



Melting Ice, Rising Tensions: China's Arctic Presence and Implications for the United States

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Vol. VI, No. IV (Fall 2023)

Pages: 53 – 66

DOI: 10.31703/gfpr.2023(VI-IV).05

Citation: Azam, V., & Iqbal, S. (2023). Melting Ice, Rising Tensions: China's Arctic Presence and Implications for the United States. *Global Foreign Policies Review*, VI(IV), 53-66. [https://doi.org/10.31703/gfpr.2023\(VI-IV\).05](https://doi.org/10.31703/gfpr.2023(VI-IV).05)

Abstract: *The Arctic Ocean Region is experiencing a transformation and is remoulding abruptly from an ice-covered region to an economic zone, influenced by the rising Global temperatures. This transformation has unplugged new avenues for maritime activities as well as intensified the Geopolitical dynamics. This study investigates and analyzes the rising tensions prompted by the increasing presence and activities of China in the Arctic region and the potential implications for the USA. Adopting a Qualitative approach, this research analyzes and examines the PRC's involvement and activities in the region along with the Arctic Policies of the PRC and the United States. The study explores the complex interplay of interests and motives of both powers and potential implications and challenges arising from the growing Chinese presence of the USA in the strategically important region.*

Key Words: Melting Ice, Arctic Ocean, China, US Global Temperature

Introduction

The Arctic Ocean has become another arena for the power struggle between the People's Republic of China (PRC) and the United States of America. As the Arctic Ocean is remoulding abruptly from an ice-covered region to an economic zone, influenced by rising Global temperatures. This transformation has unplugged new avenues for maritime activities including resource extraction and shipping routes. It is a resource-rich region which remained unaltered by the other states while this transformation has gathered alarming global attention including from the PRC and

the USA. Amongst the emerging actors in the Arctic region, the increasing presence and involvement of China has become the Centre of attention of international discourse.

Previous research primarily focused on the security implications of the PRC's Arctic presence on the USA, moreover, these studies somehow overlooked the probable motives behind the presence and involvement of the PRC in the Arctic Ocean, whether it intends to override the USA or pursue economic and strategic objectives in the Arctic Ocean region and how PRC's engagement in the Arctic has the

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potentiality to threaten the economic interests of the USA.

This research paper aims to address the interests of the PRC in the Arctic Ocean and how it could threaten the economic objectives and interests of the USA. China, having one of the largest economies in the world is present in the Arctic Ocean to take benefit of the resources and shorter trade routes. China is expanding its involvement and influence in the Arctic Ocean increasingly motivated by the economic and strategic goals in the region, which has the potential to threaten the economic interests and relations among the USA and the Arctic states. This study intends to address the Chinese activities in the Arctic Ocean, are those activities offensive? And how do the Chinese involvement and investment in the Arctic infrastructure and resources threaten the economic interests of the USA?

This research has been carried out over a time period of three months, hindering the in-depth analysis that could be accomplished. Budgetary limitations have also influenced the level of the data acquisition and analysis and there can be potential bias in the official statements. This study could serve as a basis for future research in the concerned field and acts as a valuable addition to the literature for International Relations students and anyone interested in Great power politics. The Qualitative approach has been employed for the data collection, and analysis and to develop significant observations and conclusions.

The overall structure of the paper includes a brief introduction, Research problem, Objective of the Research, theoretical Framework, Literature review and the Gaps in the literature, with a qualitative approach to analyze the data that highlights the PRC's Interests in the Arctic Ocean Region and implications of its presence on the United

States. There is still room for further research on the topic.

Problem Statement

China and the USA have been engaged in a power struggle for several years, one of the regions where this power struggle is cropping up is the Arctic Ocean Region (Nikulin, [2021](#)). China has been trying to set up a toehold in the Arctic region, which the USA perceive as a "Destabilizing Force" (Irving, [2022](#)). The Arctic Ocean, an emerging Energy Province (A Council, 2009) has gathered alarming global attention, including from China which is the second-largest economy and largest Energy consumer globally. PRC has made heavy investments in the region including in the major Liquefied Natural Gas (LNG) projects on the Russian coast of the Arctic Ocean, including projects like Arctic LNG 2 and Yamal LNG (Wang, [2023](#)). This paper intends to highlight the motives behind the Chinese involvement and presence in the Arctic which is characterized by investments in Infrastructure and resource exploration and how it has the potential to threaten the economic interests of the USA and its relations with the Arctic states.

