

SINO-RUSSIAN RELATIONS IN A CHANGING WORLD ORDER

Paul J. Bolt
United States Air Force Academy

2013

INSS STRATEGIC PAPER

INSS

United States Air Force
Institute For National Security Studies

**US AIR FORCE
INSTITUTE FOR NATIONAL SECURITY STUDIES
USAF ACADEMY, COLORADO**

SINO-RUSSIAN RELATIONS IN A CHANGING WORLD ORDER

By Paul J. Bolt, United States Air Force Academy*
2013

The Chinese-Russian strategic partnership has been building momentum for nearly two decades. Motivated by mutual interests, not mutual affection, they share a common vision of an increasingly multipolar world order – one that is not dominated by the United States – and have mutual interests in the areas of economic development, security and the future of Central Asia. This paper examines the drivers and the challenges of the Chinese-Russian partnership, discusses implications for the United States and offers policy recommendations for successful US-Chinese-Russian relations in the coming years.

Relations between China and Russia are crucial for stability in Eurasia and the Asia-Pacific region.¹ They also shape the broader world order, and hence are important for the security of the United States. Because China, Russia, and the United States have a degree of influence in nearly all major regional and strategic issues, the US-Russian-Chinese triangle is a complicated game that must be taken into account when Washington formulates policy. In response to the Snowden affair, some commentators saw a greater willingness by Russia and China to snub the United States. For example, Leslie Gelb and Dmitri Simes wrote in July 2013 that “Russia and China appear to have decided that, to better advance their own interests, they need to knock Washington down a peg or two.”² This is due, in part, to very different ideas about world order between Moscow/Beijing and Washington. However, the Russian-Chinese relationship has important limitations as well.

This paper will describe the Chinese-Russian strategic partnership, focusing on the drivers of this relationship as well as its points of friction. In the process, it will examine Chinese-Russian interactions in the realms of economics, security, and Central Asia. The paper will then discuss the implications of this partnership for the United States and present policy proposals. I will argue that the Chinese-Russian strategic partnership is substantive and productive. It is based on both dissatisfaction with the current world order and very practical considerations. Nevertheless, the relationship is not grounded in a shared long-term positive vision of world order, and the conditions that have given rise to the partnership will also limit it and perhaps even erode the partnership in the medium to long term.

* The views in this paper are the author’s alone and in no way represent the opinions, standards, or policy of the United States Air Force Academy, or the United States government. The author would like to thank those who commented on earlier drafts of this paper or contributed in other ways. These include Cheryl Kearney, Jim Smith, Shaio Zerba, Diahn Langford, John Webster, Evan McKinney, Wang Dong, Su Xiaohui, Wu Hongwei, Cam Torrents, Jennifer Davis-Paguada, Gao Fei, and Nina Diaz. The author is also grateful for a travel grant from the United States Air Force’s Institute of National Security Studies that funded research for this paper.

CHINA, RUSSIA, AND WORLD ORDER

In 1996 China and Russia proclaimed a strategic cooperative partnership, which was subsequently anchored in the Treaty for Good Neighborliness, Friendship, and Cooperation signed in 2001. In 2008, both countries ratified an action plan to implement the treaty. In 2011 the nature of the relationship was raised to a “comprehensive strategic and cooperative partnership,” the highest level of cooperation from China’s perspective. When Russian president Dmitry Medvedev attended the Shanghai Expo in 2009, he proclaimed that Russian-Chinese relations had achieved their “highest point in history.”³ Since the 2001 treaty, Chinese and Russian leaders have signed over 50 additional bilateral agreements. The partnership has been characterized by frequent visits by high level leaders, growing cooperation in energy, expanding trade, Russian arms sales to China, expanded people-to-people contacts, and some level of diplomatic cooperation over the Middle East and other issues.

The partnership between China and Russia is motivated by two broad factors: common views on world order and practical concerns. Regarding world order, both countries hope to end what they see as American hegemony and institute a more multi-polar world order. This would involve a stronger role for the United Nations Security Council in dealing with pressing security issues, where Russia and China both have a veto. There is, of course, some irony in the fact that the “liberal” United States has reservations regarding the United Nations while China and Russia embrace this institution. A multi-polar world order in which China and Russia had greater influence would raise their status and better protect states which raise the ire of the West – such as Iran, Syria, and North Korea – but where China and/or Russia have important interests.⁴

Another element of the current world order that China and Russia wish to undermine is the liberal emphasis on human rights and minority self-determination, and the resulting erosion of sovereignty that these entail. Russia and China believe that human rights are primarily an issue for state governments, not the world community. This view stems in large part from domestic politics. Russia wants freedom to do what it sees as necessary with Chechnya and the Caucasus. China is determined to suppress all dissent in Tibet, Xinjiang, and other restive regions, as well as recover Taiwan. Moreover, both China and Russia believe in maintaining geographic spheres of influence. For Russia, this means having influence in the foreign policy of the states of the “near abroad,” or republics of the former Soviet Union. For China, this means a privileged position for its territorial claims in the South China Sea and the maintenance of a friendly government in North Korea. For both China and Russia, preventing color revolutions in Central Asia that would bring democratic, pro-Western governments into power is a priority.

Another relevant world order issue for Russia and China is reform of international institutions. Interestingly, this does not include the United Nations Security Council. Neither country is eager to see an expansion of the Security Council or loss of its veto power there. However, it does include reforms to

financial institutions such as the World Bank and the International Monetary Fund (IMF), giving a greater share of authority in those institutions to non-Western states. It also includes the development of multilateral organizations that exclude the West, such as the BRICS (Brazil, Russia, India, China, and South Africa) and the Shanghai Cooperation Organization (SCO).

