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# China in the Arctic: Is it all about energy?

Arild Moe

Bellona Arctic seminar  
Tromsø, 21 January 2015

# China in the Arctic – A relatively new phenomenon

Increased attention after 2000

- Ice melting
- Resource expectations

Politically:

- 2007 Flag planting
- 2008 Illulissat

China:

- 2009: Application to Arctic Council
- China as a global actor



# Tempting opportunities for the world's largest trading nation

- Shorter distances
- Less time
- Reduced fuel consumption
- Less ice – improved navigation conditions



# Expansive predictions

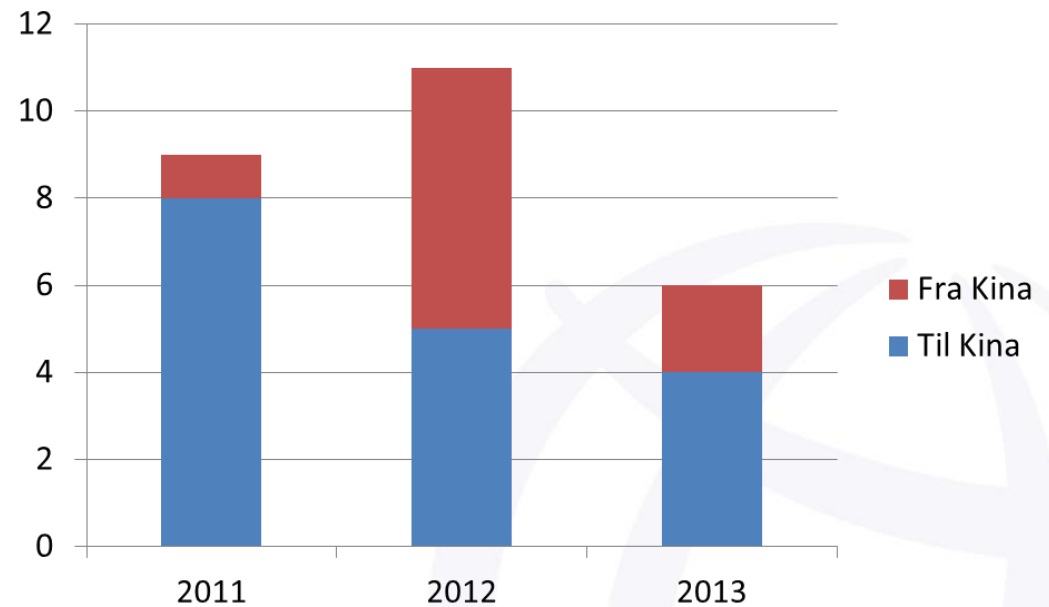
- 5-15 per cent of China's international trade in 2020!
- 17 million TEU in 2030!
  - Not plans, but model exercises
- Assumptions:
  - Capacity constraints in Suez
  - Annual growth in China 8%
  - Technological progress cutting costs
  - All year traffic on NSR



