



# UNIVERSITY OF CALGARY

**University of Calgary**

**PRISM: University of Calgary's Digital Repository**

---

University of Calgary Press

University of Calgary Press Open Access Books

---

2018-01

## China's Arctic Ambitions and What They Mean for Canada

Lackenbauer, P. Whitney; Lajeunesse, Adam; Manicom, James;  
Lasserre, Frédéric

University of Calgary Press

---

<http://hdl.handle.net/1880/106384>

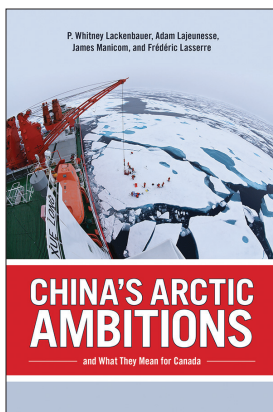
book

---

<https://creativecommons.org/licenses/by-nc-nd/4.0>

Attribution Non-Commercial No Derivatives 4.0 International

*Downloaded from PRISM: <https://prism.ucalgary.ca>*



## CHINA'S ARCTIC AMBITIONS AND WHAT THEY MEAN FOR CANADA

by P. Whitney Lackenbauer, Adam Lajeunesse, James Manicom, and Frédéric Lasserre

ISBN 978-1-55238-902-7

**THIS BOOK IS AN OPEN ACCESS E-BOOK.** It is an electronic version of a book that can be purchased in physical form through any bookseller or on-line retailer, or from our distributors. Please support this open access publication by requesting that your university purchase a print copy of this book, or by purchasing a copy yourself. If you have any questions, please contact us at [ucpress@ucalgary.ca](mailto:ucpress@ucalgary.ca)

**Cover Art:** The artwork on the cover of this book is not open access and falls under traditional copyright provisions; it cannot be reproduced in any way without written permission of the artists and their agents. The cover can be displayed as a complete cover image for the purposes of publicizing this work, but the artwork cannot be extracted from the context of the cover of this specific work without breaching the artist's copyright.

**COPYRIGHT NOTICE:** This open-access work is published under a Creative Commons licence. This means that you are free to copy, distribute, display or perform the work as long as you clearly attribute the work to its authors and publisher, that you do not use this work for any commercial gain in any form, and that you in no way alter, transform, or build on the work outside of its use in normal academic scholarship without our express permission. If you want to reuse or distribute the work, you must inform its new audience of the licence terms of this work. For more information, see details of the Creative Commons licence at: <http://creativecommons.org/licenses/by-nc-nd/4.0/>

**UNDER THE CREATIVE COMMONS LICENCE YOU MAY:**

- read and store this document free of charge;
- distribute it for personal use free of charge;
- print sections of the work for personal use;
- read or perform parts of the work in a context where no financial transactions take place.

**UNDER THE CREATIVE COMMONS LICENCE YOU MAY NOT:**

- gain financially from the work in any way;
- sell the work or seek monies in relation to the distribution of the work;
- use the work in any commercial activity of any kind;
- profit a third party indirectly via use or distribution of the work;
- distribute in or through a commercial body (with the exception of academic usage within educational institutions such as schools and universities);
- reproduce, distribute, or store the cover image outside of its function as a cover of this work;
- alter or build on the work outside of normal academic scholarship.



**Acknowledgement:** We acknowledge the wording around open access used by Australian publisher, **re.press**, and thank them for giving us permission to adapt their wording to our policy <http://www.re-press.org>

## The Way Ahead

*Through our Arctic foreign policy, we will deliver on the international dimension of our Northern Strategy. We will show leadership in demonstrating responsible stewardship while we build a region responsive to Canadian interests and values, secure in the knowledge that the North is our home and our destiny.*

*Through our Arctic foreign policy, we are also sending a clear message: Canada is in control of its Arctic lands and waters and takes its stewardship role and responsibilities seriously. Canada continues to stand up for its interests in the Arctic. When positions or actions are taken by others that affect our national interests, undermine the cooperative relationships we have built, or demonstrate a lack of sensitivity to the interests or perspectives of Arctic peoples or states, we respond.*

*Cooperation, diplomacy and respect for international law have always been Canada's preferred approach in the Arctic. At the same time, we will never waver in our commitment to protect our North.*

*Statement on Canada's Arctic Foreign Policy (2010)*

The strongly worded conclusion from the *Statement on Canada's Arctic Foreign Policy*, quoted above, reflected the Harper government's desire to protect and project Canada's national interests and values. In defining these interests, the *Statement* explains, "the key foundation for any [international] collaboration will be acceptance of and respect for the perspectives and

knowledge of northerners and Arctic states' sovereignty. As well, there must be recognition that the Arctic states remain best placed to exercise leadership in the management of the region."<sup>1</sup>

These guiding principles do not preclude an acknowledgement and recognition that non-Arctic states, including China, have legitimate interests in (and can make substantive contributions to) the Arctic region. Indian geographer Sanjay Chaturvedi notes that "the movers and shapers of Arctic governance discourse in general, and the Arctic Council in particular, can afford to dismiss or underplay the concerns of 'outside' stakeholders (as the 'Asian century' unfolds in all its complexities) only at the cost of undermining the legitimacy, authority and efficacy of their efforts."<sup>2</sup> This book has made clear that, although there is little evidence that China's intentions in the Arctic are malignant, it will not tolerate being excluded from the Arctic conversation. Furthermore, it is in no Arctic states' interests to attempt such an exclusion.

The following conclusions reflect upon China's polar behaviour and how it is likely to evolve over the next decade. We argue that, on balance, China is unlikely to pose a threat to Canadian Arctic interests, or those of any Arctic state. Rather, as a function of its interest in costly resource development, China's interest in the Arctic presents a tremendous opportunity. Throughout this volume we have noted areas of potential friction, but also areas of cooperation – and we believe that, on the whole, the opportunities presented by China's desire to be a "polar state" outweigh the dangers.