In sum, China and Russia both desire a purer Westphalian order, one that is defined by state sovereignty over internal affairs and a condominium of great powers, represented by the Security Council, to negotiate world trouble spots. They also wish to see a weakening of western control of major international financial institutions.

However, the Chinese-Russian relationship is also built on very practical issues. These will be briefly introduced here but discussed in detail later in the paper. The first is economics. Both Russia and China place a high priority on domestic economic development. One result is that mutual trade and investment are important to both sides. As Russia has an abundance of oil and other natural resources while China is an importer of such products, the energy trade is a practical way in which both sides benefit. In addition, the Russian Far East (RFE) has an undeveloped economy that Moscow cannot afford to build up by itself. This has also been a target of Russian-Chinese cooperation, although one that has been less successful. Overall, the levels of trade and investment outside the energy sector have been somewhat disappointing.

Security is another important issue. Threats and border clashes led perilously close to war in the late 1960s and early 1970s. By the 1980s, both China and Russia were absorbed with domestic concerns. A secure Russian-Chinese border was imperative for both sides. After a series of negotiations, the last border dispute was resolved in 2008 and the border has been demilitarized. In addition, throughout the 1990s and early 2000s, the Russian defense industry was desperate for orders and cash. China wanted advanced weapons systems, and both sides benefited from major Russian weapons sales to China, including fighter planes and submarines.

In politics, economics, and security, the Sino-Russia “comprehensive strategic and cooperative partnership” is driven by mutual interests, not mutual affection. Dmitri Trenin, a well-regarded analyst of Russian politics, observes “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.”⁵ In a similar vein, Andrew Kuchins asserts that Russia has “profound ambivalence” toward China, but acts in a pragmatic fashion.⁶ Trenin’s conclusion to his study of Chinese-Russian relations is 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.”⁷

Moreover, the foundations of the Sino-Russian partnership may not be stable for the long term. As China rises in power, its conception of the ideal world order is likely to diverge from Russia's viewpoint. For example, Leszek Buszynski argues that Russia has been eclipsed by China in the Asia-Pacific region. Russia is being marginalized, and its partnership with China has not been in Russia's best interests.⁸ Moreover, there may be increasing conflict between China and Russia over spheres of influence that overlap, especially in Central Asia. In sum, world order is driven by both values and power, and as China's power increases relative to Russia's, there will be a divergence of views on such an order.

Even practical issues will change their character over time. Growing Chinese military capabilities may make Russia rethink its border security. Russian concerns about being primarily a provider of resources to China may dampen economic ties, as may Russian fears about Chinese dominance of the RFE. Thus, it is worth exploring issue areas to understand where China and Russia cooperate and where they have conflicts.

ISSUE AREAS

1. Economics

The most important economic exchange between Russia and China involves energy. Russia is a major energy exporter, while China's imports grow each year. Moreover, China has become a profitable market for Russian oil. Nevertheless, creating the necessary energy infrastructure and reaching concrete agreements on energy supplies and pricing has not gone smoothly, exacerbated by infighting among Russian energy companies and mutual mistrust and misunderstanding between China and Russia.⁹ This has led to frustration, especially in China.

There have been successes in the Russian export of oil to China. After years of negotiations and Russian efforts to play off China against Japan, on January 1, 2011 Russia began shipping oil to China through the East Siberia – Pacific Ocean (ESPO) pipeline. This was enabled by a 2009 agreement that provided a \$25 billion Chinese loan to Russia's oil and pipeline companies Rosneft and Transneft, with an agreement for Russia to provide China with 300 million tons of crude oil over a thirty year period. However, in the first two months of the pipeline's operations, Russians charged the Chinese National Petroleum Corporation (CNPC) with underpaying for oil by \$100 million. The dispute was settled the next year. Moreover, when Chinese president Xi Jinping visited Moscow in June 2013, China and Russia signed an additional crude oil deal worth \$270 billion.¹⁰

Natural gas, however, has yet to flow from Russia to China, in spite of a 2006 memorandum between Gazprom and CNPC that pledged 30 billion cubic meters of gas to China via a western route and 38 billion cubic meters across a route in the east, as well as an additional 2009 agreement. Russia and

China are still sharply divided on the price of gas, and as a result the necessary pipelines have not been built.¹¹ This is due, in part, to issues in Chinese politics related to CNPC. Perhaps a loan deal with Gazprom will eventually lead to a resolution, similar to the oil deal. However, it seems that gas exports will no longer be a monopoly of Gazprom. Rosneft now has plans to sell liquid natural gas (LNG) to Japanese companies from a terminal on Sakhalin, while Novatek, an independent gas producer, has partnered with CNPC to sell China LNG from the Arctic.¹²

In a related issue, Russia has clear economic and political interests in further developing the Russian Far East (RFE). It needs to reassert its control over the region and form a stronger basis for international influence in the Asia-Pacific region.¹³ Energy plays a role in these goals, but there are other aspects to this challenge as well. After the fall of the Soviet Union, the RFE was virtually ignored while the new leaders of Russia attempted to put the state back together. Since 1991, the population in the area has shrunk by 20 percent, to 6.28 million, and is projected to drop further to 4.7 million by 2025.¹⁴ However, in recent years Russia has paid new attention to the RFE, due in part to the growth of China and dimming prospects for economic growth based on European trade and investment. Thus, in 2009 the Russian government approved the “Strategy for Socio-Economic Development of the Far East and the Baikal Region until 2025 (Strategy 2025)” to promote the development of its eastern regions. The 2012 Asia-Pacific Economic Cooperation (APEC) summit in Vladivostok also served as a catalyst for Moscow’s attention, with the Russian government reportedly spending over \$20 billion to upgrade Vladivostok’s infrastructure.¹⁵

