

TRUE PARTNERS?

How Russia and China see each other

Dmitri Trenin





CENTRE FOR EUROPEAN REFORM

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1 Introduction

This report compares Russian and Chinese security perceptions and explains how they shape the two countries' policies towards each other. It argues that the modern relationship between the two countries, formed in the late 19th and 20th centuries, was turned on its head at the start of the 21st century. China has now become a powerful factor affecting a whole range of Russian policies, both domestic and foreign. The paper also argues that, while Russia is not central to China's foreign relations, and non-existent in China's domestic politics, good relations with Moscow are an important supporting element in Beijing's overall strategy of reclaiming China's 'rightful place in the world'. It concludes that while both countries need each other and would benefit from a stable political relationship and close economic ties, both Moscow and Beijing lack the long-term strategies to create such a bond.

As great power relationships go, the reversal of China's and Russia's fortunes at the close of the 20th century could not have been more dramatic. For the first time in their recent history, Russians have to deal with a China which is more powerful and more dynamic than their own country. To contemporary Russia, China holds out a number of opportunities, economic as well as political, as a market for Russian raw materials, a locomotive of economic development in the Russian far east and a fellow non-Western partner on the world stage. At the same time, however, China presents Russia with major challenges, particularly in Siberia, to which Russia has yet to respond. So far, Moscow has been able to sustain a tolerable *modus vivendi* in relations with Beijing, but the future beyond a ten or 15 year horizon is less clear. Russia will only be able to develop a long-term view of its relationship with China when Russian elites start to think more strategically about their country and what its global role should be.

To the Chinese, by contrast, Russia's decline from being a Soviet-era superpower to its present status as a second tier power is but one of a number of great changes in the emerging international system. In overall GDP, China has overtaken Japan to become the world's second largest economy. In terms of foreign trade volume, it has replaced Germany as the world's top exporter. The UK's handover of Hong Kong to China in 1997, and Portugal's withdrawal from Macau in 1999, symbolised the end of a century and a half of humiliating Western occupation of parts of China's territory. During the eurozone crisis, China was even being touted as a possible financial saviour of the European Union. As for Russia, Beijing has learned to use its former mentor-turned-enemy-turned-partner as a source of raw materials, especially energy. It has also been able to rely on Russia as a strategic cushion, to strengthen its hand in opposing Western-led liberal interventionism. Beyond this, however, the Chinese do not seem to have a strategy for dealing with Russia.

The paper begins with a parallel description of Moscow's and Beijing's 'strategic universes' – their respective security outlooks – and the place of the other country therein. With reference to Russia, it stresses that China's rise has made Moscow's view of the world far less Western-centric. With reference to China, it explains how and why the Russia relationship stands out among links with the major world powers, and what value it holds for Beijing.

The paper then assesses the two countries' principal interests in key areas: global governance; regional issues; trade and investment, with a particular attention to energy; and arms transfers and their strategic implications. Despite the growing inequality of the relationship, the paper seeks to go beyond an assessment of the balance of power by analysing each party's interests and motives. The paper ends with reflections on the future of Sino-Russian relations, in bilateral, regional and global contexts.

2 Moscow's strategic universe

In the 20 years since the collapse of the Soviet Union, the Russian Federation has dramatically revised its goals and policies in response to changes in its own strength and in the international environment. Gone are the military confrontations in Europe and North East Asia, the ideological underpinnings of Moscow's foreign policy and the Kremlin's superpower pretensions. Russia is by no means completely out of the habit of imperial thinking, but its attitudes and actions are post-imperial.¹ For the first time in almost half a millennium, Russia is not seeking to conquer other countries. Seen from this perspective, Moscow does not see China's rise as a threat or even as a major challenge to itself.

¹ Dmitri Trenin, *Post-Imperium: A Eurasian story*, Brookings/Carnegie, 2011.

Having ceased to be an empire and a world superpower, Russia has managed to stabilise itself as an important second-tier player in a globalised world. Russian leaders are still wedded to the notion of their country being a great power, although the meaning of the concept has changed. They place less emphasis on controlling other countries and focus instead on avoiding domination by somebody else – mainly the two premier powers of the 21st century: the United States of America and the People's Republic of China.

When early hopes for a post-Cold War alliance with the United States and integration into the European Union faded in the mid-1990s, the Russian leadership came to see China as a natural ally to balance the United States. Conversely, the more liberal-minded Russians often try to impress Western publics with the notion that, unless the US and European governments paid due attention to Russian interests – for example, on the issue of NATO's enlargement – the country might shift towards China, thus tilting the global balance against the US.

These pleas, however, usually fail to impress Westerners and produce none of the results for which these Russians hoped.

² *The SCO is a loose platform for the co-ordination of economic and security policies, with six full members: China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan.*

In the mid-2000s, when Russia openly strove to curb American power, Russian hawks advocated a politico-military alliance with China, and the conversion of the Shanghai Co-operation Organisation (SCO) into a geopolitical counterweight to NATO.² China was deemed indispensable for any serious stand against the US. Even Russian leaders occasionally sounded a

similar tune. A statement by Vladimir Putin at an SCO summit in Dushanbe that the SCO countries collectively accounted for 40 per cent of the world's population – with Russia's own share a mere 2 per cent of the world total – reminded one of the famous old Serbian boast: "We and the Russians, it's 200 million people."

When the Russian leadership awoke, in the late 2000s, to the pressing need to overcome the country's growing backwardness and steady marginalisation, Moscow switched to a more sophisticated and nuanced policy, under the rubric of 'modernisation'. It sought to reach out to Western countries by striking 'modernisation alliances' with them where possible. China played a limited role in this drive; the Kremlin added it to the growing list of 'modernisation partners' as an afterthought.

³ *Zhang Baijia, 'National objectives versus strategic choices', Contemporary International Relations (CIR), Vol. 20, No.6, November-December 2010.*

The link between the need to modernise and the normalisation of relations with the West is doubtless familiar to the Chinese. The thaw in Sino-American relations under Mao Zedong in the 1970s was an indispensable prerequisite for Deng Xiaoping's openness and reforms.³

Moreover, when Deng started opening China to the West, he sealed a quasi-alliance with the United States against the USSR. China was then frequently referred to by Soviet commentators as NATO's informal member.

Today, however, Chinese authors sound more sceptical about Russia's efforts to modernise. They see Russia's desire to move up the value chain through Western assistance as "mere self-delusion".⁴ Lurking behind this is probably a Chinese concern that, in the effort to modernise itself through the extensive use of Western know-how and technology, Moscow might have to align itself more closely with Washington's global policy, which would damage China's interests.

⁴ Ji Zhiye, 'Strategic prospects for Russia from the perspective of its modernisation strategy', *CIR*, Vol. 20, No.5, September-October 2010.

Russians do not consider China, its successes notwithstanding, as a particularly attractive source of modernisation or innovation. However, they continue to value it as a political partner and a global balancer, rapidly gaining in weight and importance. This leads to a new situation whereby, on a number of issues – from UN Security Council (UNSC) votes on whether to impose sanctions on Iran, to talks on North Korea's nuclear programme, to missile defence collaboration with the US and NATO, to energy and climate matters – Moscow now has to carefully balance between Washington and Beijing.

For the first time in centuries, Russia abuts military powers in the west (NATO) and in the east (China), each of which is clearly superior to Russia's own non-nuclear forces. But instead of matching or surpassing their strength, Moscow focusses on maintaining equilibrium through the threat of retaliatory nuclear strike, including the possibility of being the first country to use nuclear weapons in conflict (in case of an overwhelming conventional attack). This is a fundamentally conservative posture, and Russian strategists do not see large-scale wars as probable. Two decades after the Cold War's end, new security challenges and the changed nature of warfare have begun to transform truly the staunchly conservative Russian strategic worldview.⁵

⁵ Compare, for example, *Russia's military doctrines of 1993, 2000 and 2010; and its foreign policy concepts of 1993, 2000 and 2008.*

True, the Russian military still considers the United States as the principal potential adversary. It is the one power capable of 'shutting

down' Russia. Moscow, however, faces a major security dilemma: it cannot balance the US, and it would not bandwagon on it – or, to put it differently, it 'can't beat them and wouldn't join them'. This puts the Russian leaders in a difficult position. Neither of the two models Moscow has previously tried – direct balancing (during the Cold War) and bi-hegemony (in the Cold War's immediate aftermath) – can work. For example, Russia is essentially prepared to collaborate with the United States on Europe-wide missile defence, on an equal basis, which it cannot secure. Failing the aspired 'equal partnership', however, it anticipates an armaments race, which it probably cannot afford.

Collaboration on missile defence could offer one way to escape this predicament. It would allow Russia to establish a genuinely strategic partnership with the West. It is this possibility, rather than any concerns about Iran's nuclear and missile programmes, which motivates the pro-engagement elements in Moscow to seek to build a joint missile defence system with NATO. They expect such collaboration to end adversarial relations with the West, and to make it possible to create a security community in the entire Euro-Atlantic area, thus relieving Russia of its fears of encirclement and the corresponding need to maintain unduly costly armed forces.

⁶ Dmitri Trenin,
'Euro-PRO: Smena strategicheskoy igry (Euro-MD: A strategic game-changer)',
Russia in Global Affairs,
July-August 2011.

Unlike co-operation on other issues, such as counter-terrorism and Afghanistan, missile defence has a central, 'strategic' quality to it, which chimes with the preferred Russian top-down view of co-operation.⁶

The reverse is also true. If such collaboration is not achieved, and the United States proceeds to develop its global missile defence system without Russian co-operation and participation, the Russian leaders would see themselves as obliged to protect their state's cherished strategic independence through increasing the nuclear arsenal at their disposal. Adversarial relations between Russia and the US would impact on the global geostrategic balance – negatively, in this case, for both sides. Either way, the decisions taken will have a major impact on Russia's relations with China.

