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Russia and China in the Arctic: Current Status and Prospects for Cooperation

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Abstract. The article provides an assessment of strategic interests of Russia and China in the Arctic. The purpose of the study is to analyze the current state of relations between Russia and China in the Arctic, to determine the prospects for further cooperation. The authors believe that this cooperation should be examined systematically, i.e. from three possible perspectives: economics, politics and society. A significant part of the Russian Federation's territory lies above the Arctic Circle, so its interests in the region have a long history. China positions itself as a “subarctic state”, and its interests in the region have become increasingly manifested over the last decade. In 2017, the countries announced their intentions to promote the alignment of the “One Belt, One Road” initiative and the EAEU and to link it with the Northern Sea Route project. Factors contributing to the convergence of the two countries' interests include: the deterioration of Russia's relations with the collective West, the increasing role of China in Russia's foreign economy and politics, and the growth of Russian hydrocarbon exports to China. The article provides examples of successful joint Russian-Chinese projects in the Arctic. The authors note that in the field of mineral extraction, successful joint initiatives include a project to drill two exploration wells in the Okhotsk Sea in the Magadan-1 and Lisyanskiy areas. The authors emphasize that there are no large infrastructure projects in the Russian Federation that are financed by Chinese investors, so the country is interested in Chinese investment for the advancement of infrastructure necessary for the development of the Arctic. Currently, cooperation between Russia and China in many areas is at its peak, and it is expected that the two countries will continue to deepen and diversify their interaction. At the same time, cooperation in the Arctic may become a central aspect of this interaction, as it is equally in the interests of both states.

Keywords: geopolitical interest, Arctic, China, deposits, oil and gas resources

Introduction

The deterioration of relations between Russia and the countries of the collective West, as well as China's reorientation from Western countries to Asian ones, have allowed both countries to build closer and mutually beneficial partnerships. In this regard, cooperation between Russia and China on Arctic development issues serves as further evidence of the rapprochement and strengthening of relations between the countries, not only in the political and security spheres, but also in the economic one. The Arctic, with its rich natural resources, is of particular interest to Russia, as Moscow seeks to intensify the development of its national resource base. In particular, Russia plans

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to develop energy production in the Arctic region and increase its supplies to China. For China, diversification of energy imports is extremely important, so the vast natural resource reserves in the Arctic are also of economic interest, but China is not limited to them. China is more interested in the prospect of developing a shorter and safer sea route for the delivery of its goods to Europe. As the world's largest trade exporter, China has an economic interest in reducing transportation costs and transit time. The Northern Sea Route, which runs along the coast of the Russian Arctic, connects Asia with Europe. The Arctic Ocean connects the Atlantic and Pacific Oceans. Currently, the average transit time via the Northern Sea Route is about 23 days, compared to 37 days via the Suez Canal. In this regard, the development of the NSR, as well as the logistics infrastructure in the Arctic, will speed up the transportation of Chinese goods to Europe, which is China's second largest trading partner, by 1.5–2 times.

Despite the common strategic interests of Russia and China in the Arctic, their cooperation is still very cautious and diplomatic. China does not hold a controlling stake in either of the two key LNG projects on the Yamal Peninsula in the Russian Arctic. Its share in Yamal LNG is 29.9%, while Russia's Novatek owns a controlling stake of 50.1%, and France's Total — 20%. In the Arctic LNG 2 project, China owns 20%, Novatek — 60%, Total — 10%, and the remaining 10% belongs to a Japanese consortium. It can be expected that upcoming Russian energy projects in the Arctic, located in close proximity to the existing Ob (LNG), Vostok (oil), Arktika-1 (LNG) and Arktika-3 (LNG) on the Yamal Peninsula, will attract various sources of capital, not only from China ¹.

Chinese investments in the Arctic were previously directed to the United States, Canada and Greenland. However, their dynamics slowed down in the 2010s as China gradually lost the trust of its partners due to a series of incidents, such as the bankruptcy of a Chinese zinc mine in Yukon, which led to an environmental disaster. Other initiatives, such as a \$230 million gold mining project in Nunavut and the purchase of an abandoned naval base in Greenland, were blocked as China began to be perceived as a security threat in the region. This prompted China to change the direction of its cooperation, strengthening its strategic alliance with Russia, which favored attracting Chinese investment to the region.

