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Sino-Russian Relations Outlook

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China and Russia are more aligned than at any point since the mid-1950's, and the relationship is likely to strengthen in the coming year as some of their interests and threat perceptions converge, particularly regarding perceived U.S. unilateralism and interventionism and western promotion of democratic values and human rights.

- Dan Coats, U.S. Director of National Intelligence, January 29, 2019

The current Sino-Russian relationship has improved over the last ten years, especially since Russian estrangement with the U.S. and western European nations over its invasion of Ukraine in 2014. However, the current relationship between Russia and China is more complex than a one-sentence excerpt from Dan Coats' testimony to the U.S. Senate would lead one to believe. Political scientists Paul Stronski and Nicole Ng contend that there is a lingering mistrust between the two countries that moderates the relationship, resulting in a more complex strategic relationship than may appear on the surface.¹ Russian foreign policy expert Bobo Lo takes it further by saying "not only is there no Sino-Russian alliance, but even the official claim that they are strategic partners is open to question."² The Sino-Russian strategic relationship includes both converging and competing political, economic, and military factors that have pulled Beijing and Moscow increasingly closer together on one hand but have also caused them to hedge against one-another, creating potential for friction.

Beijing's and Moscow's opposition to U.S and western intervention in the internal affairs of other nations and the U.S.-led international system creates convergence in current Sino-Russian political relationship. The closed political nature of the regimes in Russia and China cause political leaders in Moscow and Beijing to oppose western "moral intervention"³ into the

affairs of other nations – particularly their own. If Russia or China were to support involvement in the internal affairs of other nations, then it would invite uncomfortable questions about their own closed internal political systems and the treatment of Russian and Chinese people. As a result, the regimes in Moscow and Beijing consider any U.S. or western critique of internal affairs a threat to their legitimacy.

In Russia, for example, the Kremlin worked diligently to suppress and to counter all critical western press over Vladimir Putin's 2018 landslide re-election in what was considered by most western observers as a *fait accompli*.⁴ When international election observers criticized Moscow over several election irregularities, the Kremlin moved decisively to suppress these inconvenient truths.⁵ As Alina Polyakova observed, Moscow aggressively mobilized to control the political narrative by amplifying and disseminating pro-Putin messages "through state-run television, social media, and government officials" to prevent news of election irregularities from creating dissension or protests within Russia.

In China, the Communist Party of China (CPC) under President Xi Jinping has taken censorship and blocking western narratives to an even greater level. The CPC has leveraged facial recognition and sophisticated digital surveillance methods to identify, track, and prosecute citizens who counter CPC narratives via the internet and social media.⁶ Not surprisingly, Chinese authorities share these capabilities with their Russian counterparts.⁷ Beijing has allegedly deployed facial recognition and electronic monitoring to target the Uighur population in western Xinjiang Province, and to assist Hong Kong authorities during the 2019 protests.⁸ Furthermore, Beijing's disproportionate response to a tweet in support of Hong Kong protesters by Houston Rockets' general manager Daryl Morey illustrates Beijing's sensitivity to any western messages contrary to the official CPC party line. For his part, Morey simply tweeted an image with the

message “fight for freedom, stand with Hong Kong.”⁹ In response to Morey’s relatively innocuous tweet, Beijing demanded he retract the message, immediately halted all television broadcasts of National Basketball Association (NBA) preseason games in China, and forced all Chinese-owned companies partnered with the NBA to sever all ties. Chinese state-owned television also issued a chilling statement that, “any speech challenging a country’s national sovereignty and social stability is not within the scope of freedom of speech.”¹⁰ Beijing’s response showcased how insecure the CPC is and why it opposes any U.S. or western intervention into domestic affairs. China and Russia share a fear of open press and any messages counter to their official policies. They mitigate those fears by opposing U.S. and western influence of their respective populations.

