

# МАКРОЕКОНОМІЧНІ АСПЕКТИ СУЧАСНОЇ ЕКОНОМІКИ

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## Арктичні геостратегії Китаю у політико-економічних процесах

**Предмет дослідження** – політико-економічні стратегії розподілу і використання природних ресурсів країнами арктичного простору.

**Метою** написання **статті** є авторське бачення переваг арктичної стратегії Китаю та перспективних напрямів участі України в розв'язанні стратегічних завдань усталеного розвитку регіону.

**Методологія проведення роботи** – загальні положення макроекономіки, теорій галузевих ринків та сталого розвитку. На основі системного підходу визначено фактори, що впливають на сталий розвиток арктичного регіону. З використанням методів експертного аналізу визначено основні напрями китайської геополітичної стратегії. Методами структурування та синтезу виявлено сильні та слабкі сторони міжнародної співпраці у спільному використанні природних ресурсів Арктики.

**Результати роботи** – у статті проаналізовано нову «Епоху Арктики», орієнтовану на три основні теми: (1) перше – зростаюче циркумполярне співробітництво між організаціями народів і регіональних органів влади: Північ відповідає Північній, (2) області – побудова під першочерговим залученням держав з акцентом на Арктичну раду, (3) відносини Арктики з зовнішнім світом, (4) вплив несистемних суб'єктів (Китай) на трансформацію геополітичних і гео економічних стратегій Арктичний регіон як шоста частина світового простору на північ від паралелі 66° 33' 39" з населенням 4 мільйони людей у восьми циркумполярних країнах: Канаді, Данії (Гренландія), Фінляндії, Ісландії, Норвегії, Росії, Швеції та Сполучених Штатах. Держави, багаті на поновлювані (риби, морські тварини) і невідновлювані ресурси (до 20% світових запасів корисних копалин); (5) вплив танення льоду на геополітичну та гео економічну ситуацію в Арктиці; Біла книга «Китайська арктична політика» Чин і виправдовує свою роль у боротьбі з глобальним потеплінням і необхідністю брати участь у розробці рішень щодо Арктики в цілому. Інтереси Пекіна не обмежуються транспортуванням і розробкою мінеральних ресурсів дна і надр, вони також пов'язані зі збиранням водних біологічних ресурсів, захистом морського середовища та його біорізноманіття, а також науковими дослідженнями. Угоди про вільну торгівлю, інвестиції у видобуток корисних копалин та інфраструктуру, а також інші зв'язки розросталися, розвиваючи межі між політичними та економічними сферами і піднімаючи перспективу нового меркантилізму. Китай не тільки набув реального доступу до сучасних ісландських технологій чистої геотермальної енергії, але й отримав переваги в самій Ісландії. І цей вплив, як тільки Ісландія очолить Арктичну раду в 2019

році, допоможе зміцнити позицію Китаю щодо інтегрованої політики ЄС в Арктиці, яка пропонує три пріоритетні сфери: зміна клімату та охорона навколишнього середовища в Арктиці; сталий розвиток в регіоні та навколо Арктики; міжнародне співробітництво з питань Арктики.

**Висновки** – На відміну від арктичних держав, Китай не має територіального суверенітету і пов'язаних з ним суверенних прав на видобуток ресурсів і рибальство в Арктиці. Зіткнувшись з дуже обмеженими правами як неарктична держава, Китай прагнув розробити стратегії подолання розриву між юридичними та інституційними обмеженнями в Арктиці та її зростаючими арктичними інтересами.

**Ключові слова:** Геостратегії Арктики, Арктична рада, «Полярний шовковий шлях», Біла книга «Політика Китаю в Арктиці».

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## Арктические геостратегии Китая в политико–экономических процессах

**Предмет исследования** – политико–экономические стратегии распределения и использования природных ресурсов странами арктического пространства

**Целью** написания **статьи** является – авторское видение преимуществ арктической стратегии Китая и перспективных направлений участия Украины в решении стратегических задач устойчивого развития региона.

**Методология проведения работы** – общие положения макроэкономики, теории отраслевых рынков и устойчивого развития. На основе системного подхода определены факторы, влияющие на устойчивое развитие арктического региона. С использованием методов экспертного анализа определены основные направления китайской геополитической стратегии. Методами структурирования и синтеза обнаружено сильные и слабые стороны международного сотрудничества в совместном использовании природных ресурсов Арктики.