Russia has a dilemma in developing the RFE. On the one hand, it needs the assistance of China and other Asia-Pacific powers to spur economic growth. The Russian government does not have the resources itself, and corruption and bureaucratic inefficiency stymy much of its efforts. On the other hand, Russia does not want the RFE to become an appendage of China. It is unclear if Russia will be able to successfully walk this line. In August of 2013, the Chinese State Development Bank announced that it may spend \$5 billion in the RFE to finance Russian development programs. Moreover, it is reported that in the Jewish Autonomous Region of the RFE, Chinese workers now farm 40 percent of arable land, while Chinese farmers grew 90 percent of vegetables sold in the RFE in 2012.¹⁶ In sum, the RFE provides numerous opportunities for economic cooperation that would benefit Chinese and Russians. However, these opportunities also provide a potential liability to Russia as it seeks to establish a firm grip on its eastern regions.

Trade and investment are another area of cooperation between China and Russia. In 2010 China became Russia’s biggest trade partner, and in that year Russia’s Micex exchange began trading the yuan and ruble as China and Russia sought to reduce dependence on the dollar in international trade. Nevertheless, Russia’s place in China’s overall trade is still very modest. According to Chinese data

published by the IMF, Chinese exports to Russia rose from \$13.211 billion in 2005 to \$38.886 billion in 2011, almost tripling. Nevertheless, calculations show that Chinese exports to Russia as a percentage of total exports only rose from 1.7 percent in 2005 to 2.0 percent in 2011. For sake of comparison, in 2011 Chinese exports to Russia were only 12 percent of Chinese exports to the United States. From 2005-2011, Chinese imports from Russia rose from \$15.886 billion to \$39.043 billion, although the percentage of total imports dropped from 2.4 percent to 2.2 percent.

Russian data provided to the IMF shows that Russian exports to China grew from 5.4 percent of its total in 2005 to 6.1 percent in 2011. Russian exports to the United States in 2011 were less than half of those to China. Russian imports from China grew more than fivefold from 2005-2011, rising from 5.2 percent of the total in 2005 to 13 percent of the total in 2011.¹⁷ Thus Russia is more dependent on mutual trade than China. In 2012, total trade rose to the level of \$88.1 billion.¹⁸

While increasing trade is beneficial for both states, the nature of trade is of concern to Russia. Russia fears becoming a provider of natural resources to China and little else, and in 2006 Putin made a political issue of unbalanced trade. Chinese observers tend to complain of structural issues. For example, Qiu Huafei notes that Sino-Russian trade is largely focused on the needs of border communities, involving too few advanced technological goods. Qiu also notes that trade is hindered by contract violations, lack of institutionalized channels for resolving disputes, poor treatment of Chinese business personnel in Russia, the prevalence of a “China threat” mentality in Russia, and unsettled Russian debts.¹⁹ Other Chinese analysts, however, are more optimistic, pointing to the potential for Russian high-technology exports to China and foreseeing a Chinese move toward more of a domestic consumption-based economy that will provide greater export opportunities for Russia.²⁰

2. Security

Security is another important component of the Sino-Russian relationship. After armed clashes in 1969,²¹ both sides’ desire for border security is one of the factors that lead to rapprochement in the late 1980s and early 1990s. This continues to be a key issue. Russia looks defensively at the United States and NATO, and sees its main contemporary threat as terrorism coming from its south. At the same time, China is embroiled in disputes with Japan and Southeast Asia, and seeks to suppress minority unrest within China itself. Each side needs assurance that their joint border will not create problems.

One fascinating aspect of the security relationship is the recent change in relative power positions. During the Cold War, the Soviet Union was the dominant power in the political, economic, and military arenas. Today, however, apart from nuclear forces and the technological sophistication of some major weapons systems, China is ascendant in the relationship. In fact, the rapid buildup of the People’s Liberation Army (PLA) might lead one to expect that Russia would shift to a more defensive posture toward China.

There is some evidence that this is occurring, although for the most part, Russia does not see China as a major security threat. China's rise makes the world more multipolar, giving space to Russia. Moreover, Russia sees China as focused on its east and south, and understands that China has many domestic problems that take up resources and the attention of its leaders. For Russia, good ties with China help protect Russia from growing Chinese power. From China's perspective, strong ties with Russia help prevent closer Russian ties with the North Atlantic Treaty Organization (NATO) in a manner that would isolate China.²² In fact, one Chinese analyst suggests that the US, Russia, and China are all hedging against each other.²³

Arms sales are an important component in the Sino-Russian security relationship. China has been engaged in a sustained, long-term buildup of high-tech arms since the 1990s. With the United States and Europe refusing to sell China most types of military equipment since 1989, Russia has been China's most important source of foreign weapons. From 2006-2010, 84 percent of Chinese arms imports came from Russia.²⁴ From the Russian perspective, the period since the collapse of the Soviet Union has been marked by severe economic difficulties, moderated now by energy exports. As a result, military sales to China have been a welcome and at times industry-saving source of funds, and Russia has sold China a large variety of weapons. These include Su-27 and Su-30 fighter aircraft, surface to air missile (SAM) systems, Sovremenny class destroyers, helicopters, transport aircraft, anti-ship missiles, torpedoes, radars, and jet engines.²⁵