Indeed, given the maritime characteristics of the Arctic Ocean, excluding China entirely from the region would be impossible – from both a legal and a practical perspective. Attempting to do so would damage East-West relations to little purpose and ultimately end in failure. Rather, China's rise as an Arctic player can be managed, first, by robust international cooperation that includes Chinese input and, second, by strong domestic regulatory and investment institutions, many of which are already in place in Canada.

## Justin Trudeau's Liberal Government: Shifting the Emphasis<sup>3</sup>

On October 19, 2015, Justin Trudeau's Liberal party won the Canadian federal election with a sweeping majority, replacing Stephen Harper's Conservatives. The new government has brought a change in political tone, affirming a renewed commitment to global climate change mitigation, a "return" to

multilateralism and a foreign policy rooted in “responsible conviction,” and a more constructive relationship with the United States.<sup>4</sup> Similar to previous Canadian governments, early indications suggest that Trudeau’s Arctic agenda will prioritize domestic considerations (particularly those related to the health and resiliency of indigenous communities) but will continue to pursue positive international relationships that resonate with Canadian interests and values.

Respect for and reconciliation with indigenous peoples lies at the heart of the Liberal agenda. “No relationship is more important to me and to Canada than the one with indigenous Peoples,” Trudeau highlighted in his mandate letter to each of his Cabinet ministers. “It is time for a renewed, nation-to-nation relationship with indigenous Peoples, based on recognition of rights, respect, co-operation, and partnership.”<sup>5</sup> Accordingly, Canada will place the highest priority on ensuring that its activities in the Arctic (both domestic and international) acknowledge, protect, and promote indigenous peoples’ rights – and, by extension, will insist that other Arctic stakeholders do the same. In May 2016, Canada officially lifted the qualifications to its endorsement of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) – qualifications that the Conservatives had registered over the requirement for “free, prior and informed consent” from indigenous peoples on issues that affected them. While disavowing that this new position gives indigenous groups a “veto” over development projects,<sup>6</sup> Canada’s unqualified support of UNDRIP affirms a strong commitment to welcome “Indigenous peoples into the co-production of policy and joint priority-setting” within the Canadian political community.<sup>7</sup>

Prime Minister Trudeau has also declared that Canada “is back” when it comes to joining global efforts to mitigate climate change.<sup>8</sup> While the Harper government emphasized climate change adaptation measures in its Northern Strategy, the Liberals chastised their predecessors’ alleged “refusal to take meaningful action on climate change,” their lack of funding for science and “muzzling” of government scientists, and their prioritization of economic growth over environmental protection.<sup>9</sup> In signing the Paris Agreement on climate change, Canada has signalled its commitment to shift course, reduce greenhouse-gas emissions in concert with the international community, and promote a clean-energy future.<sup>10</sup> Along these lines, a major US-Canada Joint Statement of March 2016 articulated “a common vision of a prosperous and sustainable North American economy, and the opportunities afforded

by advancing clean growth.” Both Prime Minister Trudeau and President Obama cited the 2015 Paris Agreement as a pivotal moment, and committed to reduce methane emissions from the oil and gas sector as well as advance climate change action globally. They also reaffirmed “their commitment to working together to strengthen North American energy security, phase out fossil fuel subsidies, accelerate clean energy development to address climate change and to foster sustainable energy development and economic growth.” Both countries also promised to “continue to respect and promote the rights of Indigenous peoples in all climate change decision making.”<sup>11</sup>

Given Canada’s longstanding position that its sovereignty in the Arctic is well established, there is unlikely to be any reversing of its basic stance on the rights and roles of Arctic states in regional governance. With Prime Minister Trudeau having criticized his predecessor for allegedly politicizing the scientifically informed legal process to delineate the outer limits of Canada’s continental shelf in the Arctic, Canada is likely to emphasize openness, transparency, the rule of law, and science-based decision-making as it navigates the process established by article 76 of the LOSC for claims to extended continental shelves.<sup>12</sup> Similarly, the Liberal government is unlikely to succumb to alarmist narratives suggesting that military threats warrant a deviation from our established approach to managing outstanding sovereignty and status of water disputes.<sup>13</sup> While the new government is more likely to emphasize constructive diplomacy than adopt militant rhetoric on Arctic sovereignty issues, it is unlikely to adopt the de-militarization or nuclear-weapons free zone proposals promoted by a small number of left wing groups and commentators.<sup>14</sup> Instead, the Liberals have promised to maintain current National Defence spending levels, with “a renewed focus on surveillance and control of Canadian territory and approaches, particularly our Arctic regions, and will increase the size of the Canadian Rangers.”<sup>15</sup> This continuity does not promote a “militarization” of the Arctic agenda, but simply represents a modest investment in appropriate defensive capabilities that help to deter would-be adversaries from attacking North America and, in a direct Arctic context, supports unconventional safety and security missions, such as law enforcement and disaster response.<sup>16</sup>

The Trudeau government is also emphasizing international cooperation in line with a more “nuanced” foreign policy. For example, newly appointed Minister of Global Affairs Stéphane Dion called for renewed “engagement” with Russia soon after taking office, despite Canada’s ongoing displeasure

with Russian expansionism and aggression in Ukraine.<sup>17</sup> This revised stance provoked debate among some Canadian commentators – who worried that it would send the wrong signals to an increasingly assertive Putin, who was already “pivoting” towards the Arctic as a “strategic frontier.”<sup>18</sup> Others, however, applauded the desire to ensure that action on areas of common interest in the circumpolar world were not held hostage to geostrategic tensions in other parts of the world.<sup>19</sup>