It is worth noting the development of joint investment funds, such as the Russia-China Investment Fund (RCIF). The fund supports projects in agriculture, logistics, high technology, ecology, and green energy. In particular, in 2024, the RCIF participated in the launch of several large agro-industrial clusters in the Russian Far East, focused on exporting products to China.

Over the past 10 years, Chinese-Russian cooperation in the Arctic has expanded significantly. Currently, it includes not only various joint ventures in the energy sector, but also infrastructure projects, military exercises, strengthening of diplomatic relations within the Arctic Council. In 2023, China invested in titanium mining in the Komi Republic, expressing interest in rare earth minerals. Other infrastructure projects, such as the Moscow-Kazan high-speed railway, were aimed at

¹ Prospects for cooperation among BRICS countries in the field of sustainable development of the Arctic region. URL: <https://as.arctic-russia.ru/upload/docs/2023/think-arctic-report-brics-rus.pdf> (accessed 04 March 2025).

expanding ties and cooperation in trade, investment, energy, and manufacturing. China and Russia signed a memorandum of understanding to strengthen cooperation in maritime law enforcement, with a particular focus on combating terrorism, smuggling, illegal migration, and protecting marine resources. Based on the above, it seems possible to conclude that bilateral cooperation will only expand in the short and medium term.

Literature review

The topic of Arctic exploration and development is highly relevant, as evidenced by the fact that more than 30 journal articles and research papers on various aspects of economics have been directly related to it. A large number of works are also presented in the scientific journal *Arktika i Sever* (Arctic and North), which has been covering political, economic, social and international issues in the Arctic since 2011. The Russian Arctic has enormous resources and infrastructure facilities that are important for international relations, which, in turn, are attracting increasing interest from investors, especially major players in the global market such as China and India. Therefore, the issue of the Arctic's investment potential has gained momentum, especially during periods of sanctions pressure on Russia in the financial and commodity sectors.

An analysis of previously published works on the development of the Russian Arctic allows us to identify the following areas for further study and research on this topic:

- developing the use of the Arctic region's resource base to diversify Russian economic growth [1, p. 95–107];
- increasing the competitiveness of the Northern Sea Route (hereinafter referred to as the NSR) as a significant logistics route [2, pp. 513–514];
- protecting the Arctic environment, preserving the habitats and way of life of local residents [3, pp. 513–516];
- increasing the attractiveness of Russia's Arctic regions as places of permanent residence [4];
- attracting partners for the development of shipbuilding in the Arctic region [5, pp. 99–100];
- increasing the attractiveness of the Arctic regions for tourism development [6, pp. 198–199];
- developing an investment policy aimed at increasing investment attractiveness of the Arctic region [7];
- features of scientific diplomacy in the Arctic under the sanctions pressure of the collective West [8, pp. 3–5].

With regard to the above-mentioned areas, the following can be noted. Thus, Irina Strelnikova, Candidate of Economic Sciences, emphasizes in her work that the issue of potential partners interested in the investment and infrastructure development of the NSR, namely China, India, and the UAE, deserves special attention. This is why the author of the article suggests paying attention

not only to the NSR, but also to the international “North — South” transport corridor, where, if the northernmost point of the corridor is extended to Murmansk or Arkhangelsk, the volume of cargo traffic passing through the NSR will increase sharply, connecting the NSR with the “North — South” corridor. In addition, the attractiveness and efficiency of the “North — South” transport corridor itself will increase [9, pp. 99–102]. The author also pays attention to problems related to investment: the unpreparedness of the engineering infrastructure for the possible negative consequences of global climate change processes, the inadequacy of the transport infrastructure, the lack of equipment and highly qualified specialists [9, pp. 104–105]. For this reason, the author proposes establishing strict requirements for infrastructure facilities, equipment, and control, as well as adopting a unified federal law on the Arctic [9, pp. 104–106].