# Still early days



## Voyages to/from China on NSR



# Increased understanding of limitations

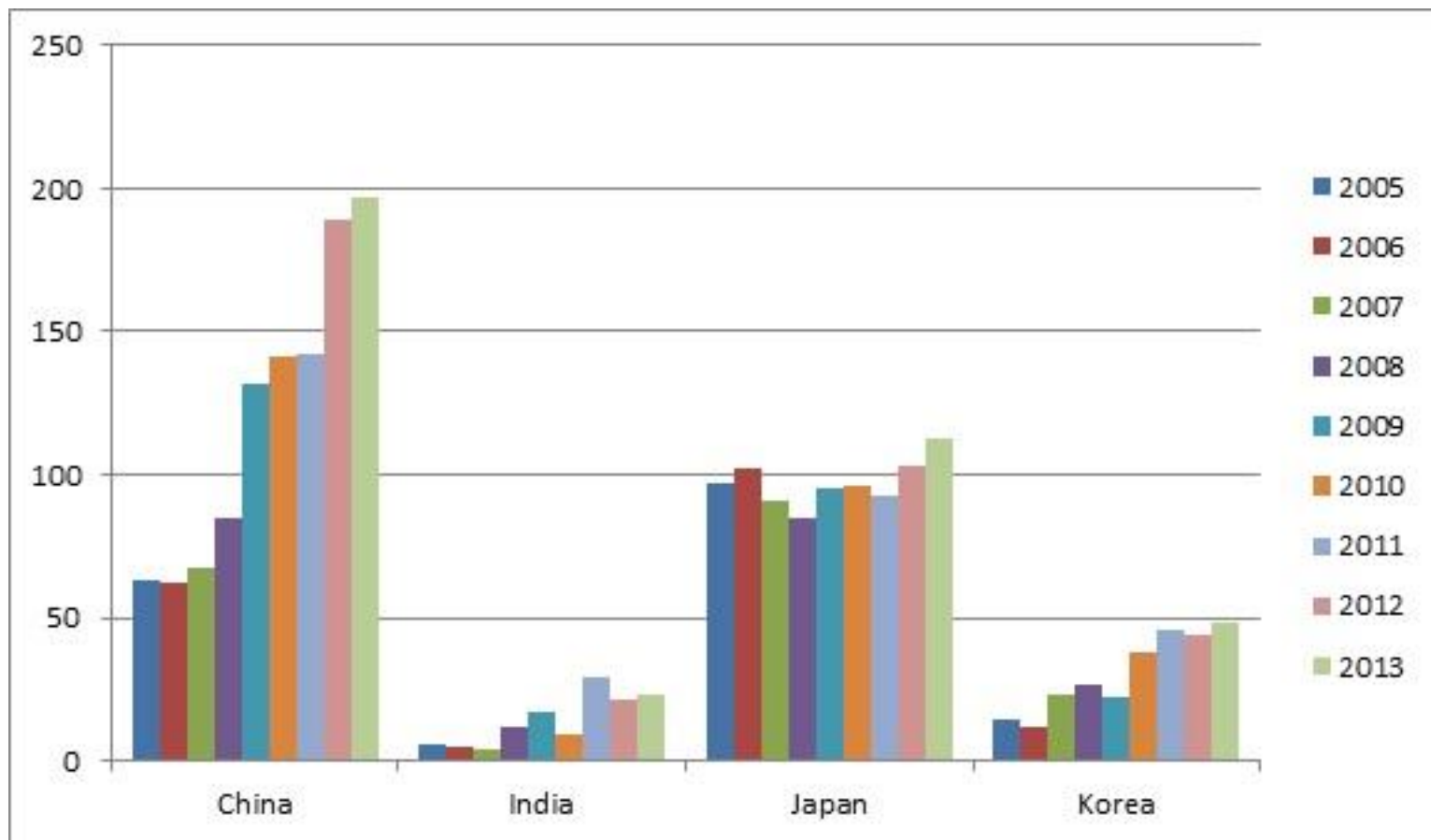
- Construction and operational costs
- Size limitations
- Ice: Low predictability
- Seasonal limitations
- Commercial conditions and Russian infrastructure