While it is premature to determine whether the Trudeau government’s policy priorities really “converge in Canada’s North,” thus investing the region with high political saliency in the country as a whole,<sup>20</sup> the prominent place of the Arctic in the Trudeau-Obama joint statement on environment, climate change, and Arctic leadership of March 2016 points in this direction. Emphasizing indigenous rights and knowledge, as well as “natural marine, land and air migrations that know no borders,” the statement conceptualizes the Arctic as “the frontline of climate change” and articulates four main objectives relating to biodiversity, indigenous knowledge and decision-making, building a sustainable Arctic economy, and supporting Arctic communities.<sup>21</sup> These ideas are further developed in the joint statement of December 20, 2016, which identifies key actions to ensure “a strong, sustainable and viable Arctic economy and ecosystem, with low-impact shipping, science based management of marine resources, and free from the risks of offshore oil and gas activity.”<sup>22</sup> Although articulated in a bilateral context, these statements provide the clearest indication of the international dimensions of the Trudeau government’s “new” approach to Arctic leadership to date.

The first priority is conserving Arctic biodiversity through science-based decision-making by achieving national goals for land and marine protected areas. This entails working “directly with Indigenous partners, state, territorial and provincial governments” to set “a new, ambitious conservation goal for the Arctic based on the best available climate science and knowledge, Indigenous and non-Indigenous alike.”<sup>23</sup> Realizing Arctic biodiversity goals will also require international partnerships. “Climate change is by far the most serious threat to Arctic biodiversity and exacerbates all other threats,” the Arctic Council’s Arctic Biodiversity Assessment (2013) concludes. Its findings also reinforce that many Arctic migratory bird species face threats from overharvesting and coastal and intertidal habitat changes while they are outside of the Arctic – particularly those that fly along the East Asian flyway. “Threatened migratory species require protection throughout the year, across

their full migratory range and across multiple international boundaries,” the assessment notes. “Arctic birds migrate far and wide, so Arctic migratory bird conservation is a truly global issue, of great importance to ecosystems and overall biodiversity in the Arctic and beyond.”<sup>24</sup> Accordingly, Canada is likely to welcome the scientific involvement of China and other non-Arctic states in Arctic Council working groups on conservation issues, given that global partnerships are essential, in many cases, to achieve regional results.

The second objective – collaborating with “Indigenous and Arctic governments, leaders, and communities to more broadly and respectfully incorporate Indigenous science and traditional knowledge into decision-making”<sup>25</sup> – is a clear affirmation that the Trudeau Government intends to co-develop its Arctic domestic and foreign policies with northern indigenous interests at the forefront. In August 2016, the Government of Canada announced consultations to develop a “Shared Leadership Model” with northerners and other Canadian stakeholders to promote sustainability and “to ensure the many interests and uses of the Arctic are considered, particularly for those that make it their permanent home.” It appointed Mary Simon, a prominent Inuit leader, as special representative on Arctic affairs to Minister of Indigenous and Northern Affairs Carolyn Bennett, to engage with Canadians to discern new goals for marine and terrestrial conservation, Arctic environmental health, and the well-being of northerners. Although the social, economic, and environmental considerations identified have a primarily domestic orientation, Simon’s mandate also includes guidance to consider linkages to international efforts.<sup>26</sup> Given the fundamental principles promoted by Inuit Circumpolar Council Canada and the other permanent participants about the application of indigenous knowledge to the work of the Arctic Council and to scientific practice more generally, the Trudeau Government is likely to insist that foreign partnerships recognize, respect, and trust the importance of traditional knowledge holders in decision-making and policy development.<sup>27</sup>

The third goal is the Trudeau government’s commitment to building a sustainable Arctic economy based on scientific evidence, with commercial activities occurring “only when the highest safety and environmental standards are met, including national and global climate and environmental goals, and Indigenous rights and agreements.”<sup>28</sup> The sub-priorities under this initiative are of obvious interest to other states, shipping companies, and resource developers. Canada and the US Coast Guard are pursuing the creation of low-impact shipping corridors and consistent policies for ship operations,

taking into account sensitive ecological and cultural areas used by Indigenous communities, vessel traffic patterns, and the threat posed by hydrocarbons. Towards this end, Canada has committed to implement Northern Marine Transportation Corridors, beginning with a process of identifying necessary marine infrastructure and regional navigational and emergency response services, as well as initiating a new training program for northerners (“particularly indigenous peoples”) who wish to join the marine field.<sup>29</sup> Furthermore, by engaging indigenous and Northern communities to develop a Canadian Arctic marine governance model “that is environmentally and socially responsible, including respecting modern northern treaties,”<sup>30</sup> the Canadian government is signalling a “for northerners, by northerners” approach that will more fully implement mechanisms such as the Nunavut Marine Council that empower northerners.<sup>31</sup> By identifying “sustainable shipping lanes” and providing more icebreaking, hydrographic, charting, and navigation services, this process will promote safe shipping activities and make Canadian Arctic waters more attractive to both domestic and international users, thus encouraging more maritime activity in the region.

Under the auspices of sustainable economic development, Canada and the United States also indicate a shared commitment to seek a binding international agreement to prevent the opening of unregulated fisheries in the Central Arctic Ocean, building “on a precautionary, science-based principle to commercial fishing that both countries have put in place in their Arctic waters.”<sup>32</sup> This builds upon the July 2015 declaration by the five Arctic coastal states to prohibit unregulated commercial fishing on the Arctic high seas until a robust fisheries management regime is established to ensure sustainable management of stocks. Although fishing in the central Arctic Ocean is unlikely in the near future, and therefore the creation of an internationally recognized Regional Fishery Management Organization is not immediately necessary, the Arctic coastal states acknowledge that these interim measures do intersect with the international legal rights of other states. The “all interested States” that will need to be engaged “in a broader process to develop measures consistent with this Declaration”<sup>33</sup> include China.

