China’s Arctic Dream

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A Report of the CSIS EUROPE PROGRAM
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Contents

1 Introduction
3 The Organizing Principles of China’s Emerging Arctic Policy
5 China’s Pursuit of “Opening Up” the Arctic
10 What Arctic Equitable Governance May Look Like in the Future
11 What Does the Future Hold for Sino-American Cooperation in the Arctic?
13 About the Author
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Introduction

The third meeting of the U.S.-China Arctic Social Science Forum (Arctic Forum) convened at Tongji University in Shanghai, China, from June 16–18, 2017. This was a particularly auspicious year to hold the Arctic Forum as it coincided with several important anniversaries. It was the 110th anniversary of the founding of Tongji University, one of the leading engineering, architecture, and social sciences universities in China. 2017 was also the 45th anniversary of the Shanghai Communiqué, which literally and figuratively diplomatically “broke the ice” between the United States and China, and provided a new framework for Sino-American relations after 25 years of silence. It was also a notable year for the United States and the Arctic; 2017 was the 150th anniversary of America’s purchase of Alaska from the Russian empire, making the United States an Arctic coastal state. It was also the 60th anniversary of America’s first transit of the Northwest Passage.

China has emerged as an engaged and active Arctic actor over a relatively short period of time. In 2009, China created its Polar Research Institute. As a mid-latitude country that is impacted by global climate trends, the Chinese government has organized eight Arctic scientific expeditions and it currently has two research stations in the Arctic—on Svalbard and in Northern Iceland—with ambitions to launch a research station in Northern Canada. China’s scientific agenda focuses on mid-latitude weather, changes in Arctic sea ice, and ocean acidification. During the 2010 International Year of the Polar Bear, China was a participant in the International Polar Year (IPY) research network. But it was the invitation to become a permanent observer to the Arctic Council in 2013 that secured China’s scientific and growing governance role in the Arctic.

Other nations’ experts and scholars have engaged in discussions about the Arctic with China. Initiatives such as the China-Nordic Arctic Research Center (CNARC), established in December 2013, which serves as a platform for academic cooperation on Arctic issues between four Chinese and six Nordic institutes: the Asian Forum for Polar Sciences (AFoPS), a nongovernmental organization established in 2004 to facilitate cooperation in polar sciences among institutions representing China, Japan, South Korea, India, and Malaysia; and the Pacific Arctic Group (PAG), a group of institutes and individuals under the International Arctic Science Committee (IASC) that bring a Pacific perspective to Arctic science. These entities have contributed to deepening knowledge and developing mutual understanding with China about the Arctic as well as to identify new opportunities for collaboration. However, there has been limited interaction between Chinese and American experts.

Since its first meeting in 2015, the U.S.-China Arctic Social Science Forum has worked to break the intellectual barriers between Chinese and American Arctic scholars. Over the past three years, the forum has focused on the future of Arctic governance, geopolitical and security dynamics, economic development, environmental challenges, and scientific cooperation. It has been a fruitful Track 2 (and at times Track 1.5) dialogue that has progressed quickly from introductory conversations related to these topics to detailed conversations related to a preemptive commercial fisheries moratorium agreement in the Central Arctic Ocean (CAO) and the recently signed Agreement on Enhancing International Arctic Scientific Cooperation.

It is important for U.S. policymakers to develop a better understanding of China’s Arctic strategy as it is both long term and strategic (which stands in stark contrast to U.S. policy), and will have a noticeable impact on U.S. economic and security interests. While China’s Arctic policy remains an evolving work in progress, 2017 represents a significant year for China in the Arctic. Developments of note include:

- China’s inclusion in the Agreement on Enhancing International Arctic Scientific Cooperation through its Arctic Council permanent observer status and Chinese involvement in environmental and climate research through the Council’s Task Force for Enhancing Scientific Cooperation;
- China’s participation in the so-called Arctic 5+5 agreement, which places a 16-year commercial fishing moratorium in the Central Arctic Ocean;
- The Arctic circumnavigation by the Chinese icebreaker *Xue Long* and the construction of China’s second icebreaker (to be launched in 2019);
- The announcement that China’s Belt and Road Initiative (BRI) will include a vision for maritime cooperation including the use and investment in Arctic routes on June 20, 2017⁴;
- An agreement between Governor Bill Walker of Alaska and President Xi of China outlining Chinese investment in Alaska’s $43 billion LNG (liquefied natural gas) project in November⁵; and
- The first LNG shipment from the Russian Yamal Peninsula on December 8, 2017, in which Chinese firms the China National Petroleum Corporation (CNPC) and China’s Silk Road Fund hold nearly 30 percent of the project.⁶

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The Organizing Principles of China’s Emerging Arctic Policy

Today, we are already standing at the starting point of a brand-new historical era, of striding toward becoming a polar-region power.—Liu Cigui, Director, China’s State Oceanic Administration, 2014

Despite these important policy developments, the Chinese government has only recently produced an official Arctic strategy to help government officials, academics, scholars, and experts understand the animating forces behind China’s Arctic policy. The official document, released in January 2018 and titled “China’s Arctic Policy,”7 is the official aggregated version of two foundational speeches that previously outlined the organizing framework for China’s Arctic policy: Vice Foreign Minister Zhang Ming’s keynote speech at the China Country Session of the Third Arctic Circle Assembly on October 17, 2015,8 which defines China’s role in the Arctic as one of respect, cooperation, and win-win; and President Xi Jinping’s January 2017 World Economic Forum speech,9 which links China’s Belt and Road Initiative to its global economic governance policy as a historic opportunity for the second-largest economy and largest developing country to take a clear-minded, self-confident, and self-controlled strategic leadership role in the world. The official Arctic policy takes into consideration these two speeches and outlines five goals that will dictate China’s approach to the region.

China’s Vision to Achieve Respect, Cooperation, and Win-Win in the Arctic

Geographically and historically, China views itself as a near-Arctic nation and as a “major stakeholder.” Chinese experts show maps of an expansive fifteenth-century empire that nearly touches the Arctic as proof of China’s rightful place as that stakeholder. In more recent times, China views 1925 as the official date of its Arctic origins when it became a signatory to the 1920 Spitsbergen or Svalbard Treaty.10 As a signatory, China can legally pursue scientific research in the Arctic having placed its first Arctic research station, Yellow River Station, on Svalbard in 2004. China is keen to ensure that Arctic issues are not simply decided by the five Arctic coastal states or the eight nations and indigenous participants of the Arctic Council. Rather, they contend “the future of the Arctic concerns not only the well-being of the Arctic countries and people, but also the overall interests of the entire international community [italics added for emphasis].”

The primary driver of Chinese Arctic policy is the ability to “explore and understand the Arctic.” In other words, it is imperative to secure and ensure China’s unfettered access to the Arctic both scientifically and economically and reduce opportunities by Arctic nations to limit China’s exploratory capabilities. China emphasizes the “freedom of scientific research on the high seas

China’s keen interest to explore the economic benefits of the Arctic is underscored by its desire “to protect and rationally use the Arctic.” Chinese officials emphasize the required balance between environmental protection and economic development. The official strategy calls for the protection of the environment, ecosystems, and addressing climate change—issues that resonate with indigenous populations. However, these goals happen under the pretext of greater economic pursuit. Beijing is eager to explore “the Arctic [enjoys] great potential as a shipping route and its rich resources . . . to an extent reasonable and in an orderly manner.” Beijing is also interested in accessing valuable fish stocks and pushing for greater tourism across the region.

China unequivocally states its commitment to upholding the Arctic governance system based on existing international law. This point returns once again to the legal justification for China’s engagement in the Arctic, based on the Svalbard Treaty and the UN Convention on the Law of the Sea (UNCLOS), to “explore, understand and utilize” the Arctic, which is the sought-after “win” for Beijing. Recognizing that its presence is viewed by some as unwelcome, China will build partnerships to reinforce their commitment to existing international law. These partnerships will occur at the multilateral and bilateral levels and will seek to reinforce and complement current norms. In addition to cooperating on climate change, and scientific expeditions, China will use the BRI to expand economic cooperation to further develop industries including Arctic shipping. International law and issues of governance, particularly through the International Maritime Organization, is viewed by China as a two-way street. China will actively promote and complement the current Arctic governance regime for the greater common interest. In return for abiding by established norms and respecting the rights of the Arctic states, the Arctic states must respect China’s rights to pursue its own interests in the Arctic.