The work of economists D.V. Timofeeva, N.E. Bychkova, and M.P. Moseev highlights the special role of China as the main investor in the development of the Russian Arctic. Cooperation between Russia and China in the Arctic region is of great strategic importance for both countries. They are major players in this region and have a common interest in developing its resources, transport routes, and scientific research. At the same time, in order to achieve success in further cooperation, it is necessary to understand mutual interests and seek balanced solutions [2, pp. 517–518]. The authors also emphasize the importance of the negative consequences that may arise from resource development in the Arctic. They propose developing transparency and interaction between countries for successful cooperation in the Arctic region [2, pp. 517–518].

Let us consider in detail the views of leading scholars in this field. The author [1] concludes that the Arctic has everything necessary for development and cooperation. This region is open to investments, and the Russian government is striving to create conditions for the implementation of numerous projects (including those involving BRICS countries) that will contribute to the region’s development [1, pp. 95–98]. One of the main areas for foreign investment is the development of the Arctic’s transport and logistics potential through transport corridors (the NSR, the North — South corridor, the Belkomur, the Northern Latitudinal Railway, the Barentskomur). This will not only improve infrastructure connectivity across the Eurasian continent, but will also facilitate cooperation between CIS countries in this space [1, pp. 95–107].

The authors of the article [3] focus on LNG projects, which will contribute to Russia’s increased competitiveness in the global market of LNG producers and exporters. They emphasize the need to attract foreign investors and technology partners due to the capital-intensive nature of these projects. The article notes the significant influence of China as a major financial sponsor of Russian LNG projects, which has a huge interest due to its growing demand for energy resources and diversification of suppliers, as well as its desire to generate income [3, pp. 12–16].

In the work [5], the author focuses on the environmental policies of Russia and China in the Arctic, their pros and cons. The article proposes that the State Commission for Arctic Development should be given supervisory functions, or that a specialized state body should be established with the authority to formulate and implement environmental policy in the Arctic and monitor the

implementation of planned measures, as well as to adopt a federal law “On the Arctic Zone of the Russian Federation” [5, pp. 130–139].

In the article [4], the authors examine areas of cooperation between Russia and China (sustainable development, polar tourism), as well as new opportunities for partnership during Russia’s chairmanship of the Arctic Council (the Snezhinka international Arctic station, the Russian Arctic National Park). The authors also highlight several challenges in developing new areas: the atmosphere of escalating militarization, which will inevitably affect the development of the Arctic region [4].

Based on the analysis of previously published works, it can be noted that there is a need to improve investment policies in Arctic regions aimed at increasing the region’s investment attractiveness, attracting long-term investments, including foreign ones, into transport projects, and reducing political and economic risks during their implementation [10, p. 125].

The purpose of this study is to assess the strategic interests of Russia and China in the Arctic, as well as to analyze the current state and prospects for bilateral cooperation in the region.

Research methodology:

- The analytical method is used to study the factors contributing to the convergence of the two countries’ interests in Arctic exploration. This method is important for analyzing projects in the mineral extraction sector, such as the two exploration wells in the Okhotsk Sea in the Magadan-1 and Lisynskiy areas, where the Russian companies Magadanmorneftegaz, Lisynskmorneftegaz, and joint ventures between Rosneft and Statoil ASA are successfully cooperating with China Oilfield Services Limited (COSL);
- The economic methods are used to forecast the prospects for cooperation between Russia and China in the Arctic, as well as to assess the strategic interests of both countries. The authors pay particular attention to the study of statistical material and its processing to confirm the conclusions made in the article;
- The generalization method is used to identify examples of successful implementation of joint Russian-Chinese projects in the Arctic, as well as to describe various areas of cooperation between the countries.

Results and discussion

This research article provides an assessment of the strategic interests of Russia and China in the Arctic and an analysis of the current state and prospects of bilateral cooperation in the region. The authors focus on the economic, political, and social impacts of this cooperation, while noting the threats to the Arctic’s natural heritage, climate, and biodiversity due to active development and intensified economic activity.

Russia owns a significant part of the territory beyond the Arctic Circle, and its interests in the region have a long history. China positions itself as a “subarctic state”, and its interests in the region have become increasingly manifested over the last decade. Since Xi Jinping became the president of China, the “One Belt, One Road” strategic initiative has emerged. In this context, cooperation

between Russia and China in the Arctic seems promising, despite its relatively short history. Initially, Russia was cautious about China's presence in the Arctic, but the introduction of Western sanctions prompted Russia to intensify and expand its partnership with China. Joint research in the Arctic was no exception. In 2017, the countries announced their intentions to promote the alignment of the "One Belt, One Road" initiative and the Eurasian Economic Union (EAEU), as well as to link this initiative with the Northern Sea Route (NSR).