The March bilateral statement also obliged Canada and the United States to ensure that oil and gas development and exploration activities “align with science-based standards between the two nations that ensure appropriate preparation for operating in Arctic conditions, including robust and effective well control and emergency response measures.”<sup>34</sup> In light of low oil and

gas prices, the low carbon climate agenda espoused by both Trudeau and Obama, and ongoing technical challenges associated with the extraction of hydrocarbons in the North American Arctic offshore,<sup>35</sup> one could argue that the political costs of signalling a pro-environmental political stand in this sector were slight. Accordingly, Canada announced in December 2016 that it “is designating all Arctic Canadian waters as indefinitely off limits to future offshore Arctic oil and gas licensing, to be reviewed every 5 years through a climate and marine science-based life-cycle assessment.”<sup>36</sup> While dramatic symbolically, this action had little practical effect given the lack of exploration activity in these waters. Furthermore, Heather Exner-Pirot notes that the ban was announced without previous consultations with northern territorial and indigenous leaders (which seems to contradict the Liberals’ overarching philosophy of northerner engagement in decision-making), indicating a “victory for global over local interests” that failed to address the “Arctic paradox” associated with non-renewable resource development that exacerbates global warming and the desire by northerners for sustainable development through a resource economy.<sup>37</sup> Although this particular announcement does not affect terrestrial energy exploration or the mining sector, it may also point to a Liberal government that is less supportive of promoting non-renewable resource development more generally both philosophically and as a way to differentiate itself from its Conservative predecessor.

Fourth, the Obama-Trudeau statement in March 2016 highlighted a joint commitment to support strong Arctic communities by “defining new approaches and exchanging best practices to strengthen the resilience of Arctic communities and continuing to support the well-being of Arctic residents, in particular respecting the rights and territory of Indigenous peoples.”<sup>38</sup> Indigenous and environmental organizations in Canada applauded the statement, with national Inuit leader Natan Obed stating that “the final language in this document really spoke to Inuit” and heralding it “a tremendous breakthrough for Indigenous people who live in the Arctic.”<sup>39</sup> By December, Canada committed:

to co-develop a new Arctic Policy Framework, with Northerners, Territorial and Provincial governments, and First Nations, Inuit, and Métis People that will replace Canada’s Northern Strategy. The Framework will focus on priority areas identified

by the Minister of Indigenous and Northern Affairs' Special Representative, including education, infrastructure, and economic development. The Framework will include an Inuit-specific component, created in partnership with Inuit, as Inuit Nunangat comprises over a third of Canada's land mass and over half of Canada's coast line, and as Inuit modern treaties govern the entirety of this jurisdictional space. In parallel, Canada is reducing the reliance of Northern communities on diesel, by deploying energy efficiency and renewable power. Canada will also, with Indigenous and Northern partners, explore how to support and protect the future of the Arctic Ocean's "last ice area" where summer ice remains each year.<sup>40</sup>

This domestically oriented agenda<sup>41</sup> indicates a return to the primacy of socio-cultural and environmental priorities over the more hard security, resource development focus of the Harper government.<sup>42</sup>

Despite the new Trudeau government's explicit efforts to create a "new Arctic Policy Framework" and its eschewing of conventional sovereignty-security rhetoric to frame its approach, the few political speeches that its representatives have given on Arctic issues resurrect the romantic, nationalistic terms extolling Canada's pride and unique responsibilities as a Northern nation that featured so prominently in the Harper government's speeches (and those of his political predecessors).<sup>43</sup> Parliamentary Secretary for Global Affairs Pamela Goldsmith-Jones, delivering a speech on behalf of Minister Dion to mark the twentieth anniversary of the Arctic Council in September 2016, proclaimed:

Yes, we have a northern soul: 'The true north strong and free.' Few places on earth evoke more glorious images than the North. It is the land of the aurora, where the northern lights dance across the darkened sky at nightfall, and the land of the mid-night sun and of polar days that go on forever under light that never fades.

Our northern belonging fills us with pride – a pride that we owe first and foremost to the Canadians who actually live in the North ... It is all the more important to remember that the

well-being of northern people is being challenged by great shifts in the North's physical and economic environments. The Arctic is attracting more and more economic activity. It will be the site of major, new economic projects. Its resources are increasingly coveted. Its navigation routes are opening. All the while, its ecosystem remains as fragile as ever.

The North is an essential part of our future and a place of extraordinary potential. More than ever, the world will count on Canada as a responsible steward of this great barometer of our planet. Northern resources, explored responsibly, offer huge potential for increased economic development. But if these resources are exploited irresponsibly, it will be a disaster not only for us but for all of humanity.<sup>44</sup>

A few weeks later, Goldsmith-Jones told the Arctic Circle in Reykjavik that, "for Canadians, the North captures our imagination like no other part of our country."<sup>45</sup> This idea of Canadian Arctic exceptionalism, which firmly embeds the North in identity politics, is evoked to inspire a sense of responsibility, serving as a call to action to protect northerners and the environment from emerging threats – an obligation that Canadians are asked to bear to all their country to realize its future potential and for the good of the planet as a whole. Where the interests of non-Arctic states, such as China, will fit in this agenda remains to be seen.

