

X. Guan

Professor and Executive Vice Dean,
Renmin University of China, Beijing, China

M. Liu

Master of International Affairs,
University of California at San Diego, La Jolla, CA, USA

THE “ICE SILK ROAD”: CHINA AND RUSSIA’S NEW EXPLORATION OF GLOBAL ECONOMIC GOVERNANCE

Abstract. In November 2017, China and Russia officially announced the concept of cooperation between the two countries to carry out the “Ice Silk Road”. In January 2018, the "China's Arctic Policy" white paper was released, and the "Ice Silk Road" was widely concerned by all countries in the world. The "Ice Silk Road" is a common product of the changes in natural conditions in the Arctic region, the inherent needs of economic development along the line, and China's active responsibility for global economic governance. It has important strategic significance and economic value. It has a far reaching effects on global shipping pattern, energy pattern and the world economic layout. At the same time, the "Ice Silk Road" will give China and Russia a new model and new role in global economic governance.
Keywords: the “Belt and Road Initiative” (BRI), the “Ice Silk Road”, Global economic governance, the Arctic Route

I. The background, historical basis and construction status of the "Ice Silk Road"

On July 4, 2017, when President Xi Jinping met with Russian Prime Minister Dmitry Medvedev in Moscow, he clearly put forward the concept of "Ice Silk Road". Xi Jinping said that it is necessary to carry out cooperation along the Arctic Route, jointly build the "Ice Silk Road" and implement the relevant interconnection projects. In May 2017, Russian President Vladimir Putin proposed at the Belt and Road Forum for International Cooperation (BARF) that he hoped that China could connect the Arctic Route with the “Belt and Road Initiative”. Since then, President Xi Jinping has twice proposed to build the "Ice Silk Road" when he met with Medvedev in Moscow and Beijing. In January 2018, China released the white paper on China's Arctic Policy, proposing that China is willing to rely on the development and utilization of the Arctic Route to build the "Ice Silk Road" with all parties.

The Arctic has a unique natural environment and abundant resources, and most of the sea is covered by ice all year round. In recent years, with the global warming, the temperature in the Arctic has risen, and the ice and snow have accelerated melting. The strategic significance and value of the Arctic in the fields of international shipping, energy exploitation and economic development have become increasingly prominent. Especially in the context of today's economic globalization and regional economic integration, the value of the Arctic in terms of strategy, economy, scientific research, environmental protection, waterways, resources, etc. has rapidly increased and has received widespread attention from the international community. From the development willingness and early efforts of major players such as China, Russia and the Arctic Circle countries, the “Ice Silk Road” has a relatively deep historical foundation.

As the proponent and important builder of the "Ice Silk Road", China has been actively involved in the governance of the Arctic since 1999 and has been deeply involved in the exploration, development and construction of the Arctic, making important contributions to the development of the Arctic region. China has achieved fruitful results in the development and construction of the Arctic through a series of high-frequency scientific investigations, the construction of a multidisciplinary observing system, the holding of the Arctic Science Summit, and the active exploration of commercial use of the Arctic Route.

The proposal and construction of the "Ice Silk Road" not only respects the objective facts of the natural environment changes in the Arctic, but also has a high degree of forward-looking and foreseeability. The future of the "Ice Silk Road" is likely to become a new channel for international trade, a new link for world economic ties, a new carrier for international economic exchanges, and a new paradigm for China's participation in global economic governance in the new era.

Russia's interest in the "Ice Silk Road" is even stronger. In recent years, due to the joint economic sanctions of the United States and Europe, the low oil prices and the slow transformation of its economic structure, the Russian economy has not yet seen a major improvement. Insufficient funds have severely constrained Russia's development and construction of the Arctic Route. Russia needs a partner like China that can provide sufficient funds. Therefore, on many occasions, Russia expresses its willingness to cooperate and hopes to jointly build the Arctic Route.