# Science or politics?



# Publications – Arctic issues



*Published peer-reviewed articles. Source: Iselin Stensdal, FNI, 2014*

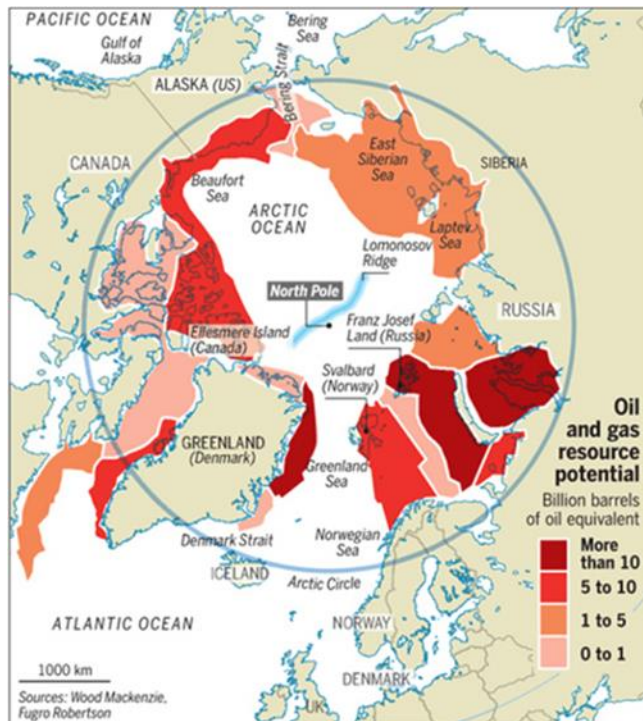


# Polar and climate research

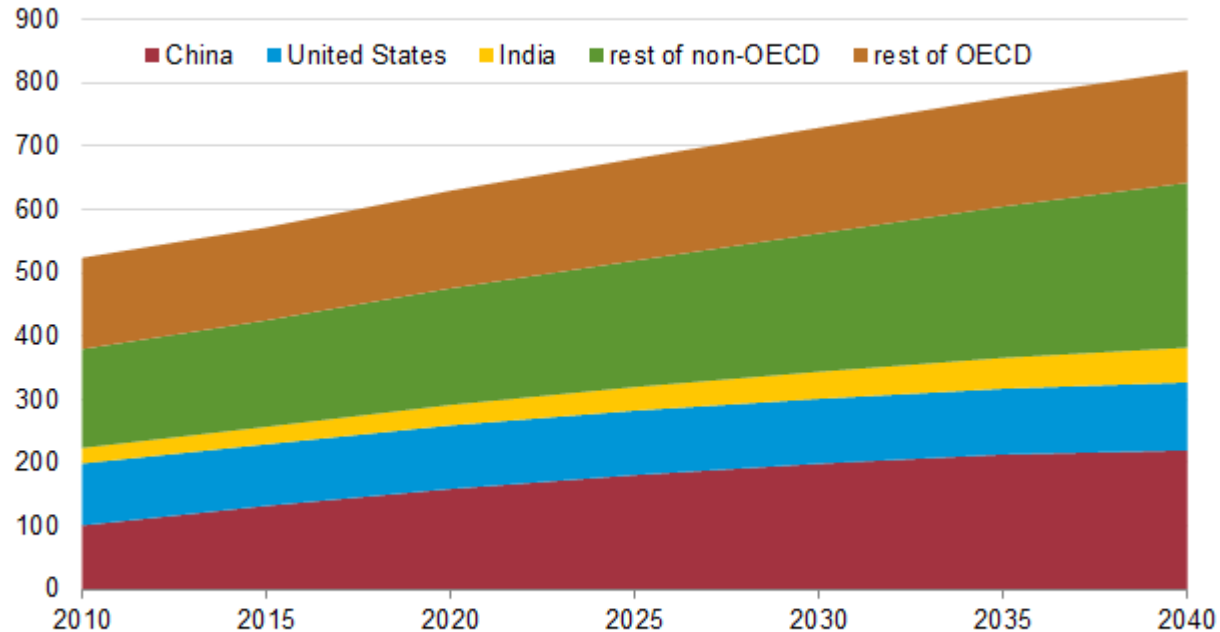
- General growth in research
- Antarctica dominates polar research
- High share of co-authorships
- Arctic research dominated by climate research
  - Can climate science give input to policy?
- National pride
  - as elsewhere