**Результаты работы** – В статье проанализирована новая «Эпоха Арктики», ориентированная на три основные темы: (1) первое – растущее циркумполярное сотрудничество между организациями народов и региональных органов власти: Север отвечает Северной (2) области – построение под первоочередным привлечением государств с акцентом на Арктический совет (3) отношения Арктики с внешним миром (4) влияние несистемных субъектов (Китай) на трансформацию геополитических и геоэкономических стратегий Арктический регион как шестая часть мирового пространства к северу от параллели 66° 33' 39" с населением 4 млн. людей в восьми циркумполярных странах: Канаде, Дании (Гренландия), Финляндии, Исландии, Норвегии, России, Швеции и Соединенных Штатах. Государства, богатые возобновляемыми (рыбы, морские животные) и невозобновляемыми ресурсами (до 20% мировых запасов полезных ископаемых) (5) влияние таяния льда на геополитическую и геоэкономическую ситуацию в Арктике; Белая книга «Китайская арктическая политика» Чин и оправдывает свою роль в борьбе с глобальным потеплением и необходимостью участвовать в разработке решений по Арктике в целом. Интересы Пекина не ограничиваются транспортировкой и разработкой минеральных ресурсов дна и недр, они также связаны со сбором водных биологических ресурсов, защитой морской среды и его биоразнообразия, а также научными исследованиями. Соглашения о свободной торговле, инвестиции в добычу полезных ископаемых и инфраструктуру, а также другие связи разрастались, размывая границы между политическими и экономическими сферами и поднимая перспективу нового меркантилизма. Китай не только получил реальный доступ к современным исландским технологиям чистой геотермальной энергии, но и получил преимущества в самой Исландии. И как только Исландия возглавит Арктический совет в 2019 году, это поможет укрепить позицию Китая по интегрированной политике ЕС в Арктике, которая предлагает три приоритетные сферы: изменение климата и охрана окружающей среды в Арктике; устойчивое развитие в регионе и вокруг Арктики; международное сотрудничество по вопросам Арктики.

**Выводы** – В отличие от арктических государств, у Китая нет территориального суверенитета и связанных суверенных прав на добычу ресурсов и рыболовство в Арктике. Столкнувшись с очень

ограниченными правами как неарктического государства, Китай стремится разработать стратегии для преодоления растущего разрыва между правовыми и институциональными ограничениями в Арктике и растущими интересами Арктики.

**Ключевые слова:** Арктическая геостратегия, Арктический совет, «Полярный шелковый путь», Белая книга «Арктическая политика Китая».

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## China's Arctic geostrategies in political and economic processes

**The subject of the study** political and economic strategies for the distribution and use of natural resources by the Arctic countries.

**The purpose of the article** – author's vision of the benefits of the arctic strategy of China and promising directions of Ukraine's participation in solving the strategic tasks of sustainable development of the region.

**Methodology of the work** general macroeconomics, theories of sectoral markets and sustainable development. On the basis of the system approach, factors influencing the sustainable development of the Arctic region are identified. Using the methods of expert analysis, the main directions of the Chinese geopolitical strategy are determined. Structure and synthesis methods reveal the strengths and weaknesses of international cooperation in the joint use of natural resources in the Arctic.

**The results of the work** – In the article is given analysis the new «Age of the Arctic», focusing on three main topics: (1) the first is the growing circumpolar collaboration between organizations of peoples and regional governments: the North meets the North, (2) region-building under paramount participation of states with a focus on the Arctic Council, (3) the relationship of the Arctic with the outside world, (4) effects non-system actors (China) on the transformation of geopolitical and geo-economic strategies in the Arctic region as the sixth part of world space north of the parallel 66 ° 33'39" with a population of 4 million people in eight circumpolar countries: Canada, Denmark (Greenland), Finland, Iceland, Norway, Russia, Sweden and the United States, rich in renewable (fish, sea animals) and non-renewable resources (up to 20% of world mineral reserves), (5) influence of ice melting on geopolitical and geo-economical situation in Arctic; «Polar Silk Road», White Paper «China's Arctic Policy» China justifies its role in the fight against global warming and the need to participate in the development of decisions regarding the Arctic as a whole. Beijing's interests are not limited to shipping and the development of mineral resources of the bottom and subsoil, they are also related to the harvesting of aquatic biological resources, the protection of the marine environment and its biodiversity, and scientific research. Free-trade deals, investments in mining and infrastructure, and other ties have all proliferated, blurring the lines between political and economic domains and raising the prospect of a new mercantilism. China not only gained real access to modern Icelandic technologies of clean geothermal energy, it also gained leverage in Iceland itself. And this influence, as soon as Iceland heads the Arctic Council in 2019, will help strengthen the position of China on an integrated EU policy for the Arctic that proposes three priority areas: climate change and safeguarding the Arctic environment; sustainable development in and around the Arctic; and international cooperation on Arctic issues.

**Conclusions** – Unlike the Arctic states, China has no territorial sovereignty and related sovereign rights to resource extraction and fishing in the Arctic. Faced with very limited rights as a non-Arctic state, China has been eager to design strategies to bridge the widening gap between the legal and institutional constraints in the Arctic and its growing Arctic interests.

**Key words:** Arctic Geostrategies, the Arctic Council, «Polar Silk Road», White Paper «China's Arctic Policy».

**Formulation of the problem.** This topics is current due to political and economical processes in «The Age of the Arctic». The scientific discourse testifies to the novelty of these processes. A number of authors discuss the specifics of Arctic trends in the context that:

1. The Arctic and Antarctic after World War II demonstrated the geopolitical interests and the geo-economic importance of world supply chains for super-goods (Lajeunesse Adam) [12];

2. During the Cold War, the geopolitical pressure and the build-up of the military power of the USSR and NATO also exerted on the Arctic (Young O. R.) [19];

3. Starting in the late 1980s, international cooperation in the Arctic has increased to the extent that a new regional identity is emerging, with numerous political initiatives and new fora (Lassi Heininen) [8];