In his book *Engaging China*, Paul Evans argues that, under Harper's Conservatives "few if any ideas [were] in play" in terms of Canada's engagement strategy for China. "Nothing in Conservative foreign policy outlines an overarching strategy related to world order, China's place in it, and a comprehensive agenda of priorities," he observes. "There is little emphasis on the geopolitical dimensions of China's rise and a visible allergy to framing any Canadian role as a bridge or middle power in facilitating China's emergence as a responsible international actor. Instead, the emphasis is on managing and facilitating a transactional relationship focused on trade and investment."<sup>46</sup> Rather than pursuing "a narrowly mercantilist approach," Evans advocates for "an integrated commitment" involving "a combination of bilateral initiatives ... renewed support for regional institutions and cooperative security arrangements in addressing a range of conventional and non-traditional

security issues; and a diplomatic commitment to playing a balancing role in encouraging a positive outcome in US-China relations.<sup>47</sup> In his plea for “China realism,” former diplomat David Mulroney insists that Canadians need to wake up to China’s increasing importance and influence – with all the opportunities and challenges this presents. “We should see China neither as the sum of all our fears nor as the answer to all our prayers,” he suggests. “We need to see China steadily and see it whole, its dynamism and innovation, its aggressiveness and insecurity. And we need to craft an intelligently self-interested, thoughtful, and long-term approach to the relationship.”<sup>48</sup>

The Trudeau government’s approach to China, while still being defined, is clearly intended to increase engagement and trade and move away from the somewhat cold relationship that Prime Minister Harper had with the Communist government in Beijing. On the surface, that relationship has already been rejuvenated. Trudeau visited China in August 2016 where he was hailed for saying that “a stronger and deeper relationship with China is essential if we are to achieve our own objectives” and “any economic strategy that ignores China, or that treats that valuable relationship as anything less than critically important, is not just short-sighted, it’s irresponsible.”<sup>49</sup> The Chinese media approved of the message, with the Chinese newspaper *Global Times* noting that: “During Harper’s time in office, China-Canada ties were constantly disturbed by issues such as human rights. The overall trend of bilateral relations was chilly.” Quoting Wang Xuedong, Deputy Dean of Sun Yat-sun University, the paper contrasted this with Trudeau, who “is young and open-minded. He believes the world is developing and developed countries should not remain bound to an old mindset.”<sup>50</sup> In a return visit the next month, Chinese Premier Li Keqiang effused: “this is the season for the fiery maple in Canada, symbolizing the prosperity of China-Canada all-round co-operation.” His visit, he claimed, would bring together “true friends who feel close even when thousands of miles apart.”<sup>51</sup> To make the point more dramatically, three Chinese warships paid a port visit to Victoria three months later, to much fanfare.<sup>52</sup>

In August 2016 Prime Minister Trudeau moved to establish more formal economic ties, with an application to join the Chinese-led Asian Infrastructure Investment Bank, an institution designed to provide low-cost development loans to Asian countries. Prime Minister Harper had made a point of opting out of this new organization when it was launched in 2015, and reversing that decision was seen as an early effort by the Liberals to build trust as well

as political and economic ties with China.<sup>53</sup> On the trade file, Trudeau and Chinese Premier Li Keqiang also used the prime minister's September 2016 trip to China to announce the start of talks with the goal of doubling trade between the two countries by 2025 and, that December, International Trade Minister Chrystia Freeland announced that the two countries would begin exploring the possibility of a free trade agreement.<sup>54</sup> China is Canada's second largest trading partner after the United States and, with NAFTA jeopardized by the protectionist policies of President Donald Trump, Asian trade may prove more essential to Canadian prosperity.<sup>55</sup> Talking up its potential in a January 2016 interview with the *Globe and Mail*, Chinese Vice-Minister of Financial and Economic Affairs Han Jun stated that "if there is an FTA arrangement between China and Canada, you can see a flooding of potash, agricultural products and energy products from Canada to the market of China." However, Han said, China had its own demands, namely the removal of restrictions put in place by the Harper government on Chinese state-owned investments in Canada's oil and gas sector and a commitment to build an energy pipeline from the Alberta oil fields to the Pacific Coast.<sup>56</sup>

While the broad outlines of a Liberal China policy are clearly defined by a desire for improved diplomatic relations and increased trade, the government has been short on details about how Canada will proceed. Trudeau delivered no major policy speech on China in his first year in office, nor was that country mentioned in his mandate letters to any of his ministers.<sup>57</sup> Paul Evans notes that Canada lacks a "whole-country approach to China ... or even a whole-government approach," with different views prevailing in different ministries. Charles Burton, a former Canadian diplomat in China now based at Brock University, sees the Liberal policy as one of looking "to get the prosperity out of a rising China." Trudeau, he says, "sees [China] as inevitable to Canada's future, and therefore he's trying to satisfy Canadians' concerns over human rights and environment, but this seems to be mostly superficial and lacking in substance."<sup>58</sup> In short, Canada's new China policy remains a work in progress.

How the Trudeau government's strategic policy towards China will relate to the Arctic also remains uncertain. Chinese interest in Canadian Arctic resources would certainly be piqued by free (or freer) trade and by a relaxation of the government's restrictions on investments and acquisitions by Chinese SOEs. Likewise, a government warmer to the idea of Chinese investment in infrastructure might speed up projects like the stalled Izok Lake mines and

open up the possibility of new partnerships. The security implications of this opening aside,<sup>59</sup> a more open and cordial Sino-Canadian trading relationship would only increase investment in the North and hasten development. Whether the Liberals can secure that investment without sacrificing too much in the way of security, and without suffering political damage for ignoring China's continuing human rights abuses, remains unanswered. This will be the tight-rope for the Liberals to walk, and the government's dexterity in this respect remains to be tested.

## Debunking the Myths

### *China is a Threat to Arctic Regional Security*

In 2008, PLA Senior Colonel Han Xudong warned that, because of sovereignty disputes, the possibility of the use of force cannot be ruled out in the Arctic.<sup>60</sup> A growing scholarly consensus suggests, however, a very low probability that Arctic coastal states will use military force to advance their sovereignty or jurisdictional claims. The Arctic Five have promoted a peaceful, diplomatic message since 2008 and, in spite of growing tensions with Russia, the Arctic remains a peaceful and well-governed region – a fact highlighted by recent boundary agreements and ongoing military cooperation between most circumpolar states.