Objectives

1. This paper tends to analyze and provide a thorough understanding of the motives behind the PRC's presence and involvement in the Arctic Ocean region and its potential implications for the United States.
2. This study intends to shed light on the economic and strategic interests of the PRC in the Arctic Ocean Region.
3. It also investigates the effects of the PRC's activities and involvement in the Arctic on the Economic interests of the United States in the region.

Significance

This study could serve as a basis for future research in the concerned field and acts as a valuable addition to the literature for International Relations students and anyone interested in the Great power politics, As the Arctic Ocean is melting drastically, becoming more accessible for Natural Resources, and paving the way for new shorter trade routes.

Research Questions

The questions this study intends to address are:

1. What are the motives behind China's involvement in the Arctic Ocean Region?
2. How is the PRC pursuing its Arctic Policy? Can the PRC's engagement in the region incite conflict between the USA and China?
3. How do the PRC's presence and investments in the infrastructure and resources of the Arctic can influence the economic interests of the United States?

Methodology

A qualitative approach has been used to collect and analyze the data from White House and Chinese websites, scholarly articles, Policy documents and official statements, to investigate the PRC's activities in the Arctic Ocean region and its possible implications for the United States. Additionally, reputable news sources have also been used to gather information on the concerned topic. The research design is Exploratory, aiming to uncover the policy objectives of China and potential implications for the United States.

Theoretical Framework

Geo-Economics

China is advancing its engagement in the Arctic Ocean Region by investing in

infrastructure, resource exploration and trade routes. That has become a Centre of discussion globally. To analyze the PRC's presence, engagement, and investments in the Arctic Ocean and to analyze the interests and goals of the PRC in the region Luttwak's concept of Geo-Economics has been applied.

The term "Geo-economics" was coined by Strategic theorist and consultant Edward Luttwak in his 1993 book "The Endangered American Dream: How to Stop the United States from Becoming a Third World Country and How to Win the Geo-economic Struggle for Industrial Supremacy." It helps to analyze and understand the intersection of economics and geopolitics in international relations. Geoeconomics provides a lens through which we can examine how economic factors influence and shape geopolitical outcomes.

According to the Geo-Economics, the PRC's presence, and investments in the infrastructure in the Arctic Ocean region can be seen through the lens of the pursuit of resources as the PRC is among the world's largest economies. So, we can say China is advancing its involvement and presence in the Arctic Ocean Region to take complete benefit from the key geographical region for its economic objectives. Furthermore, PRC's investments in the infrastructure in the Arctic Ocean, for instance, Icebreakers and Research stations, reflect China's efforts to extract resources and acquire access to the new Shipping routes, the Northern Sea Route (NSR), which can significantly cut shipping distances and costs. China's investments in resource extraction and infrastructure projects are in line with its larger economic objectives of securing resources and improving trade connections.

Literature Review

The Arctic Ocean is melting and undergoing changes leading towards the opening of new trade or navigation routes that were

previously inaccessible. These developments are attracting the attention of both the PRC and the United States (Smith, 2019). Other than the Arctic States, non-Arctic members and international organizations are showing an increasing interest in the Arctic Ocean Region argued Nong Hong (2018). He argued that the Chinese involvement and engagement in the Arctic region has been low profile and talked about China's interests to promote bilateral diplomacy in the region (Hong, 2018).

Lim and Kong Soon (2018), delved into the motives behind the PRC's presence in the Arctic Ocean Region and argued that China is interested in a variety of sectors for instance, the exploration of natural resources and investment in the Arctic infrastructure (Lim, 2020). David Curtis Wright argues that China shifted its focus towards the Arctic Ocean Region mainly for the resources and Trade routes (Wright, 2013).