4. This describes new «Age of the Arctic» (Young O. R.) [19];

5. In accordance with the Ottawa Declaration of 1996 to provide «ways of organizing cooperation, coordination and interaction between eight circumpolar states» a number of organizations were created, and in 1998 the Arctic Council was created without a legal status similar to the Antarctic Treaty of 1959 (Schmidt Amanda) [15];

6. To achieve the objectives of the Council for the Protection of the Environment and Sustainable Development, a mechanism of interaction was created from binding agreements: Agreement on cooperation in aviation and maritime search and rescue in the Arctic (2011), Agreement on cooperation in the field of preparedness and response to sea pollution oil in the Arctic (2013) and the Agreement on the deepening of international Arctic scientific cooperation (2017) states, such as China and India, which today are among the 13 other Council members who have observer status and the desire to solve their own economic and commercial problems in the region (Andreas Eiterjord Trym Aleksander [7], Kuersten Andreas [10]);

7. The Barents Euro-Arctic Council (BEAC) is the forum for intergovernmental cooperation on issues concerning the Barents region. The geo-cultural dimension of the Council consists of six groups of indigenous peoples of the North: the International Aleutian Association, the Arctic Athabask Council, the International Guiche Council, the Inuit Circumpolar Council, the Association of Indigenous Minorities of the North, Siberia and the Far East of the Russian Federation and the Council (Margot Wallström [20], Zolotukhin A.B. [22]);

8. Climate change is rapidly altering the very geography that underpinned polar geopolitics. The question of whether the system that protects Arc-

tic Antarctica can, or should, endure the pressures of 21st century politics is debated. The problem of access to the mineral wealth of the Arctic regions is inseparable from the issue of control over the Northern Sea Route. These factors predetermine the expansion of the zone of confrontation, both in the military sphere and geo-economic, both in the Arctic and other powers in the struggle for control over the strategic space and for resources (Jones Jeffrey) [9] (Zolotukhin A.B.) [22], (Schmidt Amanda) [15], [2], [6], [17–18], [22].

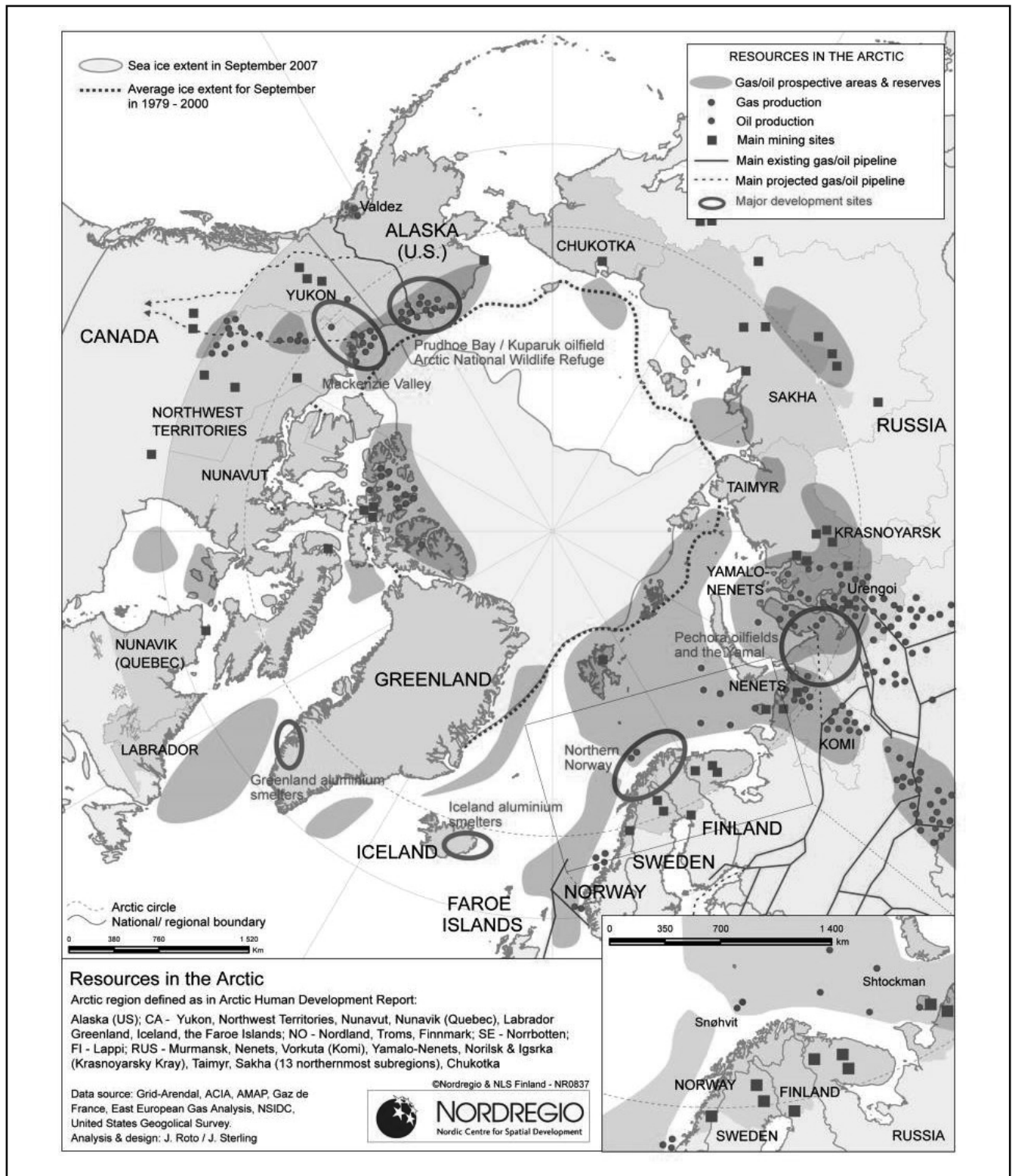
9. Geo-economically China is making a qualitative leap forward, adapting to the rapid development of technology and changing the balance of power in the international arena (Barboza David) [1], Brady Anne-Marie [3], Lanteign Marc [11], Zheng Wang [21]; [4–6];

