CHINESE, PAKISTANI AND INDIAN POLICY IN THE ARCTIC AND RUSSIAN STANCE

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Abstract. The article is dedicated to outlining possible ways of extending Russian presence in the Arctic through cooperation with the Asian emerging economies (namely China, India and Pakistan). In the first part Beijing, Delhi, Islamabad ambitions in the circumpolar north are analyzed. For more comprehensive analysis the insight into tensions within China-India-Pakistan triangle is given. In the second part the author demonstrates existing formats of Russian cooperation with China and India (both bilateral and multilateral ones). The scheme of establishing mutually beneficial Moscow-Beijing cooperation, based on both sides’ advantages and weaknesses, is elaborated.

Keywords: Arctic policy; Republic of China; Republic of India; Russia; legal regime.

Introduction

Being quite a peaceful region without wars, skirmishes, terroristic groups situated in, Arctica is a unique region as it has managed to draw attention of international community and the enthusiasm about expending in the Arctic region is rocketing year by year. Such interest can be explained by several reasons.

First, Arctic contains great fossil fuels stocks. According to the Independent statistics and analysis agency «U.S. Energy Information Administration», the Arctic contains 13% of world’s undiscovered oil resources (at about 90 billion barrels) and 30% of world’s undiscovered natural gas resources [1]. Second, ice caps melting provides new opportunities for marine navigation. In the Eastern hemisphere the North Sea Route, predominantly situated in the Russian territory, is becoming available gradually. Third, Arctic agenda is becoming more and more acute under the circumstances of global warming. As there is positive correlation between glaciers loss and monsoons all over the world, most agricultural countries endeavours to engage into science cooperation in the Arctic in order to eliminate threat of floods and resultant crops destruction. Last but not least, due to lack of definite Arctic juridical regime (whether it belongs to littoral states solely or it may be perceived as “common heritage of mankind” [2]) provide an opportunity for developing states to extend their geopolitical and economic clout in the circumpolar north.

The latter refers to Asian emerging economies, which are trying to extend their turfs where it is still possible. In Kiruna Ministerial Meeting of the Arctic Council 2013 the People’s Republic of China and the Republic of India gained Arctic Council Permanent Observers status [3]. This event enables
Asian giants to conduct not only scientific research but participate in commercial projects in the Arctic Circle.

As the main Eastern Hemisphere Arctic territory is situated on the Russian sovereign territory, Asian states has nothing to do but cooperate with Moscow. This situation is playing into the hands of Russia which has been deprived of foreign partners financial and technical support after crisis 2014 and resultant sectoral sanctions imposing.

The aim of the article is to outline possible scenarios for Russia to expand its economic clout in the Arctic through cooperation with China, India and Pakistan. The goal will be reached by means Beijing, Delhi, Islamabad Arctic policy analysis. Based on all data, the main bilateral and multilateral cooperation capabilities will be described.

**Asian triangle’s Arctic policy**

To gain a comprehensive understanding of Chinese, Indian and Pakistani incentives in the Arctic the main contradictions in the triangle should be explained. There are two stumbling blocks (Sino-Indian and Indo-Pakistani confrontation) and resultant Sino-Pakistani cooperation to limit India influence in the region.

Sino-Indian controversy dates back to 1947, i.e. the Independence of India. The first reason of tension is Tibet. Delhi and Beijing fail to agree on Tibetan refugees’ status. The countries have been struggled for being Buddhist religious center since Dalai Lama XIV having quarreled with Chinese Communist Party lefted the People’s Republic of China and settled in India in 1959. Moreover, uncertain border demarcation in Tibet has always triggered border skirmishes which escalated in Sino-Indian war 1965.

The second cause of tension is boosting economies competition. Both countries maintain regional leaders’ status in terms of economic growth. This contributes to the strengthening of ambitions and claims for both regional and global leadership. Moreover, with expenses of industrialization growing steadily there is competition for raw materials, sales and investment markets.

India and China are on opposite sides in the «big nuclear game» that unfolded in South Asia. The nuclearization of the region consists in the accelerated build-up of the nuclear arsenals of Delhi and Islamabad. At the same time, new Delhi’s nuclear weapon is also designed to deter China (on the eve of nuclear tests, India’s defense Minister, Jon. Fernandez called the PRC a potential threat number one [4]). Under these circumstances, China formed a tacit union aimed at containing India with Pakistan. The latter has border controversy with India as well. China aided the Pakistani nuclear project. New Delhi, in turn, relies on the support of the United States: in 2005, the countries concluded a "nuclear deal", which in fact assumed the removal of international restrictions from India in the nuclear sphere. Such an agreement could not but outrage the Sino-Pakistani tandem, as it contradicted the Non-Proliferation Treaty and caused concern of the nuclear club members (including China), as well as infringed on the rights of unrecognized nuclear powers (including Pakistan)[5].