This research identifies factors contributing to the convergence of the two countries' interests in Arctic exploration: the deterioration of Russia's relations with the collective West, the strengthening of China's role in Russia's foreign economy and politics, and the growth of Russian hydrocarbon exports to China. China is gradually becoming the leading consumer of Russian gas and oil. Joint cooperation in this area was marked by the Yamal LNG and Arctic LNG 2 projects, significant for both countries, in which China has become the largest minority shareholder, providing financial resources and equipment for capital-intensive and technologically complex production.

Historically, the Arctic has represented a model of cooperation among the eight circumpolar countries. However, in 2022, Canada, Denmark, Finland, Iceland, Norway, Sweden, and the United States issued a joint statement announcing the suspension of cooperation with Russia within the Arctic Council. As a result, Russia began strengthening new partnerships for the region's development.

The article explains in detail the background and factors driving the interest of Russia and China in the Arctic region. Since the early 2000s, Russia has been actively elaborating the Strategy for the Development of the Arctic Zone. Currently, the priority of state policy in the region is regulated by the Presidential Decree of March 5, 2020, which outlines the main directions of Arctic development until 2025, such as ensuring Russia's sovereignty and territorial integrity, maintaining peace and stability in the region, mutually beneficial cooperation, ensuring a high standard of living for the region's population, developing and rationally using the resource base, protecting the environment, preserving the cultural heritage of indigenous peoples, and developing the Northern Sea Route as a new transport artery.

The authors note the importance of the region for the Russian economy. The Arctic is rich in mineral resources. It produces 90% of Russia's nickel and cobalt, 60% of copper, more than 96% of platinum group metals, and about 80% of gas and 60% of oil [10, p. 201]. The region accounts for more than 10% of the country's GDP and 20% of its exports. The authors predict further growth in these indicators.

China's strategy in the Arctic is similar to its strategy in other regions of geopolitical interest to Beijing, based on the use of "soft power". The authors provide economic justification for the importance of Arctic development for China. Since 2015, China has been actively building relations with Russia on the development of the Arctic and the Northern Sea Route (NSR) – the Ice Silk Road. The NSR is safer than, for example, the Suez Canal, located along the Horn of Africa, where piracy is common, or the Strait of Malacca, controlled by the United States of America (USA). Moreover, the

use of the alternative NSR is advantageous due to the absence of queues for ships passing through the route, compared to traditional routes through the Indian Ocean ².

The authors emphasize that the Northern Sea Route occupies a central place in the development of the Arctic. This shipping route could compete with the Panama and Suez Canals.

The article provides examples of successful joint Russian-Chinese projects in the Arctic. The authors note that in the field of mineral extraction, successful joint initiatives include a project to drill two exploration wells in the Okhotsk Sea in the Magadan-1 and Lisyanskiy areas, where Russian companies Magadanmorneftegaz, Lisyanskorneftegaz, and joint ventures between Rosneft and Statoil ASA are successfully cooperating with China Oilfield Services Limited (COSL). Another successful example is the project involving the use by the Russian company Gazprom Geologorazvedka of the semi-submersible drilling platform (SSDP) Nanhai VIII, which belongs to the Chinese oilfield services company COSL ³.

However, not all energy cooperation projects are successful. Arctic LNG 2 is an example of a failed project. In April 2019, two major Chinese oil companies agreed to acquire a combined 20% stake in the project, instantly making Beijing Arctic LNG 2 the largest investor. However, in December 2023, CNPC and CNOOC withdrew from the project in response to sanctions from the United States. Despite withdrawing from the project, the Chinese companies continued to supply gas turbine equipment and other technologies for it.

In the field of NSR development, the Chinese company China COSCO SHIPPING Corporation Limited, together with the Silk Road Fund and the Russian company Sovcomflot, agreed to establish the Marine Arctic Transport (MAT) company. MAT's activities will be focused on building ice-class tankers and ensuring the safe year-round transportation of LNG from NOVATEK's natural gas liquefaction facilities in the Arctic ⁴.