In case it was not clear that China supports international norms in the Arctic, the Chinese government continues to reinforce that all its Arctic endeavors solely serve to promote peace and stability. This includes “respect [for] the inherent rights of Arctic countries and the indigenous people.” Again, China acknowledges the discomfort for some Arctic states by its growing Arctic presence, particularly Russia, and reaffirms that China will respect the international underpinnings of the Arctic as represented by UNCLOS, the Spitsbergen Treaty, as well as respect the rights of indigenous populations. But this sentiment is immediately followed by the statement that “non-Arctic countries have rights to conduct scientific research, navigation and exploration in the Arctic region under international law and these rights should be respected and upheld.”

Thus, China seeks to construct a “multi-tiered Arctic cooperation framework for win-win results,” which ensures that all stakeholders—Arctic and non-Arctic—can make contributions to
the Arctic and “share common responsibilities.” Such a cooperative framework includes the “provision of expertise, technology, capital, and markets by China,” which is in keeping with Beijing’s decision to include its Arctic economic activities in its Belt and Road Initiative. While it is certainly true that Arctic cooperation is built on a complex network of institutions such as the Arctic Council and the International Maritime Organization (IMO), it is unclear how this multitiered framework works in practice. But one thing is clear: Beijing effectively utilizes many different multilateral forums to achieve its policy objectives in the Arctic.

China’s Pursuit of “Opening Up” the Arctic

President Xi Jinping’s landmark speech at the World Economic Forum in Davos, Switzerland, on January 17, 2017, linked China’s vision of global economic governance to the implementation of its Belt and Road Initiative. The three key drivers for China’s global economic strategy that is increasingly applied to the Arctic include:

- Developing a dynamic, innovation-driven growth model;
- Ensuring a well-coordinated and interconnected approach to ensure a model of open and win-win cooperation;
- Developing a model of fair and equitable governance.

The pursuit of common economic development can only be achieved “through opening-up,” which will produce a win-win strategy. But a win-win outcome can only occur if there is equity, meaning that all parties are of equal status. For the Arctic, China seeks to pursue an economic development strategy for the region that requires that the Arctic be open to Chinese development and that China is given equal standing to other Arctic nations. This is the win-win strategy that Beijing is currently implementing in the Arctic.

China’s pursuit of its Arctic strategy began in earnest when it became a permanent observer status to the Arctic Council—the premier intergovernmental forum launched in 1996 as an informal, consensual, and cooperative mechanism to collectively protect the Arctic’s environment and to explore sustainability initiatives. The organization’s founding members include the five coastal states (Canada, Denmark, Norway, Russia, and the United States), as well as Iceland, Sweden, and Finland and permanent participants (representatives of the indigenous communities). The Arctic Council was an outgrowth of an Arctic environmental protection strategy at the end of the Cold War and accordingly, Arctic governance has largely focused on scientific research and environmental stewardship. China constructed its scientific research station, the Yellow River Station based on Svalbard, in 2004. In 2008, the five coastal states reaffirmed, through the Ilulissat Declaration, that the international law of the sea and the sovereign rights of the coastal states were sufficient to govern the Arctic. In 2013, the Arctic Council welcomed several new permanent observing nations and organizations, dominated by countries from the Indo-Pacific region, including China after which Chinese firms began to invest in infrastructure projects in Russia, and across northern Europe. Chinese officials began to publicly advocate for the rights of all countries to explore the Arctic, particularly the area related to the high seas in the Central Arctic—the so-called the Donut Hole, 1.1 million square miles of
typically ice-covered international water—where China seeks access to shipping and potential fishing stocks.11

With the Chinese government’s recent announcement that the Arctic is now an official objective of its Belt and Road Initiative, economic ventures and high-level Chinese diplomatic initiatives across Russia, Northern Europe, and North America are now coming together to form a coherent Arctic strategy. The growing strategic significance of China’s Arctic infrastructure and economic footprint has broader implications for the region.

