

ÁGNES SZUNOMÁR

China in Northern Europe and the Arctic: economic cooperation and strategic concerns

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China's economic presence in Europe has changed considerably over the past decade. Earlier Chinese activities were often linked to infrastructure projects, acquisitions, and the broader ambitions of the Belt and Road Initiative. Today, however, Chinese engagement is increasingly connected to Europe's green transition, especially electric vehicles (EVs), batteries, renewable energy technologies, and critical raw materials. This transformation has also altered the geography of Chinese investments in Europe: while Southern and Central and Eastern Europe initially attracted attention because of transport infrastructure and manufacturing projects, Northern Europe has become important for different reasons, including technological capabilities, innovation ecosystems, stable regulatory environments, and access to the Arctic region.

Compared to other parts of Europe, Chinese investments in Northern Europe remain relatively limited in volume. Nevertheless, they are often concentrated in sensitive sectors. Nordic countries have attracted Chinese interest in clean technologies, battery value chains, digital infrastructure, maritime industries, and Arctic-related projects. Consequently, governments have become increasingly cautious regarding economic dependencies and security risks. Chinese activities are therefore assessed not only through an economic lens but also through geopolitical and national security considerations.

One of the most important areas of Chinese involvement is the EV sector. Europe's green transition has increased demand for batteries, related materials and technologies. Chinese battery producers and suppliers have become deeply embedded in global EV supply chains, making cooperation economically attractive for many European countries. In Northern Europe, access to critical minerals and low-carbon energy has created favourable conditions for battery-related investments and industrial partnerships. Finland, for example, has attracted attention because of its nickel and cobalt resources and refining capacities, while Sweden has aimed to position itself as a leader in sustainable battery production and green industrial transformation. The Swedish automotive sector also illustrates the complexity of Europe's economic relationship with China: Volvo Cars remains closely linked to the Chinese Geely Group, while European battery producers such as Northvolt have relied heavily on Asian, including Chinese, supply chains and technologies.

At the same time, the experience of other European regions has highlighted the risks connected to excessive dependence on Chinese suppliers and technologies. Policymakers increasingly worry that Europe could replace its earlier dependence on Russian energy with new dependencies in strategically important green industries. Concerns related to subsidies, unfair competition, and

supply-chain vulnerabilities have therefore become central elements of the European debate on Chinese EV and battery investments. For Northern European economies, cooperation with Chinese firms may bring capital, jobs, technological know-how, and integration into global industrial networks, but it also raises concerns about technological dependence and external influence in critical industries.

The Arctic dimension further increases the importance of Northern Europe. China has repeatedly described itself as a "near-Arctic state" and has shown interest in Arctic shipping routes, energy projects, scientific cooperation, and critical raw materials. Chinese companies, including COSCO, have explored the commercial potential of Arctic maritime routes and related logistics projects, although many earlier infrastructure plans involving Chinese actors did not materialise. In Norway, discussions surrounding the potential development of Kirkenes as a future Arctic logistics hub attracted particular attention. Supporters argued that cooperation with China could strengthen regional development and connectivity, while critics emphasised the security implications of Chinese involvement in infrastructure located close to sensitive Arctic and military regions.

Russia's war against Ukraine has further intensified these concerns. Security considerations have become more prominent, and governments have become increasingly cautious regarding external influence in critical sectors. Similar concerns have also shaped Nordic debates surrounding Huawei and 5G networks. As a consequence, many Northern European states have tightened investment screening mechanisms and adopted a more restrictive approach toward Chinese participation in strategically important projects.

Despite growing caution, economic cooperation between China and Northern Europe is unlikely to disappear, as both sides continue to share strong interests in several innovative and strategically important sectors. The key challenge for Northern European countries will therefore be how to benefit from economic cooperation with China while simultaneously reducing strategic vulnerabilities and maintaining technological and political autonomy. ■



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