While it still keeps about half its military forces (about 30 brigades) under the western command facing NATO, Russia's military-strategic preoccupation with the 'Western threat' is receding into history. With NATO's eastern enlargement now on hold for an indefinite period, Moscow is essentially prepared to regard NATO countries as non-adversaries, although it is adamant that the alliance should not enlarge further to the east, and that it should not deploy weapons systems in Europe which would impair the credibility of Russia's strategic deterrence. After the 2008 war with Georgia, Russia made a sustained effort to achieve an historic reconciliation with Poland, and improve relations with several other Central European nations. Through a maritime border agreement with Norway, reached in 2010, Moscow sought to dispel fears that it would seek to solve disputes in the Arctic by means other than negotiations and international legal procedures.

For the foreseeable future, Russia's immediate security concerns are located to the south of its borders or even within those borders, as in the North Caucasus. Russia's southern command numbers roughly 20 brigades, about a third of the army, and keeps growing. Since the 1979 Afghanistan invasion, Muslim *mujahedeen* have been the principle battlefield enemy for Russian soldiers, and *jihadists* have been responsible for the vast majority of terrorist attacks against Russian civilians. The Chechen wars of 1994 to 2001 defined for years Russia's post-Soviet security thinking.⁷ The stability of Central Asia is a key geopolitical factor influencing the security of the Russian Federation, and is a focus of its alliance-building efforts. The south will dominate Moscow's strategic thinking for the foreseeable future.

⁷ Dmitri Trenin and Alexei Malashenko, with Anatol Lieven, 'Russia's restless frontier: The Chechnya factor in post-Soviet Russia', *Brookings/Carnegie*, 2004.

The place of China in Russia's security thinking

For the first time in two-and-a-half centuries, Russia is facing a China in the east which is stronger than itself in a number of ways.

The dramatic and swift reversal of fortunes between Russia and China has few parallels in history. In 1979, as Deng Xiaoping launched his reforms, China's gross domestic product was estimated at around 40 per cent of that of the Soviet Russian Republic within the USSR. In 1990, the economic output of the two sides was at similar levels.

Then, within just a decade, China surged ahead as Russia's GDP shrank during the 1990s. The trend continues: by 2010, China's economy had become four times the size of Russia's, according to the World Bank. While Russia only joined the World Trade Organisation (WTO) in late 2011, China had been a member for over a decade. When Russians look east today, they see a huge powerhouse where recently there was an agricultural economy; when they look across the Amur and Ussuri rivers, they see glitzy cities in place of the poor villages of a few decades ago. Russians feel dwarfed.

This role reversal extends beyond economics. While the post-Soviet Kremlin leadership allowed its military to fester for almost two decades, only attempting meaningful military reforms in 2008, the Zhongnanhai leadership has been promoting military modernisation relentlessly, and increasing its tempo in the 2000s. Today, China's defence budget is the second biggest in the world while Russia's is only the fifth largest. Although Russia still maintains a much bigger nuclear arsenal, the conventional military balance between the two countries is tilting in China's favour. Equally tellingly, even though China is not technologically on a par with America, Europe or Japan, it has overtaken Russia in many aspects of science and education.

Thus, when the Russians look at China today, they see an economic giant; a financial power armed with the world's largest foreign exchange reserves (Russia is a distant third in this respect); a new science power and technology producer; and an increasingly capable military force. They also see a state which might be capable of using military might to assert its claims. Whereas in the 20th century Russia regarded itself as a 'senior' world power to China, it has seen,

in the new century, Beijing becoming more important than Moscow on issues ranging from global finance to Afghanistan to climate change.⁸ Ironically, China's claim that no serious world issue can be resolved without it, much less against it, rings familiar to Russian ears: the Tsars used to say the same to the Europeans, and Soviet leaders to the entire world.

⁸ See for example, the long-term forecast by Moscow's Institute of World Economy and International Relations (IMEMO): 'Strategicheskii globalniy prognoz 2030', *Magistr*, 2011.

Russia responded to this remarkable reversal of fortune by striving to mend fences and build a close partnership with its large neighbour. At the end of the Soviet period, Mikhail Gorbachev made peace with Beijing and ended the costly Cold War that the two Communist powers had waged since the early 1960s. In the early-to-mid-1990s, Boris Yeltsin, in an effort to stabilise Russia's far eastern flank and to balance relations with the United States and Europe, reached out to China to construct a 'strategic partnership'. In the 2000s, with the West no longer a magnet for Russia, the relationship further solidified under the leadership of Vladimir Putin. Successive Kremlin leaders saw it in the national interest to make friends with a neighbour whose power and strength was surging.

Prudence was one factor. Each one of those leaders made it a priority to resolve border disputes with China. Russia signed the first border agreement in May 1991 under Gorbachev; a second one in 1996 under Yeltsin; and a final accord on frontiers in 2004, under Putin. The latter considered the settlement of the more than 4,000 kilometre-long border to be his most important foreign policy achievement as Russia's president; he even ceded a small portion of Russian territory along the Amur and Ussuri rivers in order to facilitate an agreement before the balance of power shifted even further towards China. For Moscow strategists, China's potential hostility has always been a strategic nightmare; at the height of its power in the 1960s and 1970s, the Soviet Union spent vast sums on strengthening the border with China, effectively arming it to the teeth. With China now in many regards stronger than Russia, the

resumption of an adversarial relationship would spell more than a financial catastrophe for the Russian Federation.

Given the speed of China's rise and its newfound military strength, Moscow has been remarkably comfortable with the current state of the Russo-Chinese relationship. China's rise has not made Russians panicky. There are several reasons for this. The first is that Moscow is still primarily focused, for good or ill, on the United States. In contrast to Washington, Beijing has given Moscow fewer reasons to hold a grudge: China has neither celebrated the demise of the Soviet Union, nor attempted to lecture Moscow on how to manage its domestic affairs or conduct its foreign policy. The second reason is cold strategic calculus. Russians believe that Beijing's geopolitical ambitions, for the foreseeable future, are directed eastward and southward, but not northward or even westward. The third reason is rooted in Russian scepticism about China's progress. Moscow is keenly aware that contemporary China faces considerable difficulties, which will keep it preoccupied for a very long time. As for ordinary Russians, they view the Chinese political system as opaque and its leadership's long-term strategies as unclear. Most have no clear view of China, although many harbour suspicions.

Unlike the United States, today's Russia is not a guardian of the global order. The order that has existed since the end of the Cold War is marked by American dominance, which Russian leaders resent. Unlike the Europeans, Russians do not rue the demise of the 500-year-old Western hegemony. From the Kremlin's perspective, China's rise is chipping away at US global preponderance, which promises a more balanced international system. In other words, the arrival of China as a prime challenger to the United States strengthens multipolar trends in the global system, which Moscow hopes will provide Russia with more breathing space and room for manoeuvre. Moreover, when Russian and Chinese interests coincide, Moscow has a chance to team up with a major partner on the world stage.

In the highly asymmetrical triangular relationship between Russia, China and the United States, the worst Russian fear is of Sino-American collusion at Russia's expense. Russians have been suspicious of the idea of a Sino-American 'G2' emerging. They also fear that the US may attempt to provoke discord between Russia and China. But perhaps they should worry more about a confrontation between the United States and China, which would put Russia between a rock and a hard place.

The rise of nationalism in China is the chief reason to worry about a Sino-US confrontation. China-watchers in Russia note that Chinese nationalists clearly view the world in zero-sum terms familiar to early 20th century Europe. To some in China, their country is inherently 'good', and its actions always 'legitimate'. China's drive for access to and control of mineral resources could push it to use military force. Already, Russian observers point out, radical Chinese nationalists identify the United States as the main obstacle to China's rise, and call for Washington to be confronted and defeated. If their views become dominant in Beijing, and if the Chinese Communist Party (CCP) leaned further toward nationalism, China could be set on a collision course with the United States. A Russian expert likens these radical nationalist aspirations of an increasingly powerful nation to those of a petulant "teenager".⁹

⁹ Alexander Lukin, 'Kitrayskaya mechta I budushchee Rossiis,' *Russia in Global Affairs*, July 2010.

Although the Beijing government remains far more restrained, its foreign policy has shifted away from Deng Xiaoping's famous 28-character strategy about keeping a low international profile. Beijing, bolstered by a global crisis that has stricken Russia and the West but largely spared China, has become more assertive. To be sure, this is far from the radical nationalism favoured by some Chinese authors, but it does mark the end of an era.¹⁰

¹⁰ See Wang Jisi, 'China's search for a grand strategy', *Foreign Affairs*, March-April 2011.

For the time being, however, the relationship between Russia and China remains generally positive. The ability of both sides' top

leaders to communicate is crucial. The view of the Russian Federation's first batch of post-Soviet leaders, who regarded themselves as democratic and Western, and China as Communist and dictatorial, has given way to a more pragmatic and outwardly even friendly relationship at the top level. As they deal with their Chinese neighbours, today's Russian leaders pride themselves in being pragmatic and no-nonsense, with a clear understanding of the potential and the limits of co-operation. In reality, this is easier said than done.

There has never been a spirit of camaraderie about Russo-Chinese summits. The leaders do not take off their ties or use first names. And there have been few truly strategic conversations. But the summits are invariably business-like and results-orientated. Russian leaders believe that their hard-headed analysis of China immunises them from runaway illusions or unsubstantiated fears. They give China's rise its due, of course, but they also foresee an eventual slowdown in its growth. They are aware of China's many domestic problems, such as the need to alleviate poverty, and of Beijing's need to pay attention to them. The fact that Dai Bingguo, the foreign policy supremo, is a mere member of the State Council and does not sit on the CCP Politburo, much less its powerful Standing Committee, is telling.