Russia

Russia has been and continues to be the near-term ideal partner for China’s growing footprint in the Arctic. During the 2007–2008 time period, Russia reprioritized the Arctic as a strategic imperative in keeping with Vladimir Putin’s desire to return Russia to its great-power status. Russia eagerly sought foreign investment: seeking the development of Arctic natural resources; the promotion of trans-Arctic shipping through infrastructure projects like icebreakers, ports, and search-and-rescue stations; and the construction of dual-use military installations, Due to the imposition of Western sanctions against Russia in 2014 following its annexation of Crimea and military intervention in Eastern Ukraine coupled with the Kremlin’s ambitious Arctic plans and its limited budget resources, Russia is increasingly reliant on Chinese funding and technology.

Russia prioritizes Arctic energy and mineral resource exploitation as well as the development of the Northern Sea Route, a multitude of passageways along the Russia Arctic viewed as a future maritime passage connecting Northern European and Russian resource development projects with Asian markets. The crown jewel of Russia’s investment is the Yamal LNG project and its Sabetta port, located along the eastern coast of the Yamal Peninsula. During the port’s construction, Western sanctions prevented Russian companies from borrowing from the European Union, from U.S. banks, and on markets for more than 30 days, which limited needed long-term fund-raising for the project.12 Seeking alternative sources of funding, Russia turned to China, which recognized the strategic value in exploratory investing in Arctic ventures and diversifying its energy imports. Two Chinese banks, the Export-Import Bank of China and the China Development Bank Corporation, signed two 15-year credit lines for $10.7 and $1.5 billion respectively. China’s Silk Road Fund also provided $1.2 billion. In exchange, the China National Petroleum Corporation (CNPC) owns 20 percent equity in the project while the Silk Road Fund owns 9.9 percent, giving Chinese companies 29.9 percent ownership over what could be the largest LNG projects in the world.13 If the project produces as expected, it could serve as an impetus for additional projects and greater investment in the region. The first shipment of LNG from the Yamal project left the Sabetta port in December.

13 Ibid.
In September, and in the interest of developing new maritime trade routes across the Arctic Ocean, the China Ocean Shipping Company (COSCO) met with the governor of Arkhangelsk to discuss trans-Arctic shipping to and from the northern Russia oblast (region). COSCO representatives are promoting key infrastructure projects including the Balkomur railway project and the development of a deep-water port in the Northern Dvina River, which will allow access for big-tonnage ships. If completed, these projects will subsequently increase shipping and trade volume to and from China.14 Chinese firms have confirmed their interest in financially supporting the projects.

The seriousness of Chinese interest in seeking out economic opportunities in the Russian Arctic was evident in April when Vice Premier Wang Yang led a delegation of 70 people to the annual Arctic Territory of Dialogue Forum held in Arkhangelsk.

Finland

China’s economic footprint has also expanded to northern Europe, most notably Finland. In February 2016, Sunshine Kaidi New Energy Group, a leading renewable energy company in China, agreed to invest $1.13 billion in a wood-based biodiesel plant in Finland. This is part of China’s ambition to diversify its energy portfolio to include biofuels. The chairman of Kaidi made this clear when he stated, “Finland is the most interesting investment target in the northern hemisphere, when it comes to biofuels.”15 Kaidi’s new investment highlights a trend of improved economic relations between China and Finland. For example, during the last three years, China has become the number-one export market for sawn Finnish timber when as recently as 2014 it didn’t even feature in the top five export markets. Additionally, imports from China to Finland are also growing—up 12 percent year on year—mainly electronics, textiles, and clothing. The back-and-forth of trade between Arctic Europe and China could be the main beneficiary of an ambitious plan to develop rail links in the north to establish new trade routes between the two regions.16 Most recently, there were reports that China is in talks with Finland about a 10,500km high-speed telecommunications cable connecting Europe and Asia across the Arctic Ocean. State-owned China Telecom Corp expressed interest in participating in the cable project in September, while the Chinese Ministry of Industry and Information Technology sent officials to the project’s first senior-level meeting in March. While no concrete plans are currently outlined, China Telecom expressed its willingness to be involved in a “win-win cooperation”17