10. The world is entering the era of the new industrial revolution, which is characterized by the continued breakdown of the link between labour and capital and this encourages China to abandon its competitiveness model at the expense of low labour costs and instead focus on the development of strategic high-tech industries as part of the implementation of the «Digital Silk Road» initiative and the «Polar Silk Road» (White Paper «China's Arctic Policy») (Barboza David [1], Brady Anne-Marie, Lanteign Marc) [3], Kuersten Andreas [10];

11. The pledge of technological leadership in the era of the new industrial revolution is becoming the scale of demand that China has provided its products through monopoly control over the growing domestic market and the development of economic interconnection with the rest of the world. The implementation of the «One Belt, One Road», «China's Arctic Policy»; initiative contributes to the transformation of global value chains as a result of the emergence of new transport and energy corridors leading to China and funded by Chinese international financial instruments [14–22].

The aim of the study. Author's vision of the advantages of the arctic strategy of China and promising directions of Ukraine's participation in solving the strategic tasks of sustainable development of the region.

Analysis of the research. As we see the interest to the Far North arose in connection with global warming. According to American researchers, the temperature in the Arctic today is higher than at any other point in time over the past two thousand years. The Circum-Arctic Resource Appraisal



**Figure 1. Arctic Resources. UGCS. Arctic Oil and Natural Gas Potential [13]**

(CARA) evaluated the petroleum potential of all areas north of the Arctic Circle (66.56° north latitude); quantitative assessments were conducted in those geologic areas considered to have a 10% chance of one or more significant oil or gas accumulations. A significant accumulation contains re-

coverable volumes of at least 50 million barrels of oil and/or oil equivalent natural gas (Figure 1).

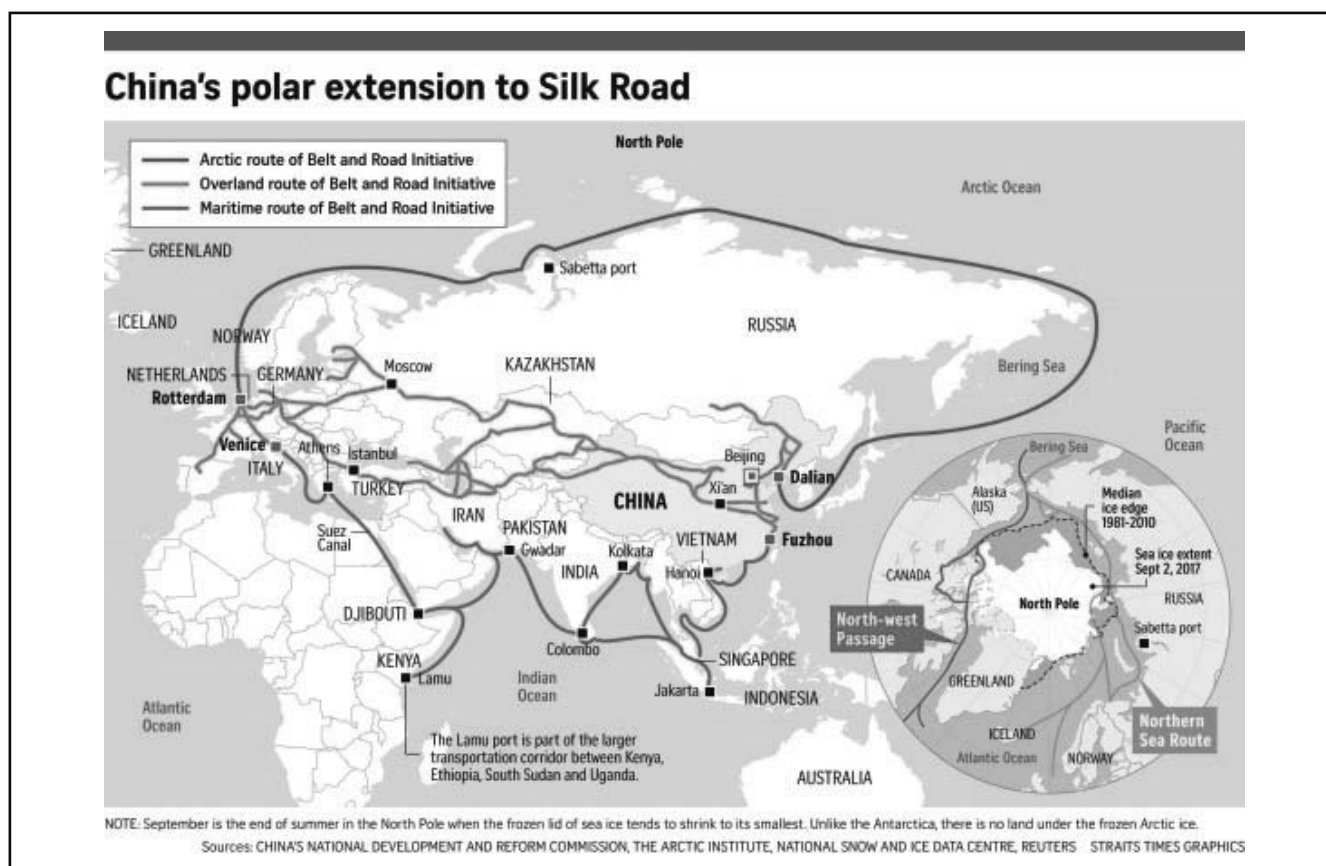
China's growing interest in co-developing Arctic oil and gas can be observed in several different parts of the region. In February 2013, the China National Offshore Oil Corporation (CNOOC) completed its