China sees itself as a Polar Power and aims to become a Great Polar Power having the infrastructure comparable to Russia and the United States of America, argued by Patrik Andersson (2021). To become a polar power, it should have to be dominant in the polar region (Andersson, 2021). Dr. Wishnick argues that in the Arctic PRC is playing a long game and adroitly establishing relationships with the Arctic states to ensure that China will perform a significant role in the Arctic affairs in the long run. She further argued that giving the PRC an observer status in the Arctic Council is controversial and its interest and goals in the region and Arctic Council have increased the concerns and questions for the world including the USA. One concern is that the incorporation of the non-arctic great powers would lead towards the militarization of the Arctic Ocean Region (Wishnick, 2017).

Argues that when China becomes powerful it will attempt to change the existing global order and that the increased activities of the PRC in the Arctic Ocean will have the capacity to challenge the interests and objectives of other active countries in the region (Brady, 2017).

F. Stuart Chapin III and Shauna BurnSilver (2017), in their paper, argued that the Arctic Ocean is home to a number of indigenous communities and have discussed the implications of Chinese activities on these communities (Andrey N. Petrov, 2017). They talked about the environmental aspects of Chinese activities and engagement in the Arctic Ocean Region.

Literature Gap

Previous literature talked about the rise of PRC and its interests in the Arctic while some authors have addressed the implications of China's presence for Canada. They talked about the environmental aspects of the Melting Arctic Ocean and Chinese activities and declared the PRC's presence and activities aggressive to become the Great polar power (Brady, 2017). However, they somehow neglected to examine the PRC's presence and activities in the region through the lens of Geo-Economics and how its engagement in the region could threaten the Economic interests of the United States, as previous articles mostly focused on the Security implications of the USA.

Organization of the Study

1. Transformation of the Arctic Ocean Region
2. Arctic Policies of China and the USA
3. Motives behind the PRC's presence in the Arctic
4. PRC's Activities in the Arctic Ocean Region
5. Economic Implications for the USA

Transformation of the Arctic Ocean Region

The Arctic is one of the major oceans on the earth, which is in the northernmost part of the world. It is an ice-covered region that is transforming abruptly over the decades due to the rising global temperatures, into an ice-free region. The Arctic Council (AC) was formed in 1996 as a forum for dialogue and cooperation between the Arctic Eight and indigenous groups.

One of the Arctic Council's (AC) working groups, the Arctic Monitoring and Assessment Program (AMAP) reported that the Arctic region has warmed and melted three times as quickly as the rest of the planet over the past 50 years. Since 1979 till 2019, the ice in the Arctic Sea has decreased by 44%, this shows the rapid transformation of the Arctic Ocean region and there is a concern that the ice in the Arctic Ocean will mostly disappear in summers possibly as early as in the late 2030s (Smieszek, [2021](#)).

With the melting ice, the conditions in the region are changing, providing avenues for the utilization of sea routes for trade purposes and exploitation of natural resources, as the Arctic Ocean region is home to a variety of natural resources. This is the age of Economic globalization and regional integration; the rapid transformation of the region has attracted global attention including both Arctic and Non-Arctic states.

Arctic Policy of the United States

United States released its Arctic policy in October 2022 after nearly a decade (FACT SHEET: The United States National Strategy for the Arctic Region, 2022), while the last Arctic policy was released in 2013. This national strategy of the USA on the Arctic region talks about the urgency to address the transnational issue of climate change,

preservation of the environment and investments for the region's sustainable development. This strategy provides a framework and approach for the government of the US to tackle the emerging global issues and opportunities in the region. It gave Four pillars, that deal with Security, Sustainable Economic Development, Climate change and Environmental protection, and International Cooperation and Governance, along with the five principles. These principles are Consulting, Coordinating and Managing with Alaskan tribes and Communities, strengthening relations with allies and partners, strategizing for long duration Investments, Strengthening, and developing innovative ideas and Coalitions, while committing to a government and evidence-based approach. In the National Strategy for the Arctic, the USA has also briefly explained the transformation of the Arctic Ocean into a more accessible region, they argued that the region is attracting global attention including China. They claimed that the PRC is enhancing its influence in the region through an extended array of Scientific, diplomatic, economic, and military initiatives, underlining its ambition for a relevant role in shaping regional governance. In the past decade, China has increased its investments twofold, while focusing on critical mineral extractions and expanding its scientific research, conducting dual-use research with potential military or intelligence applications in the Arctic region it also argues that China has sent its first-ever naval vessels to the region.

