



The Integration of Emerging Powers into Club Institutions: China and the Arctic Council

Matthew D. Stephen

WZB Berlin Social Science Center

Kathrin Stephen

Institute for Advanced Sustainability Studies (IASS)

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Abstract

How do emerging powers gain inclusion into club institutions, i.e. institutions with selective memberships that deliberately seek to avoid universality? We present a framework that highlights three factors: an emerging power's 'fit' to the club's logic of exclusivity, the club's possession of goods of value to the emerging power, and the ability of the emerging power to incentivize the club to open up via different strategies. We hypothesize that, due to the selection effect of choosing to seek inclusion in a club, emerging powers will seek integration using integrative strategies such as co-optation and persuasion. We apply the framework to analyse the case of China's inclusion – along with several other countries – as a State Observer in the Arctic Council in 2013. While China did use largely integrative strategies, the political background to the decision to open up to new observers reveals latent features of power bargaining. Moreover, it is unclear whether observer status has been sufficient to satisfy China. The case highlights the significance of observers in international organizations as well as the importance of clubs' logics of exclusivity to their ability to adapt to international power shifts.

Policy Implications

- Club institutions such as the Arctic Council face a trade-off between maintaining their exclusivity for existing members and adapting to changing realities by integrating new members. Policy makers should be aware that keeping clubs closed and snubbing outsiders comes with costs for clubs' efficaciousness and legitimacy, but opening clubs up to newcomers may erode the relative privileges of existing members.
- Club institutions' logics of exclusivity play an important role in shaping how open they will be to emerging outside powers and how they respond to changing distributions of power and interests. But logics of exclusivity can also be reconfigured or even re-imagined if policy makers act with creativity. For example, regional clubs can become clubs of affinity, or clubs of affinity can become clubs of status.
- In contrast to the period at the time of the Arctic Council's creation, the Arctic region is transforming as a result of global warming and economic globalization, generating spillovers that also affect non-regional states. Arctic Council members should recognize the legitimate interests of non-Arctic states in the region. Non-Arctic states should respect the role of Arctic inhabitants and regional states.
- Ultimately, the hard distinction between Arctic and non-Arctic states is imagined and increasingly anachronistic. The Arctic Council should consider revising its membership structure to reflect new realities, for example by expanding the role of observers, creating new member categories beyond observership, or expanding the number of full members. The latter option could be accompanied by the creation of a new internal body for the eight current 'Arctic states'.

Emerging powers and club institutions

One way or another, international institutions have to respond to international power shifts. Consequently, a considerable literature has emerged to observe and explain variance in the extent to which international institutions adjust to new power distributions (see Lesage and Van de Graaf, 2015; Lipsky, 2016; Schirm, 2010; Stephen and Zürn, 2019; Zangl et al., 2016).

This literature on 'institutionalized power transitions' (Zangl et al., 2016) has focused overwhelmingly on power shifts *within* international institutions, that is, on emerging

powers' attempts to reform institutions in which they are already members. Well-studied cases include the United Nations Security Council (UNSC) (Binder and Heupel, this issue), the International Monetary Fund (IMF) (Vestergaard and Wade, 2015), and the World Trade Organization (WTO) (Stephen and Parizek, 2019).

In this paper, we shift focus and ask how and under what conditions emerging powers as outsiders gain inclusion into club institutions – institutions with selective membership that deliberately do not aspire to universality. Sometimes, power shifts lead to the *inclusion* of emerging powers into club institutions.¹ Cases include the integration of Bourbon



France into the Concert of Europe in 1818, West Germany into NATO in 1955, or China as a Dialogue Partner of ASEAN in 1996. At other times, clubs remain *exclusive*: since their creation, the UNSC, the G20, and the Five Eyes intelligence sharing network have all firmly resisted calls to expand their memberships. Sometimes inclusion in a club can even go wrong, as Russia's troubled history with the G7 indicates.

Why do emerging powers get integrated into some club institutions, but not others? Moreover, what negotiation strategies do emerging powers use to achieve inclusion? The answers are important because as the above examples suggest, club institutions can play critical roles in negotiating international power shifts by either integrating rising powers into, or sidelining them from, systems of international governance.

To investigate these questions, in this article we present a framework to explain when club institutions respond to power shifts by integrating outside powers. The framework has three elements. First, in contrast to open, non-club institutions, we emphasize that the likelihood and extent of emerging power integration will be shaped significantly by the emerging powers' 'fit' to what we term the club's *logic of exclusivity*. Second, because inclusion in a club is by mutual consent, two conditions need to be met in order for it to take place: the club needs to control access to goods of value to emerging powers (hence giving emerging powers a reason to seek inclusion), and emerging powers need to be able to incentivize the club to open up via particular negotiation strategies (hence giving the club a reason to include emerging powers). Third, we posit that integration into clubs is a special form of institutional adaptation that will favour integrative rather than distributive strategies (see Kruck and Zangl, this issue).