China and Russia also converge in their opposition to the current U.S.-led international system and want to see the system changed. However, Beijing and Moscow have differing views on *how* to change the system and what the future world order might look like. Moscow seeks to overturn the current U.S.-dominated, liberal international order to create a multi-polar construct that is less threatening towards its own interests and with Russia occupying a position as one of the great powers in world affairs. As Bobo Lo described, “the long-term rationale” for Russia’s increasingly closer ties with China “is not to side with China against the United States, but to position itself [Russia] as the indispensable power – needed by both and taken for granted by neither.”¹¹ Alternatively, Beijing has benefitted greatly from the current international system and “has little interest in pursuing the ambition of a new order with all its attendant risks and responsibilities.”¹² Therefore, in contrast to Russia, China seeks to “reform the system of global governance” to better represent Chinese interests on a global scale.¹³ Furthermore, Chinese President Xi Jinping envisions a bi-polar international system led by China and the U.S.¹⁴

Despite Beijing's differences with the U.S., Xi understands that the U.S. will likely remain one of the top two economies in the world, and that China and U.S. have a shared interest in cooperation. The reality is that the United States is China's number one trading partner and that China is the second largest holder of U.S. Treasury securities with over \$1.1 trillion.¹⁵ As former U.S. Deputy Assistant Secretary of State Susan Shirk put it, "China has almost as much interest in the durability of a strong U.S. economy as the United States itself."¹⁶ The economic interconnectedness between the U.S. and China is a major contributing factor for the divergent Chinese vision of the future international order when compared to that of Russia. Although Beijing and Moscow do not share a common vision of the future world order, the economic reality in Russia has pulled Moscow much closer to Beijing.

Economic cooperation between Russia and China has increased substantially through increased trade and Chinese investment in Russia. However, an economic lens also reveals several potential friction points between Beijing and Moscow. On the positive side of the ledger, trade between Russia and China increased from just \$5.7 billion total in 1999 to \$106 billion¹⁷ total in 2018, with trade between the two countries "scheduled to nearly double by 2024."¹⁸ Additionally, in 2014 Putin and Xi signed a "\$400 billion agreement for Gazprom to provide 38 billion cubic meters" of natural gas to China "over thirty years" via the newly completed Power of Siberia pipeline in the Russian far east.¹⁹ Growing trade and energy contracts with China reflect Moscow's efforts to diversify against the potential of shrinking European markets due to U.S. and western sanctions. However, Russia still maintains its strongest economic ties with Europe and is leery of becoming too economically dependent upon China. Indeed, Russia is walking an economic tightrope between Europe and China, which will become more difficult for Russia as Chinese economic power grows.

The European Union remains Russia's largest trading partner and the destination for the bulk of Russian gas exports. In 2018, Russian trade with the European Union (EU) totaled \$331 billion – recovered from 2016 lows brought on by a combination of western economic sanctions and worldwide drops in crude oil prices.²⁰ It is also important to note that Russian trade with the EU is over three times larger than that between Russia and China. Despite western sanctions, the EU remains Russia's primary trading partner which accounted for 44% of all Russian trade in 2018.²¹ Additionally, Russian commitment to launching the Nord-Stream 2 Baltic undersea gas pipeline to Germany and the Turk-Stream pipeline to Turkey and southern Europe underscores a “strategic effort by Moscow to diversify its customer base,”²² which indicates Moscow's desire to inoculate itself against over-dependence on energy exports to China.

While Russia works to diversify its economic portfolio between China and Europe, Beijing is busy with its own strategic economic initiatives that have potential to create friction with Moscow in the future. Xi's One Belt One Road (OBOR) initiative aims to create a massive web of land, sea, pipeline, and digital corridors connecting China to Europe through Central Asia and the Middle East. If realized, OBOR will far surpass the scale and magnitude of the United States' post-WWII Marshall Plan in Europe. As International Relations professor David Shambaugh noted, China has committed serious money to back their strategy, including \$65 billion in initial funding towards OBOR, and a pledge to invest another \$1.25 trillion worldwide by 2025.²³ The core of the OBOR initiative runs through central Asia – a critical region of former Soviet states within Russia's traditional sphere of influence, thus creating a potential point of friction between the two countries. However, to allay Russian concerns, Chinese leaders carefully managed their efforts in central Asia by focusing on economic and infrastructure development while leaving security and political issues to Moscow. As a result of Beijing's