Russian arms sales to China peaked in 2005, and have declined since then. Sales have dropped from \$3.13 billion in 2005 (in constant 1990 prices) to \$679 million in 2012. While in 2005 sales to China comprised 60 percent of Russian arms exports, by 2012 the figure had fallen to only 8 percent.²⁶ Most major weapons system deliveries from Russia to China were completed by 2009, and since 2006, major arms exports have been limited to jet engines, fire control radars, transport aircraft, and helicopters. There are a variety of explanations for this drop in arms sales. From China's perspective, its own defense industries are capable of producing many of the weapons previously purchased from Russia. Moreover, there was some dissatisfaction with Russian arms sales. Russia often refused to sell China its highest-technology equipment, even though it was willing to sell more advanced items to India. This has been an irritant to China. China hoped for more licensed production of systems in China and technology transfers, and was unhappy with delivery delays and the quality of Russian arms.²⁷

The Russian perspective is more complex. On the one hand, there is consternation about China reverse-engineering Russian technology and then using it in China's own weapons exports, beating Russia on price in the process. Russians claim that the Chinese J-11B fighter plane is a copy of the Su-27, while China is heavily marketing the JF-17 fighter, developed with Pakistan. In 2011 the Russian government commissioned a report entitled "The Strategies and Tactics of Chinese Exporters of Arms

and Military Equipment,” and the head of the MiG and Sukhoi design bureau sent a letter to Roxoboronexport asking that it not sell large numbers of RD-93 engines to China because the MiG-29 competes against the JF-17 for export sales and the JF-17 uses that engine.²⁸

Various Russian officials are also concerned about the strategic implications of China’s growing military power. In this regard, there are differing opinions among Russian elites. Kevin Ryan notes that “The view from Moscow of military relations with China varies depending on the organizational viewpoint of the individual.”²⁹ Arms manufacturers have a different perspective from strategic planners. Russia faces the conundrum that China wants more and more sophisticated weapons, which might decisively affect the balance of power in the Asia-Pacific region (alienating the United States), as well as the balance of power between China and Russia itself.

The arms sales relationship between Beijing and Moscow will require careful observation as a barometer of their defense cooperation. Recently there has been discussion of renewed Russian arms sales to China, particularly the 400 kilometer range S-400 SAM system and the Su-35S fighter, Russia’s most advanced weapons. In addition, in December 2012 it was reported that Russia will sell four Lada-class diesel submarines to China.³⁰ However, these deals are not firm.

Another indicator of Sino-Russian defense ties is joint military exercises. The first military exercises were *Peace Mission 2005*, held under the auspices of the SCO with the publicly stated aim of combating terrorism. This exercise was conducted in the RFE and China’s Shandong province, and involved naval and amphibious operations. Ten thousand troops participated, as well as submarines and strategic bombers.³¹ This led to speculation that the exercises were about much more than terrorism, with China hoping that they would be seen as simulating an invasion of Taiwan. Various other *Peace Mission* exercises have been held as well. However, the level of actual coordination in such exercises is usually low.³²

Recent naval maneuvers demonstrated greater coordination in military cooperation. From July 5 to July 12, 2013, Russia and China conducted joint naval exercises of unprecedented size named “Joint Sea 2013.” China sent seven naval vessels, including a guided-missile destroyer and missile frigates, while Russia provided eleven warships, including the Pacific fleet’s flagship Varyag, a guided-missile cruiser, and a Kilo-class submarine. The exercises focused on surface warfare, antisubmarine warfare, air defense, and rescue of a kidnapped vessel. Apart from the military aspects of the drills, the political message was also important. China would like the exercises to be seen as a warning to the United States and Japan, with an implication that Russia stands beside China in its various maritime disputes, especially the Diaoyu/Senkaku islands. Russia, however, has taken a neutral position in these disputes, and thus the exercises may misrepresent Russia’s actual position.³³

As if to balance these exercises, shortly after the Chinese departed, Russia began its own unilateral military drills. In the largest military exercise since the fall of the Soviet Union, Russia reportedly conducted maneuvers involving 160,000 troops, 500 tanks, 130 combat aircraft, and ships from the Pacific fleet. The exercise involved the rapid reaction of Russian forces that were deployed to the RFE. It was designed to demonstrate the power of the Russian military to its Asian neighbors, and its ability to quickly move forces in order to defend its eastern domains.³⁴ Thus while the naval exercises in early July showed tight cooperation with the Chinese military, the exercises later in the month demonstrated Russian independence and the ability of Russia to defend itself against any potential Chinese encroachment.

3. Central Asia

Central Asia (defined here as Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, and Turkmenistan) is an arena of relatively weak states with small populations attempting to govern vast areas. The region has large energy reserves and is strategically located between China, Russia, and the Middle East. It can contribute to stability in Afghanistan, but is also vulnerable to radical ideology and violence spilling over Afghanistan's borders. Thus it is a region where Russia, China, the United States, India, Pakistan, Iran, and Turkey all seek influence. The Central Asians themselves, of course, strive for autonomy and room to maneuver, playing the different powers against each other. They also have various squabbles with each other. In this setting, Russia and China engage in both conflict and cooperation. So far, their common interest in regional stability and keeping US influence out of the area has led the cooperative element of the relationship to dominate. Charles Ziegler notes "Surprisingly, these two powers have found their interests coincide remarkably well in Central Asia, at least in the short term."³⁵

As Zbigniew Brzezinski had already noted in 1997, Russia's dilemma in Central Asia is that it is politically too weak to dominate the area, and too weak economically to develop the region.³⁶ This still holds true today. Central Asia is Russia's "near abroad," a strategic part of the former Soviet Union. Russia sees Central Asia as being within its sphere of influence. The security of Central Asian states, and the form of government they adopt, is particularly important to Russia. However, it also has economic interests. Russia has attempted to control the energy infrastructure of Central Asia, purchasing energy at cheap prices and then re-selling it to Europe at a profit. It further uses its influence to protect ethnic Russians left in the area after the disintegration of the Soviet Union.