The first pillar of the National Strategy deals with Security, in which the USA argued that they are committed to the protection of its people, their territory and allies, from the protection of the national defence to the safe Scientific and Commercial activities and alleviating the threat of militarization or unintended

escalation. It argued that the USA will maintain and advance its military presence in the region to defend against the Global military, power projection and deterrence goals and to deter any kind of aggressive action. The US national strategy on the Arctic argues that with the transformation of the region, the Arctic is becoming more accessible and strategic competition is intensifying, the United States will maintain its leadership role in the Arctic Ocean region.

Arctic Policy of China

PRC perceives itself as a Near-Arctic state, as China is the nearest continental state to the Arctic, and it is directly impacted by any change in the conditions of the Arctic region. China was granted an Observer standing in the Arctic Council in 2013 in the Kiruna Ministerial Meeting of the council, after declining China's request for three times in 2006, 2009 and 2011. In 2007 PRC was given an Ad-hoc Observer status while its request was under consideration (Lim, [2020](#)).

PRC published its Arctic White paper for the first time in 2018 (China's Arctic Policy, 2018), in which China highlights its four main policy goals on the Arctic and these goals are 'Understanding', 'Developing', 'Protecting' the Arctic region and 'Participating' in the governance of the Arctic Ocean Region. The key policies highlighted in the paper are, that China aims to enhance the capabilities of Scientific Research to get an in-depth knowledge of the Arctic science and natural laws causing the Arctic to change and to establish an environment for responsible development. Furthermore, China aims to protect the Arctic by addressing climate change actively, safeguarding the natural environment and respecting the indigenous communities. Developing the Arctic for the common benefit, China emphasizes Technological innovation, resource

utilization, protection of the environment, and the development of shipping routes. PRC also commits to engage in Arctic governance within the established laws and frameworks, emphasizing the principles of cooperation, respect, sustainability, and common benefit. In the White paper, it highlights four principles that are guiding its involvement and engagement in the Arctic Ocean, 'Respect', 'Cooperation', 'Win-Win result' and 'Sustainability'. PRC understands that Arctic affairs are complex and multi-faceted so it requires cooperation from the Arctic and other states, and then the outcome will be mutual benefit and Sustainability, also China identifies the major challenges such as climate change and global warming and shows its intention to collectively work on addressing these challenges.

In the paper, China also elaborated on its participation in the Arctic to legitimize its interests, it shows that since 1925 China started participating in the region by signing the Spitsbergen Treaty now named as Svalbard Treaty, which grants its signatories a permit to use the archipelago of Spitsbergen for commercial purposes and scientific research.

At the third Arctic Circle Assembly in October 2015, the Foreign Minister of the PRC Wang Yi and Vice Foreign Minister Zhang Ming outlined the Basic principles of the PRC's Arctic policy. These principles are 'discovering and understanding the Arctic', 'safeguarding and judiciously utilizing the Arctic region', 'upholding the rights of the Indigenous communities and Arctic countries', 'recognizing the rights and interests of non-Arctic countries and international community', 'forming a diversified framework for Arctic cooperation for common good' and 'sustaining the Arctic governance system based on prevailing international framework and laws' and we can clearly see

these principles reflecting in the White paper published in 2018.

The white paper on PRC's Arctic policy clearly draws a line between the Arctic waters that are under the sovereignty of the Arctic Eight and waters that are declared as the Global commons.

"The Arctic's coastal and offshore land areas comprise a space of approximately Eight million square kilometres and the United States, Denmark, Canada, Iceland, Finland, Russia, Norway, and Sweden have sovereignty over these areas. Over twelve million square kilometres make up the Arctic Ocean, where the Arctic and other states have shared rights and interests under international laws and frameworks. Internal waters, territorial seas, contiguous zones, EEZ and continental shelf in the Arctic Ocean Region fall under the sovereignty of these coastal countries meanwhile a portion of the Arctic Ocean Region is incorporated into the High seas."