China is unlikely to upset this framework. Its Arctic military capabilities are limited, in both quantity and quality, and it has no reason to enhance them. China possesses few aircraft with the range necessary to threaten the region and there would be little to threaten if it were to try. Its nuclear submarine fleet, while technically capable of under-ice travel, is small and ill-equipped for Arctic operations.<sup>61</sup> In short, China's ability to project military power into the region is minimal at best – a fact unlikely to change in the foreseeable future. Beijing is also publically committed to international norms on sovereignty, and it is probable that its core strategic focus will remain in its local Asian "neighbourhood." From a diplomatic standpoint, it is also unlikely that any particular Chinese military interest in the North will ever be worth upsetting Russia, Canada, or the United States – all major trading partners and/or suppliers of natural resources.

Chinese officials stress that "all Chinese activities in the Arctic are and will be solely for peaceful purposes." This is consistent with China's Information

Office of the State Council white paper on “China’s Peaceful Development,” released in September 2011.<sup>62</sup> In her influential 2010 article on the “Status and Prospects of China’s Arctic Policy” (which has been translated into Chinese and is quoted widely), Russian Arctic commentator A.O. Baranikova argues that China will follow its traditional five principles of peaceful co-existence in foreign relations. China recognizes that Arctic states have the most important say in Arctic affairs and it will pursue its interests surrounding resources and shipping routes using diplomatic and economic strategies.<sup>63</sup>

### *Shipping*

China will continue to express interest in the economic opportunities presented by a changing Arctic, and rather than working in opposition to coastal states it will likely engage more actively through existing regional and international instruments – such as the Arctic Council and the International Maritime Organization. Such multilateral institutions offer China a vehicle for influencing international law and shipping regulations (both in the Arctic and elsewhere) in a way that would not be possible through bilateral negotiations with Arctic states. This is not a uniquely Chinese approach; trading nations have long looked to international institutions and legal frameworks to guard their rights to transit and trade around the world, and the Arctic can be seen as an extension of that pattern.

Although the Chinese government does not have a clear policy regarding the Northern Sea Route, the “over the top” transpolar route, or the Northwest Passage, it may prepare for future Arctic shipping by enhancing its northeastern port infrastructure and building its experience in Arctic navigation by using the NSR to ship select commodities. Meanwhile, the risk of a Chinese ship transiting the Northwest Passage without seeking Canadian authorization is very low. There appears to be no benefit in doing so while the political fallout would surely impede the efforts of any Chinese company looking to win Canadian government approval for northern resource projects. The NSR will continue to be the better-served and more navigable route for the foreseeable future. Moreover, as argued in chapter three, Canada and China have a commonality of interest in their interpretations of the status of vital straits. Furthermore, unofficial comments by Chinese officials indicate that any Chinese shipping through Canada’s internal waters will comply with Canadian regulations and controls. This position is supported by favourable assessments of Canada’s sovereignty position by several Chinese scholars.

## *Arctic Resources*

Although Western commentators debate the extent to which resources drive China's Arctic objectives, Beijing's strategic emphasis on secure resource imports will sustain its interest in the development of Arctic mineral and hydrocarbon projects. China perceives energy supply, in particular, through a security lens and has invested hundreds of billions of dollars to secure access to future and current oil and gas production from the Russian Arctic offshore and Siberian fields. Given China's desire to wean its energy sector off coal, and in light of Russia's increasing political and economic ostracization, the relationship between Chinese and Russian SOEs will likely expand even further.

This may be bad news for Canadian oil and gas producers, particularly if China feels its energy needs can be satisfied by Russian companies with infrastructure built by Chinese money. The recent moratorium on Arctic offshore energy development may dampen some of the boosterism around North American Arctic resources that has dominated media headlines over the past decade, but rich terrestrial energy and mineral deposits remain to be tapped. And China has demonstrated a strategic eye for resource development – preferring to vary its sources to ensure it is not beholden to any one power or group. As such, Chinese investment in Canadian Arctic oil and gas may be forthcoming once the Canadian regulatory regime is solidified and global oil prices begin to recover from their 2014–15 lows. In this Canada is already a leader: it has strong institutions, robust legal standards, stringent environmental regulations, and is increasingly cautious about the scale of state-owned investment in its economy. Although Chinese corporations are likely to place a higher priority on more easily accessible resources in other parts of the world, it is possible that well capitalized Chinese SOEs, with long investment timeframes, will continue to make strategic investments in the northern energy and mining sectors. Vigilance is required – not panic. If Canada aspires to feed Asian markets, and if Northern communities aspire to participate in the global economy, dealing with China is a must.

Globally, China's emphasis on resource acquisition often relegates environmental protection to a secondary consideration. Given Canada's explicit emphasis on sustainable development and environmental provisions in land claim agreements with indigenous groups, it should remain attentive to development projects in the North to ensure that they meet all of Canada's

environmental regulations – and ensure that such regulations are sufficiently rigorous. Similarly, Canada should continue to pursue and implement instruments, both domestically and multilaterally, to ensure safe and secure Arctic shipping of resources.

### *Polar Research*

Commentators who suggest that China's recent investments in Arctic science outclass Canada's might be considered key allies in China's implicit propaganda campaign to trumpet its polar status and achievements. While China's investments in icebreaking capabilities, polar research stations, and research personnel are impressive, media and scholarly depictions of Chinese capacity tends to inflate actual research outputs and their impact on decision-making bodies. Whereas Canada is a world leader in Arctic science, China aspires to be one.

Accordingly, there are opportunities for Canada to accede to China's request for more regular and formal scientific collaboration, particularly in the natural sciences. Welcoming Chinese specialists to come to Canada to undertake research, particularly in partnership with Canadian academic experts and indigenous knowledge holders, will provide opportunities to share best practices and to ensure that Chinese researchers develop a heightened respect for the place and value of indigenous knowledge and science in producing more holistic understandings of Arctic dynamics. Promoting Canada's new High Arctic Research Station (CHARS) in Cambridge Bay as a world-class hub for scientific and technological research will not only affirm Canadian leadership in polar science but also leverage growing Chinese expertise (and funding) on areas of common interest.<sup>64</sup> Using CHARS to facilitate joint projects also avoids the anxiety in some Canadian circles associated with China building its own research infrastructure on Arctic soil. Furthermore, encouraging more Sino-Canadian academic exchanges and conferences on Arctic themes, as the Nordic countries have done in recent years, will help to clarify our respective research interests and priorities in the natural and social sciences.

