

Great Power Politics in the Arctic

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Polar Silk Road

- China has numerous strategies for the risks posed by maritime choke points
- Polar Silk Road, String of Pearls, Silk Road Economic Belt, Maritime Silk Road, and One Belt One Road are all components of a greater national strategy to become dominant in every major region
- China is playing a long game in resource supply and transit security
- China's Arctic Strategy (released Jan. 2018) identifies Arctic shipping routes as being critical to China's economy and energy strategy. Commits China to "build a 'Polar Silk Road'".

China's Maritime Silk Road

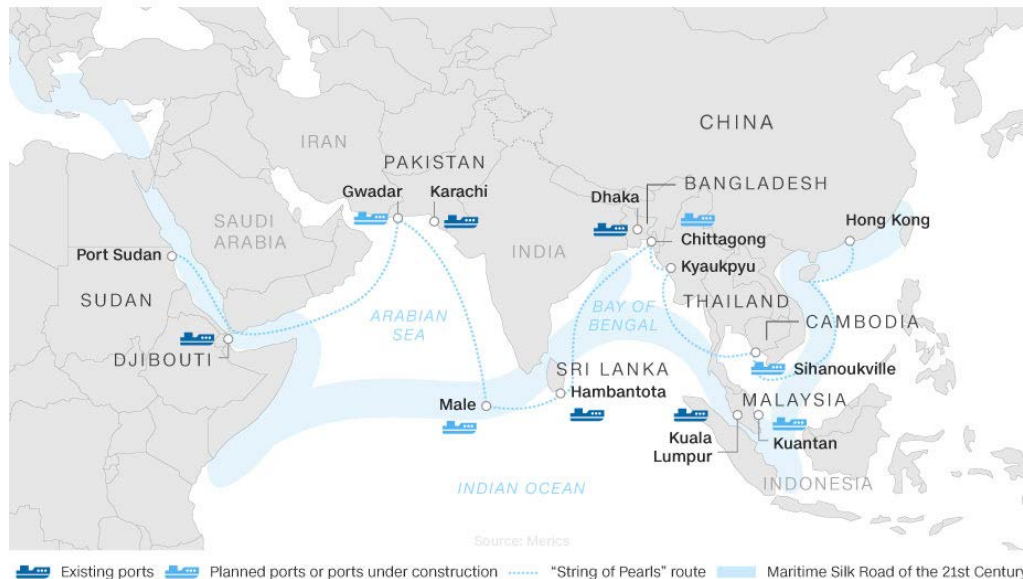


Image Credit: CNN, With Sri Lankan port acquisition, China adds another 'pearl' to its 'string'

PRC Investments in Arctic States (2012 – 3/2018)

	Population	GDP	GDP per capita	# of Transactions	Average Transaction Size (Million USD)	Total Value (Billion USD)	% of GDP
Canada	35,362,905	\$1.53 trillion	\$46,400	107	\$442.1	\$47.3	2.44%
Greenland	57,728	\$1.06 billion	\$37,600	6	\$33.4	\$2.00	11.6%
Iceland	335,878	\$20.05 billion	\$49,200	5	\$30.8	\$1.2	5.7%
Norway	5,265,158	\$370.60 billion	\$69,400	17	\$147.9	\$2.5	0.9%
Russia	142,355,415	\$1.28 trillion	\$26,900	281	\$691.7	\$194.4	2.8%
USA	323,995,528	\$18.62 trillion	\$57,600	557	\$340.6	\$189.7	1.2%
Total	-	-	-	884	\$508.66	\$449.66	-

Investments in the Arctic region (60 North) ~90 billion

Chinese Financing in the Arctic

- Observed trend line: bigger investments in fewer projects
 - More research is needed
 - Many countries have expressed suspicion over Chinese FDI – research collaboration is a toe-hold
- On China's Radar:
 - Yamal LNG – the crowing jewel in their current portfolio
 - Data Silk Road through the Arctic [Finland/China JV]
 - Development of both the NWP and NSR. Equity position?
 - Greenland announced permanent representative to Beijing for trade purposes (July 2018)
 - Alaska oil and gas resource development discussions
- Chinese Companies have advantage in lending: rates don't have to be economical if resource presents strategic opportunity; default risk can be (and often is) removed
 - Conventional sources of lending and other public finance outfits (US EXIMBANK) can't compete with these terms

How Can the U.S. Compete?

- Need Funding for US Infrastructure
 - Public Private Partnerships.
 - Only scratches the surface... most of the economic action is to the East and the U.S. should be a player because it impacts the Western Arctic (e.g., transiting ships)
- Need Positive Incentives for US companies to Engage in Other Arctic States and Compete Effectively vs. Chinese Companies
 - Consider legislation to provide below market rate funding & OPIC assistance for US companies to engage in Arctic development in other countries
 - Consider moratorium on some Russia sanctions when suits a US economic security interest & involves the Arctic.
- Need incentives for non-Chinese Actors to be able in invest in Arctic
 - FDI Standards
 - Arctic Development Bank