It is significant to note, that at the current stage, Sino-Pakistani tandem continues to work in the military sphere: in 2016 China sold $5 billion worth of diesel submarines to Pakistan, and Beijing and Islamabad are conducting joint military technical projects (for example, the JF-17 lightweight multi-role fighter). This fact, as well as the strengthening of China’s military presence in South Asia (the growth of the Chinese Navy and the String of Pearls project to serve it), cause Sino-Pakistani irritation with Delhi and lead to conflicts.

Understanding of power balance in China-India-Pakistan triangle is prerequisite for understanding Asian actors Arctic Policy as it has domino effect. Analyses of the states’ goals in the Arctic will be conducted in descending order, i.e. from most active actor to least active one.

The most active Arctic actor is China. In 2018, Beijing published the Arctic Strategy White Paper, where China proclaimed itself to be a Near-Arctic State (近北极国家), i.e. one of the closest to the Arctic Circle [6]. This document seeks to show that China will not limit its activity in the Arctic to sole scientific investigation, but will join in major fossil fuels exploration and exploitation projects and infrastructure initiative. There are several reasons explaining Chinese endeavours in the region [7].
First and foremost, China demonstrates growing of its global power. This incentive came from Chinese turn from peace and stability oriented foreign policy to proactive one at the beginning of the 21st century. The second reason is lack of inner resources. China seeks to extend participation in Russian High North fuel deposits exploration and exploitation. The implementation of this goal meets the clauses of the People's Republic of China Energy Security Strategy. According to the document, establishment of a network of energy supplies from abroad with diversification of transport flows is bound to be the predominant aim of Beijing's energy policy [8]. The third incentive is desire to use the northern transport and logistics corridors to supply Chinese goods to Europe. The route from Shanghai to Rotterdam along the Northern Sea Route is 35% shorter compared to the southern land and sea routes, and relatively safer. Significant attention in the Arctic Strategy of the PRC is paid to the North Sea Route and One Belt One Road Initiative.

Chinese activity in the Arctic triggers India to join in the North race. Mix of Sino-Indian competition and arguments withing Indian scientific society resulted in uncertainty of Delhi Arctic Strategy which to date has not been adopted.

On the one hand, now Delhi has a leverage for constraining Chinese hegemony in the Asia-Pacific region. In any case of aggression from China India can block Malacca Strait and thus cut off energy supply routes to China. Malacca Strait with 80% of China imported oil going through it has great strategic importance for Beijing. However, with the melting of the polar ice caps, Beijing gets access to the vast energy resources of the North, as well as the ability to use the Northern sea route for transporting them. China's dependence on the Malacca route is consequently decreasing [9]. Under these circumstances, it becomes clear that it will be a fatal mistake for India to let China be the only Asian player in the circumpolar north [10].

On the other hand, among Indian political elites there is an opinion that participation in Arctic affairs should be limited to only scientific endeavours. The main arguments to support this idea are global warming, melting glaciers and resultant crucial ecological and economic consequences. The thing is, there is positive correlation between ice caps volume loss in the Arctic and water level on Tibetan plateau, where majority of Indian rivers rise from. Flood in the Indo-Gangetic valley is bound to cause crop fall, while agricultural product contributes to Indian GDP significantly.

Though Indian Arctic policy is quite reluctant it still stimulates Pakistan activity in the region. Islamabad is keen on join efforts with China. Meanwhile, the latter is concentrated more on commercial Arctic projects rather than scientific ones. Under these circumstances, Arctic issues play into the hand of region stability. Pakistani scientists work in Indian research lab Himadri in Norway. Together they elaborate methods to prevent floods caused by Arctic glaciers melting.

