

CHINA'S POLAR SILK ROAD

A series on the Arctic dimension of China's Belt and Road Initiative

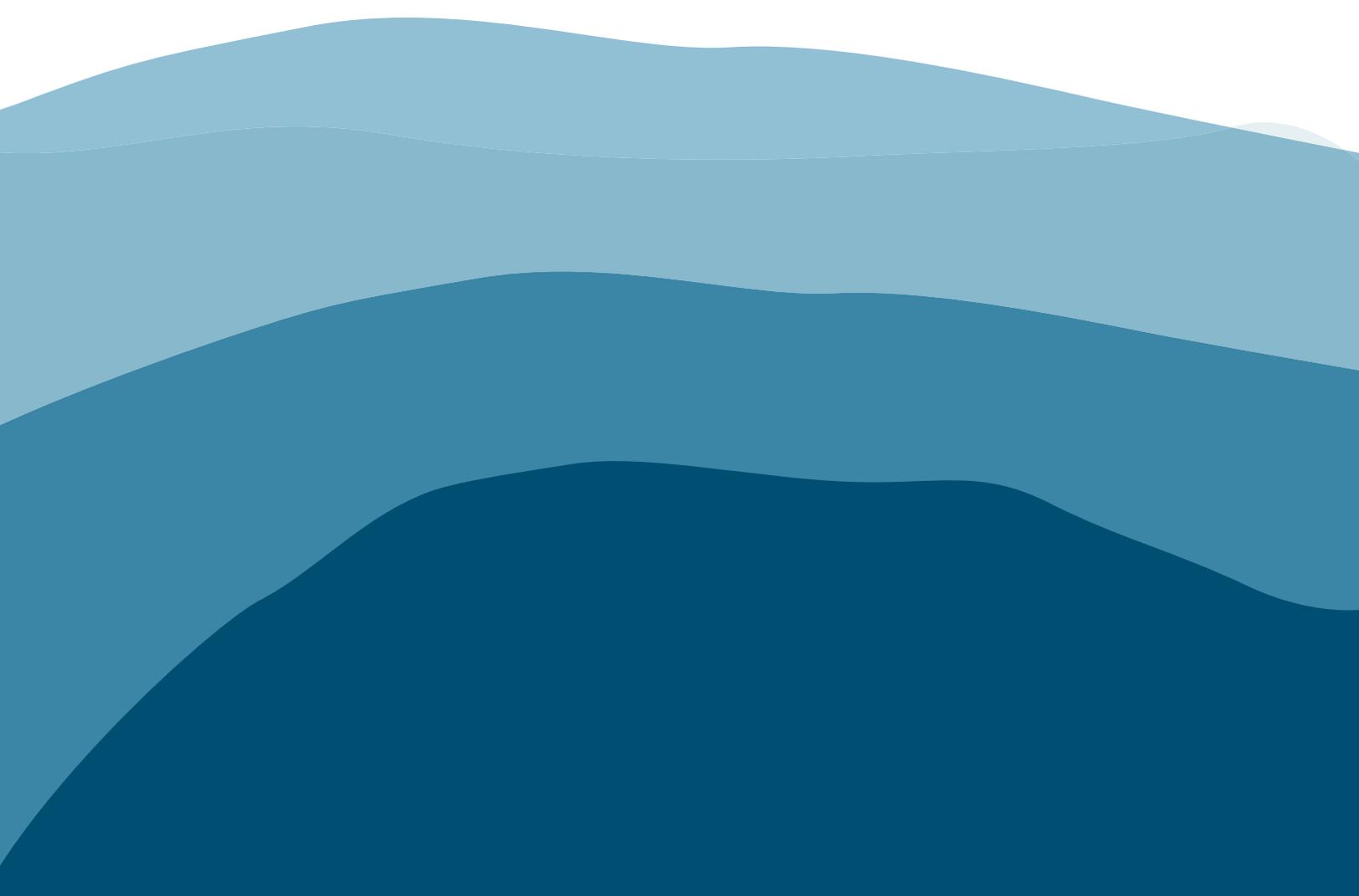


ASIA PACIFIC
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Welcome to the Asia Pacific Foundation of Canada's four-part series on the development of the Arctic dimension of China's Belt and Road Initiative: 'The Polar Silk Road.' Our Post-Graduate Research Fellow, Sebastian Murdoch-Gibson, was on the ground in Finland, Estonia, Norway, and China talking to stakeholders about the implications of China's emerging Arctic grand strategy.



