

## The Arctic Silk Road: A Huge Leap Forward for China and Russia

By <u>Federico Pieraccini</u> Global Research, November 13, 2017 Region: <u>Asia</u>, <u>Russia and FSU</u> Theme: <u>Global Economy</u>

The Silk Road, renamed the Belt and Road Initiative (BRI), is developing infrastructure along land and sea trade routes. However, little is known about China's initiative in the Arctic Circle, which represents a new route that Beijing is now able to develop thanks to technology together with the strategic partnership with Russia.

Involving about 65 countries and affecting 4.4 billion people, constituting thirty percent of the world's GDP, together with a total investment from Beijing that could surpass a trillion dollars, the is an immense project that requires a lot of imagination to grasp the intentions of the Chinese leadership. With a host of projects already in progress, and some almost completed (the Sino-Pakistan Corridor known as <u>CPEC</u> is archetypical), the overland and maritime routes are developing side by side.

Plenty of ink has been used detailing Beijing's intentions regarding the East-West connections of the super Eurasian continent. Pipelines, railway lines, fiber-optic cables, telecommunications infrastructure and highways dominate discussions, together with talks about costs, feasibility studies, the question of security, and the return on investment. The land Silk Road is certainly an imposing challenge that is not just commercial in nature but sets the foundation for greater cultural and social integration between neighbouring countries. It is a project that in the long term aims to blend together the Eurasian continent and overcome the contradictions contained therein through win-win cooperation and economic development.

The maritime route is a more structured project, tied mainly to two intrinsic needs of the People's Republic of China. The first is commercial and concerns the need for Beijing to ship its goods along established routes, creating ports and supply facilities along the way. The objective is to increase profits from cargo ships, especially when they return to China filled with goods, as well as to create new global sorting centers at ports set up along the maritime silk road. Important examples can be found in Pakistan with the development of the Gwadar port.

The first phase was completed in 2006, and the second has been in progress since 2007, though the port was inaugurated in November 2016 and has been operational since. The project should be completed in the coming decades, with potentially 45 anchorage points, drainage of the approaching canal to about 20 meters, and a total trade turnover of over 400 million tonnes. The major benefit of this arrangement is to divide goods according to necessity, value and supply, choosing between an overland or maritime route. The port of Gwadar is connected principally through pipelines to the Chinese city of Kashi. This is a great example of how diversification can be achieved with the maritime route, used mainly for transportable goods, while the Gwadar port becomes an important hub in the oil and gas

trade, especially thanks to progress in methane and regasification technology.

Other major maritime silk-route destinations include Venice and Athens, with the port of Piraeus already <u>owned</u> by COSCO of China for many years, a company that specializes in port activities and the integration of harbours along the maritime silk road based on the model of the Gwadar port. Venice is currently only a reminder of the ancient Silk Road, but if its past role is to be reprised, where in its modern garb it would today be the final landing point of the South Sea BRI, it would certainly require large investments to feed a network of dense exchanges. China would then have a maritime route in Southern Europe that is linked mainly overland to its northern corridor.

The other reason (that are less well known) pushing the People's Republic of China to invest in such extensive maritime routes concerns the naval doctrine adopted by the Chinese navy. The United States maintains a remarkable ability to <u>project power</u> across all five continents thanks to the size of its navy, which has grown quite steadily over the last century. Beijing realized that possessing such power projection would undergird the viability of its maritime routes, guarding against pirates as well as as obviating the possibility of a naval blockade in time of war, something always on the back of the minds of Chinese strategists.

A parallel in terms of security is easily observed when analysing the overland route of the Silk Road and the security that necessarily accompanies such an extensive infrastructure network. In this sense, the Shanghai Cooperation Organization, and the accession of both Pakistan and India into the Organization, aims to create the conditions for peaceful development while avoiding tensions between neighbouring countries and different ethnic groups. Beijing is well aware that there is no prosperity without security, especially in the context of underdevelopment and in such a diverse continent with respect to human geography.

In military and naval terms, Beijing's budget has reached significant levels, rising from about 10 billion dollars in 1989 to about 110 billion in 2017. With such investment, Beijing has been able to launch three new submarine models (Type 93, Type 94, and Type 95) as well as a refurbished aircraft carrier (Type 001) together with the construction of China's first fully equipped homemade aircraft carrier (Type 001A). The main focus for the People's Liberation Army Navy (PLAN) is a strategic investment in amphibious and small vessels that provide the means to project power in order to influence the power dynamics of the South China Sea, this in the context of American harassment to dominate the Sea. In this sense, the strategy of denying America a presence in the South China sea is also accompanied by the construction of <u>artificial islands</u> and the development of new <u>anti-ship missiles</u> with supersonic capabilities.