Russian leaders have established a pattern of frequent and regular contacts with their Chinese counterparts, whom they meet four or five times a year. They have come to view the Chinese as essentially pragmatic, economy-orientated and utterly non-ideological. Even though Jiang Zemin, general secretary of the CCP from 1989 to 2002, was the last Chinese leader trained in the Soviet Union who spoke some Russian, top-level relations have not suffered under his successor Hu Jintao. Russia holds high hopes for the incoming leadership of Xi Jinping. The Chinese detested the hapless reformer Mikhail Gorbachev and were initially wary about the 'apostate' Boris Yeltsin. But they eventually managed Yeltsin quite well, and they appreciated his non-ideological, no-nonsense approach. Quite

a few Chinese admire Vladimir Putin for his 'masculinity' and apparent toughness. Some of them long for a strong leader 'like Putin' and most Chinese cheered when Beijing awarded him the Confucius peace prize in November 2011. The Chinese regard current president Dmitri Medvedev as a Putin protégé and a junior partner in the leadership team. They look forward to seeing Putin back in the formal position of supreme power, after the March 2012 presidential elections. Yet despite their confidence in Putin, the Chinese feel a distinct cultural divide between themselves and the Russians. The Russians feel the same.

While China's foreign policy, as discussed earlier, has grown more assertive, Russian leaders do not see this increased energy as being directed against Russia. During their annual visits to China in 2009, 2010 and 2011, Putin and Medvedev sought to further cement the economic and political relationship. Putin's visit to China in the autumn of 2011 was the only foreign trip he undertook during the six months of the parliamentary and presidential election campaign.

Russian public attitudes toward China are similarly positive. An opinion poll in 2009 ranked China as the fourth friendliest country.¹¹ This is more than matched by the public attitudes in China, where Russia, since the mid-2000s, has been regarded as either the friendliest country toward China, or second friendliest, after North Korea.

¹¹ *'Obschestvennoe mnenie 2009 (a yearbook)'*, Levada Centre, 2010, tables 19.9 and 19.10.

In military terms, Russia's policy towards China is similar to that towards to US: Russia seeks to discourage aggression by threatening a nuclear retaliation. But while in the case of the US this deterrence policy is openly articulated, in the case of China it is merely implied, so as to avoid potential friction. However, the Russians feel confident that the Chinese, who have worked so hard to grow economically, will value their well-being as much as the Russians do – which means that the threat of a nuclear strike should deter China from attacking Russia.

With post-imperial Russia now more inward-looking than ever before, it is the future of the Russian far east and Siberia that captures the attention of the Russian government. When Russians say “China” what they really have on their minds is Russia’s eastern provinces: Primorie, Transbaikal, and Eastern Siberia. What happens in Beijing or Shanghai or in the Taiwan Strait is primarily important in terms of how it affects the key population centres in Russia’s east, such as Vladivostok or Khabarovsk. When Russia agreed to finalise the border with China, lay a pipeline to the Pacific or host the 2012 APEC summit in Vladivostok, its main purpose was to boost its easternmost provinces.

¹² *Andrei Piontkovsky, ‘Ostrov Sibir, tretiy put’ k rabstvu’, 2010.*

Some Russians feel that the current government is too soft on China. Some pundits have accused the Kremlin of “selling the country” to Beijing.¹²

The charge is unfair, though the leadership is conscious of the possibility of Russia’s ‘vassalisation’ by China. Behind the discussion of ‘peace and harmony’ as being the essence of China’s rise, the Russian leadership sees a major power in the ascendancy. But they appreciate that China’s historical grievances are directed against Western powers. Moscow also draws comfort from the fact that tsarist Russia was never among China’s imperial oppressors; it believes that the Soviet Union’s policies towards China were also essentially benign, which means that Beijing has no reasons to hold a grudge.

Their authoritarianism notwithstanding, not everything, either in Russia or in China, is decided by the top leadership. The two vast bureaucracies which run this pair of countries are still, culturally, worlds apart. Often, signals coming from above find it hard to reach the operational levels and motivate closer co-operation. In the Sino-Russian official intercourse, politeness is the norm, while candour is a rare and precious quality. Official Moscow and official Beijing hope for a happy co-existence of Russia and China. Thus, despite the obvious and growing asymmetry, the relationship, already fairly strong, is being consolidated, even as it is being rebalanced and redefined to take account of China’s new power status.

3 China's foreign policy world

Beijing was happy to respond favourably to Russia's attempts over recent decades to build a partnership and resolve outstanding border issues. In general, China has been pursuing a strategy of mending fences with neighbours. In the case of the concluding 2004 border agreement with Moscow, China not only gained some territory, but also ended the unfair situation, imposed by the Soviet Union in the 1930s, by which China's border with Russia ran along the Chinese bank of the river rather than its main channel. Still, the deal has not been universally popular: many Chinese regard the 1858 and 1860 treaties which awarded to Russia the 1.5 million square kilometres of what is now Primorie and Transbaikal, as 'unequal', falling into the same category as the lease of Hong Kong, which expired in 1997.

However, the Chinese government, while not disputing the characterisation of the 19th century documents as unequal, and even allowing the publication of books and maps that make that point explicitly, has argued privately that the new arrangements with Moscow represent a 'land for peace' deal. Good-neighbourly relations with Russia allow China to stop worrying about military threat from the north, and also help with regard to what the Chinese call 'the US factor'.

These concerns help to explain why Beijing has been relatively constructive towards post-Soviet Russia. The disintegration of the Soviet Union could not have come at a worse moment for Beijing. China was pushed into a more prominent geopolitical role before it was ready. Beijing also suffered from international isolation in the wake of its violent crackdown on opposition protests on the Tiananmen Square in 1989, which contrasted so starkly with the fall of communism in Eastern Europe and the Soviet Union.

Nevertheless, Beijing used a lot of tact in dealing with Russia, especially during the turbulent 1990s. While China was certainly relieved to see the 'threat from the north' disappear, it refrained from publicly celebrating victory at the end of its 30-year-long cold war against the USSR. Beijing's reticence, of course, was guided by its own interests. It feared instability in the vast neighbouring country; it saw the sudden collapse of the Soviet Communist Party as a threat to the CCP rule in China; it was unsure about the new states in Central Asia, abutting China's Muslim-populated Xinjiang province; and it was concerned over a massive global power shift in favour of the United States.

Cleverly, the Chinese, sensing Moscow's sensitivities, treated the new Russian Federation with the respect due to a great power. They were careful not to humiliate a country going through a wrenching post-imperial adjustment. The Chinese have found Russia a difficult country to categorise anyway: it is neither of the first world nor of the third one. It is neither Asian nor fully Western. Yeltsin was judged to be pro-Western; Putin, pro-Western in his first term and 'pro-eastern' in the second; Medvedev, again, pro-Western. Some Chinese see Russia as prickly and constantly wonder when it will lose its temper and show the world its tougher face. One reason the Chinese are careful not to irritate Russia is that they do not want to encourage it to become more aggressive towards China.

Initial Chinese amazement at the pace and direction of the changes in post-Soviet Russia eventually turned into contempt. While this feeling is almost never made explicit, the Chinese have quietly written off Russia as a country that is in an absolute and relative decline. However, Beijing recognised that even a weaker Russia would strive to remain strategically independent, and would not hesitate, occasionally, to oppose the United States – which had its uses for China.

Chinese scholars dealing with Russia stress that Moscow is the only foreign capital with which Beijing has entered into a strategic partnership worth the name. This, however, says more about China's

fear of the US than of its appreciation for Russia. While China's economy is completely intertwined with the American one, the two sides are locked into a strategic rivalry which could degenerate into a confrontation capable of destabilising the world. The present bilateral relationship is essentially pragmatic and the differences between the United States and China appear manageable, at least in principle. But under different circumstances, and with different leaderships in Washington or Beijing, competition could triumph over co-operation.

The Chinese are essentially of two minds about the United States, and this has relevance for their attitudes toward Russia. The dominant school of thought holds that China should focus on internal development and leave active foreign policy to the future. This group believes that China needs to work with the United States, and avoid challenging its leadership or its presence in the Asia-Pacific region prematurely. It is conscious that America, in an historic change, is elevating Asia to the top of its foreign policy priorities, but they plead for mutual understanding and dialogue with Americans, leading to the joint management of differences. Any failure to manage competition and moderate it through co-operation, this group believes, will be costly for both China and the United States.

This view is challenged by voices in the CCP, the military, the security services and the academia, who feel empowered by China's economic performance, and the West's relative decline. These people also interpret US intentions toward China in a less benign way. To them, the US has been pursuing a policy of pressurising China, seeking to pin it down, contain its influence and encircle it geopolitically by means of alliances with China's neighbours. This analysis is supported by recent US policy statements, such as Secretary of State Hillary Clinton's November 2011 *Foreign Policy* article; symbolic steps such as the decision to deploy US Marines in northern Australia; and by the US diplomatic campaign in support of 'freedom of navigation' in the South China Sea, which Beijing sees as interference in its long-standing territorial dispute with a number of southeast Asian countries.

In its immediate neighbourhood, Beijing sees Japan as the principal historic villain. In the 19th and 20th centuries, Japan turned against China, seeking to subjugate it. The Chinese remain angry with Japan for its refusal to fully admit war guilt, and reflect this in public symbols and school textbooks. While China has recently eclipsed Japan as Asia's premier power, Beijing remains painfully aware of the technology gap and the gulf in living standards that separates the two countries. Beijing is also aware that the rise of China's naval and air power, particularly on the high seas, makes the Japanese not only fearful of their neighbour (for the first time in modern history), but also more determined than ever to deflect that threat. In the first instance, Japan has been leaning harder on its security alliance with the United States; should that prove insufficient, it might build nuclear weapons of its own – an outcome that the Chinese would want to avoid at all costs.