# How important is Arctic energy for China?



Global primary energy consumption  
quadrillion british thermal

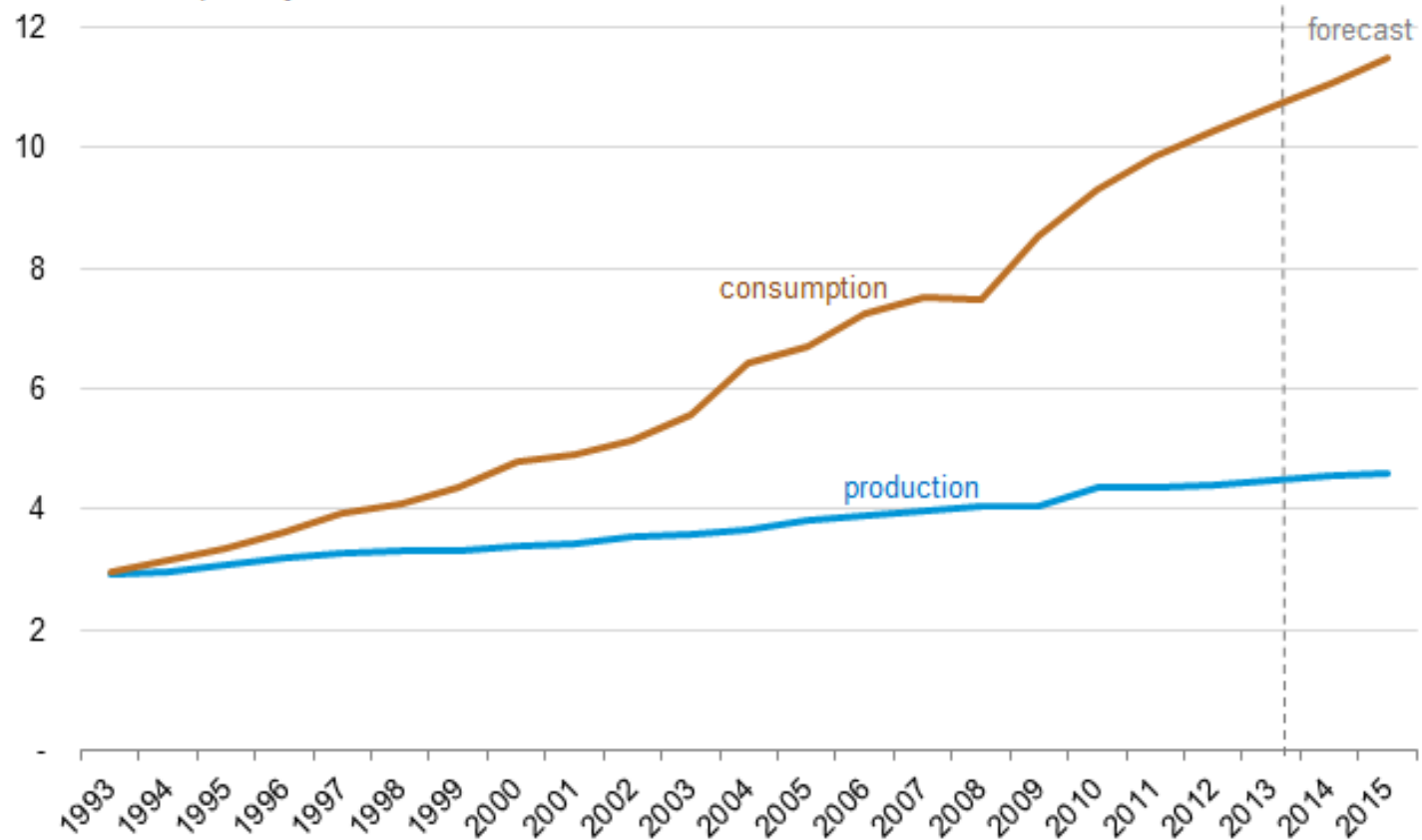


Source: U.S. Energy Information Administration, *International Energy Outlook*, 2013.