This shows that under the UNCLOS China has the right to use the Arctic waters for commercial purposes and Scientific research. As for governance, China relies on international laws and frameworks.

Motives behind the PRC's presence in the Arctic

China clarified its position on the Arctic in its first-ever published Arctic White Paper that explains the PRC's policies and strategies on the Arctic Ocean region, it perceives itself as a Near Arctic state, that is near the Arctic Circle. China self-defines its identity and sees itself as a Global power that has a stewardship role in the Arctic region. In 2018 while briefing the Arctic White Paper, the then Vice Minister of Foreign Affairs said that "China would neither be overstepping nor would be absent from the region."

By saying "not overstepping", China acknowledges itself as a non-arctic state that will not interfere in the affairs of the and among the arctic states and in the region. However, China will execute and manage its activities in the region in accordance with international laws and frameworks. The above-mentioned statement shows the PRC's commitment to engage in the region and promote cooperation, this shows that China would engage in the activities in the region but would also stay neutral on matters of contention between the Arctic states. After China received the Observer status in the Arctic Council in 2013, PRC's activities in the Arctic region increased greatly in three key areas, Economics, Science and Governance (Chen, [2023](#)).

China keeps an indirect and low profile in the Arctic and maintains a research-oriented approach in the region (Sun, [2018](#)). China constantly cites and justifies its increasing participation as the need for increased knowledge and a scientific approach to climate change and global warming. PRC's approach and activities in the region mainly rely on soft issues like economic cooperation and scientific research. It maintains cooperative relationships with the Arctic states on all levels, bilateral, regional, and multilateral levels.

"Even though the Arctic's environment is vulnerable, it is rich in resources. PRC encourages its businesses to take an active part in international cooperation for the discovery and use of resources present in the Arctic, by ensuring the best possible use of their benefits in technology, capital, and local markets. Additionally, the PRC continues to advocate for the conservation and responsible use of the region. According to the PRC, any exploration and use of the Arctic must adhere to international laws and treaties like UNCLOS and the Spitsbergen treaty, along with the laws of the Arctic states and should also proceed in a

sustainable manner, provided that the region's indigenous people's interests, as well as concerns, are taken into account and the environment is effectively protected."

The above-mentioned paragraph taken from the PRC's White Paper on the Arctic policy indicates its clear intention to use the Arctic region for merely economic and research purposes, abiding by the international frameworks, exploring, and utilizing the resources and the region in a sustainable way. We can clearly assess the motivations for the PRC's participation and engagement in the region from the White Paper as the Blueprint. By evaluating the PRC's policy and strategy for the Arctic Ocean region, we can see that the PRC is increasing its involvement in the region for economic and research purposes, not to override the United States of America. China's Arctic policy and strategy seem to be guided more by opportunism than an intention to challenge the sovereignty of the Arctic countries (Lasserre, [2015](#)).

PRC's Activities in the Arctic Region

PRC's main objectives in the region are to construct a transportation and logistics network, advance polar Scientific research, establish renewable energy systems, develop mineral resources and hydrocarbon energy and preserve ecological balance (Tatiana Batova, [2019](#)). China is actively working to forge solid bilateral and multilateral relations with the Arctic states to enhance its interests in the region by making huge investments in these states' Arctic initiatives.

Natural Resources:

According to the United States Geological Service Study (USGS) report published in 2008, the Arctic Ocean region contains approximately 30% of the global natural gas reserves and has yet to discover around 13% of the global oil reserves. As the Arctic is rich