India, Asia's other rising power, is China's rival for the future. The Chinese do not fear India, but India fears China. The Beijing-Delhi relationship has much improved since their border war in the Himalayas in 1962, but despite booming bilateral trade the relationship will remain testy for the foreseeable future. China's de facto alliance with Pakistan, India's arch-enemy and a rival nuclear power in South Asia, is strengthening. At the same time Pakistan's alliance with the United States is weakening, while Indo-American ties are thickening. With the prospect of America's eventual withdrawal from Afghanistan drawing near, rivalry between India and China in South and Central Asia is likely to intensify.

China's relations with the nations of southeast Asia are, like those with Japan and the US, marked by close economic ties and unresolved strategic differences. Of the southeast Asian countries, only Indonesia might conceivably emerge as a serious competitor to China's influence. But many more states in the region have territorial disputes with China over the Paracel and Spratly islands, and the exclusive economic zones that China asserts around them. The South China Sea, which Beijing has long claimed as lying mostly

within its 'strategic borders', is becoming a testing ground for China's future foreign policy strategy, and a litmus test for international relations in Asia.

Beijing, of course, has a formal alliance with North Korea, but this has been an uneasy relationship. The leadership in Pyongyang has refused to accept China's lead, despite receiving much Chinese aid. The accession to power of Kim Jong un has not, for the time being, changed this relationship. By contrast, Beijing's relations with South Korea are economically close and thus highly productive, but complicated by South Korea's military alliance with the United States and the presence of US forces in the country. A unified Korea with American troops on the other bank of the Yalu River is an outcome China will seek to prevent. Finally, the Central Asian countries and Mongolia are generally friendly toward China, but also mildly fearful of it. Ironically, Beijing formally designates all the neighbours listed above – including India and South Korea – as strategic partners.

The role of Moscow in China's security policy

A senior Indian official once remarked to a former top US diplomat that in Asia, everyone was afraid of a strong China – except for Russia. What was the reason for this, the Indian wondered: are the Russians blind, stupid, or too obsessed with the United States? The American, who related the story to the author in April 2011, did not have a ready answer. But one American scholar, Stephen Blank, has recently concluded that Russia has de facto surrendered to China and ceased to be an independent factor in Asian geopolitics.¹³ While some Russian critics of Moscow's China policy would agree, this is a premature conclusion, to say the least.¹⁴

¹³ Stephen Blank, 'Russia's Prospects in Asia', *Strategic Studies Institute*, December 2010.

¹⁴ For example, Andrei Piontkovsky, 'Tretiy put' k rabstvu', 2010.

Russia remains important to China and does not fall into the category of a 'tributary state'. Russia plays a role in all China's

relationships described above. If Russia tilted too much to the United States, so as to become Washington's junior partner, China's overall strategic position would worsen dramatically. Russia would stop being China's 'safe rear', leading to fears in Beijing of a 'strategic encirclement' by the United States. This was why Beijing worried about Russia's participation in NATO's Partnership for Peace Program in 1994. To this day, Russian leaders' occasional comments about closer co-operation with NATO unnerve Beijing. Russia's full membership in NATO, which many Russian liberals – such as Igor Yurgens, who is close to President Medvedev – favour, would be an anathema to China's rulers. Happily for those rulers, Chinese experts and officials have concluded that disagreements between Russia and America remain sufficiently fundamental to make any true alliance between them impossible.

At the same time, China does want to see a confrontation between Washington and Moscow; that could lead to tensions in the Caucasus and Central Asia and force Beijing to make difficult geopolitical choices. It was puzzled, for example, when in 2010 and 2011 Putin and Medvedev said that if the US built missile defence systems in Europe without Moscow's involvement, they would launch a strategic arms race with Washington. Those advising China's leaders wondered where Russia would find the resources for such confrontation. The Chinese were annoyed by the 2008 war between Russia and Georgia, a close ally of the US, seeing that conflict as highly destabilising for the international system, and a threat to China's interests. Beijing's preference, as far as US-Russian relations are concerned, remains clear: no collusion and no collision between the two.

The Chinese are far from passive onlookers at US-Russian relations. During the late 1990s and the early 2000s, China was comfortable with Russia taking the lead in opposing US military actions in Kosovo and Iraq; Beijing abstained on key UN Security Council resolutions that Russia voted against. However, in the late 2000s, China walked out of Russia's shadow and started to vote in tandem

with Russia. Beijing has taken a more active position while avoiding being the lone voice of dissent at the UNSC. Within China itself, those who see the United States as a threat plead for an even closer relationship with Moscow. These sentiments are widely spread among the military and also in northeast China, a region close to Russia's border.

China's relations with the European Union are also partly shaped by Russia. The Chinese are concerned that Russia's need for European technology and investment will push the country towards integration with the West (even if by 'integration' Putin seems to mean a Europe composed of the EU and a Russia-led group of former Soviet states). Any link that would bind Russia closer to the West raises fears of encirclement in China and is seen as unwelcome. When the Chinese say "let Russia be Russia", they speak out of self-interest, rather than to pander to Russian nationalists.

In future, the continuing rise of China, and an increasingly unbalanced relationship between Moscow and Beijing, might lead the Russian leadership to shift its approach to balancing: Russia could then play its links with the United States and the European Union as a factor in Sino-Russian relations. Conversely, depending on how the Chinese choose to play it, Beijing could either seek to strengthen Russia's 'Eurasian' leanings, or help the Russians to realise that they are, after all, of European stock and that they belong to the West. Russia, however, would not be well served by policy swings between the West and China.

Beijing is also carefully monitoring Russia's policy towards Japan. On the face of it, Beijing has little to fear on this front: the two countries fought in 1904-05 and again at the end of World War II. Their relationship remains marred by a territorial dispute over the Kuril Islands, some of which Russia claimed in 1945. The Chinese have cleverly used the dispute to curry favours with Moscow: for example, in 2010 the two sides issued a joint statement on the 65th anniversary of Japan's defeat in World War II. Beijing welcomes

anything that pushes Japan to shift armed forces away from China and towards its northern border with Russia.

On the other hand, Beijing has to consider Russia's growing military presence in the Pacific, which it has observed in terms of deployments, such as the new French-built *Mistral* warship, and in terms of exercises, such as that known as Vostok-2010. Potentially, this presence could complicate the strategic picture in northeast Asia. This is especially true since Russia, despite the tensions with Tokyo over the Kuril Islands, does not view Japan as a serious potential adversary. In fact, given Moscow's need for a technologically capable and capital-rich country to help develop its Siberian and Pacific territories, Japan is an obvious candidate to become a strategic partner. A Russo-Japanese rapprochement, while not necessarily at Beijing's expense, would leave Russia less reliant on China. And because Tokyo would not agree to such a realignment without Washington's blessing, Beijing has to assume that a Russo-Japanese partnership would de facto include the US as an informal partner – and that would fuel China's fear of encirclement.

India has had a near-alliance with Russia since the early 1970s but with the Cold War over, it is no longer aimed at China (or the United States, its other former target). Beijing welcomed Moscow's initiative in the late 1990s to create the 'RIC' group, a consultative mechanism among Russia, India and China. This venture has not progressed beyond occasional summits and ministerial meetings, but if it ever became more solid, Moscow would benefit – so long as it retained better relations with Beijing and Delhi than they had with each other.

In southeast Asia, Moscow sells arms to a number of countries, such as Vietnam, Malaysia and Indonesia, which are uneasy about China's rise and dispute its claim to most of the South China Sea. Moscow also remains a player in North Korea, being one of the few countries to have hosted the recently deceased Kim Jong Il. Moscow has a growing economic and political relationship with Seoul. More

importantly from China's perspective, Russia retains substantial influence in the former Soviet Central Asia and has rediscovered an interest in the ex-Soviet ally Mongolia, which wants to balance the growing influence of China. While Beijing does not need Russia's permission to access the energy resources of Central Asia, China's economic expansion into the region will run farther, and more smoothly, if it does not encounter Russia's opposition.

Finally, in addition to its network of relations with third countries, Russia is also unique to China because of its strategic position – Beijing is an hour's flight from the Russian border – and because it provides both energy and valuable military, nuclear and space technologies. The long Sino-Russian border offers Beijing easy access to natural resources that any third party would find hard to interfere with. Crucially, China no longer sees Russia as a rival, and does not need it as a ward. It is not surprising, then, that Chinese officials and experts regard Russia as a 'genuine strategic partner' – to distinguish it from other countries which are deemed to be both partners and competitors.

The Chinese have few illusions about present-day Russia. The memories of the massive assistance provided by the Soviet Union in the 1950s have long faded. The admiration that some Chinese felt for the relative Soviet prosperity and technological prowess of the 1960s and 1970s is also passing. Post-Soviet Russia is frankly unattractive to many Chinese, who see it as disorganised, backward and uncivilised. The Chinese pride themselves in remembering everything – the good as well as the bad. On that score, Russia's ledger, in their eyes, is mildly positive. However, the Chinese see no reason to envy Russia, except for its resources.

4 Russia, China and global governance

The previous chapters discussed the views of Russia and China on their respective security situations, and the role of each other therein. But what do the two countries think of global issues and what is their desired ‘world order’ – what kind of an international system would they like to live in, and what are their respective visions for their shared neighbourhood?