We apply our framework to the case of the addition of China and five other countries as observer states in the Arctic Council in 2013 and find qualified support for our expectations.² First, the Arctic Council's regional logic of exclusivity imposed distinct limits on its ability to integrate new members – meaning that from the outset, China and other non-regional states could hardly be integrated as full members, but could only be accommodated as observer states. Second, that China and other states were included at all can be understood as a result of the combination of the Arctic Council's control over important governance resources and the ability of non-Arctic states generally, and China particularly, to provide incentives for the Arctic Council to open up. While China's strategy, together with those of other observer applicants, did result in institutional adaptation in the form of new observer states, it is unclear whether this relatively minor form of institutional adaptation has ultimately been sufficient to satisfy China. China's subsequent Arctic Policy of 2018 seeks further 'improvements' to the Arctic governance regime and identifies the UN Charter and the UN Convention on the Law of the Sea (UNCLOS), not the Arctic Council, as its core.

Our findings regarding China's negotiation strategy – how China convinced the club to open up – are more complex. In accordance with our expectations, China's official

positions revealed an integrative negotiation strategy consisting of *pledges to assist the Council's work* (co-optation), portraying the admittance of new observers as promoting openness and transparency (persuasion), and emphasizing China's status as a 'near-Arctic state' and consequent 'fit' to the club's logic of exclusivity (persuasion). Nonetheless, the decision to finally grant China and other states observer status was hardly free from power considerations. In particular, the growing number of observer applications from major non-regional countries such as China, India, and Japan appear to have led club members to anticipate negative repercussions of further delaying a new round of accessions, and potentially opening the path towards the creation of alternative Arctic institutions. These findings suggest that even apparently consensual accommodations of emerging powers occur under a shadow of latent power bargaining. While we find no evidence of power bargaining in the form of explicit threats, we do observe a diffuse anxiety that rebuffing overtures from newly influential states would lead, in the long run, to a risk that the club could be undermined.

The article advances existing knowledge in three ways. First, it provides a definition and typology of club institutions as well as a conceptualization of how outsiders may be included in them. Second, it expands the literature on power shifts and international institutions to the neglected – yet important – subset of institutional adaptations in which the object is not increased decision-making power but membership itself. Third, it elaborates its propositions through a study of a case unfamiliar to the literature.

Theory: power shifts and club institutions

Club institutions are an important subset of international institutions in which membership is intended not to be open to all but to be limited – by design – to a select group. Clubs vary in their characteristics, such as level of formality (such as whether they are formal intergovernmental organizations or more informal groups) and size (whether they have a few or many members).

The constitutive feature of club institutions, however, is that they are based on a *logic of exclusivity* that circumscribes who can and cannot become a member. These logics can be based on explicit and formal rules (such as the EU's membership criteria) or on tacit understandings or happenstance (such as those that shaped the G7's membership). While many non-club institutions have restrictive membership criteria and thus can be 'hard to join' (such as the WTO), clubs' memberships are limited by design. In particular, three logics of exclusivity appear particularly prevalent.

1. *regional* clubs limit membership to states from some imagined geographic region;³
2. *status-based* clubs demarcate membership based on perceptions of ranking on some valued attributes or functional necessity;⁴ and

3. *affinity-based* clubs are based on perceptions of cultural, historical, or political similitude.⁵

In reality, most clubs reflect some mix of these logics – but one tends to predominate. For example, the G7 is a club institution with a low level of formality, a small size, and a largely affinity-based logic of exclusivity. The G20 has a low level of formality, a medium size, and a status-based logic of exclusivity. The European Union (EU) is a highly formal, fairly large, regional club. The Organization for Economic Cooperation and Development (OECD) is a club with a high level of formality, a large size, and an affinity-based logic of exclusivity. Table 1 provides some additional examples.

Clubs, power shifts, and club expansion

As with all international institutions, power shifts raise the question of the institutional adaptation of clubs. We define power shifts as a rapid shift in the distribution of issue-area-specific (relative) capabilities in a particular domain (see Kruck and Zangl, this issue). Emerging powers are those countries who profit from such power shifts. Emerging powers, by this definition, are not the same across all issues and institutional domains of international politics. A country may be emerging in one area and falling in another. Power can also shift, by this definition, due to substantive changes in the issue area, such as a fall in the threshold necessary to qualify as a member of the group of actors whose cooperation is necessary to regulate an issue effectively, rather than a change in actors' capabilities *per se*.

When confronted with exogenous power shifts, club members face a choice between snubbing or courting outside powers. Snubbing largely describes the approach of the permanent members of the UNSC to the entreaties of the G4, the response of the G20 to countries such as Poland and the Netherlands (Alvarez et al., 2018), and NATO's approach to a resurgent Russia. At the same time, outside powers may choose either to bypass or to engage with a club. Some examples of bypassing: Russia has never expressed a real interest in EU membership, China and India have always been sceptical of the G7 club (Peters, 2019), and Brazil was cool on OECD membership until the fall of the Workers' Party government (Farias, 2017). It is only when

emerging powers engage a club, and club members court emerging powers, that inclusion comes about.