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Scandinavia's Unlikely Link in the Belt and Road Initiative

1

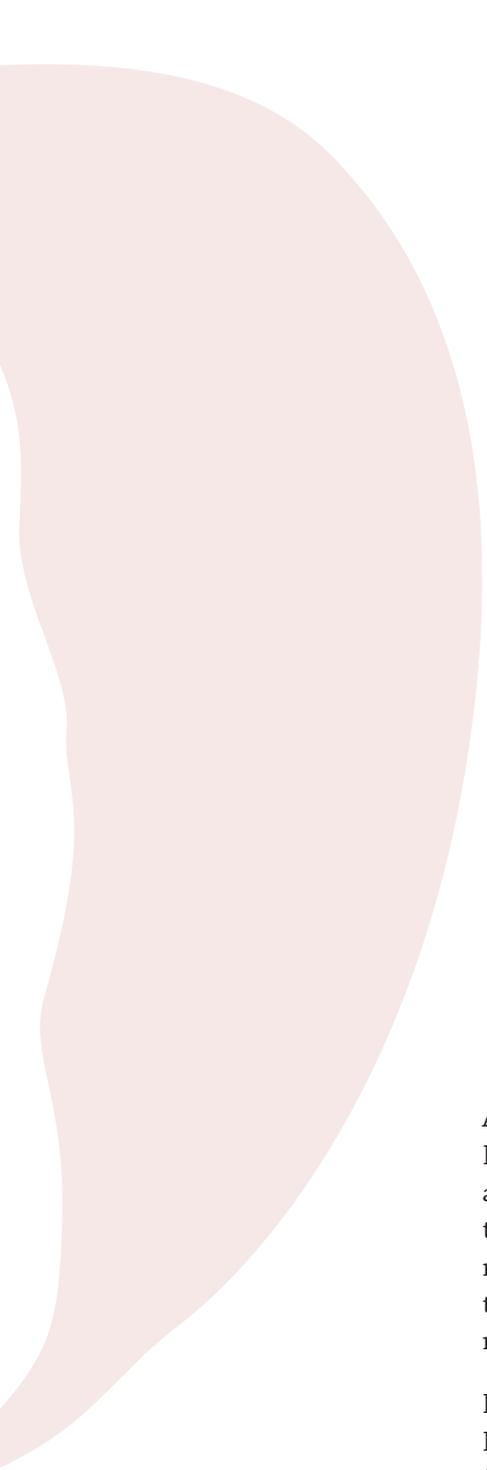
Will China's Belt and Road Initiative (BRI) connect an Arctic town in Finland to an Arctic port in Norway? When we talk about China's Belt and Road Initiative – the US\$4-trillion plan to integrate Europe and Asia and build colossal infrastructure joining the two – we often think of railways and pipelines stretching into the heart of central Asia. It may seem counterintuitive, then, to talk about a railway link between the snowy Scandinavian towns of Rovaniemi and Kirkenes as one link in the BRI chain, but there are plenty of good reasons to think in exactly these terms. To explain, we'll need to look back a bit first.

China's official interest in including the Arctic Ocean in the Belt and Road Initiative was first expressed in the 2017 publication "Vision for Maritime Cooperation Under the Belt and Road Initiative," a document jointly released by China's National Development and Reform Commission and the State Oceanic Administration on June 20, 2017. The vision that the publication laid out included a "Blue Economic Passage . . . leading up to Europe via the Arctic Ocean." This notion of connecting Europe and Asia through the melting Arctic was subsequently expanded and dubbed the 'Polar Silk Road' in Beijing's 2018 "Arctic Policy Whitepaper." However, serious Chinese investment in the development of new Arctic supply lines goes back at least to 2013 and the financing of Russia's 'Yamal LNG' – a project we have [previously written about](#).