If China is serious about conducting substantive, high-level research and using this to influence regional and global decisions – with associated benefits for “political education” in China to boost government legitimacy and deflect attention from more contentious social issues – collaboration and cooperation with Arctic states will be essential. Conversely, Canada can take

advantage of this fact by using such collaboration and cooperative opportunities to socialize China to the values and norms associated with Canada's Arctic priorities. If well orchestrated and based on mutual respect, polar research could serve as a conduit for positive relationship and awareness building, scientific burden-sharing, and the co-creation and dissemination of expert knowledge that can inform evidence-based policy-making in both countries – and throughout the circumpolar world.

## Remaining Challenges

### *Arctic Governance*

Broader international debates about Arctic governance (and the misperception that it is weak or lacking), coupled with a growing awareness that changes in the North will have global consequences, have opened the door for non-Arctic states such as China to stake a legitimate claim of interest in what is happening in the Arctic. The simple fact that some Chinese commentators have been aggressive in questioning the role and rights of the Arctic coastal states, the limitations of the Arctic Council, and the stability of the region should come as no surprise to Western scholars who have followed the debate among Arctic states over the past decade. According to some Chinese scholars, the diversity of institutions within which matters of relevance to the Arctic can be pursued suggests that “a politically valid and legally binding Arctic governance system has yet to be established.”<sup>65</sup> While some of these Chinese viewpoints appear distorted from an expert perspective, it is important to remember that Canadian scholars have also based some bold assessments on ignorance of international law, selective use of evidence, misperceptions, and aspirations (rather than realities). Furthermore, it should come as no surprise that the conversation on China's appropriate roles and responsibilities in the Arctic is not monolithic. Diverse viewpoints should be encouraged, and, where these perspectives challenge the prevalent ideas offered by the Arctic states, those ideas should be countered through respectful debate.

While some Chinese commentators have questioned the current Arctic governance regime rooted in the primacy of Arctic states, China successfully applied for and received accredited observer status at the Arctic Council in 2013, indicating at least a basic acceptance of that system. Although its revised application to the Council remains classified, it was based upon the

new Nuuk criteria for observers which requires an acknowledgement of the principles of state sovereignty and sovereign rights in the Arctic as well as indigenous rights. Accordingly, Chinese official statements, as well as most academic and media commentary in that country, have tended to emphasize the country's respect for or acquiescence to these principles since 2013.

Over the next decade, it is likely that China will continue to emphasize the importance of expanded international cooperation in the Arctic, particularly related to scientific research on climate change, rather than cooperation limited to the Arctic coastal states or Arctic Council member states. As part of its global search for resources, China will continue to express interest in energy and mineral deposits in Arctic regions. Given that the vast majority of these resources fall under the clear control of the Arctic states under international law, and resources in "the Area" (the central Arctic Basin beyond national jurisdiction) will not be viable for exploitation in the foreseeable future, Chinese interests can most efficiently and effectively secure access through investments and compliance with national regulations. The billions of dollars recently invested by Chinese SOEs in the Russian Arctic, and to a lesser extent in other circumpolar nations, is a clear sign that Beijing intends to take advantage of northern resources from within the framework of internationally recognized state sovereignty and jurisdiction.

### *China and the Area beyond National Jurisdiction*

By far the most quoted line from Chinese officials by Western media and scholarly sources is Rear Admiral Yin Zhuo's quip that "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 we have one-fifth of the world's population."<sup>66</sup> This phrase is a convenient tool for Western writers to cast China as a revisionist actor that does not recognize Arctic state sovereignty or sovereign rights. Alarmist commentators, however, fail to acknowledge that Admiral Yin is correct, insofar as a large portion of the central Arctic Ocean does not fall under state sovereignty. Hence, Canada and other Arctic states had best prepare for China, and the rest of the world, to become more involved in Arctic affairs. This suggests the urgent need to put in place a regional fisheries management regime that polices Arctic fisheries so that they do not suffer the same fate as those off Canada's East Coast and in other areas where unsustainable practices persist around the world. The first step to this is to gather the essential data by studying the region's stocks

and their movements, an inherently collaborative process that must include China. Convincing China to adhere to an Arctic fisheries management regime will be difficult; it has already rejected similar efforts in Antarctic waters. Nevertheless, it will certainly not adhere to a regime covering international waters that it has not had a role in developing.

## Canada's Response: Engagement and Hedging

As in all other issues that surround China's rise, the best way forward is a combination of engagement and hedging.<sup>67</sup> Engagement begins with a circumspect and informed debate about the implications of China as an Arctic player. The Arctic states, including Canada, must clearly discern which issues are appropriately managed at the national, bilateral, regional, and global levels. To simply claim "rights," as some Chinese academics have done, without rigorously identifying what they are and why those rights exist at a given scale, is insufficient. Political scientist Timothy Wright notes that "catchy phrases, and notions of China having a right in the Arctic, amount to nothing more than *argument ad infinitum* or *argumentum ad nauseam*, varieties of the logical fallacy of proof by assertion. Commentators usually do not articulate justifications to back these phrases and seem to be based on the simple notion that China, as a major state, is entitled to pursue its self-interests in the Arctic. Reasoning such as this will not succeed against the Arctic Five's ... more legitimate claims."<sup>68</sup> By extension, the sophisticated presentations from the Chinese Institute for Maritime Affairs and other Chinese scholars at the Sino-Canadian Exchanges on Arctic Issues from 2010–16 indicate a more nuanced appreciation of regional governance, where China fits, and how this respects the sovereignty and sovereign rights of the Arctic states.

