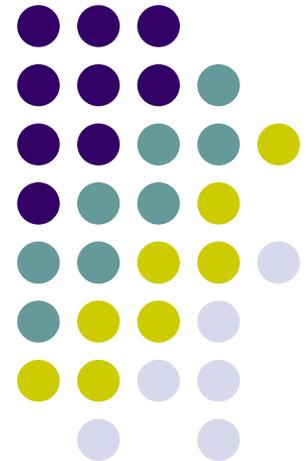
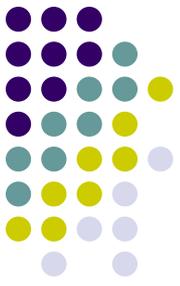


China's Growing Arctic Interest

Chen Gang, Research Fellow,
East Asian Institute, NUS



Arctic Ice Melting & Rising China: Implications



- China is now world's second largest economy and largest exporter, energy consumer
 - * it has insatiable appetite for energy, mineral and other resources
 - * it needs a more reliable and convenient searoute to secure trade
- Consequences of Arctic Ice melting
 - * seasonally navigable Arctic shortens shipping routes from China to Europe, America
 - * new access to undeveloped energy (oil, gas, coal) and other resources in the Arctic region.

Why Arctic Sea Routes Are Important

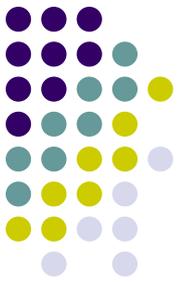


- Shorter: According to Guo Peiqing, the routes from any Chinese ports above 30° N to European and American ports will be shortened by at least 40%
- * The trip from Shanghai to Hamburg via Northeast Route is 6400km shorter than the traditional route via Malacca Straits and Suez Canal
- China regards its heavy use of Malacca Straits as a strategic vulnerability; it wants diversification of searoutes
- Piracy Problem in East Africa
 - * Insurance premium for ships travelling Suez Canal and Aden Gulf soared because of piracy

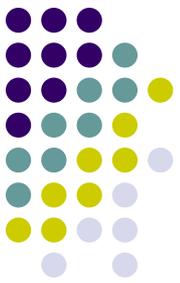


China's Perception of Future Arctic Sea Routes
 Source: Chinese Arctic and Antarctic Administration

China's Interest in Arctic energy, mineral resources



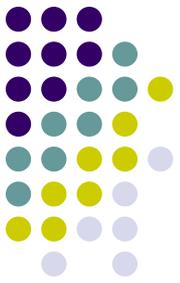
- The region may contain 30% of world's undiscovered gas and 13% of undiscovered oil.
- Other resources: coal, copper, lead, zinc, gold, diamonds, etc.
- Challenges:
 - * Technological obstacles
 - * Sovereignty issues (most untapped resources lie within EEZs of littoral states)



China's Official Stances

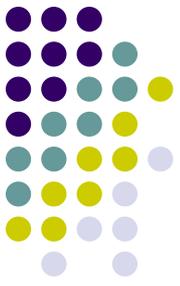
- China does not have a clear-cut Arctic strategy; the government remains low-profile and cautious
- China respects Arctic countries' sovereignty and legal rights based on 1982 UN Convention on the Law of the Sea
- China is now ad hoc observer to the Arctic council and wants to be a permanent observer
- China wants a win-win situation of cooperation between littoral and non-Arctic states.

Who is making the policy



- Affiliated to the State Oceanic Administration, Chinese Arctic and Antarctic Administration (CAA) performs the function of organizing Chinese Arctic and Antarctic expeditions and administering the related Arctic and Antarctic affairs
 - * more aggressive
- Ministry of Foreign Affairs: Managing foreign affairs with related Arctic countries
 - * does not want to provoke other parties

China's Polar Research and Development Capabilities



- Strong polar research capabilities
- China has done 27 national Antarctic expeditions until 2011 with the operating of two year-round Stations, namely the Great Wall Station located in King George Island, west Antarctica and the Zhongshan Station located in the Larsemann Hills, east Antarctica, and one inner land summer station, namely the Kunlun Station located on “Dome A”, the highest place in Antarctica (CAA website).
- The establishment of the Yellow River station, the first Chinese Arctic station, in 2004 in Ny-Alesund, Norway, enables China to perform research in the Arctic region. CAA has been organizing the Chinese National Arctic Research in the Yellow River Station each year ever since. CAA has successfully organized 4 Arctic scientific expeditions by M/V Xuelong in 1997, 2003, 2008 and 2010.
- China has the world's largest non-nuclear icebreaker – *Xuelong*. The 163-metre-long vessel was purchased from Ukraine in 1993.
- CAA is building a new icebreaker at the cost of 2 billion yuan which is to be operational in 2013.



Chinese scholars suggest government to formulate tougher policies



- Guo Peiqing (Ocean University of China): China's global strategy must include Arctic
 - * China should not take a neutral and outsider stance; Instead, China should enhance its say in Arctic politics
 - * He warns against Arctic "Monroe Doctrine" practiced by the Arctic Council
 - * China should not apply for the permanent observer in the Arctic Council
 - * China should pay more attention to the rights rather than obligations
- Li Zhenfu, Han Xudong propose similar ideas
- Chinese mainstream media like Xinhua and sina.com have interviewed these scholars and exposed their ideas to the public.



北极航道的 国际问题研究

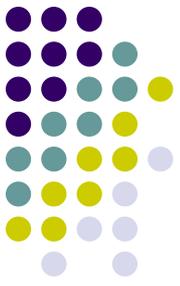
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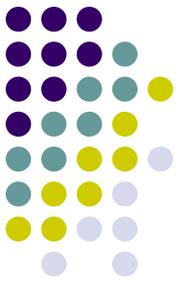
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Chinese Businessman Plans to Buy Land in Iceland



- Huang Nubo is a Chinese real estate developer ranked by Forbes as No. 129 among the top 400 richest Chinese
- In August 2011, Huang caused a stir in Iceland when he proposed to buy 300 square kilometers, or 116 square mile of the island, encompassing 0.3% of the country, to develop a \$200 million property with a "120-room hotel, airport, golf course and horse-riding facilities."
- As a polar expedition enthusiast with strong government background, Huang's proposal indicates China's growing interest in building an outpost in the Arctic region

Relations with major players



- Generally speaking, China does not want to provoke Arctic states
- But it is wary of Russia's Arctic ambitions
 - * if Russia's claims over underwater territory legitimized, China would have little access to the abundant resources
 - * Russia may overcharge China for using the Arctic routes
- China wants to enhance ties with Nordic countries in the Arctic ice-free era
 - * China has the largest embassy in Iceland because it may be a new shipping hub
 - * A Chinese billionaire wants to buy massive land in Iceland
 - * China and Norway have formal dialogue mechanism on Arctic issues
- Both China and Canada are very interested in the new route development (Canada regards it as a rare opportunity for it to enhance connectivity with the emerging Asia)
 - * China and Canada established bilateral channels on the Arctic issues
- China wants to magnify its say in the Arctic politics through enhancing cooperation with other East Asian economies that can also benefit from the ice-free Arctic.
 - * China, Japan, South Korea and Taiwan share many common grounds on this issue

Thank you!