Returning to the Rovaniemi-Kirkenes railway concept: a link between these two cities would position Kirkenes as the easternmost landing site for Asian cargo coming across the Arctic Ocean, which could then be sent south via train to Helsinki, and on to anywhere else in Europe – particularly if a multi-billion-dollar tunnel linking Helsinki to Estonia is completed. This railway vision is clearly consistent with the 'Polar Silk Road' concept and has received more than a little attention from Chinese state media and officials who have begun scheduling stops in Kirkenes. Whether through investment, construction, or simply use, China is likely to play a role in any eventual realization of this railway project.



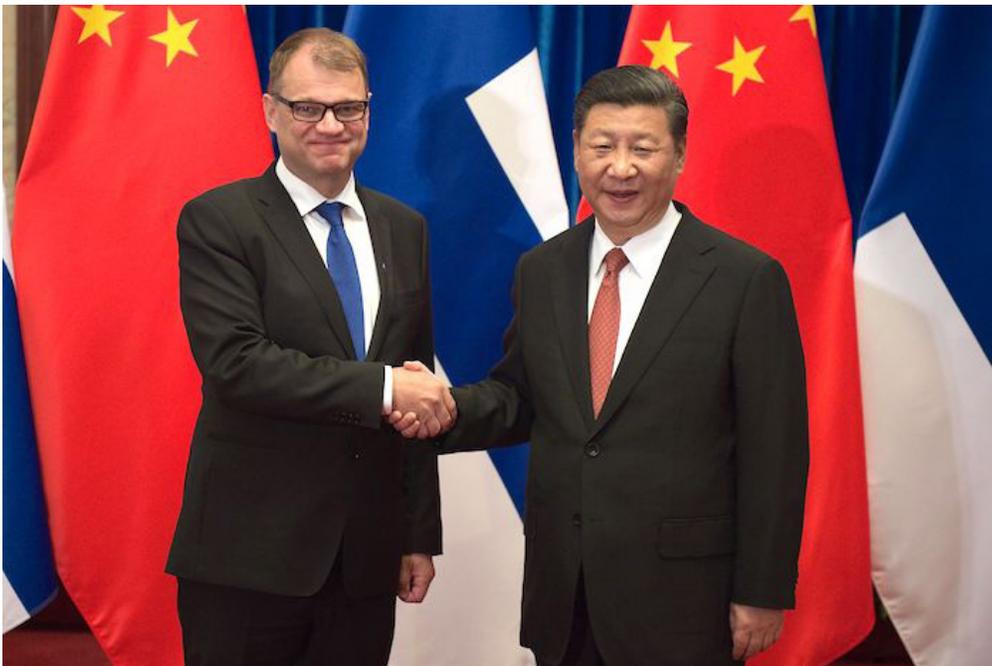
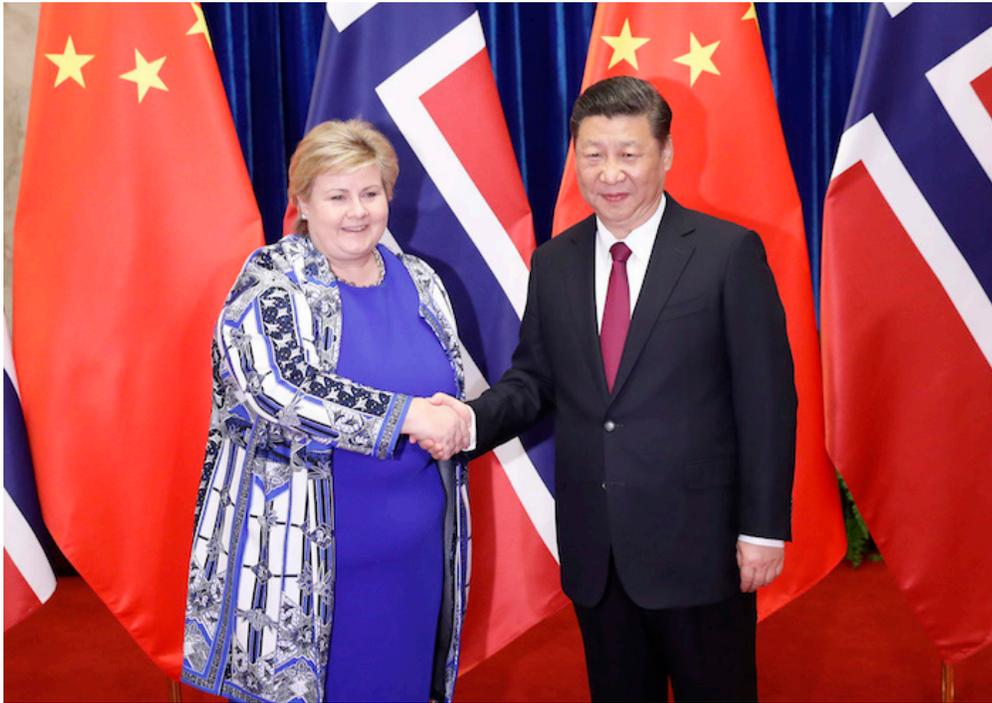
GRAPHIC COURTESY TRISTAN KENDERDINE