Second, it is imperative to identify the limits of China's ambition. The polar regions are "convenient locations" for Beijing to demonstrate China's restored international status as a global power. Accordingly, it is important to discern what activities China would like to take or participate in to build "prestige," and what substantive contributions it believes are actually necessary. Both Jakobson and Wright note that the Chinese Communist Party recognizes that its rise to power and greater prominence evokes anxiety in the rest of the world.<sup>69</sup> The challenge for scholars, policy-makers, and security analysts is in distinguishing between which Chinese actions might be perceived as threatening from an Arctic-specific perspective and which developments

should be assessed through a global strategic lens. In any event, with the world's eyes on China in the Arctic, its ability to behave in a fashion wildly inconsistent with the preferences of Arctic states should be limited provided those states engage China openly.

The third component of engagement is institutional enmeshing.<sup>70</sup> Countries the world over have had a modicum of success in enmeshing China into institutions as a way of modifying the excesses of Chinese behaviour. Allowing China to join the Arctic Council as an accredited observer is the first step in this process. Arctic states now have a venue to express their interests and preferences to China and to demonstrate an "Arctic" way of thinking. Simultaneously, the Arctic Council alone is insufficient to socialize China into Arctic norms. Engagement in every aspect of Arctic governance is necessary. Pursuant to its "shared Arctic leadership model" with the United States, Canada should pursue opportunities – within the Arctic Council, in other multilateral fora, and through bilateral channels – to work with China in pursuing Arctic conservation goals, ensuring that commercial activities conform to rigorous environmental and sustainable development standards, promoting the incorporation of indigenous science and traditional knowledge in Chinese research and decision-making, and sharing best practices through regular dialogue.

At the same time, it is important to guard against the potential for duplicity. Chinese policymakers believe they live in a Hobbesian world, where the powerful do what they can and the weak suffer what they must.<sup>71</sup> States around the world have hedged against the potential dark side of China's rise in various ways. First, it always helps to have a powerful ally and, in Canada's case, this means the United States.<sup>72</sup> While Canada's "special relationship" with its southern/northwestern neighbour has made the two "premier partners" in Arctic affairs since the early Cold War (a relationship reinforced by the recent joint statements between Trudeau and Obama), the transition to the new Trump Administration may challenge aspects of this relationship and heighten expectations about what Canada should contribute to Arctic defence.<sup>73</sup> Second, it is important to prevent China from gaining too much influence over smaller Arctic states (the kind of leverage demonstrated by China pressuring Cambodia to modify the agenda to its benefit at the 2011 meeting of ASEAN). Arctic states should thus support one another to develop strong investment and regulatory frameworks to avoid reliance on Chinese investment or labour to fulfill their national development aspirations.

The final component of hedging relates to national defence. It is appropriate for Arctic states to develop the capability to enforce their jurisdiction in their national waters, particularly as these waters become more accessible. This being said, investments in new defence capabilities should be clearly thought out and focused on realistic threats requiring a response. In the foreseeable future these threats will likely relate to environmental degradation, smuggling, search and rescue, criminal activity, and disaster relief.<sup>74</sup> Preparing to defend the Canadian Arctic from Chinese naval incursions (or those of any state for that matter) is simply not an immediate or realistic requirement. Preparing for Chinese-backed shipping or resource activities and attendant “soft” security challenges is a matter of more immediate concern. For example, Canadian Armed Forces assets may be useful in monitoring Chinese scientific research and resource development activities in the region as part of the government’s broader public safety and security efforts – but they will have little value in defending either sovereignty or security. Accordingly, China’s interests and activities in the Arctic should be considered as part of a more general consideration of the threats and hazards to which the Canadian Armed Forces, as part of a broader whole-of-government approach, should be prepared to respond in concert with the Government of Canada’s broader Northern strategy over the next decade.<sup>75</sup>

China’s interest in the Arctic does not exist in a vacuum. It is only one part of that country’s broader push to secure resources and shipping routes around the world, while confirming its position as a power with global interests (if not necessarily global reach). Despite this, the Arctic is not a core Chinese interest. Its value to China is potential, not actual. As such, Beijing is unlikely to endanger any of its actual core interests or relationships while seeking greater influence in the Arctic region. The country’s relationships with Russia and the United States are vital on both the economic and geopolitical level; any action that these states might perceive as either a challenge to their sovereignty or a threat to their northern security would have global ramifications, dramatically outweighing any benefit China may derive from an aggressive Arctic foreign policy. Likewise, China has worked hard to build economic relationships with Canada, Iceland, and Greenland – countries with bountiful resources that Beijing has an interest in developing. The popular backlash against the perception of growing Chinese influence in each of these countries demonstrates how carefully China and its SOEs must tread

when doing business, and how damaging to its global interests a confrontation in the Arctic would be.

For these strategic and pragmatic reasons, China is playing out its Arctic ambitions through multilateral fora and bilateral channels in concert with the Arctic states and other interested parties. That has been Beijing's *modus operandi* thus far and looks to be the path China will continue to follow in the future. If this is the case, China's Arctic activities should not cause acute anxieties – and its involvement in the North may even lend greater legitimacy to Arctic state sovereignty, and to any international governance framework that emerges for Arctic areas outside of that state sovereignty. In his 2014 study of China's emerging Arctic strategies, Marc Lanteigne highlights an old Chinese proverb: "When the wind of change blows, some build walls, while others build windmills."<sup>76</sup> It is felicitous advice for Arctic powers struggling to adjust to China's expanding global interests. In matters of shipping, resource development, science, and even governance, Chinese interest in the region can be harnessed and turned to productive purposes and, with careful attention, may contribute constructively and substantively to positive circumpolar development.