

Development of the Polar Silk Road and China-Europe Cooperation

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Outlines

- Introduction on the Features of Arctic Governance
- *Polar Silk Road*: Linkage of China's Belt & Road Initiative (*BRI*) with the Arctic Development
- Opportunities for China-Europe/Nordic Cooperation
- Some Personal Thoughts for China's Future Involvement

ARCTIC REGION



Dynamics of Globalized Arctic

- Post-Cold War Era (*end of the rivalry between the East and the West*)
- Climate Change (*sea ice retreating and sea level rise*)
- Economic Globalization (*the invisible & invincible market force*)
- Sci & Tech Advancement (*inaccessible → large-scale utilization*)

Multilevel Governance of the Arctic:

Status Quo

- Global Governance (climate change, environment & ecological protection, scientific research, sustainable development, shipping,)
- Regional Governance (A8 or A5)
- Sub-regional Governance (Barents-Euro arctic, Nordic, North Calotte Council.....)
- National Governance (domestic legislation & policy on taxation etc.)
- Local Governance (Lapland, Finnmark, Nunavut, Yukon, Alaska.....)
- Social Governance/Autonomy (Indigenous tribes; environmental NGOs; scientists.....)

Major Regimes/Platforms of Arctic Governance

- UN and its specialized agencies and affiliated bodies (IMO, UNFCCC, FAO, UNDP, UNEP, WTO.....)
- Arctic Council (AC) and the newly established AEC
- International Arctic Science Committee (IASC)
- Arctic Circle Assembly, Arctic Frontiers Conference; North Pacific Arctic Conference (NPAC); Arctic Shipping Forum/Summit, Arctic Business Forum.....

China's Involvement with the Arctic

- Why?
 - For the **contribution** to humankind's **peaceful use** of the Antarctic (inscription of DENG Xiaoping, China late top leader in 1984)
 - From **knowledge to action** (theme of the 4th IPY)
- How?
 - From **science to politics** (Session topic of the 2015 Arctic Frontiers Conference)
 - to be a *public goods* provider (“**respect, cooperation, win-win, and sustainability**” are highlighted for China's future role in arctic governance, *China's Arctic Policy 2018*)