China has three major interrelated goals in Central Asia. The first is to ensure stability in its northwestern Xinjiang Uyghur Autonomous Region. China does not want Central Asia to be used as a base for promoting separatism in Xinjiang. Second, China desires closer overall economic and infrastructure linkages between China and Central Asia. This will further China's overall goal of rapid economic development and – in Beijing's view – stabilize Xinjiang. Third, China strives to increase

energy imports from Central Asia by winning energy contracts and developing the infrastructure to deliver oil and gas from Central Asia to China. China sees this as an essential part of an energy diversification strategy. Moreover, it sees pipeline routes across Central Asia as more secure than sea lanes from the Middle East that are susceptible to disruption by the US Navy.

Russia and China both want to eliminate the “three evils” of “terrorism, separatism, and religious extremism” from the region. They work to reduce as much as possible the influence of the United States in Central Asia by seeking to limit American military basing in the region and preventing new “color revolutions” that might bring stronger democratic governance to the states of the area.³⁷

China has been active in developing infrastructure in Central Asia. For example, the China Road and Bridge Company won a contract to build a road from Osh in Kyrgyzstan to the Irkeshtam Pass with China, funded in part by the Chinese government. China is developing rail links to connect Xinjiang with Afghanistan via Tajikistan, while Chinese telecom and internet companies are tying the region together electronically.³⁸ China has been active in the Asian Development Bank’s (ADB) Central Asia Regional Economic Cooperation (CAREC) program, designed to accelerate economic growth and reduce poverty.³⁹ Moreover, China is systematically attempting to increase its soft power and “people to people” understanding in Central Asia with the funding of Confucius Institutes – government-funded organizations that promote Chinese language and culture outside China. Russia has lost ground to China here, though there is still suspicion of China among residents of the region due to China’s size and potential influence.

Chinese President Xi Jinping’s visit to Central Asian states in September 2013 illustrated the success of China’s strategy when he sealed economic deals in what he called the “Silk Road Economic Zone.” President Xi visited Turkmenistan, Uzbekistan, Kyrgyzstan, and Kazakhstan. In Kazakhstan, Xi and Kazakh president Nursultan Nazarbayev signed \$30 billion worth of agreements and symbolically opened a 700 mile gas pipeline that, in conjunction with other pipelines, will take gas from the Caspian Sea to the Chinese coast. China, through CNPC, also purchased an 8.4 percent stake in Kazakhstan’s Kashagan oil field in the Caspian Sea, joining a consortium of various international oil companies. In Turkmenistan, Xi opened the world’s second biggest gas field, Galkynysh, which will lead to a tripling of Chinese gas imports from the country. In Uzbekistan, Xi signed \$15 billion in energy deals.⁴⁰ With China’s major economic investments in the region and establishment of new “strategic partnerships,” Russian Deputy Foreign Minister Igor Morgulov felt it necessary to assert, in a not entirely convincing manner, “Our Chinese friends recognize the traditional role our country continues to play in this region, so we do not see any regional rivalry problems.”⁴¹

The institutional body that ties Russia and China together on Central Asian issues is the Shanghai Cooperation Organization. The SCO consists of China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and

Uzbekistan. Established in 2001 with a history rooted in successful border negotiations, the SCO provides a mechanism for Russia and China to cooperate on issues relevant to Central Asia, and, as mentioned earlier, is the institution through which China and Russia conduct military exercises. The SCO is a unique organization for China in that China took the initiative in the founding of the SCO and considers itself a leader of the organization. Chinese analysts proudly point to the SCO as being a key example of China's "new diplomacy" based on trust, equality, respect for diversity, and an emphasis on development.⁴²

In some ways, the SCO has been very successful from the perspective of its founders. One Chinese analyst notes that the SCO has been able to maintain stability through the world economic crisis that began in 2008, and there was no "Arab Spring" in the region. There have been no major terrorist attacks in the area, Chinese and Russian relations are good, and the Central Asian states are cooperating.⁴³ Moreover, other regional actors have been eager to join the SCO as observers.

However, Russia and China do have differences over the SCO. Russia demonstrates some ambiguity toward the organization. It would prefer that the Collective Security Treaty Organization or the Eurasian Economic Community (both dominated by Russia and neither involving China) take the lead security and economic roles in Central Asia. Moreover, Russia prefers that the SCO primarily focus on security cooperation and strategic issues, while China's emphasis is on economic cooperation.⁴⁴ From a Chinese perspective, Russia is not very active in cooperating with China in the SCO, but does not block Chinese initiatives.⁴⁵ There has also been disagreement on additional members. One Chinese analyst claims that while Moscow has reportedly supported the membership of Iran, India, and Pakistan, China believes that this would move the focus away from Central Asia and give the SCO an anti-western character, which China does not want.⁴⁶ Moreover, the SCO has challenges in actually implementing its cooperative agreements, due in part to the lack of capacity in Central Asian member states. In spite of these differences, the SCO remains a relevant organization for structuring ties between Beijing and Moscow.