What forms can inclusion in a club take? We propose that inclusion can range almost continuously from a value of 0 (exclusion) to 1 (full membership). Russia's inclusion in the (rebranded) G8 took the form of full membership. But inclusion can also take the lesser form of *institutionalized arrangements for regular interaction*. Examples include the NATO-Russia Council, the G7's Outreach Five initiative, the OECD's Enhanced Engagement, and Spain's status as a 'permanent guest' of the G20. Another example is *observer status*, which often comes with formalized rights and obligations, but which clearly falls below full membership. As we show below, one example is provided by China and other non-Arctic states in the Arctic Council. Table 2 provides examples.

Conditions for integration: 'fit', club's valued goods, and ability to incentivize

We conceive of emerging power inclusion in a club as a more or less rational bargain (Kruck and Zangl, 2019, this issue). Integration has to arise from mutual agreement, and both parties have a veto. We suggest that it emerges as a result of three factors.

First, a key determinant of both the probability and extent of emerging power inclusion in a club will be the degree of 'fit' between the emerging power and the logic of exclusivity constitutive of the club. Thus, we theorize that a regional club will be reluctant to grant full membership to countries that would require them to re-imagine their regions; a status-based club is unlikely to incorporate states that do not meet its implicit or explicit status-based criteria; and an affinity-based club will be loath to open up to countries that do not share their common features. Where integration does take place in such cases, it is likely to be shallow rather than deep. The reason is that loss- and risk-averse club members will be reluctant to revise the constitutive principles or *raison d'être* of their club – this is likely to be costly, and may even threaten the club's identity. This implies that even in the presence of potential mutual gains from a deeper form of integration, integration may take a shallow form in order not to disrupt a club's constitutive logic of exclusivity.

Second, subject to the limits imposed by a club's logic of exclusivity, inclusion is likely to arise when two conditions are jointly met.⁶ The first of these conditions is that emerging powers need an incentive to seek club inclusion. We see this as dependent on the club holding a gatekeeping role over goods of value to outsiders such as policy influence, status, and networking opportunities in a given area. Membership of the G7 grants its members status and influence over policy coordination and agenda setting (see Fioretos, this issue); NATO offers its members security guarantees; and forums such as the G20 provide status and networking opportunities (see Vabulas and Snidal, this issue). If such goods as policy influence, security, status, or network opportunities are easily attained without club membership, we see no reason for emerging powers to seek membership.

Table 1. Examples of club institutions

	Formal		Informal	
	Large	Small	Large	Small
Regional	EU	Mercosur	APEC	Arctic Council
Status-based	Group of 77 at the UN	UNSC Permanent Members	G20	Concert of Europe
Affinity-based	OECD	Five Eyes	Non-Aligned Movement	G7

Table 2. Varieties of integration into clubs

Status	Exclusion No inclusion	Inclusion				
		Informal regular interactions	Formal regular interactions	Observer status	Semi-official membership	Full membership
Example	Russia and the EU	G7 Outreach Five; NATO-Russia Council	ASEAN Plus Three; OECD Enhanced Engagement	Non-Arctic states and the Arctic Council	Spain at the G20	France and the Concert of Europe

The second condition is that club members have an incentive to open up to non-members. This is likely to be the case when outside actors are in a position to alter significantly the conditions for the authority and functionality of the club – either by imposing costs or by offering potential gains (and thus creating opportunity costs of not opening up). The nature of this incentivization will be a result of the emerging power's chosen *negotiation strategies* (see Kruck and Zangl, this issue).

As Kruck and Zangl outline in the Introduction to this special issue, two of these strategies are distributive in nature: *power bargaining* would involve issuing threats to undermine a club in order to gain inclusion, while *rhetorical coercion* would involve the shaming of the club into opening up (especially in the eyes of third parties). Alternative strategies, however, are integrative in nature: *strategic co-optation* involves the promise of material gains such as financial support, improved compliance, or pledges of support, while *principled persuasion* occurs when a challenger argues their way into a club by appealing to the club's own beliefs and principles.

We expect emerging powers seeking inclusion in clubs to favour *integrative strategies* such as *persuading* club members based on their own values, or 'buying' support for an agreement that maximizes joint interests (seeking *co-optation*). The reason is due to the self-selection effect inherent in seeking inclusion in a club. Revolutionary powers, which by definition reject the institutional status quo and may incline towards distributive strategies (Kruck and Zangl, this issue; see Fioretos, this issue), are unlikely to seek membership in a club whose principles they reject in the first place. Moreover, many of the tactics specific to power bargaining are simply not available to gain access to clubs: non-compliance, sabotage, disengaging, and resigning are all only possible if one is already a member of an institution. Only the strategy of creating competing institutions is available to non-members, which is very costly. Challengers who deploy power bargaining are also likely to be rebuffed by club members with a fear of opening up to a revisionist power, while rhetorical coercion would appear unlikely because challengers have limited incentives to delegitimize or rhetorically undermine an institution they are seeking to join. Anticipating their chances of success, we therefore expect that emerging powers will choose the – integrative – strategies which are most likely to be effective. In sum, we argue that inclusion in a club is a special kind of

institutional adaptation that by its very nature will tend to favour integrative strategies.