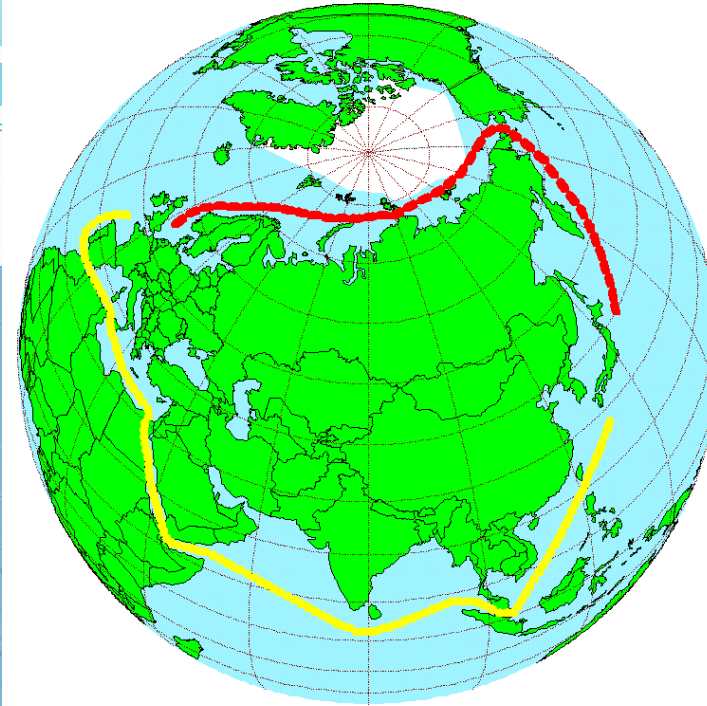
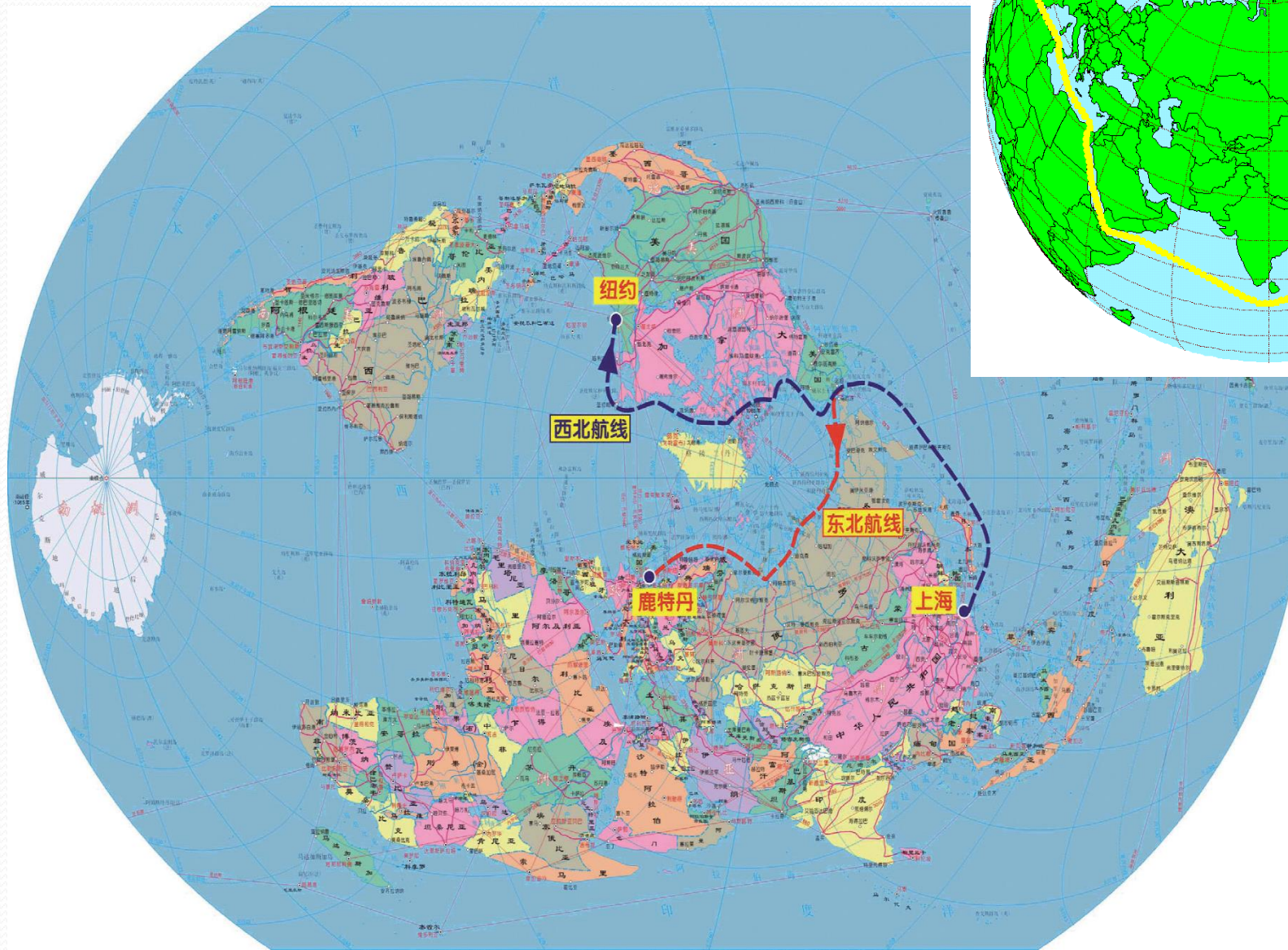
Not a “New Comer” for Polar Research

- Polar Scientific Research
 - 34 Antarctic expeditions since 1984
 - 8 arctic expeditions since 1999
 - 5 scientific research bases (“Yellow River” Station in arctic)
 - XUE LONG (Snow Dragon) Icebreaker + a new Icebreaker with Finnish Aker Arctic Technology in 2019(?)
 - Research plane and other facilities/equipment