deference, Putin has publicly stated that the OBOR initiative “is quite compatible with our project,” and that “we want to build in economic union and develop cooperation.”²⁴ In his statement, Putin refers to the potential merging of OBOR in central Asia with “our project,” (Russia’s Eurasian Economic Union) – a merger which has yet to materialize. How long cooperation between Beijing and Moscow in central Asia will last is questionable, especially as China’s economic interests in the region grow. OBOR also creates a second potential friction point between Beijing and Moscow as China solidifies stronger economic ties with the EU. This development may exacerbate Moscow’s economic dilemma as the OBOR matures and Chinese competition squeezes the Russian export market share with their largest trading partner. Unless the Kremlin figures out a way to integrate their Eurasian Economic Union into the OBOR, Russia will find itself with fewer options to span the widening economic gap with China.

As Xi’s OBOR initiative encroaches through central Asia and into Europe, Moscow has returned to a tried and true Russian method to balance against China – arms sales to China’s regional competitors India, Vietnam, and Indonesia. Although Russian arms trade figures pale in comparison to China’s trade volume in non-military goods and services, their arms sales have the added benefit of imposing potential military costs on Beijing in China’s near-abroad. First, Russia remains India’s principle supplier of defense equipment with sales averaging over \$2 billion annually from 2009-2018.²⁵ Furthermore, defense sales to India include platforms that have direct military implications to China: two nuclear submarines, an aircraft carrier, and hundreds of anti-ship missiles, which can be used to challenge China’s presence in the South China Sea and Indian Ocean; 228 SU-30MK aircraft, over 1000 T-90 main battle tanks, and twenty S-400 advanced anti-aircraft missile systems which have significant implications on land given the ongoing Aksai Chin border dispute between Beijing and New Delhi.²⁶ Russia’s defense

sales to Vietnam and Indonesia are also significant. They include diesel submarines, naval frigates, naval patrol vessels, SU-30MK aircraft, anti-ship missiles, and coastal defense batteries, all of which may be used to challenge Chinese operations in the South China Sea.²⁷ Military sales to key Chinese competitors in Asia are a direct Russian hedge against a rising China and illustrate Moscow's underlying mistrust of Beijing.

However, not all Russian military efforts work against China; there are also elements of military cooperation, which reflect the dialectic Sino-Russian relationship. First, Russia continues to provide military aid to China. A recent example is an agreement by Putin to assist China in developing a new missile early warning system, which has the potential to "boost China's capacity to track not only nuclear-armed ballistic missiles, but also other objects in space, such as satellites."²⁸ Second, Russian military and the People's Liberation Army (PLA) participated in two significant combined military training exercises over the last two years. In 2018, over 3,500 PLA personnel with 900 military ground platforms and thirty fixed-wing aircraft participated in the Vostok exercise in eastern Russia. In 2019, the PLA also participated in the Russian Tsentr Exercise in central Russia with over 1,600 troops with aircraft, tanks, and support equipment. These exercises are the first of their kind between Russia and China and may portend a growing trust between the PLA and Russian militaries. However, Russian hedging against China in arms sales to India and southeast Asian countries highlights Moscow's reluctance to commit completely to China.

The current relationship between Russia and China contains both converging and competing political, economic, and military elements that have pulled Beijing and Moscow increasingly closer but have also caused hedging and potential points of future friction. Undoubtedly, Russian estrangement from the U.S. and western Europe has contributed to

Moscow's willingness to engage Beijing, however, Russian ties to Europe, although frayed, remain intact and are recovering economically. The most salient points of convergence between Moscow and Beijing remain political, which highlight that the Sino-Russia "relationship is still more anchored in shared grievances than in common visions."²⁹ Conversely, from economic and military perspectives, Russia continues to hedge against China while the relationship grows increasingly asymmetrical. As Bobo Lo described, the relationship is better in many respects than it has ever been, but it "continues to be hampered by ambivalence, lack of trust, and often conflicting priorities," which makes it a "fairly cynical partnership of convenience."³⁰ With the potential points of friction between a growing China and a stagnating Russia, it is reasonable to view the relationship as one that is on borrowed time. The U.S. and west should pay close attention to the ties between Moscow and Beijing, but also not subscribe to overblown narratives on the long-term strength of the Sino-Russia relationship.

