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China's Perspective on Its Strategic Partnership with Russia

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China has used the deterioration of Russia's relations with the EU and U.S. to strengthen its position within a strategic partnership with the Russian Federation. The PRC's goals are to counterbalance the U.S., secure its own economic interests in the post-Soviet area, increase border security and obtain Russian support for Chinese international initiatives. In exchange, China supports Russia by abstaining from open criticism on its annexation of Crimea and by importing raw materials. The partnership brings more benefits to China, which is positive for the EU. The PRC, unlike Russia, is concerned about destabilisation of NATO's Eastern Flank and favours European integration.

China responded positively to Russia's Far East policy after the latter's deterioration of relations with the EU and U.S. in 2014. China has cautiously made Russia economically dependent on it, for example, by importing gas and investing in Central Asian states. Through these instruments, China tries to stabilise the situation in states located in Russia's traditional sphere of interest in exchange for its support of Chinese international initiatives and security along its western borders.

Since Chairman Xi Jinping rose to power, and specifically since 2014, there has been a visible intensification of bilateral contact, confirmed in 2014 by the establishment of a new intergovernmental committee at the vice premier level. On the Chinese side, it is chaired by Zhang Gaoli, a member of the Chinese Communist Party's (CPC) Politburo Standing Committee and Xi's trusted associate. The Chinese leader, as well as Russian President Vladimir Putin, exercise strong leadership of their countries, which eased the establishment of personal relations between them. After his ascension to chairman of the CPC in May 2013, Xi choose Russia for his first foreign trip. Both leaders meet every few months—15 times since 2014. Under previous chairman Hu Jintao, high-level meetings between China and Russia took place less often.

Common Interests? From a political perspective, China considers it essential to build a multipolar global order as a tool of U.S. containment. That is the vision behind new regulations and ventures for which China seeks Russian support, such as the Asian Infrastructure Investment Bank and "Belt and Road" initiative (BRI). China counts on Russia's assistance on these and emphasises the complementarity between Russia's Eurasian Economic Union and China's BRI. At first, Russia viewed the Chinese concept with distrust. Today, though, after its pro-China pivot, Russia is presented as China's most important partner, for example, during the Belt and Road Forum in Beijing in May. China is also trying to push other common initiatives, such as Internet legal regulations. In 2015, the PRC, together with Russia, Kazakhstan, Tajikistan and Uzbekistan, submitted to the UN General Assembly a revised draft of a 2011 resolution on the International Code of Information Security.

Both China and Russia accuse the U.S. of inspiring the Arab Spring and Ukraine crisis. The PRC also cooperates with Russia on UN Security Council votes, for example, vetoing draft resolutions on Syria six times. Western support for the overthrow of the Libyan regime in 2011 is another binding factor. China has taken an ambivalent stance on Russia's annexation of Crimea and its actions in eastern Ukraine, hoping for a similar Russian position on Chinese territorial disputes.

Economically, the Russian pivot to Asia enabled China to strengthen its presence in Central Asia, which is especially important from the BRI perspective. China makes use of Russia's low capability to generate capital and actively invests in states in the region by providing them a measure of economic stability. China has expressed interest in buying shares of Russian companies and energy projects located on Russian territory. Until 2014, such actions were blocked by Russian authorities afraid of Chinese domination. In 2015, the Silk Road Fund acquired 9.9% of the Yamal LNG project. Chinese enterprises already have around 30% of the shares of that project and construction works are financed by Chinese state-owned banks. The cooperation between Russia's Rosneft and the China National Petroleum Company is also growing. The PRC's collaboration with Russia is also helpful in internationalisation of the yuan and the establishment of non-Western credit card payment systems and separate rating agencies.

China also finds cooperation with the Russian Federation important in the context of security of its western border and internal stability. The PRC is guarding against terrorism, particularly by radicals amongst the Uyghur ethnic minority living in Xinjiang province and across the border in Kazakhstan. The danger of terrorism is intended to be counterbalanced by the capabilities of the Shanghai Cooperation Organisation as well as Russia's military presence in Central Asia. The Russian Federation has finally consented to sell China modern military equipment, including 24 Su-35 fighters and four S-400 surface-to-air missile systems, which will probably be deployed to the South China Sea region. China also uses Russia's objection to the U.S. THAAD anti-missile system being deployed in South Korea as international confirmation of its own objections.

Growing Asymmetry. China benefits more than Russia from their strategic partnership, confirmed by economic data. The intensified contacts have not translated into growth of Russian exports to China, announced by Russian authorities as an expected benefit of cooperation with the PRC. In fact, trade volume decreased in 2015 (by 30% in comparison to 2014) and increased slightly in 2016 (by 2.2%), but mostly because of Chinese exports (Russia has a trade deficit with China of more than \$5 billion). Even so, Russia was just the fifteenth Chinese export partner in 2016. Moreover, China overtook Russia in trade volume with most Central Asian states.

The asymmetry in benefits is especially significant in the energy sector, especially gas. Here, the PRC's cooperation with Russia is more political than economically motivated. In 2014, China agreed after many years of negotiations to sign a gas delivery contract, but forced Russia to accept lower prices. The deal was a political decision because China has a choice of suppliers and internal gas consumption is decreasing. The decision was made so Russia could try to show that the sanctions against it could be blunted by its cooperation with China. The political context is also present within the delays of the Power of Siberia pipeline construction and lack of final decisions over Power of Siberia 2 construction.

Conclusions. In the short term, one should not expect a change in China–Russia relations. As long as China can exploit its partnership with the Russian Federation to counterbalance the U.S., the policy of cooperation will continue. Russia also takes advantage of the Chinese engagement (in Central Asia and the UN) and in the near future has neither the capability nor reasons to change the status quo. Both sides benefit, but not equally. China's advantage in the partnership strengthens its position and weakens Russia's in Asia and saps its global influence.

This corresponds highly with EU interests because Chinese policy in general is more positively oriented towards the European Union. Unlike Russia, China supports cooperation with the EU and is interested in speeding up the integration processes within the Union to maintain high trade and investment levels. China, like Russia, has superpower ambitions but is trying to achieve it through different methods, mostly by economic diplomacy and funding modernisation projects, especially key projects through BRI. Russia, on the other hand, is more oriented on conflict policy, which includes the Middle East but also NATO's Eastern Flank. If Russia acts against the Baltic States, furthers its aggression in Ukraine, or destabilises Belarus, it will be difficult for the PRC to accept. Such actions would probably result in regional chaos and undermine China's BRI and bilateral activities. It would also endanger China's economic interests with the EU, which are deeply connected to the PRC's economic growth and impossible for Russia alone to replace.