In the next section, we assess how well our framework can account for the interaction of one club institution – the Arctic Council – with the key emerging power of our time – China. The motive behind our case selection is primarily empirical: the Arctic Council is relatively unknown to the literature on power shifts and institutional change, and while China's attempts to reform key institutions such as the IMF and World Bank are well-known, its entry into club institutions has attracted less attention. For data, we rely on an analysis of primary documents, secondary literature, and the background knowledge of one of the authors from her role as Head of Delegation from a European observer state on the Arctic Council's Sustainable Development Working Group over several years.

Empirical analysis: China and the Arctic Council

The Arctic Council was founded in 1996 by the eight states with territory or water areas above the Arctic Circle (66° North): Canada, Denmark, Finland, Iceland, Norway, Russia, Sweden, and the United States. While it is based on a Ministerial Declaration (rather than a formal treaty) and styles itself as a 'high level forum' (Arctic Council, 1996), over time, the Arctic Council has evolved from an informal gathering to a more or less fully fledged international organization with a permanent secretariat based in Tromsø, Norway.

The Council's purpose is to 'provide a means for promoting cooperation, coordination and interaction among the Arctic States, with the involvement of the Arctic indigenous communities and other Arctic inhabitants on common Arctic issues', in particular concerning issues of sustainable development and environmental protection (Arctic Council, 1996). While it has no organizational autonomy, it functions as an important focal point for high-level interactions and networking on Arctic issues, and coordinates a significant amount of technical work via its subsidiary bodies. These consist of ongoing working groups, task forces appointed for limited periods, and expert groups. It does not have the capacity to agree legally binding commitments, but legal agreements among its eight member states have been concluded under its auspices, such as the Agreement on Enhancing International Arctic Scientific Cooperation (signed 2017) and the Agreement on Cooperation on Marine Oil Pollution Preparedness and Response in the Arctic (signed

2013). The Arctic Council has established itself both as the focal institution for Arctic governance, and as a club institution of the Arctic Eight.

The Arctic Council has become an increasingly salient international institution as interest in the Arctic's sea channels and natural resources has increased due to global warming (Keil, 2014) and it has become a site of political competition between Russia, the United States, and China (Young, 2019). Since the mid-2000s – triggered by satellite coverage of (then) record minimums of the Arctic ice sheet – the region generally and the Arctic Council specifically have attracted an increasing level of international attention, and there was an increasing awareness within the Council that issues beyond the region mattered for the club (ACIA, 2004). This was evident both in an increase in extra-regional interdependencies both in biophysical terms (climate) and in relation to the economy (such as the world market for fish and oil).⁷ As such, a rapid shift has taken place in the issue-area specific distribution of power, rendering the Arctic region much more significant for non-Arctic states, and increasingly drawing non-Arctic states such as China into the region. This became evident in a growing interest in observer status in the Arctic Council. Gradually, this gave rise to a mismatch in relation to the institutional status quo, as 'non-regional' states discovered new interests in the Arctic.

The Arctic club's logic of exclusivity

Counterfactually, if the Arctic Council were an open, non-club institution, it might be in a position to adapt to new realities by integrating newcomers such as China as full members. But the Arctic Council is a club. Moreover, it is a club with a strictly *regional* logic of exclusivity: the Arctic Council's founding document, the Ottawa Declaration of 1996, defines the members of the Arctic Council as the eight 'Arctic States', full stop. The addition of any new full members would require unanimity among the eight Arctic states and a revision of the Ottawa Declaration. The Arctic Council remains, at its core, off-limits to 'non-Arctic' states.

Nonetheless, full membership is only the deepest form that inclusion into a club can take, and the Arctic Council reflects this. The Arctic Council has three membership categories: Member States, Permanent Participants, and Observers. While membership is limited to the Arctic Eight, observer status is possible for non-regional states and organizations, subject to unanimous consent of the Member States (the Permanent Participants consist of indigenous peoples' organizations who are supposed to be actively involved and fully consulted on all issues and decisions of the Council, but possess no voting rights.) The fact that China is not recognized as a member of the Arctic Council's imagined geographical community clearly affected the likelihood of China's inclusion in the Arctic club and the depth that it could take.

