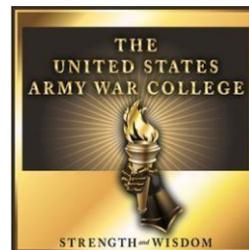


China's Interests in the Arctic

by

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United States Army War College
Class of 2015

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Abstract

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China has been active in the Arctic for many years conducting climate research and expeditions. Over the last few years, China has made overtures for greater involvement in Arctic affairs and governance seeking full membership status in the Arctic Council and further collaboration with Arctic nations. China's interest in the Arctic is driven by the need to fuel and feed the world's largest population and most powerful economy. This study begins with a review of China's historical activities in the Arctic then argues that its recently intensified interest there is driven by two factors: natural resources and new maritime trade routes. Next, it suggests venues for increased Chinese participation in the governance structures for the Arctic and concludes with recommendations of concrete steps that the United States can take to encourage China's responsible behavior in this dynamic international sphere of cooperation. The United States, as the incumbent chair of the Arctic Council in 2015, will need to work with the Chinese government to ensure both responsible stewardship and activities in the Arctic.

China's Interests in the Arctic

The Arctic environment is in great flux as scientific studies show the Arctic ice cap has diminished by 40% over the past 35 years.¹ Polar scientific research is being conducted to better understand the changing Arctic ecosystem and the effects of the warming Arctic upon the world's climate. The Arctic Ocean and coastal areas once barren and frozen under a dense sheet of ice are slowly coming to life with industry and commerce brought about by the receding ice conditions.

These environmental changes bring new opportunities for the eight Arctic nations (United States, Russia, Iceland, Denmark, Canada, Norway, Finland, and Sweden) that ring the North Pole (figure 1). Arctic nations are competing for abundant resources such as oil, natural gas, minerals, and fish stocks that the newly accessible Arctic contains. The receding ice will open additional maritime trade routes that will relieve the increasingly stressed global marine transportation system between Asian, European, and North American ports. These new trade routes are known as the Northern Sea Route (NSR), the Transpolar Sea Route (TSR), and the once-legendary Northwest Passage (NWP); this study will address them in more detail.

Although it has no Arctic littoral, China has been active in the Arctic for many years conducting climate research and scientific expeditions. Over the last few years, China has signaled for greater involvement in Arctic affairs and governance by seeking full membership status in the Arctic Council and further collaboration with the Arctic nations. China's interest in the Arctic is driven by the need to fuel and feed the world's largest population and economy.

This study begins with a review of China's historical activities in the Arctic then argues that its recently intensified interest there is driven by two factors: 1) new sources

of oil, natural gas, minerals and fish, and 2) additional maritime trade routes. Next, it suggests venues for increased Chinese participation in the governance structures for the Arctic and concludes with recommendations of concrete steps that the United States can take to encourage China's responsible behavior in this dynamic international sphere of cooperation. As the incumbent chair of the Arctic Council in 2015, the United States must work with the Chinese government to ensure the latter engages in responsible stewardship and activities in the Arctic.