## China's oil production and consumption, 1993-2015

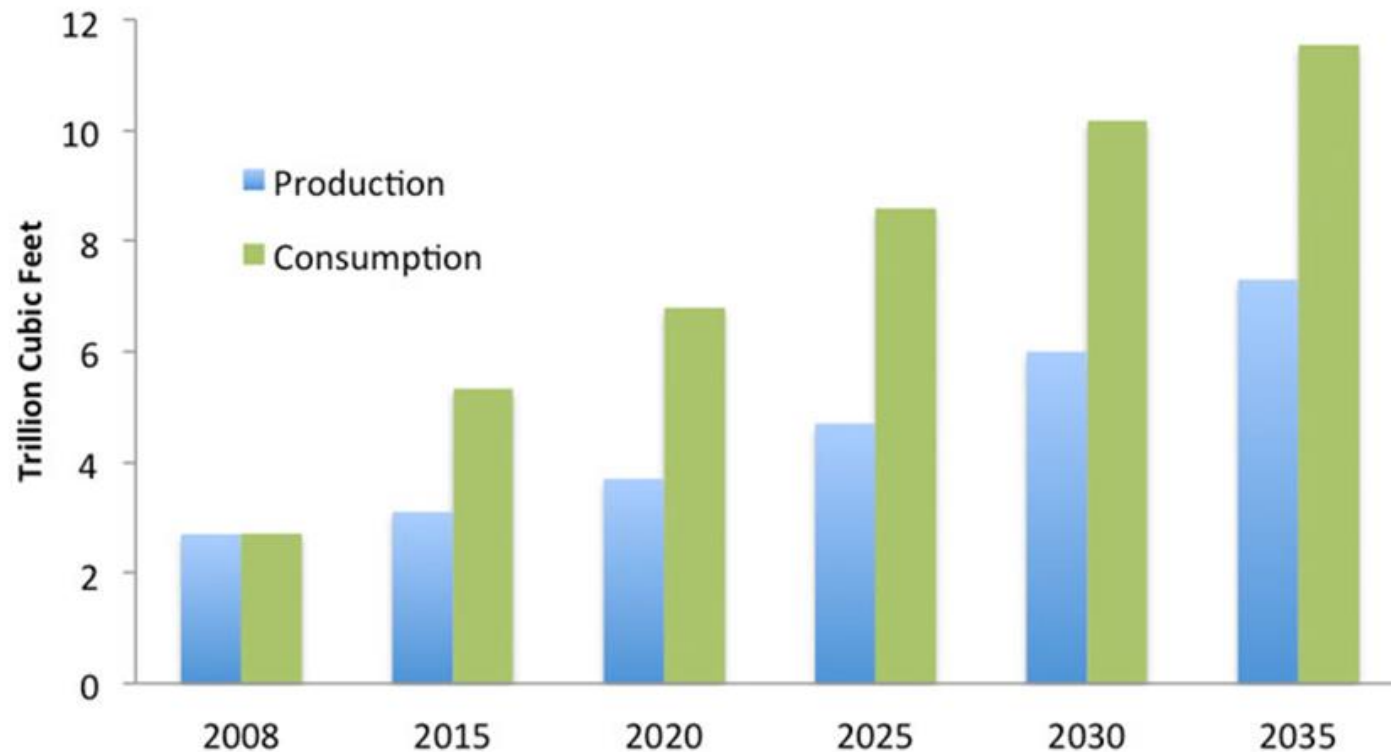
million barrels per day



Source: EIA *International Energy Statistics and Short-Term Energy Outlook*, January 2014.