acquisition of the Canadian energy firm Nexen, despite internal debates within the Canadian government. The deal, worth 15.1 billion dol., solidified Chinese interests in the potentially lucrative oil sands of northern Alberta, but also resulted in a tightening of regulations in Ottawa regarding purchases of oil sands assets by state-owned enterprises out of concern that foreign governments would gain too much control over a primary Canadian resource. By 2014, Chinese firms had invested more than 30 billion in Canadian energy industries, but many of those business relationships were affected by operational delays and tepid initial profits [9]. The Silk Road Fund, established by China on December 29, 2014, holds a 9.9% share of the Yamal LNG project, a large liquefied natural gas project located in the Russian Arctic, while the China National Petroleum Company holds 20 percent, Novatek, Russia's second-largest natural gas producer, 50.1%, and French oil giant Total, 20%. If all goes well, the Yamal LNG Project could be a convincing example [2, 6–7, 9, 12, 15, 17–18, 22].

China's Arctic interest: 1925 China accedes to the 1920 Svalbard or Spitsbergen Treaty 1996 China joins the International Arctic Science Committee (IASC); Since 1999, China has conducted scientific expeditions in the Arctic with the 1994; Ukraine-built ice-breaker polar research vessel Xue Long (Snow Dragon); 2004 China builds the Arctic Yellow River Station (Huanghe zhan) in NyElesund/Spitzbergen; 2007 China expresses interest in gaining observer status in the Arctic Council; Iceland helped China gain «observer status» in 2013 and established a joint Arctic Research Observatory on the mid-Atlantic island country in November 2013; 2013 the cargo vessel Yong Sheng, operated by China's COSCO Group sails from Dalian in China to Rotterdam, marking China's first commercial transit through the North-east Passage off Russia's northern coast (see Figure 2); 2014 China issues a navigation guide to the Northern Sea Route region; 2015 five People's Liberation Army-Navy (PLAN) warships travel through US territorial waters off the coast of Alaska; 2016 COSCO sends five vessels through the Northern Sea Route; 2016 China releases a navigation guide for in the Northwest Passage off the coast of Canada; 2016 launch of the construction of the first Chinese-built nuclear-powered icebreaker; polar research vessel Xue Long 2 based on a Chinese-Finnish design; Its

13th five-year development plan of 2016–2020 includes a major programme to explore the polar regions; 2017 Xue Long crosses the Central Arctic Area for the first time; China's white paper on its Arctic policy of 26 January 2018 confirms that the region has significantly moved up China's foreign policy agenda during President Xi Jinping's first term of office (2013–2018); fast forward 10 months and a blue book edited by the Ocean University of China seeks to assess the country's level of participation in the governance of the Arctic, concluding that China now has become an «indispensable force in Arctic affairs.» The months between these two documents — and the year 2018 more generally — have greatly reflected this notion, with Chinese actors seemingly more confident in their ways of engaging in Arctic affairs. Consequently, last year was a year of several firsts that demonstrate China's regional commitment across a range of different sectors; on the bureaucratic front, the state restructuring that took place in March 2018 streamlined, among other things, China's polar agency for diplomatic purposes as the State Oceanic Administration was effectively dissolved. This led to the Chinese Arctic and Antarctic Administration (CAA) being placed directly under the new Ministry of Natural Resources (MNR). The MNR, in turn, is responsible for taking inventory of China's natural resource assets, on- as well as offshore. As for the polar regions, the ministry will carry out the «drafting of laws and regulations» and «formulate and organize maritime, deep sea, and polar strategies». Two internal departments, the Department of Maritime Economy and Strategic Planning and the Department of International Cooperation, have been set up to effectuate implementation. The latter department, which carries the alternative name of the Department of Maritime Rights, is assigned to guide work on matters concerning the polar regions, the high seas, and the seabed [21].