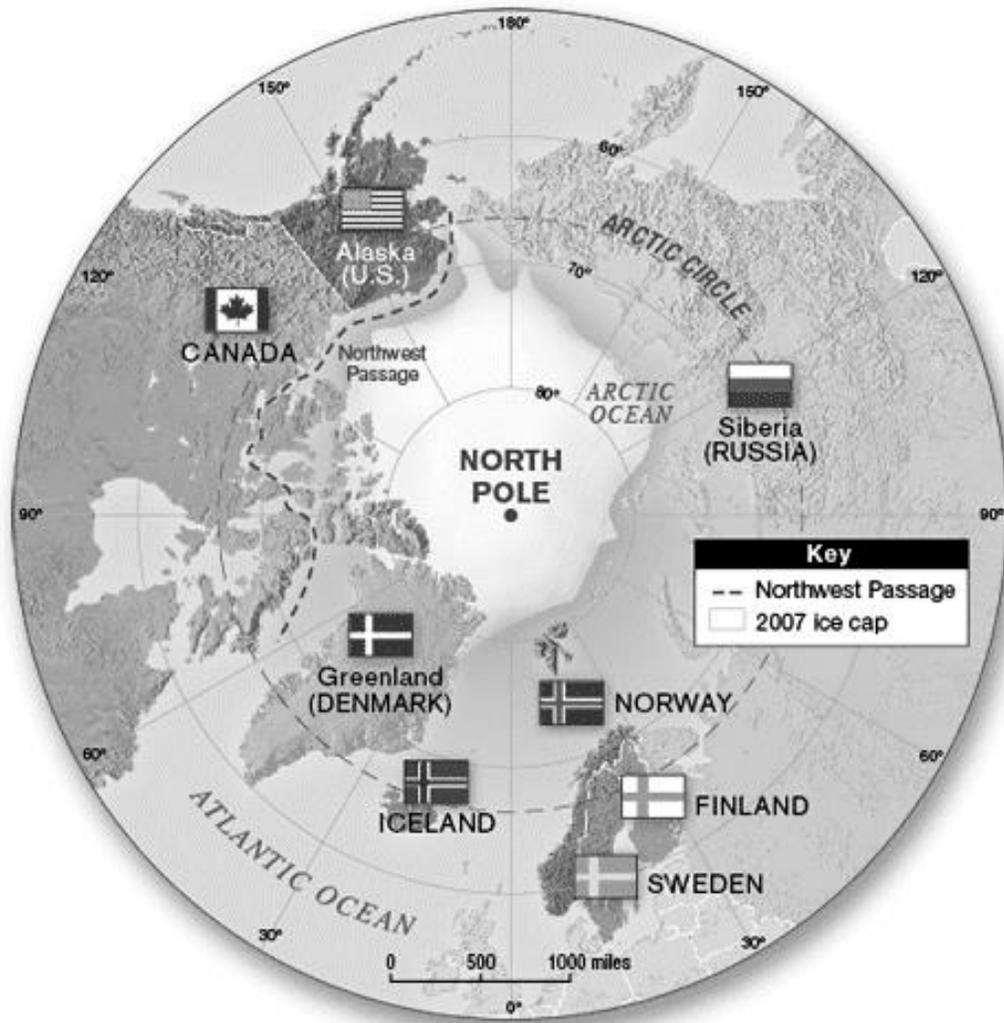


Figure 1: The Arctic²

China's History in the Arctic

China's interest in the Polar Regions dates back over thirty years. The Chinese Arctic and Antarctic Institute that directs the nation's polar research program was established in 1981.³ China's initial national interest in the Arctic was related to scientific research to study climate change. Chinese scientists have been seeking to better understand the effects of changing Arctic conditions upon the weather patterns in China.⁴ China has since conducted numerous expeditions to both the North and South Poles.⁵ China built a permanent Arctic research facility in 2004.⁶ Located in Norway, its mission is to study and monitor climate change in the Arctic region.⁷

Since 2007, publications in China have shifted from a purely scientific focus to more strategic, political, and legal issues concerning the Arctic region.⁸ China conducted four independent Arctic missions by 2010 aimed at scientific research, partnership building, and economic opportunities.⁹ Understanding Arctic environmental conditions, their potential effects on China's climate and weather, and taking proactive steps in the form of domestic environmental policy changes may help China maintain its global economic position. Looking ahead, China's *Twelfth Five Year Plan* calls for increased polar research.¹⁰

Despite the aforementioned activity, China has no declared official Arctic policy. Rather, Chinese officials have issued statements espousing their interest in the environmental impacts of the changing Arctic climate.¹¹ Unlike its position in the South China Sea, the Chinese government has expressed that the Arctic should be open to all nations – not simply those with territory in the region. This attitude indicates its intent to compete for the potentially immense natural resources the Arctic possesses and a subtle warning to any nation that looks to control the Arctic waterways. China's State

Oceanic Administration has called the Arctic the “inherited wealth of all humankind...and not the ‘private property’ of the Arctic nations...every country in the world has an equal right to exploit the Arctic Ocean.”¹² The use of the word “exploit” may signal a much greater intent than simple scientific research. China sees the Arctic as an opportunity to meet its growing energy, mineral, and food needs.

The region is rich in natural resources needed to sustain China’s large population and demands from its rising middle class. In July 2014, China’s population was estimated at 1.4 billion people, the world’s largest and nearly five times larger than the U.S. population.¹³ China’s government has used many different voices to express its intent to compete for Arctic access and resources. A leading Chinese academic stated, “Whoever has control of the Arctic route will control the new passage of world economics and international strategies.”¹⁴ A Chinese Navy official claimed that since 20% of the world’s population is located in China, it is entitled to 20% of the resources contained in the Arctic.¹⁵ Before discussing China’s goals in the Arctic, let’s examine the international legal framework that governs nations’ actions there.