In the years since its founding, the Arctic Council has entertained a short but growing list of observer states. In

1998, four European countries became the first countries to be admitted as observers. At this time, applications for observer status were low in number and were typically approved with little to-do. But as interest in the Arctic grew and interest in observer status grew, Council members became more cautious. At the time of China's application for observer status in 2007, six states had been granted observer status.⁸ While observership is a flexible category for the Arctic Council, it is nonetheless up to applicants to persuade the club members of the merits of including new observer states, and unanimity is required. Moreover, not all applications for observer status have (so far) been successful: Greece, Turkey, and Mongolia were among the observer applications for the Ministerial meeting in Iqaluit, Canada, in April 2015, but to this day are not part of the observer group (Knecht, 2015). As we explain below, China did eventually gain access as an observer state in 2013, along with five other states. This raises three questions: Why did China engage with the Arctic club by seeking inclusion? Why did club members agree to China's (and others') inclusion? And why did it take six years for Arctic Council members to agree to it?

China's reason to engage: the Arctic club as gatekeeper

There is strong evidence that since the early 2000s, China, like many other non-regional states, increasingly recognized the gatekeeping role of the Arctic Council and sought ways to access these goods. Primarily, having access to the Arctic Council became important for non-regional states due to its network focality for Arctic issues, scientific coordination activities, and centrality in formulating new protocols and regulations affecting important economic issues.

During the early phases of China's opening-up in the 1980s and 1990s, China was not notably interested in the Arctic. Yet its growing interests and capabilities in recent years have made it increasingly eager to participate in Arctic governance (Jakobson and Peng, 2012; Mered, 2013). At least since the early 2000s, Chinese military planners, think tanks, and scholars began explicitly to consider China's interests and strategies in the Arctic realm (Wright, 2011). In part, this appears to have been driven by a fear of the Arctic being 'carved up' by the Arctic Eight, to the disadvantage and exclusion of Chinese interests (Jakobson and Peng, 2012; Wright, 2011). As such, a consensus emerged in China that China had interests in the Arctic region and that the monopoly of the Arctic club needed to be opened-up to the wider international community. This was not unique to China – other non-regional states also began to take more of an interest in the Arctic, and applications for observer status (Ingimundarson, 2014) as well as actual participation in Ministerial meetings increased, especially since 2009 (Knecht, 2017).

Observer status comes with benefits for non-regional states. First, it comes with the symbolic recognition that a country has a legitimate interest in the Arctic. Second, it enhances observers' access to information about Arctic

governance, making it easier to clearly identify and pursue their interests. Third, this access also comes with network benefits from social interaction in the club's activities. Fourth, while observers have no formal decision-making authority whatsoever, they have acquired the ability to speak at meetings and comment on issues before the Arctic Council, which may (or may not) have an impact on the reports and outcome documents that the Council adopts. Thus, observers also gain *voice*.

Other non-regional states have also taken an interest in the Arctic Council due to their scientific activities in the region, concern over the global repercussions of Arctic warming, and perceived potential economic 'opportunities' offered by Arctic natural resources and shipping (Ingimundarson, 2014, p. 191). The Chinese government appears to have felt these pressures, too. China took on a growing role in resource projects in the Arctic, has become one of the largest potential users of Arctic shipping routes (Hong, 2012), and spends more on Arctic research than the United States (Ingimundarson, 2014; Jacobson and Peng, 2012). More recently, the Arctic has taken on a significant role in China's rise to world power status, incorporating the Arctic Ocean as part of its Belt and Road Initiative (Pelau-deix, 2018).

Against this background, China formally sought a seat at the Arctic governance table, lodging an application for observer status in the Arctic Council in April 2007. In an analysis of the official Chinese policy debates about the Arctic at that time, David Wright uncovered a recurring fear that China was being kept out of an economically and scientifically important region by a club that threatened to monopolize it and carve it up among themselves (Wright, 2011). As such, China appears to have recognized the costs (benefits) of exclusion (inclusion) in the Arctic Council, and sought inclusion as a result.

The club's reason to court: China's ability to incentivize

Why would the Arctic Council ultimately respond favourably to China and other countries' applications for observer status? Adding observers is not costless for Council members. In addition to potentially eroding the club character of the institution, there were also concerns that a growing number of observers could erode the intimacy of Arctic Council events and render meetings unwieldy (Rosen, 2016). It may also have limited the number of suitable venues (Council events are often held in small and remote locations at northerly latitudes) and diluted the voices of the Council's indigenous Permanent Participants (Willis and Depledge, 2015).

We argue that the club's decision to respond favourably to China's interest in observer status was a result of several factors coming together in combination. First, China adopted an integrative strategy of co-optation and persuasion to build its case for observer status, which reassured Arctic Council members that China would behave in a way congruent with the existing purpose of the club. Second, prompted by a growing list of observer applications, the

club took steps to institutionalize the role of observers which clarified the basis upon which to assess observer applications. Third, the decision to open up to new observers was motivated at least in part also by a diffuse concern among some member states that rebuffing new observer states could endanger the governance capacity and authority of the Arctic Council by opening the path to regime shifting or alternative institutional creation. In sum, while China succeeded in incentivizing the club to open up via an integrative strategy of co-optation and persuasion, the case was also not free from power bargaining considerations.