in minerals and gas and oil reserves, the PRC's growing and increased demand and need for gas and oil are forcing the state to look towards the Arctic as a source for its imports (Hsiung, 2016). Securing access to natural resources for instance gas, oil, and mineral resources, is an objective mentioned in the PRC's Arctic Policy published in 2018. US Energy Information Administration stated that since 2017 China has been among the largest oil importing countries in the world. From 2018 to 2020, Chinese companies made several investments in extracting the Arctic Resources and developing the infrastructure projects. China is largely advancing its interests in exploring the natural resources, Arctic shipping routes and supporting Infrastructure via bilateral agreements and investments. As a large portion of the region's natural resources, such as gas and oil reserves, are found inside the Exclusive Economic Zones (EEZ) and territories of the Arctic states. So, the huge investments of the Chinese companies are appealing to those Arctic countries who find it difficult to develop certain underdeveloped regions. One of the ways to secure access to these natural resources is Economic Incentives. The activities of the Chinese businesses in the Arctic are in conformity with China's strategic goals (Holz, [2022](#)). To understand China's activities in this regard, we can take the example of a Chinese State-owned company, China Minmetals Group (MMG) which is involved in the exploration, mining and processing of several metals and minerals. This company is involved in the mining project in the Canadian Arctic, the Izok Corridor Project. This project focuses on the extraction and mining of the Copper and Zinc resources in the Izok and High Lakes. An agreement was signed between Russia's Baltic Chemical Complex and China National Chemical Engineering company for the construction of a Chemical

plan and natural gas processing facility on the Russian shores of the Gulf of Finland. The China National Chemical Engineering company stated that it will continue to reach out to the Russian market and will advance the construction of the BRI towards high-quality development (Xia, 2019). China has also signed different investment agreements with Iceland and Switzerland, for the development of ports and other infrastructure (Adam Stepien, [2020](#)). China has made almost 1.2 billion dollars of investment in Iceland and around 2 billion dollars in Greenland between 2012 to 2017, for the development of transportation infrastructure.

Investments in Ships and Aircraft

China has also made investments in Ships and aircraft in order to access the Arctic region and to advance its engagement in the region. China bought an ice breaker from Ukraine in 1993 and later was equipped to meet China's demands of Arctic exploration and research, which was named "Xue Long" means Snow Dragon. Since then, Xue Long has been a crucial part of China's Arctic missions and Scientific research. China also purchased Xueying 601, a fixed-wing cargo aircraft built by Basler BT-67, in 2015. The logistics capacities of China in the Arctic Ocean region have been enhanced by this aircraft. These aircraft are important for transporting supplies, labour, and equipment to far-off Arctic areas. China gave a Five-year plan from 2016 to 2020, in which it focused on developing cutting-edge ice breakers. It shows China's dedication to improving its capacity to navigate the Arctic Ocean, enhance Scientific research and engage in commercial activities in the Arctic. Furthermore, in 2018 China initiated the bidding process for the development of the Nuclear-powered ice breaker domestically. In comparison to conventionally powered

ice breakers, nuclear power ice breakers can operate in tough ice-covered oceans for longer durations. In 2019, China completed the construction of Xue Long II, its first ever domestically constructed ice breaker. This shows China's commitment to explore the Arctic and to utilize its resources and shipping routes. In 2020, China gave another five-year plan which spans from 2021 to 2025. In this five-year plan, China affirmed its intention to increase the number of icebreakers in its fleet. This affirms China's goal of enhancing its capacity and engagement in the Arctic Ocean Region, which is consistent with its objectives in Resource Exploration, Scientific research, and the development of new Arctic shipping and trading routes. Additionally, the companies in China and Russia have also started collaborating to co-manage a fleet of ice-breaking vessels that are intended to carry LNG through the Arctic Ocean Region. The companies of both states have also executed an agreement to start a collaborative effort to oversee the fleet of ice-breaking tankers, to enable the Northern Sea Route (NSR) to swiftly establish a commercially viable transportation gateway bridging the Pacific and Atlantic Oceans (Hand, 2019).