The United Nations Convention on the Law of the Sea

The 1982 United Nations Convention on the Law of the Sea (UNCLOS) is the maritime framework of legal governance and cooperation. Amongst other particulars, UNCLOS includes express dispute resolution mechanisms for natural resource and maritime boundary line disputes through arbitration.¹⁶ Unlike the other seven Arctic nations, the United States has yet to join the 156 signatories to UNCLOS and ratify it because of concerns about political sovereignty. However, the U.S. government has affirmatively stated its commitment to the principles of the treaty.¹⁷ It currently regards UNCLOS as customary international law; however, this approach does not allow it to

take advantage of the UNCLOS dispute resolution process. UNCLOS membership would aid U.S. sovereignty efforts through the extended Outer Continental Shelf (OCS) claims process and allow for better multi-lateral cooperation in the Arctic.¹⁸

UNCLOS includes specific provisions for claims related to the Outer Continental Shelf (OCS), the seabed and subsoil that may reach beyond a nation's exclusive economic zone (EEZ). The EEZ extends past a nation's 12 nautical mile territorial sea out to 200 nautical miles from the baseline where the territorial sea originates.¹⁹ UNCLOS awards coastal states sovereign rights to the natural resources within their EEZ and also to those (such as oil and gas) in the Outer Continental Shelf outside their EEZ.²⁰ Countries submit applications to the Commission on the Limits of the Continental Shelf based on scientific evidence where their OCS extends beyond the EEZ. Neither China (a non-Arctic nation) nor the United States (a non-party to UNCLOS) have legal standing to press any claims to the Arctic extended OCS.

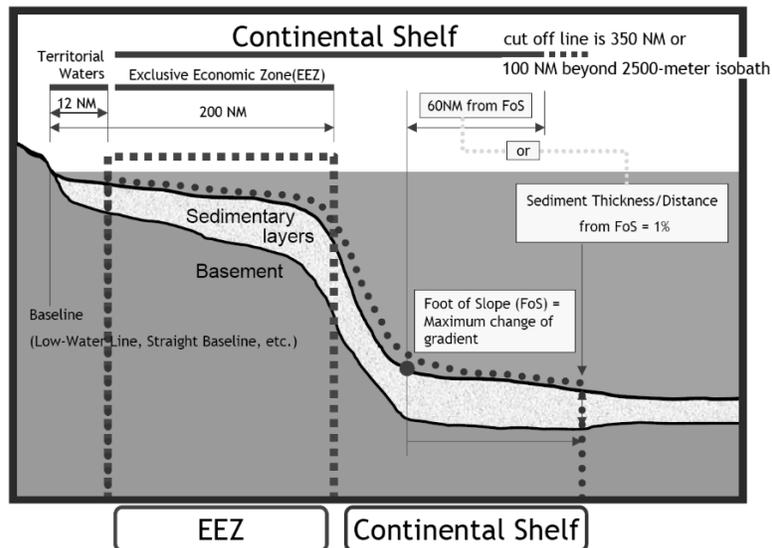


Figure 2: Exclusive Economic Zone and Continental Shelf ²¹

The UNCLOS legal structure intended to resolve Arctic maritime boundary disputes is similarly unavailable to the United States, despite its unquestionable status as an Arctic nation. For example, the United States must negotiate resolution of two boundary disagreements on a bilateral level with Canada – outside the orderly process enjoyed by signatories to UNCLOS. With an understanding of how nations interact under this treaty regarding maritime issues, a look at China's three interests in the Arctic is the next step.

China's First Interest: Transpolar Trade Routes

Asia's growing wealth and middle class are causing a shift in global trade that will expand maritime commerce through Asia for many years, requiring additional trade routes to alleviate the congested, vulnerable maritime highways and chokepoints. As the world leader in global maritime commerce, almost 50% of China's gross domestic product is reliant on ocean shipping and China's ports continue to increase container throughput capacity.²² Chinese shipping companies view the Arctic as a viable trade route during the ice-free months. The next section will discuss the three Arctic Ocean routes that hold such great promise for China's commerce: the Northern Sea Route (NSR), the Northwest Passage (NWP) and the Transpolar Sea Route (TSR).