First, China appears to have engaged in an *integrative* strategy of persuading, pledging support, reassuring existing members by recognizing the status of the Arctic Council in Arctic affairs, and pledging support to the Council and its work. Indeed, this is far from surprising, as being deemed able to 'contribute to its work' is the key condition for observer status established by the Arctic Council's founding document, the Ottawa Declaration of 1996. While some Chinese analysts engaged in brusque rhetoric about the Arctic in the early 2000s, over time this rhetoric melted away in favour of more temperate tones, especially following the second deferral of observer applications in 2011 (Jakobson and Peng, 2012).

On 6 November 2012, during a meeting between the Swedish Arctic Council Chairmanship and Arctic Council observers, China's ambassador to Sweden, Lan Lijun, spelled out China's case for observer status (Lan, 2012). Noting that the Arctic Council was 'the most important regional inter-governmental forum to address issues of environmental protection and sustainable development in the Arctic', Lan reassured those present that 'The participation of observers does not prejudice the dominant role of Arctic states in the Council' and affirmed that observers' participation is 'based on the recognition of Arctic States' sovereignty, sovereign rights and jurisdiction in the Arctic as well as their decision-making power in the Council'. In this way, China sought to reassure club members that it recognized the authority of the club and that admitting new observers would only have 'positive significance to the work of the Council'.

Lan (2012) also made several general observations relevant to the role of observers which appeared to justify a role for non-regional states in the Arctic Council. First, some Arctic issues such as climate change and international shipping were trans-regional in nature and affected the interests of non-Arctic states. Second, accepting new observers would enhance the Council's 'openness and inclusiveness'. Third, it would provide the Council with a 'broader perspective' on trans-regional issues.

Regarding China specifically, Lan appealed to the Arctic Council's regional logic of exclusivity by claiming that China constitutes 'a near-Arctic state' and emphasized that developments in the Arctic have significant impacts on China's climate, agriculture, and economic development. Additionally, Lan foregrounded China's scientific activities in the Arctic and a willingness to cooperate with other states in this field.

More broadly, we find evidence of a strategy of persuasion in the form of China's argument that it constitutes a

'near-Arctic state' and an 'Arctic stakeholder' in its pursuit of a bigger role in the region (Ping and Lanteigne, 2015). This term has been in use by China since at least 2012 (Jakobson and Peng, 2012), and was made official in its 2018 Arctic Policy, where it is defined as 'one of the continental States that are closest to the Arctic Circle', a status that is seen to bolster its standing as an 'important stakeholder in Arctic affairs' (State Council Information Office, 2018). A similar strategy was also adopted by Estonia's Foreign Minister when he announced that country's bid for observer status in 2019, describing Estonia as 'the northernmost non-Arctic country' (ERR News, 2019). Even the United Kingdom, an observer since 1998, has touted its status as 'the Arctic's nearest neighbour' (United Kingdom Foreign and Commonwealth Office, 2013, p. ii). In other words, in addition to promising concretely to assist in the work of the Council, China appealed to the club's existing regional logic of exclusivity in order to bolster the legitimacy and appeal of its role in the region and bid for observership, even if geographic proximity is not a formal criterion for observer status at the Arctic Council (see Goddard, this issue).

China's reassuring strategies of co-optation and persuasion appear to have reassured club members that China would not pose a threat to the Council in case its application for observer status were granted. There is evidence that at least some club members did consider China's interest in the Arctic more warily than those of other states. According to a diplomatic cable sent from the US embassy in Helsinki to Secretary of State Clinton in September 2009, the Government of Finland did greet China's application for observer status with less enthusiasm, due to concerns that its commercial interests might pose a challenge to the Council's mandate with regard to the environment and indigenous populations (Embassy Finland, 2009). Yet China's policy of reassurance meant that at the critical meeting in 2013, when China's application was decided along with those of five other states, China's application was not singled out for particular discussion (Willis and Depledge, 2015). Indeed, interview evidence suggests that China's presence in the Arctic was perceived more as an opportunity than a threat, especially by Nordic countries (Willis and Depledge, 2015). In sum, China based its claim for observer status on a mixture of persuasion and co-optation, emphasizing geographic proximity, functional gains for both observers and Arctic Council members, and the principle of affectedness.

Institutional adaptation – and the shadow of power bargaining

While our framework can account quite well for China's inclusion as an observer in the Arctic Council and there is no evidence of power bargaining in the form of explicit threats to undermine the Council, we are still left with the puzzle of the timing of admittance. The applications for observer status languished for six years before they were finally granted, with club members being unable to agree on any new admissions to accredited observer status at the

2009 and 2011 Ministerial meetings, a period of time much longer than would be expected due to simple bureaucratic slack.