¹ Paul Stronski and Nicole Ng, *Cooperation and Competition: Russia and China in Central Asia, the Russian Far East, and the Arctic* (Washington DC: Carnegie Endowment for International Peace, 2018), 8-9.

² Bobo Lo, *Russia and the New World Disorder* (London: Chatham House, 2015), 150

³ Lo, *Russia and the New World Disorder*, 148.

⁴ Alina Polyakova, "Putin's re-election was decades in the making," *Brookings Institute Blog*, March 19, 2018, <https://www.brookings.edu/blog/order-from-chaos/2018/03/19/putins-re-election-was-decades-in-the-making/>.

⁵ *Russian Federation Presidential Election, March 18, 2018: Statement of Preliminary Findings and Conclusions*, report prepared by the International Election Observation Mission, Organization for Security and Cooperation in Europe, March 19, 2018, 1-2.

⁶ Gustav Gressel, "The authoritarian entente: Sino-Russian security cooperation," *European Council on Foreign Affairs Commentary*, October 17, 2019,

https://www.ecfr.eu/article/commentary_the_authoritarian_entente_sino_russian_security_cooperation.

⁷ Gressel, "The authoritarian entente."

⁸ Blake Schmidt, "Hong Kong police have AI facial recognition tech, are they using it against protesters," *The Japan Times*, October 23, 2019, <https://www.japantimes.co.jp/news/2019/10/23/asia-pacific/hong-kong-protests-ai-facial-recognition-tech/#.XIVVPmzCFyw>.

⁹ Huileng Tan, "China state media: NBA's Silver will face 'retribution' for saying Beijing wanted Rockets GM fired," *CNBC*, October 21, 2019, <https://www.cnbc.com/2019/10/21/china-state-media-on-nba-commissioner-adam-silver-hong-kong-tweet-fallout.html>.

¹⁰ Rosie Perper, "China and the NBA are coming to blows over a pro-Hong Kong tweet. Here's why," *Business Insider*, October 23, 2019, <https://www.businessinsider.com/nba-china-feud-timeline-daryl-morey-tweet-hong-kong-protests-2019-10>.

¹¹ Lo, *Russia and the New World Disorder*, 149.

¹² Lo, *Russia and the New World Disorder*, 148.

¹³ Stronski and Ng, *Cooperation and Competition*, 8-9.

¹⁴ Lo, *Russia and the New World Disorder*, 148.

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- ¹⁶ Susan L. Shirk, *China: Fragile Superpower*, (New York: Oxford University Press, 2007), 25.
- ¹⁷ “World Integrated Trade Solution (WITS),” World Bank, accessed February 24, 2020, <https://wits.worldbank.org/CountryProfile/en/country/by-country/startyear/LTST/endyear/LTST/tradeFlow/Export/indicator/XPRT-TRD-VL/partner/WLD/product/Total>.
- ¹⁸ Melinda Liu, “Xi Jinping Has Embraced Vladimir Putin – For Now,” *Foreign Policy*, October 3, 2019, <https://foreignpolicy.com/2019/10/03/xi-jinping-has-embraced-vladimir-putin-for-now/>.
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- ²² Ariel Cohen, “The Strategic Upside Behind Russia’s \$55 Billion ‘Power of Siberia’ Pipeline to China,” *Forbes*, December 6, 2019, <https://www.forbes.com/sites/arielcohen/2019/12/06/is-there-strength-behind-russia-and-chinas-new-power-of-siberia-pipeline/#62f9c0861faf>.
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