A recent report by Sor Varanger Utvikling, a regional development agency located in Kirkenes, estimated that if as little as four per cent of trade in containers between Asia and Europe travelled through the Arctic Ocean by 2040, Kirkenes could be handling three times the level of port traffic in Oslo. If they are able to develop an uninterrupted rail link to the Arctic coast Norway, Finland, and Estonia are potentially in a position to form an important artery between Europe and China in a way glancing at a map may not initially suggest.

Not everyone, however, is entirely enthusiastic about the project. In March, the Finnish Ministry of Transport and Communications released an early study that found that the commercial basis for the railway project is still uncertain. Curiously, the report's pessimistic contents seem to be contradicted by the very press release which announced its publication, wherein Transport Minister Anne Berner touted the tremendous potential of the railway. Notably, the Finnish report contained no references to the potential role of the railway in the Belt and Road Initiative. This omission is glaring given the emphasis that had been placed on the Asia connection in previous discussions, but this may be politic given the EU's recent [expressions of BRI skepticism](#).

A link between Rovaniemi and Kirkenes would also entail substantial disruption for the Indigenous Sámi people of Finland and Norway – many of whom herd reindeer in the proposed construction areas. Next time we will be dealing with Sámi concerns about the project at length through an interview with President of the Finnish Sámi Parliament, Tiina Sanila-Aikio.



(TOP) NORWEGIAN PRIME MINISTER ERNA SOLBERG GREETES CHINESE PRESIDENT XI JINPING AT THE GREAT HALL OF PEOPLE ON APRIL 10, 2017 IN BEIJING, CHINA. | PHOTO YOHEI KANASASHI/GETTY IMAGES

(BOTTOM) FINLAND'S PRIME MINISTER JUHA SIPILÄ SHAKES HANDS WITH CHINESE PRESIDENT XI JINPING AT THE GREAT HALL OF THE PEOPLE ON JUNE 26, 2017. | PHOTO NICOLAS ASFOURI/AFP/GETTY IMAGES

An Interview with the President of Finland's Sámi Parliament Tiina Sanila-Aikio

2

Norway and Finland are positioning themselves to be a crucial link to Europe in China's Belt and Road Initiative (BRI). A rail line connecting Rovaniemi – the capital of Lapland, and the northern limit of Finland's rail network – to the Arctic port of Kirkenes in Norway could serve as a vital corridor for Asian cargo headed to Europe through the melting Arctic Ocean. A recent [report](#) on the project by regional development agency Sør Varanger Utvikling estimates that if as little as four per cent of Asian container traffic to Northern Europe passed through the Arctic by 2040, the port of Kirkenes could become three times as busy as Oslo. However, the region's Indigenous people – the Sámi – have expressed concern at how this project may impact their culture and livelihoods. The Asia Pacific Foundation of Canada caught up with Tiina Sanila-Aikio, the President of Sámi Parliament in Finland, the representative body for Sámi people in Finland, to discuss the Sámi perspective on this project in more depth.



TIINASANILA-AIKIO, THE
PRESIDENT OF FINLAND'S
SÁMI PARLIAMENT

I am hoping to talk about the proposed railway between Rovaniemi and Kirkenes and – in particular – I was wondering if you could tell me a little bit about how the Sámi people feel about this project.