One key reason for the delay in responding to China's and other countries' observer applications stemmed from a generalized uncertainty regarding the impact of a growing number of potential observers at a time of rapid biophysical and political shifts in the Arctic. At the time of China's application in 2007, both the criteria for admission as observers and the definition of observers' roles were not clearly defined. Risk-averse Council members therefore deferred decisions on individual applications pending further discussions (Willis and Depledge, 2015). By the time of the 2011 Ministerial in Nuuk, China's application had been joined by applications from the European Union, Japan, South Korea, Singapore, Italy, and India. Such increased interest proved polarizing among Council members, and consequently, a task force was set up consisting of member states and Permanent Participants to elaborate guidelines for decisions on admissions (Willis and Depledge, 2015).

It was only by the time of the Kiruna Ministerial in May 2013 that the observer question was finally resolved. In the event, Beijing and five other states were granted observer status, with only the application of the European Union not being formally adopted (owing largely to opposition from Canada over its ban on commercial seal products). At the same time, it was made clear that observer status is no path to full membership: club members introduced the Arctic Council Observer Manual for Subsidiary Bodies, which underlined the exclusivity of the membership category by stating that 'Membership in the Arctic Council is limited exclusively to the Arctic States' (Arctic Council, 2015).⁹ So part of the explanation for the delay in deciding China's case appears to have been a cautiousness on the side of member states and Permanent Participants with regards to opening up to new observers in general until their role was more clearly defined and demarcated from that of full members.

At the same time, the political backdrop to this decision displays features of a shadow of power bargaining in the form of concern about potential future regime shifting or 'competitive regime creation' (Morse and Keohane, 2014) if the Arctic Council remained a strictly exclusive club. The process leading to the acceptance of new observers was marked by at times tense internal deliberation between Arctic Council members and was deemed an issue of high political sensitivity (Ingimundarson, 2014; Mered, 2013). The pressure for club members to respond to a growing list of observer applications grew over time, with many members gaining the perception that indefinite deferral would undermine the credibility of the Arctic Council. As Matthew Willis and Duncan Depledge report, 'It was not lost on member states that failure to reach a decision would undermine the Arctic Council's status as the region's key policy-shaping forum, nor that other fora could emerge to fill a leadership void' (2015; see also Ingimundarson, 2014; Manicom and Lackenbauer, 2013).

In this context, Iceland took the lead in acting as a membership broker among the club. In fact, Icelandic officials are even said to have encouraged China in the early 2000s to apply for observer status in the first place (Willis and Depledge, 2015). While the Nordic countries had always been the most supportive of including more observers, as the smallest Arctic state and one of those, to its own dismay, not recognized as an Arctic Ocean coastal state,¹⁰ Iceland saw China's entry as a chance to boost its own standing in the Council and deepen its ties with a powerful new ally (Mered, 2013). Other efforts, notably a free trade agreement between Iceland and China, were pointing in the same direction.

Iceland's strategic considerations became apparent when Icelandic President Ólafur Grímsson announced the establishment of a new assembly for international cooperation on Arctic issues, called 'Arctic Circle' and open to all states, on 15 April 2013, just one month before the Arctic Council members again considered the observer applications of China and others at the Ministerial Meeting in Kiruna. With Grímsson's details about the new forum remaining vague at the time, his assertion that 'China, India, Singapore and other countries far from the Arctic Circle could be part of a new global forum to widen the discussion about the fate of the planet's Far North' (Zabarenko, 2013) stoked concerns that counter-institutions to the Arctic Council could emerge if the Council did not respond positively to China's (and others') demands for observer status (Depledge and Dodds, 2017, p. 142; Exner-Pirot, 2013).¹¹

Some club members indeed harboured concerns about the potential for future regime shifting to alternative governance mechanisms such as the International Maritime Organization and UNCLOS. In launching the Danish Strategy for the Arctic in August 2011, Foreign Minister Lene Espersen also argued in favour of granting observer status to all applicants, partly to avoid turning the Council into an 'exclusive club' and risking the creation of a parallel Arctic forum at the United Nations where the Arctic states 'would not have a strong voice' (New Europe, 2011). While the institutional adaptation that we observe did take place on integrative terms (at least outwardly), it is clear that even apparently consensual institutional adaptations take place in the shadow of the potential for power bargaining if integrative offers are rebuffed (see Lipsky, this issue).

To be sure, it is noteworthy that no state applicants for observership were rejected in 2013, although the application of the European Union remains in perpetual deferment. By contrast, Turkey and Mongolia both filed applications later in 2013, and Greece in 2014, but were unsuccessful. While in this paper we have focused on China's path to observer status, the reasons for this variation appear to stem from these countries' failure to provide Council members with compelling incentives to open up, especially in light of the openness the Council had already displayed by admitting new states in 2013. From the perspective of the club, the admission of new observers may be subject to diminishing marginal returns as club size increases. In this respect, China

may also have benefited from being in the right place at the right time.

Conclusion

We have argued that the integration of emerging outside powers into clubs will come about as a function of three conditions: the outsider's degree of 'fit' to the club's logic of exclusivity, the club's gatekeeping role over goods of value to outsiders, and the outsider's ability to incentivize the club to open up via different strategies, of which integrative approaches such as promising gains (co-optation) and appealing to club members' existing principles (persuasion) appear most promising. The extent to which these conditions are met will affect both the likelihood as well as the depth of the outsider's integration into the club.