**Position of Russia**

Under the circumstances of polar ice caps melting and new geopolitical, commercial, scientific opportunities open, at the beginning of 2000th, the Russian Federation resumed geological exploration on the Arctic shelf for the first time since 1991. In 2003, commercial production of gas and gas condensate was launched at the Yurkharovskoye field in the Tazovskaya Bay (Kara sea). Russian companies Gazprom, Gazprom Neft, NOVATEK and Rosneft carried out exploration together with corporations of other Arctic Council member states (with American ExxonMobil, Norwegian Statoil (now Equinor) and North Atlantic Drilling Limited) [11]. However, with the introduction of sectoral sanctions in 2014, foreign partners were coerced to stop cooperation. Thus, with the introduction of a ban on technologies and industrial equipment (including but not limited to Arctic fuel deposit exploration and exploitation equipment) supply to Russia in the fall of 2014 and the imposition of fine for cooperation with Rosneft by the US Treasury in 2017, Exxonmobil was forced to abandon joint works in the Chukchi, Kara and Laptev seas [12].

Such actions from the western partners triggered Russian turn to the non-regional states, especially Asian economic giants, i.e. the People's Republic of China and the Republic of India. Cooperation is conducted both in bilateral and multilateral forms.
BRICS format is bound to be the main basis for multilateral cooperation. A vivid example to support this statement is panel discussion «BRICS in the Arctic: Emerging Opportunities for Collaborative Initiatives» organized within the framework of Assembly of the Arctic Circle in Reykjavik. At the end of the discussion the participants came up with conclusion that joint work in Arctic could enlarge BRICS countries technology, science and commerce cooperation [13]. Taking into account the fact that both China and India gained Arctic Council permanent observes status at the Kiruna meeting 2013 [14], such panel discussions can be organized within Arctic Council meetings as well. The second reason in favour of BRICS cooperation in the Arctic is already existing considerable experience of scientific cooperation. It is significant to mention, that ocean and polar technologies were included into the BRICS scientific agenda from the very beginning of BRICS scientific cooperation [15]. In Cape Town Declaration 2014 of the first BRICS Science, Technology and Innovation Ministerial Meeting polar issues are mentioned as one of the pillar of science and technology joint effort [16].

Regarding bilateral cooperation, prerequisites for India-Russia cooperation in the Arctic are evident. Still due to lack of finance, lingered discussion about Arctic status in Indian scientific society, extreme weather conditions of the circumpolar north, Indian companies are reluctant to allocate money into Russian North. Though during the Eastern Economic Forum NOVATEK managed to reach agreement with Indian H-Energy Global Ltd and Petronet LNG on Russian liquefied natural gas deliveries, negotiations over India’s investments into Yamal-LNG and Arctic-LNG are still prolonged [17].

To date, China is the main Russian Arctic partner. In a joint statement July 2019, Russian and Chinese leaders confirmed their intention to cooperate on the development of the NSR, exploration and exploitation of energy resources [18]. Chinese national companies invest in Russian oil and gas projects. China National Petroleum Corporation (CNPC) and the Silk Road Fund have 20% and 9.9% shares in the Yamal - LNG project on the Ob Bay respectively. In summer 2019, China Southern Petroleum Exploration and Development Corporation (CNOOC) and China National Offshore Oil Corporation (CNOOC) each purchased 10% shares in the Arctic LNG-2 project on the Gydan Peninsula. The first LNG deliveries from the Russian North to China began in 2017. China intends to invest in construction of a deep-water port in Arkhangelsk and in construction of the Belkomur railway, which will link Arkhangelsk, the Komi Republic, the Urals and Siberia.

What principles should this cooperation be based on? To answer the question, we look at Russia’s interests.

In August 2017, amendments to the Government resolution approving the state program "Socio-economic development of the Arctic zone of the Russian Federation" were adopted. Among the main tasks need to create equipment and technologies for oil and gas and industrial engineering for the development of mineral resources in the Arctic was outlined [19].

It is necessary to clarify on what exact technologies are at hand. At the moment, Russia does not have deep-water drilling technologies, although 85% of the oil and gas reserves of the Russian Arctic are located in the waters of the Arctic Ocean. At the conference «Marine robotics – 2017», Gazprom spokesmen stated the necessity to develop and produce autonomous marine robots that could be controlled from the shore. It purports mass production of uninhabited underwater vehicles of the second generation - Autonomous - and development of the third generation – Hybrid underwater vehicles. Uninhabited underwater vehicles are an inherent part of any underwater mining complex [20]. At the same time, the speaker noted: at the moment, due to a lack of funds, the company cannot hold competition among specialists in marine robotics [21].