Russia sees the international system as dominated by the United States. Much of its leadership’s energy goes into either checking US power or striking agreements with Washington – such as the 2010 ‘New Start’ treaty on strategic arms reductions, which seemed to put Moscow on equal footing with the US. Since the late 1990s, the Kremlin has relied on China as a counterweight to the global dominance of the United States. Moscow first adopted Beijing’s concept of a ‘multipolar world order’, and then adapted it to its own needs, with a view to balancing US hegemony. Both Russia and China believe that by co-ordinating their policies at the global level they can enhance their standing and better protect their interests. The difference, of course, is that while the Chinese ‘pole’ has been getting larger, Russia’s has been shrinking. In a truly multipolar system, Russia finds itself uncomfortably placed between two larger power centres.

Like Beijing, Moscow rejects outside interference in its domestic affairs, particularly when it comes in the form of Western attempts to promote democracy. The two authoritarian regimes are particularly worried that ‘colour revolutions’ supported by the United States might succeed in their neighbourhoods. That said, since the 1990s Moscow has, via its membership of the Council of Europe and the Organisation for

Security and Co-operation in Europe (OSCE), allowed the West greater leverage over its domestic affairs than has China.

Like Beijing, Moscow has long coupled support for state sovereignty with defence of territorial integrity. Russia and China have offered each other support on, respectively, Taiwan, Tibet, and Xinjiang; and Chechnya. During the 1990s, Beijing never criticised Russia's conduct of the Chechen war. Moscow is the only major capital which, since 1949, has consistently and publicly supported Beijing's position on Taiwan and the two other sensitive Chinese territories – even during the height of the Sino-Soviet cold war. Today, whenever China feels it needs Russia's support, its ambassador in Moscow has only to call the Russian foreign ministry. According to Chinese experts, the wording of Russian statements occasionally surpasses Chinese expectations.

Russian leaders are aware of their country's prime value to China as a strategic rear and a resource base, and consciously refrain from any undertaking that would risk turning China into an enemy. Indeed, the Kremlin is prepared to go to great lengths not to provoke China's ire on issues that do not concern Russia's key interests. Thus, Moscow has recently barred the Dalai Lama from visiting Russia's Buddhist areas (Buryatia, Kalmykia and Tuva), despite pleas from regional officials that he should do so. The Russian ambassador to Norway stayed away from the 2010 Nobel Peace Prize ceremony for Liu Xiaobo, a Chinese dissident – though the Russian official media gave the award lavish coverage. And Russia will not do anything which might be seen by Beijing as leading to US-led encirclement.

This mutual support, however, has its limits. After the 2008 Russia-Georgia war, Beijing refused to recognise the independence of Abkhazia and South Ossetia, arguing that this would amount to supporting separatism, which poses a threat to China. Yet, in private conversations at the time, Hu Jintao assured Vladimir Putin that China's sympathies were with Russia, not Georgia. Publicly, the Chinese foreign ministry praised Russia's role in 'bringing stability to the South Caucasus'.

China has given similarly mixed messages on the Russo-Japanese territorial dispute. In discussions with Russian officials, Chinese diplomats refer to the ‘Southern Kuril islands’, which is the formal Russian description of the territory in question; when talking to the Japanese, they speak, like Tokyo, of the ‘northern territories’. Privately, Chinese experts explain this by saying that Russia’s own stance is somewhat ambiguous, leaving room for territorial compromise, and that Beijing does not want to look more pro-Russian than Moscow itself.¹⁵ In reality, the persistence of this dispute, which stands in the way of a Russo-Japanese rapprochement, is clearly in China’s interests; the more divided its neighbours are, the fewer reasons China has to fear a challenge to its northeast.

¹⁵ Ironically, this territorial issue between Moscow and Tokyo stems from the Soviet Union’s refusal in 1950 to sign the San Francisco peace treaty with Japan, in which Japan renounced its claims to the Kuril islands, without specifying them, or the beneficiary. The Soviet decision not to sign the treaty was taken in protest against China being represented in the negotiations by the nationalist government in Taiwan, rather than by Beijing.

Moscow, for its part, takes a neutral stance on the Sino-Japanese dispute over the Senkaku (or Diaoyuta) islands in the East China Sea, an area which is thought to be rich in fossil fuels. On the equally contentious South China Sea situation, Russia accepts China’s insistence that disputes over the Spratly and Paracel islands be resolved exclusively by the parties involved. It supports a peaceful resolution of these disputes on the basis of the code of conduct whose guidelines were agreed upon by China and the countries in the Association of South East Asian Nations in 2002, and reaffirmed in 2011. (Privately, Russian officials talk disapprovingly of Vietnam’s call for ‘freedom of navigation’ in the South China Sea, since that echoes the US position; and of the Philippines’ overt reliance on the US diplomatic and military support.)

Beijing takes a different view from Moscow on the Arctic. Russia wants the Arctic to be essentially divided and, beyond that, shared by the five littoral countries (the United States, Canada, Denmark, Norway and itself). China, not being one of the five, wants the Arctic

to be open to all countries. These differences notwithstanding, China is taking an interest in the possible commercial exploitation of the Northern Sea passage, which would allow Chinese goods to travel to Europe along Russia's Arctic coastline, significantly shortening transit times. The opening of this route for international shipping would bring benefits to Russia too, but it would also require Moscow to relax the regulations which have kept the country's northern coastline off limits to foreigners. Russia remains reluctant to do this, largely for security reasons.

As permanent members of the UNSC, China and Russia have been making full use of that platform to take a common stand on contentious security issues such as Kosovo, Iraq, Iran, Sudan, Zimbabwe, Libya and Syria. In doing so, they seek to present an alternative to the views of the United States and its closest allies, and to demonstrate Sino-Russian solidarity. When voting at the UNSC, Russia has been much more willing than China to use its veto power, which has been convenient for Beijing, allowing it to abstain – for example, on Iraq – and thus pay no price for countering Washington. However, when Russia chooses to side with the United States, as it did over Iran, to some degree, in 2010, China faces a difficult choice: either casting a sole veto, which it is usually loath to do, or allowing a resolution to pass (as it did in case of sanctions on Iran).

China and Russia take part in summits of the BRICS (alongside leaders from Brazil, India and South Africa), an informal group of emerging powers. They mostly use it as a global framework for expressing non-Western views on the world order. When the UN Security Council voted in March 2011 on whether to impose a no-fly zone over Libya, the BRICS – all of which happened to be on the UNSC then – all abstained. In public relations terms the BRICS grouping has been useful to all its members, enhancing their perceived global influence at very little cost.

Russians have prided themselves on being members of the G8. In reality, however, Russia's membership turned out to be rather hollow.

Moscow failed in its attempt to be recognised by the West as a fellow democracy, which was supposed to be that club's common characteristic. Nor was Russia recognised as a major economic power, so it was not invited to meetings of G7 finance ministers. Thus, Moscow has sat rather uncomfortably at the G8 – a rather embarrassing add-on that was neither properly democratic nor economically advanced.

China, by contrast, has adopted a longer-term strategy of steady advancement within the international system, eschewing membership in the G8, despite having far greater economic clout than Russia. In the G20, where both China and Russia are members, Beijing takes an increasingly active role – for example, in discussion on financial regulation – while Moscow's contribution has been light. But even in the G20 Beijing treads softly: for all its criticism of the dollar's dominance, China has been very cautious about turning the yuan into a convertible currency. The Russians, who find opportunities to undermine the dollar's global role irresistible, have repeatedly and prematurely proposed the Russian rouble as a regional currency. China and Russia have agreed to use their national currencies for part of their bilateral trade. Both have proposed reform of the IMF's Special Drawing Rights – a quasi-international currency – so that it would include the yuan and the rouble. But they do not form a common front in international economic organisations. During the 2011 election for the managing director of the IMF, China and Russia did not field a joint candidate.

What might look like an 'ideological concordat' or an 'authoritarian international' between Beijing and Moscow is in fact far less than that: they have forged a practical bond based squarely on the two countries' basic interest in keeping others – mainly the US – from undermining their domestic order and global position. Moscow and Beijing regard Western support for democracy and human rights as a tool for their competitors or ill-wishers in Washington and Brussels to weaken Russia and China. An ideological struggle between authoritarians against democrats does

not play a particularly significant role in the Russo-Chinese relationship: both countries' leaders prefer to call themselves pragmatic. Despite being communist, China's diplomacy is often more pragmatic than Moscow's, which tends to be more willing than Beijing to spite the United States.

China is seen by a growing number of Russians as an economic model to follow. For some Moscow technocrats, China's attractiveness as a model – in the sense of a strong state role in the economy – rose during the global economic crisis. Pro-China advocates in academia, the business community, the defence industry,

¹⁶ For example, Andrei Devyatov, a retired GRU (military intelligence) colonel, in an interview with Finam FM radio, May 15th 2009.

and elsewhere dream of a potential symbiosis between China's gigantic workshop and Russia's intellectual capital. Making allowance for China's new strengths, these people fancy Russia as China's strategic rear, coach, and even its respected elder sister.¹⁶

Dreams of a new Sino-Russian alliance, however, have not materialised. Tellingly, China itself has expressed no wish for a formal alliance with Russia, treating its 1950s alliance with the USSR – the only case of the People's Republic forming such a close bond with a foreign power, other than North Korea – as an exception. It has also been clear to most Russians that in a resurrected alliance Beijing would have the upper hand. Much as the Kremlin would like to challenge American dominance, it does not really want to become China's junior partner. To spite Washington is one thing; to accept a junior position vis-à-vis Beijing is quite another.