IMPLICATIONS FOR THE UNITED STATES

The United States does not and should not oppose good relations between Russia and China. A peaceful relationship between these two nuclear powers leads to stability in Eurasia. The time period in the 1960s and 1970s, when China and the Soviet Union were close to war, was very dangerous for the United States and the world. Moreover, Washington views closer ties between Russia and China as helpful to US interests in a variety of areas. For example, energy cooperation between Russia and China can in the long run make China less dependent on Iranian oil supplies, possibly loosening China's ties with Iran's government. Chinese and Russian cooperation is useful in developing Central Asia while

preventing any one power from dominating the region, and greater coordination between Russia and China may help in efforts to stabilize Afghanistan after the US withdrawal.⁴⁷

Nevertheless, the relationship between the United States, Russia, and China also has a competitive, triangular aspect to it, with each side adapting hedging strategies. One analyst in Beijing explicitly stated that, despite much of the rhetoric coming out of Beijing to the contrary, the US pivot to Asia is a hedging strategy rather than a containment strategy. China, similarly, is hedging against the United States through its relationship with Russia.⁴⁸ Russia hedges against both China and the West. Each state worries about the other two countries getting too close, although arguably the United States, due to its power position, is less susceptible to this worry than China or Russia. For example, Russia strongly objects to the concept of a G-2 between the United States and China, as this would deny Russia a seat at the table in making decisions on world order. In fact, Russia is overshadowed by more powerful states in most multilateral forums, including the G-8 and BRICS gatherings. Similarly, China is worried about the potential for closer Russian ties with NATO, and in particular does not want to see joint missile defense cooperation between the two sides. At the same time, China does not want the United States to believe that China has entered an alliance with Russia that would threaten US interests.⁴⁹ Similarly, Russia looks to the West for modernization and development and does not want a relationship with China that would isolate it from Europe or the United States.

How can the United States best manage this foreign policy triangle? First, it needs to recognize that the triangle exists. When the United States supports policies that both Russia and China oppose, it drives those two states closer together. This does not mean that the United States cannot oppose Russia or China on any given issue, but it must understand that closer Russian-Chinese cooperation on world order issues will result. One example is Syria. We can debate whether the United States' decision to back away from a military strike on Syria was the correct one in terms of Middle East policy. However, the decision to compromise with Russia did defuse a world order question that was pushing Russia and China closer to each other and further from the United States.

Second, Russia wants to again be an important player in the Asia-Pacific region. The historic US interest has been to ensure a balance of power in Asia, not dominate the region. Therefore a stronger Russian role in Pacific affairs, bolstered by a more prosperous RFE, is good for the United States. As a result, the United States should encourage better relations between Japan and Russia, and South Korea and Russia. Moreover, the US government should provide incentives for American companies to invest in the RFE to the extent that it is profitable for them. The United States Pacific Command has engaged Russia through port calls and Russian participation in RIMPAC, but more might be done to develop military-to-military cooperation.

Third, it may soon be time for three way nuclear negotiations. China's policy is to maintain secrecy on all details of its nuclear forces, claiming that the United States and Russia must substantially reduce their forces before China will enter into arms control negotiations. However, the United States and Russia have reduced their deployed nuclear weapons, while China has been presumably increasing its weapons. Thus, Alexei Arbatov and Vladimir Dvorkin assert that "It can be speculated that the real motives behind China's complete secrecy about its nuclear forces lie not in their 'weakness' and 'small size' but in the much larger strength of China's actual nuclear arsenal than can be construed from observing the weapons deployed on its surface. In addition, China's economic and technical potential would allow it to build up its nuclear arms rapidly."⁵⁰ This is more threatening to Russia than the United States because of Russia's increased reliance on nuclear weapons for defense. Thus, it may finally be time for trilateral arms control negotiations.

Fourth, the US withdrawal from Afghanistan opens new possibilities for three-way cooperation to work for stability in Afghanistan and all of Central Asia. While the United States was criticized by both Russia and China for having troops in Afghanistan, there is now fear of the results of a US withdrawal. China feels it lacks the resources to deal with Afghanistan, and many Chinese analysts feel that the Afghan government will fall after 2014 when Washington withdraws combat troops.⁵¹ China, which is heavily concerned with its own domestic stability, is worried about the implications of potential chaos in Afghanistan for what it sees as its Uyghur problem. Thus, it is clearly in the interest of all three states to have a strong Afghan government after 2014 that can minimize the level of violence within Afghanistan and prevent the spread of extremism and terror outside its borders. The United States, Russia, China, and perhaps the SCO can coordinate policies to produce an outcome that will be in the interests of every state. In other words, the struggle is one of organized states against non-state actors, and the states have incentives to cooperate.

In conclusion, the Chinese-Russian relationship is strong and has been building momentum for close to two decades. Russia and China are bound together by a desire to bring about a world order that is marked more by a concert of great powers than US hegemony, an order that is defined by classical Westphalian values as opposed to liberal concepts that degrade the sanctity of state sovereignty. The relationship is also built on practical cooperation in the realm of economics, energy, security, Central Asian issues, and the SCO. Nevertheless, this is not an anti-US alliance. For their own development goals, Russia and China need the United States and Europe more than they need each other. China feels that its developmental accomplishments are fragile and domestic unrest is a threat, while Russia has failed to substantially expand its economic base beyond energy production. A certain degree of cooperation between Russia and China is in American interests. Moreover, each of the issue areas discussed in this paper has arenas of conflict. If in the long run Chinese power continues to grow relative to that of Russia,

these conflicts will become more intense as Moscow resists being identified as a junior partner of Beijing. With smart policies, Washington can work the strategic triangle to ensure that its core interests are maintained.

ENDNOTES

¹ Zbigniew Brzezinski argues that Eurasia is the key to world power, and thus is “the chessboard on which the struggle for global primacy continues to be played.” See *The Grand Chessboard: American Primacy and Its Geostrategic Imperatives* (New York: Basic Books, 1997), 31.

² Leslie H. Gelb and Dmitri K. Simes, “A New Anti-American Axis,” *New York Times*, July 7, 2013, http://www.nytimes.com/2013/07/07/opinion/sunday/a-new-anti-american-axis.html?pagewanted=all&_r=0.

³ David Shambaugh, *China Goes Global: The Partial Power* (Oxford: Oxford University Press, 2013), 81.