The Nordic Arctic countries have also proposed the "Arctic Corridor" plan. Finland, Norway and other countries plan to invest at least 3 billion euros to build a railway line from the European interior to the Gulf of Kirkenes in the northeast of Norway via the Finnish capital Helsinki. There, it will meet with the "Ice Silk Road". This also means that the status of Nordic in the Eurasian logistics channel will change from the current "end" to the "gateway". The transformation of this role will have far-reaching implications for the economic development of the Nordic countries. In addition, China and Iceland signed the "Memorandum of Understanding on China-Iceland Ocean and Polar Science and Technology Cooperation" in 2012. Finland is also eager to connect the "Ice Silk Road" with the "Arctic Corridor" plan, making it the hub country between Arctic and Eurasia.

It should be noted that the "Ice Silk Road" is still in the early stage, both conceptually and concretely. There is still a long way to go, but there is no shortage of successful models of cooperation among countries. Russia's Yamal LNG project is one of the representative achievements, which is the largest international energy cooperation project between China and Russia in the Arctic region. With the continuous advancement of the construction of the "Ice Silk Road", China and Russia will form more cooperation points, intersections and support points to promote the development of the Arctic Route and the economic development along the Northern Sea Route (NSR).

II. Several key points for participating in the global economic governance with the "Ice Silk Road"

From the beginning of the launch, the "Ice Silk Road" needs to be considered integrally based on the resource endowments of the countries involved, the advantages of China and Russia, and top-level planning and design in the shipping pattern, energy pattern and industrial structure.

a) Opening up a new pattern of world shipping economy

As a brand new trade shipping route, the "Ice Silk Road" will break the original global shipping pattern and create a new economic and trade system. It has great significance for China, where more than 90% of the goods trade depends on maritime shipping.

First, it will help shorten the shipping voyages between China and EU countries. The economic and trade exchanges between China and the EU countries need to pass through the Straits of Malacca, the Indian Ocean and the Suez Canal on the traditional route, which is much further than the Arctic Route in terms of route distance. Therefore, the Arctic Route has obvious advantages that it can connect Nordic, Eastern Europe and Western Europe within the shortest distance.

Second, it could effectively reduce shipping costs. According to estimates, if the Northern Sea Route (NSR) of the "Ice Silk Road" is fully used by 2020, it will save 50 billion to 120 billion US dollars annually for global trade and shipping.

Third, the safety of the "Ice Silk Road" has greatly improved compared with the traditional route. China's traditional maritime route to Europe is going through Western Asia, South Asia and other regions. These areas are frequently war-torn and pirate-stricken. The Arctic Route is very close to the land and mainly passes through the northern Russian seas, which has raised a lot of safety. In addition, compared with traditional international waterways, it is less affected by geopolitical conflicts and competition for sea powers by big powers. The factors such as low fuel, low freight, short queue time and high safety make the "Ice Silk Road" have important strategic significance and economic value. If it can be successfully developed and used, it will be expected to break the existing global shipping and trade pattern and change today's global shipping and trading system. Whether it is for China or for Russia and the Nordic countries, it means opening a new era of shipping economy.

b) Building a new map of the energy economy

The energy economy is one of the important themes of the "Ice Silk Road", and the promotion of the "Ice Silk Road" will build a new map of the world's energy economy.

First, the Arctic region is rich in resources and has enormous mining value and space. In the context of the global energy shortage, the huge resources of the Arctic region, if effectively exploited, will hopefully change the world energy landscape. Related studies have shown that unexplored oil and gas resources in the Arctic account for 22% of the world's undiscovered oil and gas resources, including 30% of undiscovered natural gas and 13% of the world's oil, and most of them are located at less than 500 meters deep shore. In the context of increasing global energy shortages, if the vast resources of the Arctic region can be effectively exploited, the world energy landscape will be fundamentally reconstructed.

Second, the "Ice Silk Road" will boost the development of energy economy in the Russian Arctic region. At present, the Arctic region has become the main producing area of Russian oil and gas resources. According to Russian data, oil extracted in the Arctic has accounted for 12% of its total oil production, while extracted natural gas accounts for 85% of all natural gas production. The Russian Ministry of Natural Resources believes that the energy potential of the Arctic region has not been fully utilized. In the context of the exhaustion of traditional Russian oil and gas production bases, Russia has planned large-scale energy development projects in the Arctic. Although Russia's population in the Arctic region is currently only a little more than 1%, but the gross national product is more than 11%, and exports exceed 50%, the Arctic region has become an important economic activity zone in Russia.