Arctic Shipping Routes

As the Arctic Ocean is becoming more accessible, it is estimated that by 2030 around 5% of Global maritime traffic may be directed to use shipping routes of the Arctic Ocean (Eddy Bekkers, [2016](#)). Following this development, China aims to expand its Belt and Road Initiative (BRI) to the Polar Silk Road (PSR), which is an initiative and strategy to develop shipping and trading routes through the Arctic Ocean region, which requires the navigability and safety of the Northern Sea Route (NSR) to access the trade routes and markets of Europe and Asia (Tianming Gao, [2020](#)). As China is a

shipping power and among the top shipowners worldwide, it aims to develop more accessible and short routes from Asia to Europe (Qiang Zhang, [2020](#)). If compared to the Suez Canal, which is the traditional shipping route, Arctic routes save transit time and energy costs (Zheng Wan, [2018](#)). The NSR connects Asia and Europe, it has a total distance of around 13,000 kilometres while the Suez Canal is 21,000 kilometres long. This clearly shows the reduction in the transit time from one month to almost two weeks. China Ocean Shipping Company (COSCO), which is among the biggest and major shipping companies in China and the world, launched the Cargo ship Yong Sheng in 2013. It was the first ever commercial ship of China that travelled the NSR from China to Western Europe. COSCO is involved in around 30% of the voyages along the NSR, it has dispatched eighteen different vessels to execute thirty-one NSR voyages between 2013 and 2019.

At the Second Belt and Road Forum for International Cooperation which took place in Beijing on April 25, 2019, President Vladimir Putin communicated Russia's interests to unite NSR with China's Silk Road. The PRC is among the largest and leading economies globally and the biggest exporter of goods to the world, having a total export value of \$3.71 trillion in 2022 (World Bank, 2010), and the largest importer of oil that greatly depends on the Suez Canal for its imports. Developing and sustainable utilization of the Arctic shipping routes has been a clearly mentioned goal of the PRC in the Arctic White Paper published by the PRC. According to some analysts, it is expected that the Northern Sea Route (NSR) will be an ice-free zone by 2050 and this transformation provides larger navigational access to the major key players including Russia and China. PRC aims to expand the BRI to the Polar Silk Road (PSR), by establishing a new trade route through the

Arctic Ocean Region, while this interest was welcomed by Russia. After PRC published its White paper on the Arctic the number of NSR transits increased from 27 in 2018 to 37 in 2019 and then spiked to 62 in 2020. This shows the increased Chinese navigation and movement through the Northern Sea Route (NSR) for commercial purposes. China considers the Northern Sea Route (NSR) as a feasible alternative to the Suez Canal, the Strait of Malacca and the Panama Canal. The study showed that the transportation of commercial ships through the NSR saved 6,948 tons of fuel and reduced transportation time. By using the Northern Sea Route, the total volume of annual trade between the PRC and Russia has spiked from below 90 billion dollars to over 190 billion dollars from 2012 to 2022. It also includes energy supplies to the PRC from Russia, including 400,000 barrels of oil per day in 2023 (Martins, 2023).

Though the infrastructure of NSR is poorly developed, efforts are being made to enhance the NSR. There have been discussions to extract the raw resources in the Komi Republic of Russia between the China Railway Construction and China Communication Construction. This includes the possibility of building a new railroad and deepwater ports to load ships for shipment via the NSR.

China is participating actively in the development and improvement of the Northern Sea Route (NSR), as it not only saves China from the Malacca Dilemma and any obstacles of the Suez Canal but also grants a safer and shorter route to access and reach the markets of Europe.

Economic Implications for the United States

China is deeply integrated and is a major player in the World Economy, is the world's second-largest economic power. There has

been a significant surge in the PRC's Outward Direct Investment (ODI) and become the world's second-largest Outward Direct Investment actor (Xinhua, 2022). Under the BRI, China has established Seventy-Five foreign Cooperation zones in 24 states and China has made significant investments and has effectively generated hundreds of thousands of employment opportunities. China with its leading economy, stands among the world's largest investors (Almotairi, 2021). China is advancing its interests in developing and exploring natural resources, Arctic shipping routes and supporting Infrastructure via bilateral agreements and investments. As a large portion of the region's natural resources, such as gas and oil reserves, are found inside the Exclusive Economic zones (EEZ) and territories of the Arctic nations. To obtain access to the Arctic's mineral and natural resources, China has been making huge investments and developing bilateral relations with the Arctic nations. PRC and the USA are the major players in the emerging Arctic.