⁴ Regarding Libya, China felt betrayed by NATO’s attack, believing that the UN mandate was greatly exceeded by NATO’s use of force. Personal interview, Beijing, 2013.

⁵ Dmitri Trenin, “True Partners? How Russia and China See Each Other,” Centre for European Reform, February 2012, 12.

⁶ Andrew Kuchins, “Russian Perspectives on China: Strategic Ambivalence,” in *The Future of China-Russia Relations*, ed. James Bellacqua (Lexington: University Press of Kentucky, 2010), 33.

⁷ Trenin, 1.

⁸ Leszek Buszynski, “Overshadowed by China: The Russia-China Strategic Partnership in the Asia-Pacific Region,” in *The Future of China-Russia Relations*, ed. James Bellacqua (Lexington: University Press of Kentucky, 2010), 278-280.

⁹ For a discussion of these issues, see Erica S. Downs, “Sino-Russian Energy Relations: An Uncertain Courtship,” in *The Future of China-Russia Relations*, ed. James Bellacqua (Lexington: University Press of Kentucky, 2010), 146-175.

¹⁰ “Russia-China Oil Price Dispute Valued at \$100M,” *Moscow Times*, March 28, 2011, <http://www.themoscowtimes.com/business/article/russia-china-oil-price-dispute-valued-at-100m/433814.html>; “Russia, China Resolve Oil Pricing Dispute – Paper,” Reuters, Feb 28, 2012, <http://www.reuters.com/article/2012/02/28/russia-china-oil-idUSL5E8DS01V20120228>; and Stephen Blank, “Russia’s Energy Deals with East Asia: Who Wins?” *The Diplomat*, July 3, 2013, <http://thediplomat.com/2013/07/03/russias-energy-deals-with-east-asia-who-wins/>.

¹¹ See Sergei Blagov, “Russia Seeks Closer Energy Partnership with China,” *Eurasia Daily Monitor* 10, no. 42, March 6, 2013, http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Bwords%5D=8fd5893941d69d0be3f378576261ae3e&tx_ttnews%5Ball_the_words%5D=bulgaria%20nabucco&tx_ttnews%5Bpointer%5D=5&tx_ttnews%5Btt_news%5D=40550&tx_ttnews%5BbackPid%5D=7&cHash=484fe5534aaaa766c22d9f1cb67ae151; and Zhu Yue and Li Yi, “China Russia Energy Impasse,” *Caijing*, September 10, 2013, <http://english.caijing.com.cn/ajax/ensprint.html>.

¹² Blank, “Russia’s Energy Deals.”

¹³ For a discussion of Russian interests in Asia, see R. Craig Nation, “Russia in East Asia: Aspirations and Limitations,” in *Russia’s Prospects in Asia*, ed. Stephen J. Blank (Carlisle, Penn: Strategic Studies Institute, Army War College, 2010), 34-37.

¹⁴ Andrew S. Bowen and Luke Rodeheffer, “Is Russia Losing Control of Its Far East?” *Diplomat*, Oct 1, 2013, <http://thediplomat.com/2013/10/01/is-russia-losing-control-of-its-far-east/>.

¹⁵ See Viacheslav B. Amirov, “Russia’s Posture in and Policy Towards Northeast Asia,” in *Russia’s Prospects in Asia*, ed. Stephen J. Blank (Carlisle, Penn: Strategic Studies Institute, Army War College, 2010): 1-9; and David M.

Herszenhorn, "Putin's Ambitions Turn to the Far East," *New York Times*, Sept 6, 2012, http://www.nytimes.com/2012/09/07/world/europe/at-asia-pacific-meeting-putin-focuses-on-the-far-east.html?_r=0.

¹⁶ Bowen and Rodeheffer.

¹⁷ International Monetary Fund, *Direction of Trade Statistics Yearbook 2012* (Washington: IMF, 2012). Chinese and Russian total trade is based on IFS World Total figure.

¹⁸ Blagov.

¹⁹ Qiu Huafei, *Contemporary Chinese Foreign Affairs and International Relations* (Beijing: Current Affairs Press, 2013), 152-159.

²⁰ Personal interview, Beijing, June 2013.

²¹ See M. Taylor Fravel, *Strong Borders Secure Nation: Cooperation and Conflict in China's Territorial Disputes* (Princeton: Princeton University Press, 2008), 201-217.

²² For a discussion of how each side thinks of the other in terms of national security, see Trenin, 7-14 and 19-23.

²³ Personal interview, Beijing, June 2013.

²⁴ Stockholm International Peace Research Institute, *SIPRI Yearbook 2011: Armaments, Disarmament and International Security* (Oxford: Oxford University Press, 2011), 304.

²⁵ For a complete list, see SIPRI arms transfers data at <http://portal.sipri.org/publications/pages/transfer/splash>.

²⁶ Data taken and calculated from SIPRI, "TIV of Arms Exports to China, 1991-2012"; and "TIV of Arms Exports from the Top 50 Largest Exporters, 2000-2012," www.sipri.org.

²⁷ See Shambaugh, 82-83; and Jing-dong Yuan, "Sino-Russian Defense Ties: The View from Beijing," in *The Future of China-Russia Relations*, ed. James Bellacqua (Lexington: University Press of Kentucky, 2010), 214-221.

²⁸ Stockholm International Peace Research Institute, 2011; and Jeremy Page, "China Clones, Sells Russian Jet Fighters," *Wall Street Journal*, Dec 4, 2010, <http://online.wsj.com/news/articles/SB10001424052748704679204575646472655698844>.