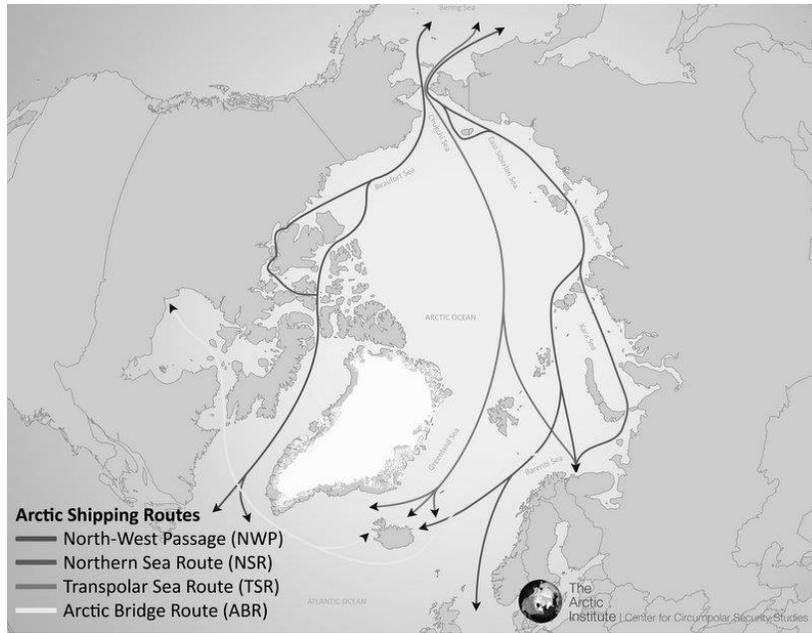


Figure 3: Arctic Shipping Routes²³

Arctic Ocean Transit Routes

The Northern Sea Route is also known as the Northeast Passage and it runs along the Arctic coasts of Russia and Norway. Vessels traveling the NSR can realize significant savings in sailing days (and the cost of fuel) between Northern Europe and Asia and avoid the risk of piracy associated with the Strait of Malacca near Malaysia. The traditional warm-water route through the Suez Canal requires on average 48 days and 11,300 nautical miles for oil tankers and large container vessels. That same voyage along the NSR is 13 days and 4,000 nautical miles shorter.²⁴ In 2014, the NSR was open to maritime traffic for six weeks from mid-August until 1 October; the NSR Administration Office received over 600 transit applications (a record number).²⁵

Russia defines the NSR as the leg transiting Russia’s internal waters from the Bering Strait to the western edge of the Kara Sea and consequently regulates vessel traffic along it.²⁶ Specifically, vessels must apply for transit permits and are subject to

inspection by Russian authorities. Currently, Russia and the other Arctic nations hold strong differences in interpretation about the applicability of the UNCLOS terms, leading to protests against Russia's "improper implementation of UNCLOS provisions" to support its sovereignty interests.²⁷

Russia's regulation of the NSR magnifies her global strategic importance to other maritime trading nations. China's Polar Institute stated that if conditions permit, 5% to 15% of China's international trade could move via the NSR by 2020; its number of NSR transit permits today trails only Korea and Japan.²⁸ Some scholars believe China's influence as a global leader in maritime shipping may force Russia to ease its control over this route as China advocates for its vessels' freedom of navigation rights to transit the Arctic.²⁹

The Northwest Passage begins near Greenland, threads its way through the Canadian Arctic Archipelago to its western terminus south of the Bering Strait. The NWP reduces distances between ports in Asia and Europe by nearly 5,000 kilometers compared to other routes such as the Suez Canal.³⁰ For example, the *Nordic Orion*, a bulk carrier, saved \$200,000 and four days transiting from Vancouver to Finland via the NWP in the ice-free month of September 2013.³¹ Experts predict traditional non-ice strengthened vessels will be able to make the voyage by the summer of 2050.³² The United States disagrees with Canadian insistence that since much of the NWP passes between its sovereign islands, it is considered Canadian territorial waters. Instead, the United States asserts the NWP is an "international strait" whereby "transit passage" applies.³³