On January 26, 2018, the first edition of the White Paper «China's Arctic Policy» appeared. Prior to this, Beijing's priorities in the region were voiced by representatives of the Chinese political elite, who were distinguished by their restraint of language, or by experts, on whose side, on the contrary, there were many complaints, often badly correlated with the existing norms of international maritime law. Now, the White Paper at the conceptual level, affecting all areas that are to some



**Figure 2. China «Polar Silk Road» plan [13]**

extent related to the Arctic issues, proclaims the active positioning of China in the Arctic. So, China declares that the development of the situation in the Arctic goes beyond the region and the interests of exclusively Arctic countries and is of vital importance not only for extra-regional players, but world politics. Indeed, the thesis of the Arctic as a public domain is extremely popular among non-Arctic countries, although it is completely out of legal nature. It gives them the opportunity to justify their growing interests in the region related to the development and exploitation of its spaces and resources. A special argument is the statement about the climate-forming role of the Arctic, namely that the changes taking place here can affect a significant number of states. In particular, the melting of the Arctic ice will lead to an increase in the level of the oceans, which is fraught not only with the flooding of a number of island states, but also is capable of affecting the coastline of coastal countries. China, by the way, in this spirit, justifies its role in the fight against global warming and the need to participate in the development of decisions regarding the Arctic as a whole. Beijing's interests are not limited to shipping and the devel-

opment of mineral resources of the bottom and subsoil, they are also related to the harvesting of aquatic biological resources, the protection of the marine environment and its biodiversity, and scientific research. Perhaps the only thing omitted in the White Paper is the military-strategic importance that China places on the Arctic region. China considers itself as a state ready to be responsible for the development and improvement of the rules of behaviour in the Arctic, moreover, the control system of the Arctic region as a whole. The goal of such a system is extremely universalistic – to create conditions for the protection, development and management of the Arctic in the interests of all mankind. To this end, Beijing is ready to cooperate not only with the Arctic states, but also with all other countries and members of the global community, including international state and non-state institutions and organizations. In fact, this is an ambitious attempt to lead the process of activating extra-regional players, a camouflaged desire to play among them one of the leading roles in shaping the agenda. The document also sought to fold the «Polar Silk Road» – a predominantly China-Russian partnership established a year prior – into the

greater Belt and Road Initiative. Fast forward 10 months and a blue book edited by the Ocean University of China seeks to assess the country's level of participation in the governance of the Arctic, concluding that China now has become an «indispensable force in Arctic affairs». The months between these two documents – and the year 2018 more generally – have greatly reflected this notion, with Chinese actors seemingly more confident in their ways of engaging in Arctic affairs. Consequently, last year was a year of several firsts that demonstrate China's regional commitment across a range of different sectors. On the bureaucratic front, the state restructuring that took place in March 2018 streamlined, among other things, China's polar agency as the State Oceanic Administration was effectively dissolved (save for diplomatic purposes). This led to the Chinese Arctic and Antarctic Administration (CAA) being placed directly under the new Ministry of Natural Resources (MNR). The MNR, in turn, is responsible for taking inventory of China's natural resource assets, on – as well as offshore. As for the polar regions, the ministry will carry out the drafting of laws and regulations and formulate and organize maritime, deep sea, and polar strategies. Two internal departments, the Department of Maritime Economy and Strategic Planning and the Department of International Cooperation, have been set up to effectuate implementation. The latter department, which carries the alternative name of the Department of Maritime Rights, is assigned to guide work on matters concerning the polar regions, the high seas, and the seabed. This latter point was reflected in 2018's Arctic expedition, China's ninth. The voyage was the first polar voyage to be embarked on under the auspices of the MNR and, accordingly, largely coordinated by the MNR's First Institute of Oceanography (FIO). The expedition marked an evolution in how scientific research in the far North will be carried out in the future: one of the major objectives of last year's expedition was the installation and servicing of an expanding network of monitoring devices across the Arctic, indexing the natural resources; assessing the safety of operations in the polar regions; Numerical Weather Forecasting. All project are directed for China's participation in the governance of the Arctic, and help build the Polar Silk Road. The project, which will unfold in collaboration with various Arctic states, seeks to fill in

some of the gaps existent in environmental monitoring in the region. Environmental data and forecasts will, for example, be provided to vessels operating in the Arctic. However, one such example of cooperation, the Kiruna satellite receiving station in the north of Sweden, has already run into public relations issues as fears have been expressed over the station's potential for relaying military intelligence. A public relations win, on the other hand, was the splash made by the Chinese delegation at the Arctic Circle Forum in Reykjavik, Iceland. And as an encore, the Polar Research Institute of China (PRIC), together with their Icelandic counterparts, opened the China-Iceland Arctic Science Observatory in northern Iceland. While originally built as an aurora observatory, toward its completion it was decided to expand the facility's research purview to include glaciology, oceanography and other fields. The research station stands as a continuation of an already long-standing science collaboration between the two countries. It also stands as the first jointly-operated polar research station with involvement from China's polar research institute. Shipping and shipbuilding, as the nexus of China's interests in the Arctic [7].

At the tactical level, Beijing is expanding its presence and reach into the harsh polar regions – it recently opened bidding for a nuclear-powered icebreaker, which would represent a remarkable step forward in its development of polar capabilities. Although described as advancing Chinese polar research capabilities, this platform is widely perceived as laying the groundwork for Chinese nuclear aircraft carriers. China already operates the Xue Long (Snow Dragon) icebreaker, which completed a highly-publicized Arctic Rim circumnavigation in 2017. Another diesel icebreaker, the Xue Long 2, is under construction in Chinese shipyards [6–12].