The USA considers the rise of China a threat to its hegemony and declares China a "Revisionist" power, that wants to change the global order and is challenging its power, influence, and interests (Dobell, 2018). So, the increased involvement of China, an emerging global power, in the Arctic Ocean region is considered a challenge and an effort of China to override the United States and the USA is willing to counter any threat in the region as mentioned in the US National Strategy for the Arctic. The Arctic policy of the USA also indicates the conservative approach of the long-standing superpower, to the Arctic. Additionally, it states that the PRC is making attempts to gain influence in the region which is leading towards the growing strategic competition in the region.

Most of the Arctic States are collaborating and solidifying relations with China by signing different agreements, as they cannot deny the economic incentives from China, for example from 2012 to 2017 PRC invested over two billion dollars in Greenland and 1.2 billion dollars in Iceland for the development of transportation infrastructure like Harbors and airports. Its increased involvement, investments and growing relationship with the Arctic nations and the conservative approach of the United States can disrupt relations between these Arctic states and the USA. The relationship between the PRC and the United States is transforming and taking a new turn, with the historical disparities worsening as new regions emerge like the Arctic Ocean region, exacerbating the Security dilemma. The intensity of Tensions between both depends on whether the USA would engage with the PRC or would try to counter its growing power and involvement in the region (Kiltz, 2023). If the United States continues to pursue its conservative approach, it can lead towards increased tensions between both, which will ultimately lead towards the instability of the region and disrupt relations between the Arctic states and the USA.

Conclusion

China's preferred industries for Chinese businesses are mentioned in the Guiding Opinions on Further Guiding and Regulating Overseas Investment, which classifies China's foreign investments into three categories Encouraged, Restricted and Prohibited. The encouraged industries are research, manufacturing, exploration of Natural resources, agriculture, and service sectors etc while the prohibited industries include the export of military core equipment and technologies and investments that are prohibited in the international agreements. This shows

China's interests are in alignment with the policy goals mentioned in the PRC's Arctic policy and indicates China's peaceful approach to achieving these interests. PRC is pursuing its Arctic policy in alignment with international frameworks and laws and keeping a low profile, focusing on pursuing its economic interests. We can analyze above mentioned PRC's activities and engagement in the Arctic Ocean region through the lens of Geo-economics, which focuses on how the economic factors influence and shape geopolitical outcomes. So, we can say PRC is increasing its presence in the Arctic Ocean Region to take complete benefit and advantage from the key geographical region for its economic objectives, not to override the United States of America. However, the USA considers the increased involvement of the PRC in the Arctic Ocean region as a threat to its hegemony and Global order and its interests, as the PRC is the rising global power that has the capability to override the United States. Though the PRC's activities in the region are not offensive, its rising status in the world and its efforts for a prominent role in the Arctic region have the potential to threaten the interests of the USA in the region.

As mentioned in the Arctic Policies of both states, the United States of America considers itself a Steward power in the Arctic Ocean region, that is responsible for managing the affairs of the region while on the other hand, the PRC also aims at having a stewardship role in the region. The USA in the first pillar of its National Strategy on the Arctic, which deals with Security argued that they are committed to the protection of its people, their territory, and allies, from the

protection of the national defence to the safe Scientific and Commercial activities and alleviating the threat of militarization or unintended escalation. It argued that the USA will maintain and advance its military presence in the region to defend against the Global military, power projection and deterrence goals and to deter any kind of aggressive action. The US national strategy on the Arctic argues that with the transformation of the region, the Arctic is becoming more accessible and strategic competition is intensifying, the United States will maintain its leadership role in the region. So, this contest for the significant role in Arctic affairs has the potential to lead towards the increased tensions between the PRC and the USA.

The PRC is making huge investments in the infrastructure development of the region and signing various bilateral agreements with the Arctic countries for the development of ports, harbours, airports etc, to make its access easy to the exploration of the mineral and natural resources present in the region and in the Arctic nations. It is hard for the Arctic countries to decline the offer of Chinese investments, especially in the underdeveloped regions, this will lead towards the increased involvement of the PRC in the region which poses a significant challenge to the economic interests of the USA and its relations with the Arctic Nations. If the United States continues to pursue its conservative approach, it can lead towards increased tensions between both, which will ultimately lead towards the instability of the region and disrupt relations between the Arctic states and the USA.

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