China and Russia work productively at the regional level. It was Beijing's initiative, in 1996, to turn the successful five-party border talks between China, Russia and their Central Asian neighbours into a permanent institution, the Shanghai Five, which later became the Shanghai Co-operation Organisation. Beijing's goal was to consolidate security on its western border, where the new Muslim-majority states of the former USSR bordered on China's restive

province of Xinjiang (formerly known as Eastern Turkestan). China wants co-operation from its new post-Soviet neighbours to prevent a revolt among its own Muslim minority, and Beijing is also interested in new markets for China's goods and in Central Asia's energy supplies.

Interestingly, the Russians went along with the SCO, even though under different circumstances the Kremlin might have regarded China's offer as trespass on Moscow's historical turf. However, the Kremlin must have concluded that China would build relations with Central Asian states anyway, and that it was better to have the Chinese inside a common body with Russia than to allow Beijing to form its own links with the new states that excluded Moscow. Aware of Russia's sensitivities, Beijing has trodden softly in the former Soviet territory, taking care to make frequent references to Russia as a great power, and stopping short of offering politico-military alignments to the new states – all in sharp contrast to the policies of the United States and NATO in the western republics of the former USSR.¹⁷

¹⁷ For more on China's policy toward Central Asia, see Zhao Huasheng in Eugene Rumer, Dmitri Trenin and Zhao Huasheng, 'Central Asia: Views from Washington, Moscow and Beijing', M E Sharpe, 2006.

By the beginning of the 2010s, Russia has embarked on its first truly integrationist effort in the post-Soviet space. In 2009, it formed a customs union with Kazakhstan and Belarus, which will be upgraded in 2012 into a 'single economic space'. By 2015, Putin aims to create a 'Eurasian Schengen': a zone of free movement of capital and labour within the three countries, to be followed by a currency union. Even if Putin's Eurasian Union never becomes a political unit and does not extend beyond the three founding states, the message to Beijing – and Brussels – is clear: Russia will not sit and watch its former borderlands gravitate to the two great poles of new Eurasia, the EU and China. Moscow intends to compete, taking advantage of Europe's internal difficulties on the one hand, and of China's deteriorating relations with several neighbours, as well as the United States, on the other.

Seen from Moscow, the SCO is not the proper vehicle for regional economic or security and defence integration. To this end, Russia sponsors two other bodies in addition to the customs union and the single economic space with Kazakhstan and Belarus: the 'Eurasian Economic Community' (Eurasec), to which Kyrgyzstan and Tajikistan also belong; and the 'Collective Security Treaty Organisation', which includes Uzbekistan in addition to all of the above. China, of course, is not a member of these post-Soviet arrangements.

However, the SCO has been useful to Moscow: it has built confidence between post-imperial Russia and China in a sensitive region that is wedged between the two; and it has served as platform for broader political dialogue on the Asian continent. The SCO also represents a rare case of dual leadership between Beijing and Moscow, though with some problems. Each country has sought to capitalise on its own strengths: while China wants the SCO to focus on economic and development issues, Russia lays the emphasis on security.

Besides working on counter terrorism and extremism, the SCO holds periodic joint military exercises, staged in turn in each member's territory, and disguised as peacekeeping drills. These manoeuvres are naturally dominated by the Russian and Chinese contingents. For Russia, this is a means of demonstrating its military hardware to potential customers. For China's People's Liberation Army, exercises in Russia and Central Asia provide the chance to exercise in new theatres. But even though some wishful-thinking Russian commentators have called the SCO an 'anti-NATO', it is not a military alliance, and is not evolving in that direction.

Russia and China do not want their co-leadership of the SCO diluted by enlargement. Even so, Moscow would probably welcome India's accession, which would put it in a more favourable position within the RIC triangle. However, Beijing considers such an accession 'untimely'.

5 Economic ties

Trade and investment

While shared global and regional interests are important to the Sino-Russian relationship, they are not the only glue: trade and investment play a key role. In the wake of the Soviet Union's collapse, China became indispensable to Russia as a source of cheap food and consumer goods. This was particularly important for the Siberian and far eastern provinces. Over the years, China's importance in Russian foreign trade has continued to rise. In 2010 China overtook Germany as Russia's leading trading partner. The value of bilateral trade amounted then to \$55 billion (over 8 per cent of Russia's global foreign trade), compared with \$25 billion between Russia and the United States. Both governments have set a target of \$100 billion by 2015. In the past, much of this trade consisted of Russian machinery exports to, and raw material imports from China. Today, the roles have been reversed: Russia imports Chinese manufactured goods, including growing quantities of machinery, and exports raw materials – energy, metals and timber – alongside a few high-tech items.

Russia is a less important trading partner to China than China is to Russia. For China, Russia is only the 14th largest customer, trailing not only all the major economies – the trade turnover with the United States exceeds \$400 billion – but also Australia, Brazil, Malaysia and Thailand. Russian trade is a significant factor primarily for northeast China, abutting Siberia. China's investment in Russia is a mere \$1 billion. For the Chinese government officials dealing with economics, trade and finance, Russia is a non-factor.

In the 2000s, an idea took hold in Moscow of using Chinese growth as a locomotive to spur the economic and social development of the

Russian far east – a vast but sparsely populated and under-developed region. In 2004 Chinese officials promised \$800 million worth of investments for Russia's far eastern territories. However, imports of Chinese capital have been slow to arrive. In 2008, the inflow was under \$30 million, which rose to \$45 million in 2009 – still a puny 0.5 per cent of all foreign direct investment in Russia's far eastern region. Chinese investments go primarily to the territories nearest to China: Primorskiy krai, Sakhalin and the Amur region.

In 2009, Moscow and Beijing agreed on a nine-year plan to stimulate co-operation between their respective borderlands. Each country is to play a clearly assigned role: Russia is essentially an energy and raw materials supplier while China processes those raw materials and delivers manufactured goods and investment to Russia. The Russians see the danger of becoming a simple 'raw materials appendage' to their neighbour but hope to be able to rebalance the relationship later, by producing semi-finished goods on their territory. The implementation of the plan is proceeding slowly, however.

¹⁸ *Among them, Alexei Yablokov, a corresponding member of the Academy of Sciences and a respected ecologist.*

While Moscow seeks to attract Chinese capital, many critics in Russia fear that raw materials-hungry China will simply take over Siberia's resources.¹⁸ They view the 2009 agreement of co-operation between Russia's eastern regions and China's northeast as a giveaway to Beijing. They fear that the Chinese will be allowed to build enterprises in Russian territory using Chinese labour, and also farm Russian soil. And they worry that if the Chinese show they can manage Siberia better than the Russians can, they will gradually ease out the Russians. This raises the highly sensitive issue of Chinese immigration into Russia.

Immigration

¹⁹ 'Prishel'tsy s yuga', *Russian Newsweek*, October 25th-31st 2004.

During the 2000s, labour shortages in Russia prompted plans to move as many as 500,000 Chinese workers to Russia.¹⁹ Beijing indicated

to Moscow that if the door was opened to Chinese guest workers, Beijing would push to support Russia's bid to join the World Trade Organisation. These labour imports, however, never materialised, which probably spared Russia and China some serious tensions.

Massive cross-border migration from China is one of greatest Russian fears about China. A popular TV personality recently told his audience that "if one million Chinese cross the Russian border every day, they will be marching on for three-and-a-half years". Such graphic examples are clearly impressive, and instil fears among a population experiencing a dramatic demographic decline.

The Russian Federation inherited only slightly over half of the Soviet Union's population. It then shrank from 147 million in 1991 to 142 million in 2010. By mid-century, the population of Russia is expected to fall to between 100 and 115 million. Unsurprisingly, Russians feel overwhelmed by the presence of 1.3 billion Chinese across the border. Some Russians have likened the border to a thin membrane separating the Russian far east, with its six million people, from the 130 million in the three provinces of northeast China.

The opening of the border between the two countries in the early 1990s and the arrival of thousands of Chinese shuttle traders and workers, mostly on tourist visas, raised fears in Russia of a 'demographic aggression'. Russian nationalists argued that millions of Chinese, acting on orders of Beijing, would settle in Russia, marry Russian women, come to own property and eventually dominate the sparsely populated provinces of the far east and Siberia. At the time, serious demographers (such as the Academy of Sciences' Zhanna Zayonchkovskaya) projected that the Chinese would in time become Russia's second-largest ethnic group, after the Russians themselves.

Fuelling such fears is the widespread suspicion that a China craving space for its swelling population is eyeing the large expanses just across

the Russian border. Russians are painfully aware that they have often mismanaged the territories they acquired in the past, and that unless they learn to develop their vast eastern provinces, a more efficient manager may claim them. In 2000, Putin publicly speculated on what language would dominate on the Russian side of the Amur in a generation or two. When a Russian hears a Chinese partner's casual remark that Lake Baikal is the "common heritage" of both countries, he shivers. In a best-selling book, 'The day of the *Oprichnik*', Vladimir Sorokin imagines a conversation in 2027 between the Kremlin ruler and a Chinese leader. The latter presses the Russian on the rights of a 28-million strong Chinese diaspora in western Siberia.

Some of these fears are irrational. Chinese immigration has admittedly introduced Russians to the triad criminal gangs, which have proven difficult to infiltrate and crack. And some analysts suspect China's intelligence services of making use of the triads. But in the two decades since the opening of the Sino-Russian border, few Chinese have decided to settle in Russia. They have been deterred by the cold climate, the lack of business opportunities and poor local hospitality. In Primorie²⁰, with a population of two million, there are only 25-27,000 resident Chinese. Very few marry Russians, and even fewer have come to own land in the borderlands.

²⁰ Officially, *Primorsky krai*, or 'maritime province', a Russian region east of Manchuria. The regional centre is Vladivostok.