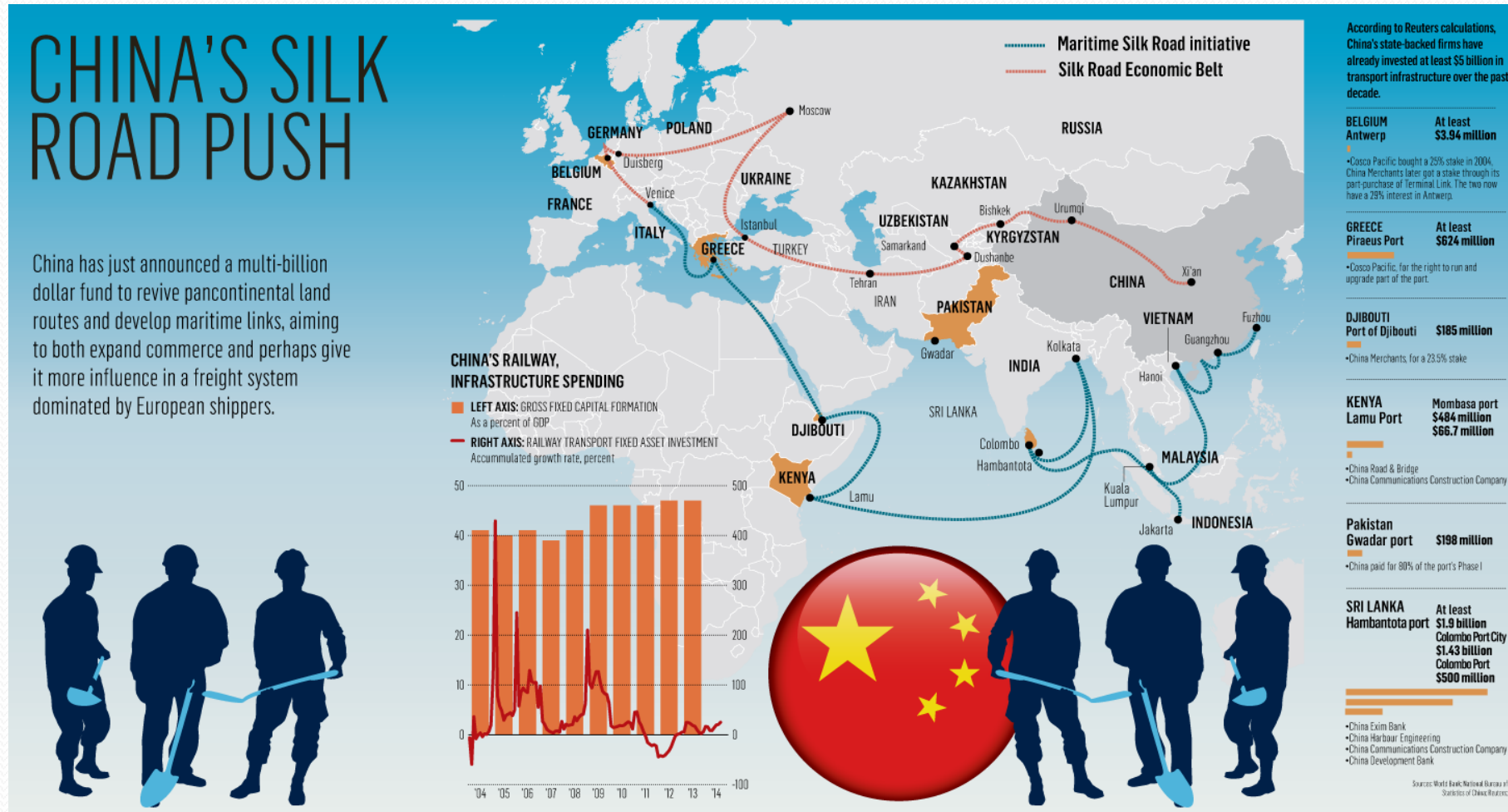




New Maritime Silk Road?




Will China's Belt & Road Initiative (BRI) Enter the Arctic?



Development of the BRI

- The Belt and Road initiative (*BRI*), announced by President Xi Jinping of China in 2013. It is the largest development project to date and will directly affect 4.4 billion people over 60 countries across Asia, Europe, the Middle East, and Africa with a collective GDP of US\$2 trillion once completed.
- The blueprint of the BRI is connecting the vibrant East Asia economic circle at one end and the developed European economic circle at the other, and encompassing countries with huge potential for economic development through the movement of goods, services, information, and people.