Security and investment seem to be the engine of the Chinese BRI project, and connectivity appears to be the transmission chain. Maximum attention is also being given to the creation of seaports for the PLAN, as seen with China's first foreign base in <u>Djibouti</u>, a particularly strategic location due to the strait of Bab-el-Mandeb.

An aspect of the Chinese BRI that is less well known, and about which we still have few details, is the <u>Arctic route</u>. The Arctic is formally shared between the United States, Northern Canada, Finland, Greenland (Denmark), Iceland, Norway, Russia, and Sweden and is administered by the <u>Arctic Council</u>. Non-member countries include France, Germany, India,

Italy, Japan, South, Korea, the Netherlands, Poland, Singapore, Spain, the United Kingdom, and the People's Republic of China.

Recently, Russia and China begun a fruitful discussion on the exploitation of the Arctic routes. The July 2017 meeting between Xi Jinping and Medvedev confirmed Moscow and Beijing's intention is to jointly develop the Chinese maritime Silk Road though the Arctic, serving to diversify trade routes and involving neighbouring states in port projects and scientific research. Beijing has every intention in the future of moving its goods through the Arctic from China to Europe, thereby reducing the distances involved by up to 20-30%, saving time, fuel and human resources in the process. Considering that 90% of Chinese goods are transported by sea, even a small change would generate savings and bigger profits. In the face of such an irresistible opportunity, China is not wasting any time. A few days ago, the Xuelong icebreaker (the Russian Federation is the only country possessing two nuclear icebreakers) sailed through the Northwest Passage in the Arctic, reaching North America from Asia in virtually no time, constituting an event of historic importance, this being the first time a Chinese ship has completed this route. Equally important for business, COSCO, the Chinese giant, completed in 2013 the Northeast Passage in the Arctic, starting from the Chinese port of Dalian and arriving in Rotterdam, shaving the duration of the journey by a third, down from 45 days to 30.

There are some considerations regarding the Arctic region to be made, both from a practical and realistic point of view. There are currently three usable routes, namely the northeast, northwest and "north-north" (crossing the North Pole). The first is the one through which Russia and China intend to shorten shipping times, in spite of the difficulties faced by the current lack of infrastructure as well as an unwelcome environment, complicating things and making the whole endeavour extremely expensive to develop. In this sense, cooperation between Russia and China is highly profitable for both countries, who are interested in proposing this route to other countries as well, resulting in increased transit volumes. Currently the route can be used for about four months of the year. The northwest route has problems with deep ice that prevents icebreakers from clearing a passage for a sufficient duration to allow for a commercial route. The "north-north" passage, cutting straight through the North Pole, is inaccessible until all ice is melted, something scientists predict will occur by 2050, with all the related consequences.

Inevitably, Arctic routes represent the future in terms of opportunities and savings in cost. In comparison to the Suez Canal, which is the current route through which China reaches Europe, entailing a journey of nearly 12,000 nautical miles, a route through the Northwest Passage in comparison cuts to journey to under 7,000 nautical miles.

Beijing is investing in infrastructure to reduce time and increase profit. The Arctic route has all the indications of becoming a central node of the BRI initiative. China's commitment to development of the Arctic route is comparable to another titanic project that is also central to the strategy of the maritime Silk Road and is occurring in Nicaragua, namely the construction of an alternative to the Panama Canal. How viable these gigantic projects are remains a matter of time, resting mainly on the acquisition of new technologies that transform the impossible into the possible, whereby the accessibility of new technology allow for a reduction in research and developmental costs.

In the not-too-distant future, transit routes through the Arctic will assume a certain level of importance vis-à-vis the global geopolitics of Russia and China. Beijing and Moscow seem to have every intention of developing this innovative route with every means at their disposal,

adding to the maritime silk road an unanticipated but highly beneficial route. Creating a partnership with Russia in the Arctic will enable Beijing to set foot in the area, as well as allowing it to be involved in the exploitation of hydrocarbons and other natural resources. Combined with the Russian Federation's increasing ability to penetrate the Arctic and thereby create the necessary infrastructure, the Arctic route is something that can increasingly be offered as a proposition to partner nations.

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