Most shuttle traders selling Chinese goods in the Russian far east are by now local Russians employed by the Chinese. The Russian space in Siberia is hardly more hospitable than China's own western regions, where population density is dozens of times lower than in the booming coastal provinces. True, a mini-conflict with Chinese traders broke out in 2009, when the Russian government shut down the Cherkizovsky market in Moscow, which was selling smuggled goods. This, however, was essentially a clash between rival Russian clans, with the Chinese caught in the crossfire. For China, the most important aspect of the economic relationship with Russia is energy trade.

The energy link

China has recently become a source of credit for Russia's state-owned energy companies. In 2009, the China Development Bank extended a \$25 billion credit to Rosneft, which produces oil, and Transneft, which runs Russia's oil pipeline network. Energy is the one area where Russia is a significant economic partner for China. It sells oil at far cheaper prices than Middle Eastern countries, and it holds the potential to become a large exporter of natural gas to China, too. From 2011, Russia started pumping oil to China using a new pipeline – 'Eastern Siberia to the Pacific Ocean' (ESPO) – which crosses the Amur River and has a capacity of 15 million tons of crude oil annually. Its launch, which caused domestic upheaval in Russia and spurred an international competition in northeast Asia, offers an interesting insight into Russian political and business strategies.

On the Russian side, since the mid-1990s Transneft had been developing a project to connect east Siberian oil fields to the port of Nakhodka on the Pacific coast, close to Vladivostok. At the beginning of the 2000s, Mikhail Khodorkovsky's Yukos suggested a rival project for a pipeline to Daqing in northeast China. While Transneft, a public company, pursued the political goal of avoiding over-dependence on the single buyer of China, Yukos, a private company, calculated that at the then prevailing oil price the pipeline would only make commercial sense as far as Daching. Internationally, the project spurred competition for Russian oil between China, which sought to be the only consumer, and Japan.

However, in 2003 Khodorkovsky fell out with Putin, who jailed the oil tycoon and broke up his Yukos company. Beijing had supported Yukos' pipeline and the company's demise caused serious concerns in China. The Chinese were suddenly caught in a domestic dispute over political power and energy ownership in Russia. Their neighbour started to look unreliable. To increase the pressure on Moscow to build a pipeline to China, Beijing signed an agreement with the Kazakhs to build an oil pipeline from Kazakhstan. But the Russians do not see Kazakhstan as serious competition, and ignored the implied threat to

their business. They were quite happy to stimulate Sino-Japanese rivalry in the hope of getting better terms from both prospective buyers. In 2005, against the background of higher oil prices, the Russian government finally decided to build ESPO to the Pacific, with a spur to China. The deal on the China pipeline was signed in October 2008, when Russian-Western relations were at their post-Cold War low. It was only sealed, however, in February 2009, when China agreed to provide credits to Rosneft and Transneft.²¹

²¹ Vagif Guseinov (ed.), 'Neftegazoviy kompleks Rossii: tendentsii razvitiya (2000-2010)', *Krasnaya Zvezda*, 2011.

²² Marina Kravchenko. 'Kitayskiy aktsent dalnevostochnoy ekonomiki', *Expert*, Issue 6, February 14th-20th 2011.

Russia also supplies China with electricity at prices which are a fraction of those charged in Russia domestically.²² Apart from price concessions, China had successfully insisted that these supplies be guaranteed for 20 years, and that they arrive directly, overland, thus enhancing Beijing's energy security.

For Moscow, China and East Asia more generally (including Japan and South Korea) are an alternative market that reduces Russian dependence on European customers (who, for their part, are looking for ways to lessen their dependence on Russian fossil fuels).

²³ According to Maria Alexandrova of the Institute for Far Eastern Studies, as quoted by Marina Kravchenko in the article: 'Kitayskiy aktsent dalnevostochnoy ekonomiki', *Expert*, Issue 6, February 14th-20th 2011.

Some projections suggest Russian exports to the Asia-Pacific region of 70-85 million tons of oil and 100-140 billion cubic metres (bcm) of natural gas a year by 2015-20.²³ In the wake of Japan's massive earthquake in 2011, the Russian government offered Japan a stake in oil projects in Siberia and the Russian far east, in a bid to secure a rapprochement with Tokyo.

In another politically motivated project, Russia proposed a project to transport gas to South Korea across the territory of North Korea.

Russian leaders also think of energy projects such as pipelines as a major vehicle for developing Russia's own eastern territories. The problem for Russia is that there is not enough oil in eastern Siberia to fill the ESPO pipeline. To fulfil all its obligations, Russia would

have to redirect some of the west Siberian oil earmarked for the more lucrative European market: a serious strategic choice, if it were actually made and upheld.

While the Russian government welcomes Chinese credits for Rosneft and Transneft, it has ruled out any possibility of China controlling hydrocarbon deposits in Siberia. Russian regulators have always resisted takeover bids from Chinese oil majors of Russian energy companies, seeing Chinese private companies as a front for Beijing.

Despite its public pronouncements, and in contrast to Rosneft, Gazprom has never treated Asia as a serious destination for its exports, the Sakhalin-2 project excepted. The main reason is price: China does not offer as much as Gazprom would consider minimally acceptable. Gazprom's chosen strategy has been to keep its share of the very profitable European market, while using its contacts with the Chinese as a tool to pressure the Europeans. The Kremlin has backed Gazprom's power politics vis-à-vis its EU customers as a source of leverage in its broader political arguments with European governments.

In 2006 Putin announced a plan to build gas pipelines to China that would be capable of delivering 68 billion cubic metres (bcm) annually, but the project has stalled because of China's insistence on a low purchasing price. Meanwhile, China's own gas deposits and production have grown substantially, as have its imports from other sources – liquefied natural gas (LNG) by sea from the Middle East, Australia and south east Asia, and piped gas from Turkmenistan.

Gazprom, for its part, faces serious problems as a result of its expensive Nord Stream and projected South Stream pipelines to Europe, the rise in European imports of cheaper LNG, and the shrinking share of Russian gas on the EU market. The Chinese are aware of Gazprom's problems and see no reason to pay more for Russian gas than what they pay for Turkmen or Australian

²⁴ Feng Yujun, 'International gas market and prospects for Sino-Russian co-operation', *Contemporary International Relations*, vol. 20, No.6, November-December 2010.

²⁵ Sergei Boyarkin, Dmitri Chegodaykin and Petr Schedrovitsky, 'Menedzhment chetvertogo pokoleniya', *Expert*, Issue 13, April 4th-10th 2011.

gas.²⁴ In this situation, Gazprom, notoriously tough on the prices it charges, seems to prefer to shelve its China projects, and intensify its focus on Europe. China, too, can wait.

Apart from fossil fuels, Russia's Rosatom – the state-owned nuclear energy corporation – has long been eyeing China's nuclear energy market, for which it competes with American and European companies. Although nuclear energy has come under review in China following the Fukushima disaster in Japan, Russian experts believe that Chinese interest in building nuclear power plants will not wane.²⁵ In nuclear energy, Russia has a technological advantage over China, but the Chinese have a choice of options.

Arms transfers and their strategic implications

Russian arms sales have long been a key feature of Russian-Chinese trade. Following the 1989 suppression of the Tiananmen protest, European countries imposed an arms embargo on China. When neither the United States nor Europe, and later Israel would sell arms to China, Russia became the only source of weapons available to Beijing. Since 1992, Russia has supplied the China's People's Liberation Army (PLA) with various kinds of weapons systems. At times, China accounted for 50 per cent of Russian arms exports. Between 2001 and

²⁶ Igor Chernyak, 'Kalashniy ryad', (interview with Anatoly Isaykin, director-general of Rosboronexport), *Rossiyskaya Gazeta*, April 10th 2009.

²⁷ Thomas Grove, 'New Chinese stealth jet starts talk of Russian help', *Reuters*, August 18th 2011.

2008, Russia sold China \$16 billion worth of arms.²⁶ These included combat aircraft such as Su-27 and Su-30; Il-76 military transport planes and A-50 AWACS-type planes; submarines; cruise missiles; air defence systems such as the S-300; and many others. There have been reports that China's first prototype of a fifth generation fighter, the J-20, uses some technology of the MiG 1.44 project, which the Russian defence ministry developed but never put into production.²⁷

These exports to an increasingly powerful neighbour have raised concerns among Russians who do not trust China, and have drawn uncomfortable parallels with Soviet supplies to Germany in the period before the Nazi attack on the USSR. Twenty years ago, the politically isolated China presented too tempting an export market for arms and technologies. But now Russians have mixed feelings about enhancements of China's military power. On the one hand, they think the thrust of its military strategy is directed eastward and southward, where it mostly needs naval and air power, rather than northward, where it would need land forces. On the other hand, they cannot be sure that this situation will not change: some Chinese military activities worry Russian observers.

In 2006, China held an exercise in the Shengyang military district, which featured a 1,000 kilometre-long march by Chinese troops. This scenario – similar to what the PLA would have to undertake if it invaded Russia – raised fears in Moscow that the PLA was planning an offensive operation against Russia in Siberia. Another PLA exercise in 2009 impressed and worried Russian experts even more, since the Chinese military demonstrated a capability to wage long-range land operations against Russia. This was not lost on the Russian high command. In September 2009, Lieutenant General Skokov, the Russian Army's chief of staff, described his country's potential adversary in the east as a “multi-million-strong force guided by traditional views to combat operations: straightforward, with massive concentration of manpower and firepower on key axes”.²⁸ This is hardly a description that fits the US military. In 2010, Russia staged its biggest military exercise in two decades, *Vostok-2010*, in its far east.