In the case of China and the Arctic Council, China's lack of fit to the club's regional logic of exclusivity meant that it was never considered as a potential full member, but was relegated, like other non-regional states, to potential observer status. Yet China appears to have recognized the unique benefits that inclusion in the Arctic Council could provide, and adopted an integrative strategy of co-optation and persuasion to make its case for inclusion. The success of China's reassuring strategy is indicated by the fact that while some countries did have reservations related to China specifically, formal discussions among the club members did not single China out from other applicants for state observer status. The club members were eventually persuaded that they had more to gain than to lose from including China and several other non-regional states as observers.

Yet, there is also evidence that club members were aware that a failure to respond favourably to new observer applications could endanger the status of the Arctic Council as the key intergovernmental forum for Arctic issues. We interpret this as a shadow of power bargaining. China, especially, casts a long shadow, with China's growing economic and scientific activities in the Arctic lending it systemic significance to Arctic governance, especially with the impacts of climate change and air pollution at centre stage of many of the Arctic Council's subsidiary bodies (Mered, 2013; Solli et al., 2013). Many Arctic Council members will be aware that even while speaking softly, China also carries a big stick.

At the same time, the case of China and the Arctic Council may hold other lessons about the longer-term prospects of emerging power integration into clubs. While this appears to be a neat example of institutional adaptation, this is not the end of the story! In fact, it is not clear that China has been satisfied with observer status in the Arctic Council. China's 2018 Arctic Policy states that China will seek 'improvements' to the Arctic governance regime and identifies the UN Charter and the UN Convention on the Law of the Sea (UNCLOS), not the Arctic Council, as its core. Indeed, a key aspect of China's Arctic Policy is to reframe the Arctic as a global space, which goes beyond 'its original inter-Arctic States or regional nature, having a vital bearing on the

interests of States outside the region and the interests of the international community as a whole' (State Council Information Office, 2018). While China recognizes the Arctic Council as 'the main intergovernmental forum on issues regarding the environment and sustainable development of the Arctic', it is also notable that China emphasizes the role of 'all countries', 'the international community', and 'mankind' in relation to the Arctic, and specifically supports alternative, non-club platforms such as The Arctic Circle and Arctic Frontiers. This illustrates that far from representing a one-shot game, negotiations over institutional adaptations to international power shifts should rather be understood as a perennial feature of international politics in which power politics may be either explicit or latent but are never far away. Clearly, when it comes to negotiations over international order, club institutions and the politics of gaining entry have important roles to play.

Notes

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1. We use the terms *inclusion* and *integration* interchangeably.
2. The other countries were India, Italy, Japan, Republic of Korea, and Singapore.
3. On how regions are constructed see Acharya (2007) and Hettne (2005).
4. On status see Larson et al. (2014), Pouliot (2014).
5. Affinity-based clubs appear to be neglected in the literature, although theories of networks and alliances may provide insights.
6. Here our argument parallels Kruck and Zangl's (2019) account of 'strategic co-optation'.
7. We thank Oran Young for this point.
8. For an overview see Arctic Council (2019).
9. The manual was introduced in 2013 and adopted in 2015.
10. The five Arctic coastal states (or Arctic five) comprise those states with direct access to the Arctic Ocean (Canada, Denmark [through Greenland], Norway [through Svalbard], Russia, and the United States) and are an informal exclusive club within the exclusive club of the Arctic Eight. The five Arctic states have met in the past on foreign minister level, most notably in Ilulissat, Greenland in 2008. This resulted in the adoption of the Ilulissat Declaration where the Arctic five affirmed their 'unique position' in Arctic governance.
11. In fact, the Arctic Circle Assembly was established anyway and has been taking place annually since 2008. Yet it turned out not to be an intergovernmental institution but rather a 'bazaar' where a menagerie of actors – non-Arctic states, environmental and indigenous organizations, businesses, artists—showcase their relevance for the Arctic (Depledge and Dodds, 2017).

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Author Information

Matthew D. Stephen is Senior Researcher in the Global Governance department at the WZB Berlin Social Science Center. His research focuses on international power shifts, international institutions, and the politics of legitimacy. He is co-editor with Michael Zürn of *Contested World Orders: Rising Powers, Non-Governmental Organizations, and the Politics of Authority beyond the Nation State* (Oxford University Press, 2019).

Kathrin Stephen (née Keil) leads the Arctic Governance Research Group at the Institute for Advanced Sustainability Studies (IASS) in Potsdam, Germany. She is co-editor of *Governing Arctic Change: Global Perspectives* (Palgrave, 2017) and co-author of *Internationale Politik und Governance in der Arktis – Eine Einführung* (Springer, 2018). She served as part of the German observer delegation to the Arctic Council.