Diplomatic relations are also intensifying. During an official state visit by Chinese President Xi Jinping in April 2017, the two countries signed a joint declaration establishing and promoting future cooperation in the fields of arctic marine industry, arctic geology, marine and polar research, environmental protection technology, and shipping and maritime safety among

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others. The state visit took place roughly a month before Finland assumed the rotating chairmanship of the Arctic Council, a position it will hold until 2019. By increasing bilateral relations with Finland, China is enhancing its engagement on Arctic economic matters that amplify China’s interests and influence in the region. In November, Finland became the first Nordic country to join China’s Belt and Road Initiative with the launch of a direct cargo train link connecting the Finnish city of Kouvola with Xi’an in China.

Greenland

Greenland is another territory experiencing an influx of Chinese economic investment. In 2015, a Chinese mining firm, General Nice, announced plans to develop a $2 billion iron ore mine. While efforts to develop the mine were ultimately put on hold due to low commodity prices, the purchase came only a few years after plans by a Chinese property developer to buy a large but remote tract of land in Iceland prompted pushback and concern regarding China’s ambitions for the region. In September 2016, Shenghe Resources bought a stake in Greenland Minerals and Energy with an eye on developing rare earth elements as well as uranium and zinc. While Greenland’s government has welcomed Chinese investment, there are local concerns that an increase in development projects funding by Chinese firms will negatively impact the environment and usher in an influx of foreign labor at the expense of domestic workers. The Danish government is also closely monitoring Chinese economic activities and their national security implications.

Iceland

Iceland, a small but strategically located island in the North Atlantic, is another target of an increasing Chinese economic footprint. Since the Icelandic economy collapsed in 2008, China has injected substantial investment in the country, with the foresight that Iceland will be a key logistics hub of future Arctic activity. For example, China National Offshore Oil Company (CNOOC) has a 60 percent share in the venture operating two of Iceland’s potential oil and gas shelf sites—Dreki and Gammur. Despite Chinese property tycoon Huang Nubo’s failed attempt to purchase a 115-square-mile Icelandic farm for $8.8 billion, Mr. Huang summarized China’s ambitions for the region as the following: “our commitment in Nordic countries is not changed. We plan to enter one or two countries first and then expand to the rest of Northern Europe, while we don’t mind waiting for Iceland.” The dynamic to these new relations is simple—Arctic

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19 Suokas, “China, Finland in Talks about Arctic Telecom Cable.”
development requires significant quantities of capital, and China is in a leading position to facilitate this investment and subsequently dictate the pace and nature of the region’s development.

In 2013, Iceland became the first European nation to sign a free-trade agreement with China. While the differences between the Icelandic and Chinese economies are significant, Iceland represents a strategic partner with influence in the Arctic region. The deal also signaled an effort to increase cooperation on science in the region, including geothermal development, culture, education, and tourism. Clearly, China is using its economic might to improve diplomatic relations with Arctic nations.

Canada

Chinese investment in Canada has similarly focused on resource development including oil and gas, as well as the opening of new Arctic shipping routes, notably the Northwest Passage. China has invested in mines in northern Canada, including the Nunavik Nickel Mine near Deception Bay, in Nunavik, northern Quebec. However, its longer-term strategic interest in Canada seems to be the Northwest Passage. The Chinese icebreaker the Xue Long recently returned to Shanghai after completing its first circumnavigation of the Arctic where it traversed the Northwest Passage through the Canadian Arctic Archipelago. While the route offers opportunities for resource exploration, it also offers a quick means of delivering resources to fast-growing Asian markets and a means of testing Chinese ice-breaking technology.