First of all, this project has been on the table for quite a long time. But after Finland got the chairmanship of the Arctic Council it has been brought up in an active way, in a way that is like, “we are building the Arctic railway.” [But] nothing official had been discussed with the Sámi. Our first reactions were to the fact [the] Sámi people were not involved with this project and not asked what kind of land use, needs, and future plans we have.

So, initially there was a lack of consultation. Has that changed at all or is it still the case?

After the Minister of Transport and Communications announced in June 2017 that [the government] had begun to research the economic impact of the project, we announced from the Sámi Parliament that we wanted to negotiate with the government on this subject and [to] highlight [the need for] an assessment of the project's impacts on Sámi society. We got these negotiations in January 2018. So around six months after we requested . . . this first negotiation took place.

And how have they been going so far?

Well, we have tried to help the Ministry understand what kind of [concerns] we are talking about when we say there will be consequences for the Sámi culture if you build this railway. We have been telling them the very basics about what this project means and how it should be researched or thought about when plans are being made.

Before they proceed to a wider study than the short feasibility study that was released in March [2018], we have to negotiate about what kind of things should be researched in such a study.

Have they been receptive to these requests?

Yes, they have. But of course, they should already have mentioned their plans to us before they started this current study. Sámi [concerns] seem to be very small [concerns] at the national level of decision-making and we were having to remind them that they should take our questions into account when they are handling issues like this. For example, without consulting or negotiating with the Sámi Parliament, the Ministry of Transport and Communications issued a report in March and they announced that the railroad would be routed from Rovaniemi to Kirkenes – they also set up a joint working group with Norway to conduct wider research, again without any consultation. They may not understand the impact of a project like this on the Sámi, and it is also our responsibility as the Sámi Parliament to remind the ministries and we have established some clear terms that should be fulfilled if both Finland and Norway want Sámi's to participate in their working group.

Aside from the negotiations and the consultation process, what are some of the impacts this project may have on the Sámi way of life?

The route that was chosen in March – from Rovaniemi to Kirkenes – would have six Sámi reindeer herding districts on the line. It would split those districts' winter grazing areas into two pieces from the middle. That would have a very big impact to the Sámi and Sámi culture because reindeer herding is one of the main bases for Sámi culture. All three Sámi language groups and their traditional heartlands would be effected by this.

We have to remember that there were originally five options for where this railway could go. Even though it will go on the southern side of the Sámi homeland area in Finland, the railway could have passed through Sámi areas in Sweden and Norway and Russia as well. So, we are also reminded that this is not only a Sámi concern in Finland but it is a Sámi concern in Sweden, Norway, and Russia.

Are there any ways that the project could be made more acceptable to Sámi people, that it could be designed to have less of an impact on the Sami way of life?

Well we have said that if it went underground in Rovaniemi and came up in Kirkenes that would be one option (laughing). Or it could be in the air; that would be a second option. We have now already had very bad experiences in all three countries – Norway, Finland and Sweden – with trains that are killing masses of reindeer. There may be as many as 20, 30, 50 reindeer killed at once. In the southern part of the Finnish reindeer herding area, railways should be fenced or there should be tunnels and bridges for reindeer to go under or over the railway. Often, however, fences are not taken care of or tunnels are not working. So, based on our experience so far, things do not seem promising.

In Canada, some of our highways have a system which is similar to what you're describing – the highway is fenced and occasionally has tunnels to allow wild-life to pass underneath. Would you view that as a compromise?

I think so but, at the same time, you must remember that our areas are huge. Wildlife pass through the area at many points so that means that there should be tunnels or bridges frequently – not one every 20 km, for example. That is also a question of money. Does the state have enough money to do bridges or tunnels? Because they don't have money to take care of the fenced railways in the southern part of the reindeer herding area.