This research paper emphasizes the importance of not only oil and gas resources, which are of particular interest to China, but also of polymetals, namely the Baimskoe deposit in the Chukotka Autonomous Okrug, currently being developed by the Kazakh company KAZ Minerals. This deposit contains significant copper and gold reserves, which is of great importance to China, interested in supplying concentrate ⁵.

The authors emphasize that there are no major infrastructure projects in Russia that are financed by Chinese investors, so the country is interested in Chinese investments in order to create the infrastructure necessary for the development of the Arctic.

² Raduyko A. China's interests in the Arctic. URL: <https://russiancouncil.ru/blogs/adelina-raduyko/interesny-knr-v-arktike/> (accessed 04 March 2025).

³ Russian-Chinese cooperation in the field of sustainable development. URL: <https://as.arctic-russia.ru/dl/analytics/russian-chinese-cooperation-in-the-field-of-sustainable-development-ru.pdf> (accessed 04 March 2025).

⁴ Pryakhin V. Russia and China in the Arctic: an example of constructive cooperation. URL: <https://russiancouncil.ru/blogs/vpryakhin/rossiya-i-knr-v-arktike-primer-konstruktivnogo-sotrudnichestva/> (accessed 04 March 2025).

⁵ Raduyko A. China's interests in the Arctic. URL: <https://russiancouncil.ru/blogs/adelina-raduyko/interesny-knr-v-arktike/> (accessed 04 March 2025).

At the same time, increased economic activity is driving climate change in the Arctic. Global warming has affected the Arctic region more noticeably and significantly than any other place in the world.

On the one hand, the extraction, processing and logistics of minerals, shipping and fishing, and various types of tourism contribute to the socio-economic development of the Arctic region.

On the other hand, the intensification of these activities entails both environmental and social problems. In this regard, it seems appropriate to consider the need to preserve the unique and extremely vulnerable natural landscape of the Arctic, which will undoubtedly have a positive impact on the quality of life of the region's indigenous peoples, an important component of sustainable development.

The authors emphasize that protecting the environment of the Arctic region is an important task for Russian-Chinese cooperation. China accounts for about 30% of global carbon dioxide emissions, which is a major factor in global warming. In this regard, joint work on the development and use of modern technologies is a key tool for the potential resolution of the growing environmental crisis in the Arctic.

Russia and China are actively developing scientific and cultural cooperation on Arctic issues, but their practical benefits have not yet been particularly noticeable. Despite periodic conferences, roundtables among scientists, experts, and students, as well as joint expeditions to the Arctic, these initiatives do little to significantly deepen Sino-Russian cooperation on regional issues in practice. China fulfils Russian technological orders for energy projects in the Arctic and imports energy resources from the region, but it is very cautious in its investments in Russian Arctic initiatives due to fears of sanctions from the United States.

It is also worth noting that China is trying to maintain cooperation with other Arctic countries. Having become an observer in the Arctic Council, China is looking for opportunities to expand cooperation not only with Russia, but also with other countries in the region, including Iceland and Norway. In an effort to maintain the balance of power in the region, China continues to strive for the internationalization of Arctic projects and is committed to a multilateral approach to the region's development.

Conclusion

The authors of the study emphasize that rapprochement between Russia and China in the Arctic is in the interests of both countries. The ongoing deterioration of Russia's relations with the West and the worsening of US-China relations are complicating China's cooperation with Arctic states, thereby creating a solid foundation for a long-term partnership with Russia.

The authors note China's strategic interest in the region's energy resources due to growing demand and the need to diversify supplies, as well as to obtain profit in the form of a return on investment. Due to its cooperation with China in the region, Russia has the opportunity to attract

the necessary equipment and technology for the development of the Arctic. At the same time, protecting the Arctic environment is an important task for Russian-Chinese cooperation.

The authors conclude that cooperation between Russia and China is currently at its peak and believe that further deepening and diversification of interaction between the two countries will continue. Cooperation in the Arctic region could become a central aspect of this interaction, as it serves the interests of both countries equally.

The authors make a forecast that cooperation of Russia and China in the Arctic will expand and deepen, clearly reflecting the general trend of strengthening Russian-Chinese strategic ties.

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