One potential investment of note is the Port of Churchill, Canada’s first deep-water Arctic port located in northern Manitoba. The port, owned by the U.S. company OmniTRAX, has been closed due to a lack of economic viability, much to the great concern of local residents who rely on the port and the accompanying railroad for importing and exporting goods. The port has been hyped as a future shipping hub, but the route has failed to live up to such lofty expectations. Seeking enhanced economic relations and a strategic deep-water port in the Arctic, the Port of Churchill would be the ideal investment for China. And given the growing dissatisfaction with the current American owners, a new wave of investment in partnership with local and federal authorities to reinvigorate trade would certainly represent a win-win scenario.

United States/Alaska

After making a surprise visit to Alaska in April 2017, where President Xi met with Governor Bill Walker, in November 2017, the United States signed the five-party Joint Development Agreement (JDA), an estimated $43 billion development that includes three of the largest Chinese energy and finance companies—Sinopec, Bank of China, and China Investment Corporation. The deal outlined significant Chinese investments in Alaska’s LNG development

and infrastructure. Details surrounding the agreement are still largely unknown but the deal would provide China with a more diversified group of energy importers and would also boost a trade relationship that has historically focused on another valuable resource to Chinese consumers—protein from fishing exports.

Overall, China’s Arctic strategy projects a positive outlook for international cooperation and development in the Arctic while simultaneously mitigating fears of the Arctic states themselves that China’s policy pursuits will lead to an unmanaged, chaotic, and environmentally degrading race to develop the region. Beijing’s strategy effectively boils down to three core pillars, each building off and reinforcing the other—respect, cooperation, and win-win scenarios. Recognizing and respecting China’s rights to engage with the Arctic region implies a sense of equality among Arctic and non-Arctic states. China’s equivalency in the Arctic must be recognized. China understands that as a non-Arctic state, this is not a fully recognized principle as the five coastal states have different international legal rights to the Arctic Ocean than do non-Arctic states, making it a theme to which China must constantly return in a persistent but in a nonthreatening way. This is why China frames its Arctic ambitions as benefiting the greater international good and enhanced international cooperation, primarily in its stated desire to promote and complement the current governance regime while simultaneously making investments in more expansive cooperation in areas of mutual interest as described in its strategy, to include scientific exploration, environmental protection, and resource development, which result in what China describes as “win-win” outcomes, where the Arctic is “open” to them. By establishing closer economic relations, Arctic nations may grow increasingly dependent on Chinese infrastructure and investments. While Arctic nations are generally cautious about this investment, there can be no doubt that China will continue to expand its physical presence as a major stakeholder in the Arctic.

What Arctic Equitable Governance May Look Like in the Future

China’s economic and scientific footprint in the Arctic will continue to grow over time, which will increasingly justify Beijing’s demands for equitable treatment in all Arctic governance issues. The most recent example of this equitable treatment is the Agreement to Prevent Unregulated High Seas Fisheries in the Central Arctic Ocean (known as the Arctic 5+5 agreement) in November 2017. The agreement places a moratorium on unregulated commercial fishing for the next 16 years for the international waters of the Central Arctic Ocean, a region that covers 2.8 million square kilometers. The five Arctic coastal states negotiated the outlines of the precautionary fisheries agreement (there are no known fishing stocks in this area) in 2015 and then invited four states—China (the largest fishing nation), Japan, Korea, Iceland, along with the EU—that have significant fishing interests in the region, to join the negotiating framework. The agreement, which must be technically reviewed, signed, and in some cases ratified by the 10 entities, creates a Joint Program of Scientific Research and Monitoring that seeks to develop greater scientific understanding of the Arctic marine ecosystem in the Central Arctic Ocean to determine whether “fish stocks might exist in this area that could be harvested on a sustainable basis.”

Some experts suggest that this agreement could be a precursor to a regional seas

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program or the creation of an Arctic regional fisheries management organization (RFMO). It is likely that the Chinese government will provide an additional scientific station dedicated to fisheries science in support of the Joint Program.