Angry Birds Creator Wants to Connect Finland to Belt and Road with World's Longest Underwater Tunnel

3

I met Peter Vesterbacka at the We+ 'Coworking Space' in Helsinki, a place he affectionately dubbed the 'Heart of Eurasia.' We+, a Chinese company that operates startup incubators across the Finnish mainland, had recently made Helsinki the home of its first overseas facility. It is here that Vesterbacka lays out his plan to make Finland the fulcrum of China's pivot to Eurasia – its 'Belt and Road Initiative.' For those who don't know what China's Belt and Road Initiative (BRI) is . . . join the club.

One of the most commented-upon aspects of the BRI is its lack of a precise definition. Some have argued that it is China's [21st century grand strategy](#), others consider it [a general term for China-led globalization, still others have suggested it is so ubiquitous as to be meaningless](#).

Despite this confusion, what we do know is that China's BRI involves the creation of new infrastructure linking China and Europe to the tune of anywhere between US\$1 and US\$4 trillion – massive projects in Kazakhstan, Russia, Pakistan, and Sri Lanka are already nearing completion with more in the pipeline. BRI is the signature strategy of the Xi Jinping Era and it will directly lead to a world in which overland and overseas shipping between China and Europe is faster and more efficient than ever.

Enter Peter Vesterbacka. The onetime creator of the massively popular 'Angry Birds' gaming app envisions the construction of a railway tunnel between the Finnish capital of Helsinki and the Estonian capital of Tallinn – cutting what is today a two-hour ferry ride across the Baltic Sea down to a 30-minute rail commute. Vesterbacka further envisions a single Helsinki-Tallinn metropolitan area straddling the Baltic Sea.

So how does this tunnel concept relate to China's Belt and Road Initiative? The connection between a grand project of Eurasian integration and a tunnel between two European capitals may seem obscure at first, but there are two factors at play that inform this nascent relationship. First is Helsinki's position as an emerging hub for

air traffic between China and Europe. Helsinki Vantaa is actually the closest European airport to China and Finnair has already successfully capitalized on this convenience of geography to become a significant player in Eurasian air travel. A tunnel to Tallinn would permit passengers from China to land in Finland and travel from the airport to mainland Europe in under an hour. The same is true for the opposite direction, with passengers from Estonia simply hopping on the train to fly to Asia via Helsinki. The tunnel represents an infrastructural maneuver that could put Finland at the heart of passenger traffic between China and Europe.

And it wouldn't just be passenger traffic. China is increasingly emphasizing the role of Arctic supply chains in the BRI, as references to the construction of a 'Polar Silk Road' in its Arctic Policy whitepaper attests. To date, the 'Polar Silk Road' has few concrete manifestations; however, the governments of Finland and Norway are enthusiastically pursuing plans to get in on the ground floor.

The second factor at play is the fact that Norway and Finland are now discussing a plan to link the Finnish Rail network with the Arctic Coast of Norway. The completion of Vesterbacka's tunnel project combined with an Arctic railway link would create an uninterrupted rail line from the Arctic to the heart of Europe, opening the very real possibility of trade with East Asia via the Arctic Ocean. The emergent supply chains could cut existing shipping routes between Asia and Europe nearly in half with dramatic consequences for industry on both sides.

For his part, Vesterbacka speaks enthusiastically about the tunnel's potential place in the Belt and Road Initiative, and the prospects of Chinese project financing and construction. He purports to have already secured financial backing from Chinese sources and presents an incredibly ambitious timeline for his project. In conversation with me, Vesterbacka claimed construction could begin as early as this year with the tunnel up and running as early as 2024. The European Union (EU), meanwhile, has taken a much more conservative approach in its studies of the tunnel project, pinning the likely completion date of a public tunnel project somewhere around the mid-21st century.

Regardless what becomes of this project, the public dialogue around it reveals a great deal. Even highly-developed EU member states such as Finland are beginning to package their grand infrastructural ambitions in the language of the Belt and Road Initiative. As this trend continues, the BRI gains significance beyond China, absorbing and incorporating the local priorities of participants around the world and becoming a global system of infrastructure-led development under Chinese leadership.

Finland's Arctic Data Cable Set to Disrupt Global Connectivity

4

Finland has a bold plan to short circuit the global network of maritime data cables that make up the circulatory system of the global economy. The idea is straightforward: build a cable north to the Arctic Ocean, then swing east along the Arctic coast of Russia and on to East Asia and Alaska. Once completed, this cable link could as much as double Internet connection speeds between Asia and Europe and – here's the kicker – the thousands of kilometers of cable involved in this project could be laid as early as 2021.