To solve problem of funds and necessary technologies lack the Russian Government attempted to attract domestic businesses to allocate to the North. Ministry for the development of the Russian Far East has introduced a bill on the state Corporation "Rosshelf" creation. Purchasing "Rosshelf" shares private domestic investors will be able to develop the resources of the Northern seas [22]. Taking into account the specific legal conditions of the project itself, severe weather conditions, competition from state monopolists (Rosneft and Gazprom), and the lack of a simplified tax regime, it is logical to ask whether domestic businesses will want to invest in such a project [23].
One more weak point of the Russian Arctic oil and gas industry is the lack of oil and gas chemical production on an industrial scale. It causes two problems. Firstly, the low added value of exported goods makes the national economy dependent on the world market prices. This problem is not new and applies not only to the Northern regions. Secondly, due to the lack of necessary processing capacity, a huge amount of extracted fatty gases (ethane, propane, butane) are simply burned. This causes environmental damage, let alone lost money. To solve the problem, it is necessary to establish industrial production of synthetic liquid hydrocarbons. So far, on the Russian territory such a synthetic cycle (GTL production) has been implemented only as a single laboratory installation [24].

The technologies, that Russia failed to develop, have been used by Chinese partners for a long time and quite successfully. The CNOOC underwater drilling platform has been operating at the bottom of the South China sea (average depth of 1500 m) since 2014, producing up to 10 thousand barrels of oil per day. And deep-sea robots produced in China can work at depths of up to 6 thousand meters. In addition, Chinese companies are currently using GTL technologies to produce liquid hydrocarbons on an industrial scale [25].

Thus, the favorable scenario for Sino-Russian cooperation should include the import of Chinese technologies for petrochemical processing and deep-water drilling.

The second crucial question is what economic benefits will Russia get from Northern Sea Route and Polar Silk Road initiatives integration? It may not bring any special income to the Russian economy. As there are not many ports on the Northern Sea Route (as, for one, on the way through Suez sea canal) Russia will not be able to gain great income from foreign freights through its territory. The advantage of the southern sea route is the presence of numerous ports-hubs, where vessels perform partial shipment and reloading. Thus, all coastal countries are included in the trade chain. In the case of the NSR, such a scheme is impossible, due to the fact, that most of the year Russian ports are covered with ice. If Moscow agrees to China's permanent passage through its exclusive economic zone, Chinese vessels heading to Europe will not stop at Russian ports, so Russia will only be able to earn revenue for icebreaking escort services and pilotage. This money will solely cover the costs of implementation the duties of the coastal state: ensuring safe passage throughout the route and eliminating the consequences of possible emergencies [26].

The main advantage of the B&R is the improvement of the infrastructure condition. In the case of maritime logistics, this is not a big problem for Russia. At the end of 2018, Rosatom took on the responsibility to ensure year-round passage through the NSR. Moreover, the state Corporation assumes most of the costs [27]. In addition, the Russian icebreaker fleet is qualitatively and quantitatively superior to the Chinese one. Thus, we can talk about the possibility of Chinese investment only in land infrastructure.

Dubious possibility of obtaining economic benefits from integration of the Northern Sea Route and One Belt One Road Initiative equalizes the advantages of Moscow and Beijing in the negotiations. With such a balance of forces, Russia has every chance to insist on its favorable terms of cooperation. More specifically, Russia can successfully promote establishment of loyal conditions for investment in the land infrastructure of the North. When offering funds, Chinese partners tend to transfer most of the project to their ownership. Given the huge number of strategic facilities located on the Russian North, this scenario is unacceptable for Russia.

Conclusion
Based on all data analyzed, we can conclude that tensions withing China-India-Pakistan triangle stimulates their participation in the Arctic issues and thus plays into the hands of Russia. Among all multilateral and bilateral formats Sino-Russian Arctic cooperation is supposed to be the most successful.

In the optimal scenario of Moscow-Beijing cooperation in the oil and gas sector of the Russian North, both sides will be forced to make concessions. On the Russian side, the concession is to integrate the Northern Sea Route and One Belt One Road Initiative and thus to allow permanent Chinese transit through the Russian exclusive economic zone. On the Chinese side, Beijing will agree
on loyal conditions for investment projects. The clause on the export of deep-water drilling technologies and the production of petrochemical products is beneficial to both sides: all in all, deliveries will not be made on a free basis. This scenario will not violate the interests of the partners and will be acceptable to both sides.

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