Another area of interest for Arctic equitable governance could be the negotiation of more fulsome agreements to protect Arctic marine diversity for Areas Beyond National Jurisdiction (ABNJ) such as the high seas of the Central Arctic Ocean. This could include equitable sharing of marine genetic resources and marine technology transfer (as interest grows in developing marine genetic, biotech, and the biopharma industries), use of ecosystem-based management tools, and the creation of marine-protected areas as well as creating greater regulatory processes for shipping, such as vessels’ use of heavy fuel oils (HFOs), in the Arctic ABNJ. A preliminary process under the auspices of UNCLOS was launched in 2016 to assess the need for additional governance in the Arctic ABNJ in which China will likely take a keen interest. But China’s objective in this space will be twofold: to ensure it has an equal say in the matter (such as the 5+5 agreement) and that the Arctic remains open to economic development whereas some of these initiatives seek to limit or preclude future Arctic economic development.

What Does the Future Hold for Sino-American Cooperation in the Arctic?

*Scientific collaboration is key to “understanding” the Arctic.*

China’s emergence as a growing science actor in the Arctic should be welcomed but its scientific activities and research stations must be more purposefully integrated into a broader international collaborative effort. The Agreement on Enhancing International Arctic Scientific Cooperation, which was signed at the Arctic Council Ministerial meeting in Fairbanks, Alaska, on May 11, 2017, is a natural place to begin such integrated scientific cooperation. However, there are many outstanding questions as to how this agreement will be meaningfully implemented. Thought should also be given to transforming the Joint Program of Scientific Research and Monitoring underpinning the Arctic 5+5 agreement into a specific intergovernmental Arctic Marine Science Organization, similar to the North Pacific Marine Science Organization (or PICES), which would ensure that all decisions regarding the use of the Arctic marine environment beyond national jurisdictions would be based on the best international science available.

*“Opening up” Arctic economic development requires the highest standards of environmental protection, sustainability, and regulatory practices . . . and greater understanding about its overall impact.*

As China becomes more economically active throughout the Arctic, its state-owned enterprises and firms must be held to the highest environmental and sustainable development standards whether that is in natural resource extraction, shipping, and possibly at some future point, fishing. Still to be explored is whether China should be an observer to the Arctic Offshore Regulators Forum or whether Chinese firms should be encouraged to participate in three of the five working groups in the Arctic Economic Council (AEC) focused on maritime transportation,
telecommunications, and resource development. COSCO Shipping Lines Finland Oy is an Arctic partner to the AEC.

Of interest will be China’s proposed investments in the American Arctic, in Alaska. The November 2017 agreement for China to invest substantially in Alaskan LNG production and related export infrastructure should be closely assessed both for its implications on overall Arctic economic development and its potential impact on maritime traffic and the Arctic marine environment in U.S. waters, particularly in the narrow Bering Strait.

China has a long-term vision for the Arctic based on economic development and scientific understanding that fits within its broader global vision. It is vital that the United States understands the totality of Beijing’s vision in order to assess how it impacts U.S. Arctic interests as well as the future development of Arctic governance and institutions. The annual U.S.-China Arctic Social Science Forum has played a particularly helpful role in discussions between American and Chinese scholars and in better understanding the perspectives and interests of both nations as a still very challenging Arctic region continues to evolve in unanticipated ways.
About the Author

Heather A. Conley is senior vice president for Europe, Eurasia, and the Arctic and director of the Europe Program at CSIS. Prior to joining CSIS in 2009, she served as executive director of the Office of the Chairman of the Board at the American National Red Cross. From 2001 to 2005, she served as deputy assistant secretary of state in the Bureau for European and Eurasian Affairs with responsibilities for U.S. bilateral relations with the countries of northern and central Europe. From 1994 to 2001, she was a senior associate with an international consulting firm led by former U.S. deputy secretary of state Richard L. Armitage. Ms. Conley began her career in the Bureau of Political-Military Affairs at the U.S. Department of State. She was selected to serve as special assistant to the coordinator of U.S. assistance to the newly independent states of the former Soviet Union. Ms. Conley is a member of the World Economic Forum’s Global Agenda Council on the Arctic and is frequently featured as a foreign policy analyst on CNN, MSNBC, BBC, NPR, and PBS. She received her B.A. in international studies from West Virginia Wesleyan College and her M.A. in international relations from the Johns Hopkins University School of Advanced International Studies (SAIS).