Free-trade deals, investments in mining and infrastructure, and other ties have all proliferated, blurring the lines between political and economic domains and raising the prospect of a new mercantilism. In particular, Chinese courting of influence in Greenland and Iceland could impact the NATO-Russia balance of power [14]. China not only gained real access to modern Icelandic technologies of clean geothermal energy, it also gained leverage in Iceland itself. And this influence, as soon as Iceland heads the Arctic Council in 2019, will help strengthen the position of China. Iceland



was viewed as an ideal choice for one of Beijing's first set of developed country free trade negotiations due to the island state's small size and limited number of economic sectors, as well as its distinct position outside of the EU but linked to the EU Single Market through membership in the European Economic Area (EEA). The bilateral free trade talks began in 2006, well before China's current Arctic policies began to be solidified, and at that time much of Beijing's motivation for pursuing the agreement was to demonstrate its commitment to deeper economic engagement with Europe, especially in the wake of failed exploratory talks towards a possible China-EU free trade agreement earlier in the decade. The Iceland talks experienced a long pause between 2009 and 2012 as a result of Iceland's financial crisis (*kreppa*) in late 2008, as well as the July 2009 application from Iceland to join the European Union. Much of the international focus of Beijing's recent resource diplomacy has thus far been on Greenland, which has been greatly affected by recent climate change as evidenced by the melting of its vast Ice Sheet (*Sermersuaq*) and the uncovering of coastal lands that may be suitable for mining operations. These developments take place during a time where Greenland's future political status has been the subject of considerable debate. As part of the Kingdom of Denmark, Greenland achieved 'home rule' in 1979 and self-rule in 2009, with Denmark retaining the right to determine policy in the areas of Greenland's defence and foreign policy while the remaining political portfolios were transferred to the Greenlandic government. Greenland's small population (about 56,700) is largely dependent upon fishing and seafood as well as an annual subsidy provided by Copenhagen in addition to assistance with defence and maritime security. Under pro-independence governments, the island has been seeking alternative forms of income and a possible path towards greater sovereignty and eventual independence. The retreat of the ice sheet from these areas, while presenting serious environmental consequences, has opened up greater possibilities for extracting valuable metals, minerals and gemstones, including copper, gold, iron, nickel, platinum, titanium and zinc, along with diamonds and rubies. Moreover, the potential for a future mining boom in Greenland was the main issue during the election on the island in March 2013. The vote

saw the centre-left government of Kuupik Kleist, then-leader of the Inuit Ataqatigiit ('Community of the People') Party, fall to the Siumut ('Forward') Party led by Aleqa Hammond. Greenland Inuit – the people of the Far North, which has achieved broad autonomy. The Greenlandic Inuit (Greenlandic: *kalaallit*, Danish: *Grønlandske Inuitter*) are the most populous ethnic group in Greenland. Most speak Greenlandic (Western Greenlandic, *Kalaallisut*) and consider themselves ethnically Greenlandic. People of Greenland are citizens of Denmark. The Inuits of the Arctic organized The Inuit Circumpolar Council (ICC) (Greenlandic: *Inuit Issittormiut Siunnersuisooqatigiiffiat*), formerly Inuit Circumpolar Conference, is a multinational non-governmental organization (NGO) and Indigenous Peoples' Organization (IPO) representing the 160,000 Inuit (often referred to as Eskimo) people living in Alaska (United States), Canada, Greenland (Kingdom of Denmark), and Chukotka (Russia). ICC was ECO-SOC-accredited and was granted special consultative status (category II) at the UN in 1983. China's investment plans for Greenland are supported mainly by the ruling left-nationalist party of Greenland, Inuit Ataqatigiit, led by Kuupik Kleist, half Dane and leader of Greenland nationalism. Although the rest of the four political parties in Greenland do not support China's investment in turning the rare-earth metals rich in Greenland into one large mine for the production of smart phones.

But for Denmark, the United States remains a fairly acceptable investor. Greenland receives 20% of the budget in the form of payment for leased by the US military facilities. After Denmark joined NATO at the end of the 1940s, the United States limited only to military penetration permitted within the framework of cooperation. Denmark was never particularly happy about that, but was forced to endure. The United States turned a blind eye to the fact that Denmark often violated international law by not letting anyone in the Greenland territorial waters. The elite of the USA motivates its investment plans in Greenland with the need to increase combat efficiency and situational awareness. But recently, US plans have been announced to develop the resources of the Arctic shelf. China does not promise the Grenadines any significant budget revenues, but its investments have long-term prospects, which suits the island's population. Denmark also needs to invest in the island's economy, for which she herself does not have

enough money. In 2016, China almost succeeded in trying to buy a Danish naval base in Greenland, which previously belonged to the US. Denmark was ready to sell the base, which required high maintenance costs, but the American side dissuaded the country, so at the last moment Denmark promptly withdrew the offer. The authorities of Greenland made a compromise by choosing Denmark as an investor in the construction of new international airports in Nuuk, Ilulissat and Qaqortoq instead of China. In the EU, such facts of confrontation in the Arctic are worrying. On 27 April 2016 the European Commission published a joint communication on an integrated EU policy for the Arctic that proposes three priority areas: climate change and safeguarding the Arctic environment; sustainable development in and around the Arctic; and international cooperation on Arctic issues. On 20 June 2016, the Council of the EU adopted conclusions on EU Arctic policy. The European Economic and Social Committee (EESC) adopted an opinion on EU Arctic policy on 14 December 2016, with the Committee of the Regions (CoR) following suit with the adoption of its opinion on 8 February 2017. Finally, the European Parliament adopted a resolution on an integrated EU policy for the Arctic on 16 March 2017. In the case of the penetration of China into Greenland and its separation from the EU, the NATO system in the Arctic receives new challenges: in addition to Russia, such a large anti-NATO actor as China appears in the Arctic with its «Polar Silk Road» plan [20].