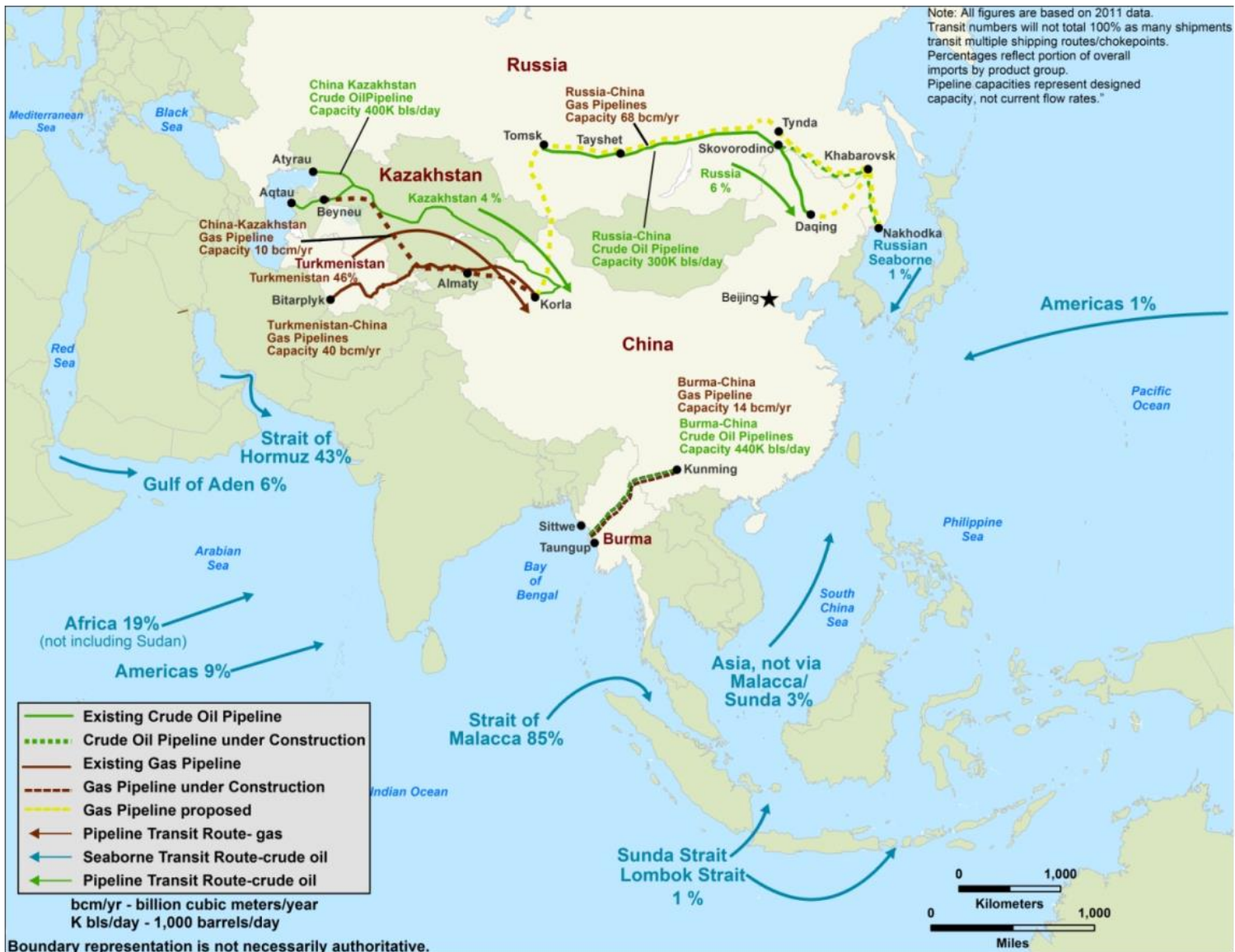


## China Natural Gas Production and Consumption



Source: U.S. EIA- International Energy Outlook 2011





Source: U.S. Department of Defense



# Concrete investments?



- Yamal LNG – CNPC 20%
- Barents Sea
- Vankor

Supply or demand driven participation?



# Arctic energy: An addition – not a major alternative

- Emergence of new gas suppliers
- Less strained oil market, more sources
- Increased understanding of costs and complexity in the Arctic
  - Independent roles offshore unrealistic
- Long lead times: Who will invest?
  - Mature projects rather than exploration



# Summing up

- Observer status in AC – a goal in itself
  - Less political energy now?
- No official Chinese Arctic strategy
- China's 'expansion' in the Arctic must be explained by
  - Increasing global role,
  - Domestic processes and needs
  - global developments affecting China
- Not a strong focus on the Arctic per se.



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