Third, the "Ice Silk Road" is an important practice for China and Russia to participate in the global energy economic governance from passive follow-up to active leadership. In the past world energy economic governance, China and Russia mainly acted as followers, but the exploration of the "Ice Silk Road" represents a new and innovative way for China and Russia to open up a new cooperation mode in the world energy economic governance.

c) Weaving a new bond for economic and trade exchanges

The "Ice Silk Road" will greatly shorten the time and space of countries along the route, closely follow the economic and trade exchanges and increase the frequency of communication among countries along the route, thus building a new economic and trade exchange link in the world economy and carrying more global economic governance matters.

From the perspective of industrial structure, countries along the "Ice Silk Road" have strong industrial complementary advantages, which can more effectively build an industrial division of labor system and a trade value chain. For example, China has strong capital advantages and processing and manufacturing advantages. Russia has abundant resource reserves. Iceland has strong energy development and utilization technologies. Finland has strong advantages in the information and communication industry. The participating countries of the "Ice Silk Road" are not a competitive relationship but a cooperative and complementary relationship in economic exchanges. They can give full play to their respective comparative advantages and work together to build the "Ice Silk Road" and enjoy the fruits and benefits of interconnection.

III. The Proposal

The construction of the "Ice Silk Road" requires the collaborative participation and joint efforts of countries along the route. In order to smoothly promote the construction of the "Ice Silk Road" and give full play to its positive effects in global economic governance, we recommend that China and Russia pay more attention to the following aspects.

First, pay full attention to the leading and promoting role of China and Russia on the "Ice Silk Road". China and Russia are active advocates of the "Ice Silk Road" and have given great enthusiasm to the construction of the "Ice Silk Road". China and Russia are both world powers, who have the strongest economic exchanges and the strongest economic complementarity among countries along the "Ice Silk Road". They are all members of the Shanghai Cooperation Organization (SCO) and the "BRICS" and have a wide range of common interests. The above factors make the construction of the "Ice Silk Road" highly dependent on the joint efforts of China

and Russia. The smooth cooperation between China and Russia will even directly determine the success of the "Ice Silk Road" construction. Therefore, in the construction of the "Ice Silk Road", the joint efforts of China and Russia need to be highly valued.

Second, continue to strengthen scientific investigations and active exploration to strengthen the infrastructure construction of the "Ice Silk Road". In the early development of the "Ice Silk Road", the most important thing is infrastructure construction. Unlike other regions, the Arctic region has a harsh natural environment and is difficult to develop. It requires considerable effort. Therefore, it is necessary to further increase scientific research and investigation along the line countries, fully grasp the various objective natural conditions such as weather and ecology, explore the development rules of the Arctic region, form an effective development model, and effectively realize interconnection and interoperability.

Third, actively establishing an international cooperation mechanism to promote exchanges and consultations in the Arctic region. At present, a number of international cooperation mechanisms have been formed around the development of the Arctic. For example, the Treaty of Spitsbergen, which determines the status of Arctic international law, the Arctic Council of the Arctic countries, the North Pacific Arctic Conference led by the United States, Europe and Japan, the Arctic Corridor initiated by the Nordic countries, the Future Arctic initiated by Russia and other mechanisms. However, most international cooperation mechanisms may only focus on the negotiation and resolution of specific international issues, such as the delimitation of the Arctic continental shelf or shipping issues; or the Arctic strategy that is too dependent on its own country, such as the "Future Arctic" mechanism. At present, the inadequacy of the international mechanism for the development of the Arctic has affected the mutual trust between the Arctic countries and the countries outside the circle, and has restricted the formation of a multilateral mechanism for the development of the Arctic. Therefore, it is urgent to establish a sound international cooperation mechanism for Arctic governance, and conduct consultations, communication, exchanges and cooperation on the development and construction of the "Ice Silk Road" and the economic and cultural exchanges among countries along the route.

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