arctic NATO members form their own exclusive Council without Russia? Would Russia partner with Asian countries in the Arctic to form its own institution? How would non-Arctic Asian countries observers align themselves in such new formation? Though all these questions remain interesting, one could argue that under any possible outcome, China–Russia future cooperation is bound to strengthen in the Arctic.

Russia–China Arctic Cooperation: An Anti-thesis

China is seen as Russia’s biggest emerging partner in the Arctic. However, Russia needs to remain vigilant of China emerging as Russia’s sole partner in the region. China’s policy of economic debt trap and its nefarious designs of economic influence via its soft power diplomacy is a known fact. Chinese investments in its Arctic would not only enhance Chinese dominance over Russian energy and rare earth mineral projects in the Arctic, but could also challenge Russia’s hegemony, decision making and negotiating capabilities over future energy deals.

Increased exposure of Chinese firms could also impact local public opinion, which sometimes can pose challenges to national governments and their regional decision-making. Russia needs to draw lessons from the Greenland–Denmark political relations over China’s investments in Greenland’s rare earth mining sector.¹⁵

China’s increased investment in the Russian Arctic would not only enhance Chinese commercial shipping activity in the region, but could also involve

¹³ Trine Jonassen, **“China: ‘Will Not Acknowledge Arctic Council Without Russia’**”, *High North News*, 15 October 2022.

¹⁴ **“Declaration on the Establishment of the Arctic Council”**, The Arctic Council, Ottawa, Canada, 19 September 1996.

¹⁵ Chuan Chen, **“China’s Engagement in Greenland: Mutual Economic Benefits and Political Non-interference”**, *Polar Research*, 16 March 2022.

Chinese naval presence to secure those shipments in the future. China has two existing icebreakers for operating in polar waters and is in the process of constructing its third nuclear-powered icebreaker ship.¹⁶ These could potentially create competition for Russian icebreaker operations and their services that are being currently rendered in the region.

It is also important to note that despite its close cooperation with Russia, China to date, has not supported Russia's sovereignty claims over the NSR. China's emerging naval presence in the Arctic could challenge Russia's domination and rule setting over the NSR. Russia needs to remain equally wary of China's scientific and academic undertakings in the Arctic region. Such endeavours can be of dual use and could potentially compromise Russian strategic interests in the region.

Way Forward

Since the advent of the Ukraine crisis, Russia's ongoing partnerships with multiple stakeholders in the Arctic have been significantly hindered. China obviously is emerging as Russia's important partner in the Arctic, but Moscow equally needs alternative time-tested partners to maintain its balanced approach in the region.

India with its defined Arctic policy could become a strong alternative. India–Russia relations that marks the completion of 75 years of diplomatic engagement has stood firm despite the ongoing Ukraine crisis and strong Western pressures. Bilateral trade between the two countries is expected to cross the US\$ 30 billion mark by the end of 2022.¹⁷ This testifies to the level of trust and mutual cooperation between the two countries and the Arctic region could emerge as a new arena for expanding India–Russia ties.

Abundance of mineral and energy resources available in the Russian Arctic, and India's rising demand for these resources, can take trade figures to new highs in the coming decades. It is a right time for India to consider new long-term energy investments in the region. Similarly for Russia, such engagements with India in the Arctic offers a viable alternative to China's emerging dominance, both economically and geopolitically, in the region.

India's Arctic Policy that rests on six key pillars of science, climate change, economic development, connectivity, governance and capacity building, can factor Russia in each of these pillars. India and Russia already have existing government-to-government mechanisms for coordination in some of these

¹⁶ Thomas Nilsen, “**Details of China's Nuclear-powered Icebreaker Revealed**”, *The Barents Observer*, 21 March 2019.

¹⁷ “**Trade Turnover with India May Come Close to \$30 billion By End of 2022: Russian Embassy**”, *The Times of India*, 8 November 2022.

domains,¹⁸ while cooperation in others needs serious push.¹⁹ Pending discussions on important agreements such as the Reciprocal Exchange of Logistics Agreement (RELOS),²⁰ can help further upgrade strategic partnership between India and Russia, in which the Arctic and the Indian Ocean Region could become key spheres.

It is important for India to enhance its bilateral cooperation with Russia, as well as maintain existing engagements with other Arctic Seven (A7) states. Likewise, it is equally significant for the A7 to understand that India's emerging cooperation with Russia in the Arctic need not be seen as a threat to Western/Nordic interests in the region. India's scientific research in the Arctic has been significantly impacted as a result of suspended Western cooperation.²¹ India's engagements with Russia could act as a bridge to mitigate the widening gaps in cooperation that are emerging in the Arctic, post Ukraine crisis.

Finally, it is not only Russia that needs countermeasures for China's emerging dominance in the Arctic, but also all the other Arctic states hold similar concerns. China has been, for the first time, directly referred to as a national security threat in the Arctic, in the updated Arctic strategy document of the US.²² The threat perception of China has also been re-emphasised in two more recently released US security and strategy documents.²³ India's independent engagements with Russia in the Arctic, similar to its engagements with other Arctic states, serves both Eastern and Western interests in the region.

¹⁸ **“India–Russia Relations”**, Ministry of External Affairs, Government of India, January 2020.

¹⁹ Bipandeep Sharma and Uttam Kumar Sinha, **“Prospects for India–Russia Cooperation in the Arctic”**, Issue Brief, Manohar Parrikar Institute for Defence Studies and Analyses (MP-IDSA), 29 October 2021.

²⁰ Bipandeep Sharma, **“Reciprocal Exchange of Logistics Agreement: Roadmap to India's Strategic Access in the Arctic”**, Comment, MP-IDSA, 17 January 2022.

²¹ **“War in Ukraine Threatens Crucial Arctic Research”**, SWI swissinfo.ch, 21 April 2021.

²² **“National Strategy for the Arctic Region”**, The White House, October 2022.

²³ **“National Security Strategy”**, The White House, October 2022; **“2022 National Defence Strategy of the United States of America”**, U.S. Department of Defense, October 2022.

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