²⁸ *Russian ministry of defence web site, September 23rd 2009.*

Those who favoured arms sales to China in the 1990s argue – with some justification – that these exports allowed the starving Russian defence industry to survive; that the weapons sold would be relatively easy to counter on the battlefield; and that if Russia had refused to sell, another post-Soviet state such as Ukraine would

have done so.²⁹ These arguments only underlined the obvious: in the 1990s and the early 2000s, Russia provided China with critical access to modern military technology. This has wide-ranging strategic implications for East Asia and the Pacific.

More recently, Beijing has shifted from purchasing ready-made equipment to co-manufacturing or fully indigenous production. This has caused Russia's arms exports to drop from 18 per cent of its overall arms business in 2008 to 10 per cent, or about \$800 million, in 2010. There have been no major arms purchases since 2007.

²⁹ *Ukraine did sell China the Varyag, an unfinished Soviet aircraft carrier, which the PLA Navy has used as a hull for its first carrier.*

³⁰ *Jeremy Page, 'China clones Russian fighters', Wall Street Journal, December 6th 2010.*

Russia sometimes balks at the advanced technology transfers requested by the Chinese, because they have cloned Russian systems and then sold them on the world arms market.³⁰

6 Conclusion

Russian leaders and those advising them see China as a rising global power. They believe that no major global economic or financial issue can be solved without China. To Moscow, China's overall importance is higher than that of any other country, save the United States. Energy and global governance are the two areas where the countries most need each other.

As the 2010s unfold, Russia's foreign policy is increasingly focused on securing external resources for domestic technological modernisation. In Moscow's view, those resources are largely concentrated in the United States and the leading countries of Western Europe, with the balance furnished by other developed countries. To Russia, China is not a key modernisation partner: China is still busy modernising itself.

For almost two decades, Moscow has been working to promote a multipolar world order. Beijing was a natural partner in that endeavour. More as a result of an economic power shift than of any geopolitical scheming, this order is now a fact – and is recognised as such by virtually everyone, including the Obama Administration and its Republican opponents in Washington. At the same time, US-Russian relations seem to have been successfully reset by Obama and Medvedev, as symbolized by the New Start treaty and Russia's WTO accession, although the prospects for their further improvement hinge very much on the tackling of the missile defence issue, which could become either a positive game-changer or a game-wrecker.

In this new environment, Beijing is no longer an ally but a pole in the remodelled world order. Russian and Chinese interests are partially identical, partially overlapping, and partially diverging. Moscow's priority in dealing with China is peace and good neighbourliness. Russians will work hard to achieve this, though they are concerned by China's growing military might. The Russian military engages in joint exercises with the PLA – but is seeking to increase the capabilities of its own far eastern command.

In economic terms, China is Russia's top commercial partner. The Russian far east's proximity to China, and access to its goods and market, is an obvious asset. However, Russians see the danger of becoming overly dependent on China, and cast forever in their current role of raw materials supplier.

Although China is increasingly important to Russia, Moscow's global foreign policy it is still largely defined by its relations with the United States and Europe. The Russo-Chinese partnership is not an alliance; trade ties are not leading to full economic integration; and people-to-people relations are conducted over a civilisational barrier.

Russian leaders realise that the country's most serious geopolitical challenge in the 21st century is in the east. Without Siberia and the Pacific coast, Russia as the world has known it for over 350 years would cease to exist; the country would be essentially reduced to Muscovy and come to resemble another Ukraine. Russians need to find a way to develop the country's eastern provinces, and to integrate them better with the rest of the country. These provinces will then help to integrate Russia itself with the dynamic Asia-Pacific region. Failing that, Russia may not necessarily 'lose' those provinces in a formal way to China, but it will see them increasingly gravitate towards it. In another great reversal, the 21st century Khabarovsk, a Russian border city on the Amur, may look like the late 19th century Harbin, founded by Russian merchants and railwaymen in the middle of Chinese Manchuria: a foreign

outpost in a neighbouring country, and the centre of an expanding zone of influence.

As a power centre with a huge pull, China creates a curved geopolitical and economic space around Russia. Neighbouring Russian territories could lose their balance and become resource appendages of China. Russia's current efforts to develop these lands are half-hearted at best – and are greatly hampered by rampant corruption. To bring about real modernisation and to integrate the country, Russian politics will first need to be decriminalised: this would liberate business activity and make the country friendly to investors, domestic and foreign.

An imaginative foreign policy would see Russia as a Euro-Pacific country, not a Eurasian one. The new formula points both to Russia's undeniable East European roots and to its 21st century frontier, the long Pacific coastline. Rather than accentuating opposition to the West, which Russian Eurasianism has done since its inception in the 1920s, the new formula would focus on integration and modernisation partnerships to help domestic development. In this new vision of Russia's place and role in the world, China would play an important part. Yet it would not dominate Moscow's thinking, because China would be strategically embedded within a large region, including Pacific Russia and Siberia; the rest of northeast Asia; and North America. In this region, Russia shares borders not only with China, but also with Japan, Korea, the United States and Canada. This is the new frontier for Moscow's strategy and diplomacy. The key question is whether the Russian ruling bureaucracy has the capacity to conceptualise and articulate a coherent long-term strategy on China, and stick to its implementation.

Even though the Russian leaders are satisfied, for now, with Beijing's primary focus on the country's domestic development and internal political stability, they see the natural potential for major international dislocations in the rise, however peaceful, of a country

of China's size. When analysing China's security priorities, they see Taiwan at the top of the list, and, internally, Tibet and Xinjiang as the sore points. On all these three core interests, Moscow has long accepted Beijing's position.

By contrast, the Russians are likely to take a neutral stand on a number of territorial issues on China's eastern and southern periphery, from the Diaoyutai/Senkaku islands to the South China Sea. Russians cannot ignore that a number of countries (including Japan and India) are growing increasingly concerned at signs that China is starting to press its claims. Even though the PLA has not seen major action since the disastrous war against Vietnam in 1979, many Russians see China's drive to upgrade its military as a prelude to a more assertive policy against neighbours with which it has territorial disputes.

On the question of North Korea's nuclear programme, Moscow will probably seek to liberate itself carefully from automatically following Beijing's lead, and carve out an independent position, more focused on Seoul. Moscow sees South Korea not only as a modernisation partner, but also as the future leader of a unified Korea and thus as a key regional balancer in northeast Asia. At the same time, Moscow is keeping its channels of communication to Pyongyang open. North Korean workers and South Korean investors and engineers are the preferred alternative to Chinese labourers in Russia's far east.

Moscow is far less concerned about the US presence in Korea than is Beijing. Looking at the Western Pacific, the Russians see a growing naval competition between China, the challenger, and the United States, the status quo power. Moscow is generally relieved that this rivalry tempers the prospect for Sino-American collusion, and provides Russia with some options vis-à-vis both Washington and Beijing.

At the same time, strategists in Moscow realise that if China turns ultra-nationalist, its relations with Russia will suffer too. To prepare

for this eventuality, Moscow has been deepening ties with China's neighbours. Russo-Indian relations have a long history and are important for Moscow in their own right. But Russians also appreciate the value of a close partnership with Asia's other superpower for balancing China.

Moscow will also continue to expand its economic ties with former Soviet allies such as Vietnam and Mongolia, which have close but complicated relations with Beijing. And in Central Asia, quite apart from the SCO, Russia is seeking to strengthen economic integration with Kazakhstan, as well as building the Collective Security Treaty Organisation.

The one missing element in this policy is Japan. It would make a lot of sense for Russia to turn relations with Japan into an Asian version of Russia's relations with Germany. However, the territorial dispute over the Southern Kuril islands and the Japanese people's general distrust of Russia constrain an otherwise promising relationship. Moscow is now less likely than at any time since 1991 to fulfil Tokyo's territorial demands, on which the Japanese, for their part, are unwilling to compromise. Japan's growing concerns over China have encouraged it to lean more heavily on Washington, but not, so far, to revise its basic stance toward Moscow. The Japanese hope that the Russians will eventually see the dangers inherent in China's rise, and amend their approach – but for now, they see no such sign in Russia. If anything, Moscow's co-signature with China of the declaration on the 65th anniversary of the end of World War II has set back Russo-Japanese relations.

The United States plays a particularly complex role in Russo-Chinese relations. Russian leaders recognise that the Beijing-Washington tandem has become the most important bilateral relationship in global politics. Anti-American elements within the Russian establishment, particularly strong in security circles, hope that China can check and distract American power. More sensible

members of the ruling group, while not averse to benefiting from US-China rivalry, want to avoid being drawn into any Sino-American confrontation. Moreover, some in the security community see China as a greater long-term threat to Russia than the United States, and regard the US as a potential ally in case China turns against Russia.

With the ruling circles in Moscow divided, Russia lacks a serious strategy toward both China and the US, as one of Moscow's leading strategists has observed.³¹ This is symptomatic of a broader malaise within the Russian government, which struggles to formulate a coherent external vision in general. As long as the ruling elites remain more preoccupied with power and money than policies, Russia's inexorable decline vis-à-vis China and the US will continue.

³¹ *Nikolay Spassky, Security Index Issue 4 (95), 2010.*





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TRUE PARTNERS?

How Russia and China see each other

Dmitri Trenin

Over the past 20 years, Russia has ceased to be a superpower while China has become the world's second largest economy. How has this dramatic shift in fortunes changed the way they see each other? Dmitri Trenin argues that while Russia still relies on Western technology for economic modernisation, it sees Beijing as an increasingly useful partner in curbing US power. China's rise, Moscow hopes, will provide Russia with more breathing room. To Beijing, Russia's decline is but one of many changes that have accompanied China's rapid growth. The US dominates Chinese thinking but Russia is important to Beijing's effort to balance US power, and as a source of energy. Despite their overlapping interests, the two countries are not allies. Moscow will not accept a junior position vis-à-vis Beijing, while the Chinese regard Russia as a fading power.

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