As the Arctic Ocean ice cap shrinks to reveal ice-free routes in the summer months, the Transpolar Sea Route will become accessible. The TSR runs across the Arctic Ocean over the North Pole, unlike the NSR and NWP coastal routes. The TSR is the shortest of the Arctic routes at 2,100 nautical miles, and it spans from the Bering Strait to Northern Europe. This route may be the most perilous from a navigation perspective as it requires a mostly ice-free Arctic Ocean for safe transit. Despite this restriction, the TSR may become the preferred route since it does not require innocent passage through the Russian or Canadian EEZs where they seek to enforce jurisdiction over vessels using the NSR and NWP, respectively. Current environmental conditions and future modeling show ice-free summer months possible by the 2030.³⁴

The Chinese government has stated it shall “ensure the safety of marine transport channels and maintain our country’s marine rights and interests.”³⁵ As a result, China has invested heavily in naval shipbuilding to protect assets and shipping routes in the Indian Ocean as manufactured products move west and petroleum is shipped east to China. “With the expansion of the country’s economic interests, the navy wants to better protect the country’s transportation routes and the safety of our major sea lanes,” stated by a senior Chinese officer.³⁶ As the Arctic thaws and vessel transits increase, China could use its large naval presence to project power to ensure the safety of its vessels transiting the Arctic.

China has also expanded its civilian maritime capability to operate in the Arctic. Currently China has one polar icebreaker with another in production.³⁷ The *Xuelong* (*Snow Dragon*) is China’s first polar icebreaker.³⁸ The 167-meter vessel can break 1.2-meter thick ice and has deployed on five Arctic research expeditions since 1999.³⁹

China's new eight-thousand ton icebreaker will come at a cost of nearly \$200 million dollars, reflecting the level of commitment China is displaying in the future Arctic.⁴⁰ Once complete, the vessels will deploy to the Arctic and Antarctic for over 200 days per year.⁴¹

In contrast, the United States, an Arctic nation, currently has only two operational polar icebreakers to support both the Arctic and Antarctic deployments. However, unlike China, the U.S. Congress has committed no funding to a much needed replacement icebreaker. The U.S. Coast Guard cutters *Polar Sea* and *Polar Star* were built in the 1970s as "heavy icebreakers"—the most powerful non-nuclear icebreakers in the world.⁴² In 2000, the Coast Guard commissioned the *Healy*, an Arctic-only, medium icebreaker, funded by the Department of Defense. In 2006, *Polar Star* was placed in indefinite caretaker status with no funding to replace her engines. Her sister ship avoided the same fate only after a nearly \$60 million, 10-year service life extension. The Coast Guard is left to support U.S. maritime activities in the Arctic Ocean while resupplying American installations in Antarctica with only two icebreakers.⁴³

In support of its Arctic maritime vision, China is also investing in ice-strengthened vessels to carry both bulk cargo and containers. China's stated use of the vessels is for scientific polar research, but the ice-strengthened vessels will provide the capability to assist Chinese vessels transiting the ice-choked Arctic waters of the NSR. Their unstated mission will be to maintain Arctic maritime domain awareness.

China's Interests: Petroleum and Minerals

According to the U.S. Geological Survey, the Arctic region contains approximately 90 billion barrels of oil, 1.7 trillion cubic feet of natural gas, and 44 billion barrels of natural gas liquids. 84% of the untapped petroleum resources are located in

offshore areas of the Arctic Ocean.⁴⁴ China, meanwhile, is a net importer of oil; its demand will continue to grow until it leads the world by 2020. China currently gets half of its oil supply from the Middle East via oil tanker and is also a leading importer of natural gas. Middle East conflicts or interruptions in the sea-lane supply routes would likely have a severe impact on the Chinese economy.

As a result, China must seek alternate sources of oil and natural gas to fuel its immense economy. The Arctic offers a source in a more politically stable area and closer to China than its current Middle East suppliers. Russia and China are building partnerships for development of Arctic oil and liquefied natural gas production from the Russian Arctic.⁴⁵

The Arctic is a potential source of mineral resources China needs for its robust manufacturing sector. Greenland, which is a part of Denmark, holds large reserves of copper, uranium, and other minerals that make it an area of keen interest for Chinese companies and her government. Greenland's ores are so plentiful that they can meet a quarter of the world's demands for uranium and rare earth metals needed for manufacturing in China.⁴⁶ Elsewhere, a Chinese corporation recently purchased a quartzite mine in Norway, an iron-ore deposit in Greenland, and has planned oil exploration in the waters of neighboring Iceland.⁴⁷ These investments, which often cost several billion U.S. dollars, provide economic boosts to the smaller Arctic nations who partner with Chinese state-run corporations.