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- ***The Silk Road Economic Belt*** is a land route designed to connect China with Central Asia and Europe. The aims of the land route are: (1) to build a logistics chain from the east coast of China to Europe, and (2) to develop economic corridors that connect China.
 - ***The 21st-Century Maritime Silk Road*** is a sea route that runs west from the east coast of China to Europe through the South China Sea and the Indian Ocean, and east to the South Pacific Ocean. The aim of the sea route is to build efficient transport routes between major ports in various countries.

Promise & Implications of the BRI

- The proposed Silk Road Economic Belt envisions integration on seven fronts – transport, energy, trade, information, research and development, agriculture, and tourism.
- The BRI's geographical scope includes:
 - ... China, Central Asia, Russia **and Europe (the Baltic)**; linking China with the Persian Gulf and the Mediterranean Sea through Central Asia and West Asia; and connecting China with Southeast Asia, South Asia and the Indian Ocean
 - ... On land, the Initiative will focus on jointly building a new Eurasian Land Bridge and developing China-Mongolia-Russia, China-Central Asia-West Asia and China-Indochina Peninsula economic corridors
 - ... At sea, the Initiative will focus on jointly building smooth, secure and efficient transport routes connecting major sea ports along the Belt and Road. (NDRC 2015).

The 1st BRI Summit Forum, Beijing, May 14-15, 2017



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- The goal of BRI is to connect China with Asia, Europe, and Africa through a network of railways, highways, oil and gas pipelines, fiber-optic lines, electrical grids and power plants, seaports and airports, logistics hubs, and free trade zones.
 - The estimated long-term investment cost for realizing the BRI is \$4-8 trillion.

High Relevance of the Northern Sea Route with the BRI Extension





“Xuelong “ track sailing in Arctic northeast passage (2012)



Xuelong in Russian Arctic route

COSCO “Yongsheng” Cargo Ship



Summer , 2013 , 2015 & 2017

THREE PROJECTS ROLLED INTO ONE LIQUEFIED NATURAL GAS (LNG) MEGA PROJECT



- The commercial operation of the Northern Sea Route (NSR) is in full swing now, especially in the western part (from Murmansk to the port of Sabetta).
- In 2016, the volume of cargo transportation along the NSR reached the record breaking 7.3 million tons, which is a 35% increase YoY. The volume of the infrastructure dry construction cargo alone reaches 1.5 million tons annually.
- The growth of cargo turnover was facilitated by the projects on construction of Sabetta port and on the development of Yamal-LNG.
- The increase in the total traffic also affected the growth in the volumes of transit traffic along the NSR. Some even estimates that By 2022, the volume of traffic will reach 40 million tons.

Yamal LNG

- **Project type:** LNG

Operator: Yamal LNG

Partners: Novatek(50.1%), **CNPC(20%)**, Total (20%) and **China Silk Road Fund(9.9%)**

Start date: 2017


- 16.5million metric tons: Yamal's annual LNG production capacity


<http://www.total.com/en/energy-expertise/projects/oil-gas/lng/yamal-lng-cold-environment-gas#sthash.Q7Z5RceR.dpuf>