In the context of the EU regional policy was launched Barents cooperation on 11 January 1993 in Kirkenes, Norway, at a conference of foreign ministers who signed a declaration establishing. 2018 Barents cooperation celebrated its 25th anniversary. In 2018 Sweden also takes over the Presidency of the Council of the Baltic Sea States and the Nordic Council of Ministers, and will coordinate informal Nordic and Nordic-Baltic foreign and security policy cooperation ((BEAC). At the same time the county governors, together with representatives of the indigenous peoples, signed a protocol that established the Barents Regional Council (BRC). The objective of Barents cooperation is to strengthen peace, stability and sustainable development by improving opportunities for cooperation across the region's borders. In 2018 Sweden started the chairmanship in BAEC for a period of 2 years. The BEAC meets at Foreign Ministers' level

in the chairmanship country at the end of each BEAC chairmanship term.

China has no alternatives but to work with Russia: The Northeast Passage (NEP), controlled by Russia, and the Northwest Passage (NWP), controlled by the US and Canada, are China's only prospective maritime transportation routes across the Arctic Ocean. And Beijing's growing conflict with Washington purportedly makes the NEP the only viable option for Chinese vessels travelling to and from Europe. But Russia is not China's only potential partner in the Arctic. The PRC white paper clearly points to the fact that Chinese involvement there will be a multilateral, not a bilateral affair. Illustratively, Chinese initiatives since 2010 have evinced Beijing's interest in maintaining equally balanced ties with all Arctic governments (including, incidentally, South Korea and Japan for technological support) via the promotion of multi-national platforms for dialogue and cooperation as well as through various treaties and think tanks. Nordic countries have also expressed interest in cooperating with China in the Arctic. For example, Finland and China agreed that the two countries will intensify economic and technological cooperation in the fields of arctic marine industry. After the normalization of bilateral relations between Norway and China, it is expected that the two countries' Arctic cooperation will grow significantly. Although the Belt and Road Initiative does not include Nordic countries, Denmark, Norway, Finland, Sweden, and Iceland are members of the China-initiated Asian Infrastructure Investment Bank (AIIB) (Canada, another Arctic state, is a prospective member). The AIIB serves as a financing arm of the Belt and Road. By joining the AIIB, most Arctic states are able to collaborate with China's Belt and Road Initiative through this platform [1–22].

U.S. Secretary of State Mike Pompeo visited the NATO ally in the north Atlantic on February 2019, also to discuss security relations and China and Russia's growing presence in the Arctic. The brief visit to Iceland on his way back to Washington came after a short stop earlier in Brussels, where he met with the EU's top diplomat. The breakfast meeting with EU foreign policy chief Federica Mogherini came just a day after U.S. Vice President Mike Pence accused Britain, France, Germany and the EU as a whole of trying to evade U.S. sanctions on Iran. His visit comes amid increased interest in

the Arctic, which has big reserves of oil, gas, gold, diamonds, zinc and iron. Iceland sits in a «strategic place in the world», Pompeo said during his visit. It is obvious that United States planned to counter China and Russia's increased presence in the Arctic through the Arctic Council policy using Iceland's rotational leadership in May 2019. Pompeo said that the United States «deeply understands the geo-strategic challenges» that exist in the Arctic and the risks that are there and watched America's adversaries begin to deploy assets in a way that they believe will strategically disadvantage not only the United States, but Iceland and the European countries as well» [5;16;18]. It means that the management regime in the Arctic, which Beijing intends to improve, has long existed. It is based primarily on the provisions of general international law, as well as the treaty rules, in particular, codified in the framework of a key international agreement in this field – the 1982 UN Convention on the Law of the Sea. The latter plays for the Arctic, as for the entire World Ocean, the role of not only the original Constitution of the seas, but also the so-called «legal umbrella», under which more specifically fragmented legal regimes, often of regional significance, are formed. At the next level – the national legislation of the coastal, in this case – the Arctic, states. China recognizes two of the above levels of regulation – broad international and narrower regional. The only problem is that he de facto reduces the detailed regional level to a single agreement – the Treaty of Paris on Spitsbergen in 1920, of which he has been a member since 1925. But in relation to the Arctic, there are a number of agreements (the agreement on the polar bear; on the preservation of the northern Pacific fur seals, etc.), which have been fully working for more than a decade. In parallel with this, in the framework of the Arctic Council, the process of improving regional regulation is under way through new agreements (the Search and Rescue Agreement, oil spill response, scientific cooperation).

**Conclusions.** Unlike the Arctic states, China has no territorial sovereignty and related sovereign rights to resource extraction and fishing in the Arctic. Faced with very limited rights as a non-Arctic state, China has been eager to design strategies to bridge the widening gap between the legal and institutional constraints in the Arctic and its growing Arctic interests.

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