China's Interests: Fisheries

China may also have an interest in the untapped fisheries of the Arctic. With the world's largest population, China has a great demand for food. Historically most Chinese, especially those who live near the coast, have relied on fish as a source of

protein. According to a 2010 study on global fisheries conducted by the Pew Environment Group, China leads the world in catch by tonnage as well as in overall consumption of fish.⁴⁸ The growing Chinese middle class places greater demand on China's fishing industry to find new sources, such as the bountiful Arctic Ocean.

China has a global distant-water fishing fleet of over 2000 vessels (10 times larger than the United States).⁴⁹ Currently, China has nearly 400 vessels operating in West Africa and 100 vessels fishing the waters of South America.⁵⁰ Chinese fishing vessels are generally not compliant with international fishing standards and regulatory practices; they have been cited or seized for illegal fishing from South Korea to Indonesia.⁵¹ China's disregard for fisheries management and refusal to control its fishing vessels could be disastrous for the unpatrolled waters of the Arctic.

In 2014, five Arctic nations (Canada, Denmark, Norway, Russia and the United States) signed a ban on commercial fishing in the Arctic Ocean to protect the living marine resources of the thawing region.⁵² The United States had previously banned commercial fishing north of the Bering Strait in 2009. With the exception of the aboriginal native groups living in the Arctic who are allowed to harvest fish and sea mammals, there are no commercial Arctic fisheries. Fisheries stocks such as herring and cod are predicted to flourish as the climate warms.⁵³

China may be positioning itself to exploit these marine resources of the unspoiled Arctic. Bans and active enforcement of national fisheries regulations may be seen by China as denying its right to the so-called "global commons." This increasingly robust stance by China may be reflected in the deficit of fisheries agreements in the Arctic. Surprisingly, despite its mandate to "promote cooperation...on issues of sustainable

development,” the Arctic Council has not created a regional fisheries management organization as exists in other important fisheries around the globe.⁵⁴ This could be a result of China’s lobbying efforts; this indirect approach against the only Arctic governance structure reflects China’s desire to gain influence in this realm – the second theme of this paper.

China’s Role in Arctic Governance

The Arctic Council was established in 1996 and is headquartered in Tromsø, Norway.⁵⁵ It is a high-level intergovernmental forum, which addresses issues faced by the eight Arctic governments and the indigenous people of the Arctic.⁵⁶ Although, the Council’s original mandate was sustainable development and environmental awareness, it has expanded both in mission scope and membership.

The Arctic Council lacks regulatory authority on security issues, and its actions are non-binding, which undermines its potential effectiveness.⁵⁷ The Council has been a forum for collaboration and consensus between members. Although the Council’s mandate has not been expanded, the group has accomplished significant multi-lateral agreements. In 2011, Council members signed the Aeronautical and Maritime Search and Rescue agreement.⁵⁸ This represents the first binding agreement under the authority of the Arctic Council. Another recent example of coordination is the Arctic oil spill response plan. Both initiatives were developed out of necessity due to the limited infrastructure and resources of the region.

China’s Observer Status on the Arctic Council

During its period of secretariat of the Arctic Council from 2007-2013, Norway lobbied for inclusion of China as an observer.⁵⁹ Observer states and organizations are not allowed voting rights on issues brought before the Council. In addition, China

(perhaps due to its commercial interest in Greenland's mines) petitioned Denmark to lobby for this expansion, too. Some Arctic states opposed the enlargement of the Council by observer states (read: China), assuming their interests were merely economic.⁶⁰ Russia, at first, resisted the admission of China, as it would potentially upset the balance of power in the Arctic. Its delegates believed that China, as a non-Arctic nation, would attract unwanted attention to the region.⁶¹

These concerns about China's Arctic intentions were likely stirred up by a leading Chinese Arctic commentator, Li Zhenfu. He has opined that China's scientific interest in the Arctic is window dressing for other interests. Li has spoken of "the possibility of our country's open declaration of sovereignty over the Arctic and Arctic sea routes, as well as [a] territorial claim."⁶² Additionally, in 2011, a top Russian Navy admiral labeled China a threat to Russian economic interests in the Arctic.⁶³