Opportunities for China-Europe/Nordic Cooperation



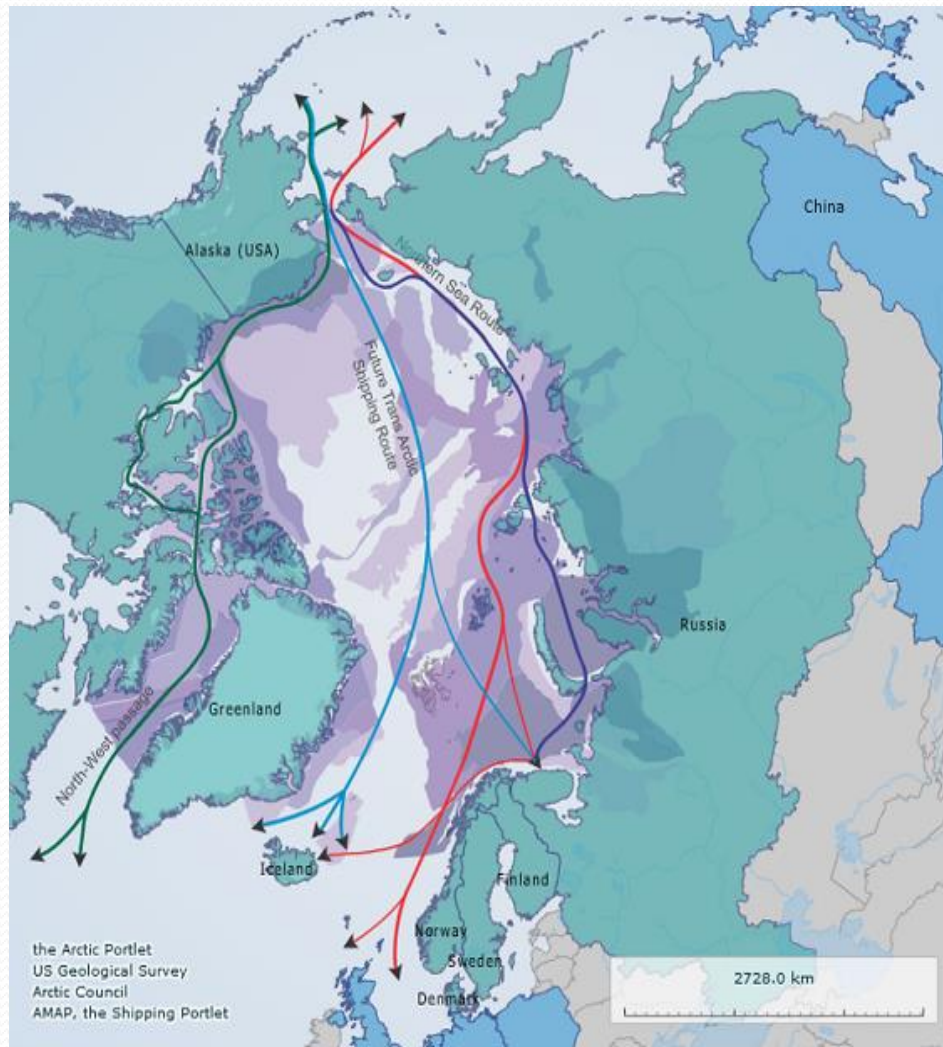
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- Even before the emergence of the BRI, China and Europe already held regular dialogues on railway, maritime, aviation, customs facilitation, as well as other issues related to connectivity.
 - In September 2015, the Chinese government and the European Commission signed a Memorandum on the EU-China Connectivity Platform to enhance synergies between China's BRI and the EU's connectivity initiatives such as the Trans-European Transport Network. The Platform will promote cooperation in areas such as infrastructure, equipment, technologies and governance standards.

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- BRI-related projects were quickly developed in Central Europe under **the CEE 16+1 mechanism**, in Greece regarding investments in the port of Piraeus, and in Germany for the Chongqing-Duisburg railway, but were almost inexistent in the Western and Northern EU.
 - The 16+1 flagship project and the most visible BRI project so far in the CEEC is reconstruction of the railway line between Budapest and Belgrade.

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- Various European companies have responded positively to the new opportunities that come with BRI. For the moment, many of these opportunities involve container terminals, railways and logistic services.
 - Direct railways have been opened to link Poland, Germany, the Netherlands, France and Spain to China.
 - COSCO and other Chinese port companies are investing in seaports in Belgium, the Netherlands, Croatia, Slovenia, Italy, Portugal, Spain, Latvia and Lithuania.

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- At the China-CEE summit in November 2016, with issuing of the Riga Declaration, China and CEE leaders attempted to find synergy between the 16+1 and EU-China relations. It stressed that infrastructure and logistics projects under the BRI are in line with the EU-China Connectivity Platform, including the Investment Plan for Europe and projects within the Trans-European Transport Network (TEN-T) policy.

Integration of the Arctic Corridor with the BRI-related Projects



Some Personal Thoughts for China's future involvement

- A public goods provider not only of labor, capital, infrastructure, but also on capacity building and regime development;
- Building trust through international cooperation, whether bilaterally or multilaterally;
- Well/harmonious interaction among the governments at all levels, State owned/private companies and the local people.
- Future cooperation areas may cover infrastructure (ports, roads, railways, airport, and telecommunication, etc.) investment and construction, shipping, ship-building, aquaculture & fisheries, tourism, education, clean energy and innovation, etc.;
- Concepts shifting/acceptance: sustainability, resilient community, clean energy, green development, “soft law” governance,

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- Many Thanks and
Comments Welcome!