I recently had a chance to meet up with Jukka-Pekka Joensuu, Executive Advisor to the Cinia Group – the Finnish Telecom Company leading the charge on this project. Joensuu explained that this cable has been the product of discussions dating back to 2013, and perhaps even further back to the abandoned Russian Optical Trans-Arctic Cable System (ROTACS) concept that would have linked London to Tokyo via the Arctic Ocean. But perhaps the most pivotal year was 2016, when former Finnish Prime Minister Paavo Lipponen breathed new life into the project when – at the request of the Finnish Government – he undertook a diplomatic tour to gauge the interest of countries along the probable route in participating in the Arctic cable link. Encouraged by his findings, the Finnish Transport Ministry instructed Cinia to begin developing plans for an Arctic data link. Meanwhile, China, Japan, Norway, Finland, Russia and others have already been holding regular dialogues in preparation for construction.

Making no effort to conceal my total ignorance of how telecom works, I asked Mr. Joensuu the question that had been bothering me from the outset: what is the value of cutting Internet lag-time in half? I don't need a faster Internet connection to watch Netflix, so what's the point of spending nearly a billion dollars to shave a few milliseconds off data transfers between Europe and Asia? It turns out Netflix is a good metaphor for understanding the value of this project.

Imagine Netflix wasn't for streaming movies but was, instead, for streaming instructions to robots on factory floors around the world: that's basically how this works. If

Toyota, for example, wants its automated facilities abroad to be run by computers in its Tokyo headquarters, it needs an incredibly fast Internet connection to handle massive quantities of data involved in operating a factory. Imagining a similar system with an autonomous vehicle ‘streaming’ instructions from a central server, a fast connection is especially crucial to ensure that Internet-lag does not delay the car’s reaction to changes in its environment. Aside from these types of applications, the new cable connection also makes Finland an especially attractive destination for server farms. In short, this is a single project that could attract a raft of new industries to Finland as the de facto Eurasian data gateway.

Much like the projects we have discussed in previous posts in our *China’s Polar Silk Road web series*, this is a project that aims to create a more tightly integrated Eurasian continent, and does so by creating a path for data that mirrors the path for goods we have seen in our discussions of the Rovaniemi-Kirkenes railway and Arctic shipping. The rationale for the cable is also quite similar to the rationale for a new Arctic marine supply chain: a shorter route equates to faster and cheaper transportation, although here speed is measured in milliseconds, not days.

The connection to China may be less than apparent but, as one hub in this proposed new data network, Beijing is involved implicitly. There are, however, many other more concrete connections between the Finnish cable project and the Belt and Road Initiative (BRI). For starters, China has long been trumpeting a [‘Digital Silk Road’](#) as a companion piece to its more material and logistical ambitions for Eurasian connectivity. And in our discussion of project financing, Joensuu pointed to China’s Belt and Road Initiative – alongside European and Asian development banks – as a potential lever for construction funds for the Arctic data cable. Discussions with officials of the BRI – who Joensuu describes as “extremely interested” – are already underway.

As with the previous projects we have discussed in this web series, Finland appears to be capitalizing on the coincidence of its proximity to the Arctic, climate change, and China’s simultaneous desire for new paths to Europe to become the crucial gateway linking the two.



About the Asia Pacific Foundation of Canada



The Asia Pacific Foundation of Canada is dedicated to strengthening ties between Canada and Asia with a focus on expanding economic relations through trade, investment and innovation; promoting Canada's expertise in offering solutions to Asia's climate change, energy, food security and natural resource management challenges; building Asia skills and competencies among Canadians, including young Canadians; and, improving Canadians' general understanding of Asia and its growing global influence.

The Foundation is well known for its annual national opinion polls of Canadian attitudes regarding relations with Asia, including Asian foreign investment in Canada and Canada's trade with Asia. The Foundation places an emphasis on China, India, Japan and South Korea while also developing expertise in emerging markets in the region, particularly economies within ASEAN.

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