As a result, Canada proposed limitations to alleviate Russia's concerns. Under the terms of admission to the Council, the observers must acknowledge the sovereign rights of Arctic nations and the application of UNCLOS. All observer states will come under review by the full members of Arctic Council every four years and are not allowed to vote on issues brought before the Council.⁶⁴ Ultimately, the Arctic Council admitted as observers China, France, Germany, India, Italy, Japan, Korea, the Netherlands, Poland, Singapore, Spain and the United Kingdom, as well as nine intergovernmental and eleven non-governmental organizations.⁶⁵ According to Espen Barth Aude, Norway's Foreign Affairs Minister, "We want people to join our club. That means they will not start another club."⁶⁶ Expanding the Arctic Council to non-Arctic states was important because issues such as marine transportation regulations would require support from

non-Arctic states utilizing new trade routes. The aim of expanding the membership is not only to build the Council's stature but also to maintain its status as the body of reference for all Arctic issues.

China is on a mission to convince the Arctic Council and the world that it has legitimate rights to the Arctic and its resources. In anticipation of the 2015 session, China wants to change the rules of the Arctic Council and is lobbying for full membership status. Calling itself a "near Arctic state," China argues the Arctic is a global commons and that it should have access to the region's natural resources and scientific research potential.⁶⁷ According to Chinese Navy Admiral Yin Zhou, the "Arctic belongs to all the people around the world, as no nation has sovereignty over it...China must play an indispensable role in Arctic exploration as [it] has one-fifth of the world's population."⁶⁸

As a result, many countries have questioned China's role and interests in the Arctic. A Canadian official stated, "There exists in China a distinct group of academics and officials trying to influence their leaders to adopt a much more assertive stance in the Arctic than has traditionally been the case. This could ultimately bring China into disagreement with circumpolar states in a variety of issue areas and alter security and sovereignty relationships in the circumpolar region."⁶⁹

U.S. Opportunities to Encourage China's Responsible Actions in the Arctic

In 2015, the United States will assume the leadership chair of the Arctic Council for two years. President Barack Obama appointed a well-qualified chairman, retired Admiral Robert Papp, former U.S. Coast Guard Commandant. As Commandant, he worked closely with his Chinese counterparts on the North Pacific Coast Guard Forum and strengthened the China-United States ship-rider program, where Chinese maritime

enforcement officers deploy on U.S. Coast Guard cutters operating in the Western Pacific. The latter program is a sterling example of international cooperation to combat transnational maritime crime, specifically the prevention of illegal commercial fishing. Papp established strong relationships with navy and coast guard leaders from other Arctic nations to develop the Arctic search and rescue and oil spill response plans.

China and America share a common interest of freedom of navigation in the Arctic. China does not view the United States as an Arctic power, unlike Canada and Russia. Perhaps China's attitude stems from the lack of any serious U.S. Arctic strategy, its refusal to ratify UNCLOS, and diminished American operations in comparison to other Arctic states.⁷⁰

One option the new Arctic Council leadership may consider would be to offer China full member status in return for China submitting its controversial maritime claims in the South China Sea to UNCLOS arbitration. This alternative would take close coordination not only between Arctic member states but also nations bordering the South China Sea. To date, China's official messages concerning its interests in the Arctic have followed twin themes of scientific research and environmental monitoring, with undertones of natural resource allocation and new trade routes. China has shown great support of the Arctic Council and the underlying framework of UNCLOS as it applies in the Arctic.

At the same time, China has been unwilling to consider UNCLOS as a forum for arbitration of maritime boundary disputes in the South China Sea. China's signing of UNCLOS in 1996 was qualified by its rejection of certain provisions in dispute resolution clauses.⁷¹ Offering full member status on the Arctic Council in return for China's

submission to UNCLOS arbitration elsewhere on the planet may reveal China's true ambitions. Both the South China Sea and the Arctic Ocean offer similar natural resources in the form of oil, natural gas and fisheries.