²⁹ Kevin Ryan, "Russo-Chinese Defense Relations: The View from Moscow," in *The Future of China-Russia Relations*, ed. James Bellacqua (Lexington: University Press of Kentucky, 2010), 179-180.

³⁰ See Stephen Blank, "Turning a New Leaf in Relations: Russia's Renewed Arms Sale to China," *China Brief* 11, no. 2, January 28, 2011, http://www.jamestown.org/uploads/media/cb_11_2_02.pdf; "Asia's Great Rivalry," *Wall Street Journal*, March 27, 2013, <http://online.wsj.com/article/SB10001424127887324789504578384101404357038.html>; Wendell Minnick, "China's New Jet, Radar Complicate US Posture," *Defense News*, July 6, 2013, <http://www.defensenews.com/article/20130706/DEFREG03/307060004/China-s-New-Jet-Radar-Complicate-US-Posture>; and Robert Foster, "Russia to Sell, Co-produce Lada-Class Submarines to China," *IHS Jane's 360*, Dec 20, 2012, <http://www.janes.com/article/19682/russia-to-sell-co-produce-lada-class-submarines-to-china>.

³¹ Richard Weitz, *China-Russia Security Relations: Strategic Parallelism without Partnership or Passion?* (Carlisle, Penn: Strategic Studies Institute, Army War College, 2008), 34-35.

³² Personal interview, Beijing, June 2013.

³³ See Stephen Blank, "Russo-China Naval Exercises: Dragging Moscow into China's Territorial Disputes?" *China Brief* 13, no. 18, Sept 12, 2013, http://www.jamestown.org/uploads/media/China_Brief_Vol_13_Issue_06.pdf; and Jane Perlez, "China and Russia, in a Display of Unity, Hold Naval Exercises," *New York Times*, July 10, 2013, <http://www.nytimes.com/2013/07/11/world/asia/china-and-russia-in-a-display-of-unity-hold-naval-exercises.html>.

³⁴ "Russia Holds Biggest War Games in Decades," *New York Times*, July 16, 2013, <http://www.nytimes.com/aponline/2013/07/16/world/europe/ap-eu-russia-military-exercise.html?partner=rss&emc=rss>; and Vladimir Radyuhin, "Love in the Water, Fear on Land," *The Hindu*, July 30, 2013, <http://www.thehindu.com/todays-paper/tp-opinion/love-in-the-water-fear-on-land/article4968428.ece>.

-
- ³⁵ Charles E. Ziegler, "Russia and China in Central Asia," in *The Future of China-Russia Relations*, ed. James Bellacqua (Lexington: University Press of Kentucky, 2010), 233.
- ³⁶ Brzezinski, 141.
- ³⁷ For analyses of Russian and Chinese goals for the region, see Ziegler, 233-265; and Weitz, 51-77.
- ³⁸ Raffaello Pantucci and Alexandros Petersen, "China's Slow Surge in Kyrgyzstan," *China Brief* 11, no. 21, Nov 11, 2011, http://www.jamestown.org/single/?no_cache=1&tx_ttnews%5Btt_news%5D=38658; M.K. Bhadrakumar, "Russia Loses Hold on Tajikistan Pivot," *Asia Times*, Jul 11, 2012, http://www.atimes.com/atimes/Central_Asia/NG11Ag01.html; and Pepe Escobar, "China Stiches Up (SCO) Silk Road," *Asia Times*, http://www.atimes.com/atimes/Middle_East/MID-04-130913.html.
- ³⁹ See the ADB's website at <http://www.adb.org/countries/subregional-programs/caec>.
- ⁴⁰ For details of Xi's trip, see Jane Perlez, "China Looks West as it Bolsters Regional Ties," *New York Times*, Sept 7, 2013, http://www.nytimes.com/2013/09/08/world/asia/china-looks-west-as-it-strengthens-regional-ties.html?_r=0; and Jane Perlez and Bree Feng, "China Gains New Friends in its Quest for Energy," *New York Times*, Sept 23, 2013, <http://www.nytimes.com/2013/09/24/world/asia/china-gains-new-friends-in-its-quest-for-energy.html?pagewanted=all>.
- ⁴¹ James Brooke, "China's Central Asia Bazaar," *Moscow Times*, September 29, 2013, <http://www.themoscowtimes.com/opinion/article/chinas-central-asia-bazaar/486780.html>.
- ⁴³ See Pan Guang, "A Chinese Perspective on the Shanghai Cooperation Organization," *Shanghai Cooperation Organization*, SIPRI Policy Paper no. 17 (May 2007), 45-58; and Gao Fei, "The Shanghai Cooperation Organization and China's New Diplomacy," Netherlands Institute of International Relations Discussion Papers in Diplomacy, July 2010.
- ⁴³ Personal interview, Beijing, June 2013.
- ⁴⁴ Kuchins, 43-44; Trenin, 30-32; Gao Fei, 14-15.
- ⁴⁵ Personal interview, Beijing, June 2013.
- ⁴⁶ Qiu Huafei, 167-177. For a different perspective on the membership issue, see Weitz, 75-77.
- ⁴⁷ Personal interview, Beijing, June 2013.
- ⁴⁸ Personal interview, Beijing, June 2013.
- ⁴⁹ In this regard see Su Xiaohui, "Don't Misinterpret China-Russia Relationship," *Foreign Policy*, March 25, 2013, <http://www.chinausfocus.com/foreign-policy/dont-misinterpret-china-russia-relationship/>.
- ⁵⁰ Alexei Arbatov and Vladimir Dvorkin, "The Great Strategic Triangle," Carnegie Moscow Center, April 2013, 19. The entire study is worthwhile for an analysis of the nuclear triangle.
- ⁵¹ Personal interviews, Beijing, June 2013.