The United States may have an opportunity to collaborate with China on the Arctic Council while working to shape its expanding influence in the Arctic. China's *Twelfth Five Year Plan* calls for increased coordination and cooperation to include forging bilateral and multilateral maritime cooperation agreements as well as active participation in international maritime forums.⁷² Acknowledging China's great power status may encourage China to embrace a more cooperative tone and transparent efforts in the Arctic.

Even if not offered full member status, China will likely continue to expand economic partnerships with smaller Arctic countries such as Denmark and Iceland to meet China's future natural resource demands. The Arctic Council, under U.S. leadership, needs to monitor these relationships and prevent China from becoming a quasi-Arctic state to dissuade China from asserting sovereignty over natural resources and conducting illegal commercial fishing.

For example, China has formed a strong bilateral relationship with Iceland; the evidence is China's construction of the largest embassy in Reykjavik. Iceland is allowing the Chinese National Offshore Oil Corporation to develop projects on its continental shelf.⁷³ Additionally, China's only free trade agreement in Europe exists with Iceland.⁷⁴ Iceland has experienced significant problems with its economy since the 2008 banking collapse, and the opportunity to collaborate with a rising China is expected to offer a source of financial resources in the future.⁷⁵ The chair and the members of the Arctic

Council must be alert to votes by Iceland. Are they truly being cast by Iceland and are they in the best interest of the Council? Or is China acting through its *de facto* Arctic proxy?

China's interest in the Arctic may also be about the broader strategic interests of a rising China as a global power. As such, China has recently flexed its muscle on the United Nations Security Council through the increased use of its permanent member veto power (five times since 2007).⁷⁶ Likewise, it has become a more assertive leader in Asian multinational forums such as the Shanghai Cooperation Organization.⁷⁷

Conclusions

The Arctic will continue to be a strategically important region into the future as nations position themselves to take advantage of the untapped resources and expeditious maritime routes. Although China's interests in the Arctic started with scientific research, they have evolved into a desire to exert influence over the control and distribution of the bountiful natural resources (oil, natural gas, minerals, and fish stocks) required to sustain China's population and fuel the world's largest economy. According to Stephen Blank, "China is clearly after more than simply investment and trade opportunities as it continues to display its obsession with securing energy and other supplies where the U.S. Navy cannot or will not go."⁷⁸ Additionally, to secure future safety and security of its marine transportation, China wants to utilize the nascent shipping routes of the Northern Sea Route, Trans Polar Sea Route, and the Northwest Passage.

The label of the United States as an "Arctic nation" by national policy makers is not borne out by the intensity of American policy and activity in the region.⁷⁹ Unlike Russia and Canada, the United States is neither an Arctic power nor a threat to China's

rising influence in the region, which may be an advantage in dealing with China. The *Beijing Review* trumpets, “China has ultimately managed to reshuffle the Arctic balance of power in record time.”⁸⁰ Consequently, the United States, as the incumbent chair of the Arctic Council, should leverage its leadership as an opportunity to encourage China to become a responsible member of the Arctic community.

Despite some concerns by larger Arctic nations, China was accepted for observer status on the Arctic Council. China will obviously leverage this position to advance its interests in the region. Some argue China will not be satisfied with this limited role in Arctic affairs and will continue to lobby for full membership on the Council. However, the Arctic Council can capitalize on China’s leadership position in the global economy to boost the strategic importance of the group.

The Arctic Council is the model of governance and has established a strong reputation for cooperation and mutual respect among Arctic nations, as evidenced by the Arctic SAR and oil spill agreements. China’s burgeoning influence may be a threat to this framework of Arctic cooperation. China, therefore, should not be allowed to create implicit proxy states through financial leverage or to exert undue diplomatic influence on smaller, politically and economically weaker Arctic states such as Iceland. The risk of an unchecked China in the region may be regional instability and a lack of trust and cooperation among Arctic nations.

Alternatively, the rise of China in the Arctic may be seen as a balance to Russia, which is the most active and provocative state in this region. Both Russia and Canada have communicated their intent to exert control over areas of the NSR and NWP. Although it has not ratified UNCLOS, the United States treats the international

framework as customary international law and should promote this model for settling claims in the region to ensure the equitable distribution of resources and access to newly available sea routes. China is postured for greater influence in the Arctic, driven by a desire for additional natural resources and trade routes. The United States should leverage its term as the Arctic Council chair to induce China to assume the mantle of responsible partner in the developing Arctic.

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