

# CHINA AND RUSSIA: NEW DREAMS OR A MARRIAGE OF CONVENIENCE?

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Narratives of the rise and fall of great powers and their aspirations have repeatedly shaped world politics and the world order over the years. China and Russia have been especially engaged with each other over the last ten years. In their struggle for spheres of influence, both have invoked grand narratives to explain power transitions. It is reasoned that given the oft-extrapolated US decline, the fate of the international liberal order will be decided by the rising influence of China and other Asian countries.<sup>1</sup> Though the legitimacy question on China's rise has been raised by security experts, it has to be borne in mind that China is gaining in wealth, power and prestige in an international system that is more norm and rule bound than any before in history, and, hence, its trajectory towards the rise as a sole superpower—if at all—will be very demanding.

The sheer speed with which China has risen over the last twenty years has astonished the international community as the possibility of a Communist-led polity managing a successful economy could hardly have been imagined a few decades ago. By mass producing cheap goods, China has not only kept global inflation in check but also become so integrated that economists are

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1. Assuming that China grows faster than other economies and the balance of power moves in Beijing's direction, the status-quo will be moved to a more Pareto-optimal condition, leaving the rising state better off and no one else worse off. See Randall L. Schweller, "Managing the Rise of Great Powers: History and Theory", in Alastair Iain Johnston and Robert S. Ross, eds., *Engaging China: The Management of an Emerging Power* (New York: Routledge, 1999), pp. 1-31.

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now worried about what will happen to the world economy if China’s growth begins to slow down.<sup>2</sup> The aspirations for economic revival and rebuilding great power status have led to a slow penetration into the neighbouring economies for both China and Russia by creating pockets of influence and, at the same time, hedging the great powers in their traditional backyards. China’s leaders are trying hard to encash on a “period of strategic opportunity” to expand their country’s “comprehensive national power”.

Over the coming three decades, they hope to realise a powerful and prosperous China on the international stage that is equipped with a world class military to achieve the objectives of maintaining the rule of the Chinese Communist Party (CCP), and domestic stability as well as defending national sovereignty and territorial integrity to achieve the much cherished ‘Chinese Dream.’ This concept was first articulated in 2012 and encapsulates a long-standing national aspiration of restoring China’s status as a powerful and prosperous nation.<sup>3</sup> President Xi and other leaders link the China dream to two high-profile centenary milestones: achieving a “moderately prosperous society” by the 100th anniversary of the CCP in 2021 and building a “prosperous, strong, democratic, civilised, harmonious and beautiful modernised socialist strong country” by the 100th anniversary of the establishment of the People’s Republic of China (PRC) in 2049. At the 19th Party Congress in October 2017, Xi Jinping also enumerated the objective of the “basic realization of socialist modernization” by 2035, which includes China becoming one of the most “innovation-oriented” countries, significantly enhancing the country’s soft power and improving its economic prosperity.

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2. Michael Cox, “Axis Of Opposition China Russia and the West”, in Asle Toje, ed., *Will China’s Rise be Peaceful?* (Oxford University Press, 2018), pp. 321-349.
  3. Annual Report to Congress, Military and Security Developments Involving the People’s Republic of China 2019, Office of the Secretary of Defence. Accessed on May 2019.

One of the main aspects of the Chinese dream has been its “march towards the West”, manifest in terms of the Western Development Campaign on the Belt and Road Initiative (BRI). The Sino-Russian dynamics have to be understood within this framework, as, despite being its greatest supporter, Russia is also the single largest competitor in the Eurasian region for China. The two countries have maintained a cordial relationship under different cooperative mechanisms like the Shanghai Cooperation Organisation (SCO), Brazil, Russia, India, China and South Africa (BRICS)-Plus, United Nations Security Council (UNSC) and other multilateral organisations as well as through establishing institutions of economic assistance—like the Asian Infrastructure Investment Bank (AIIB)—for development in Asia. China became Russia’s largest trading partner, accounting for 15 per cent of Russian international trade in 2017. The two countries maintain their determination to choose development paths suited to their own national conditions and set clear goals for natural rejuvenation.<sup>4</sup> Despite sharing a long history with Russia—with which it also shares one of its longest borders—the China-Russia relationship has not received the attention that this complex bilateral relationship deserves. This article aims to address this lacuna by focussing on this relationship.

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## **IDEOLOGICAL CONVERGENCE ON MARXIST PRECEPTS: PAST AS PROLOGUE**

China is today at a juncture where it is witnessing the world’s biggest urban boom, the creation of the largest middle class and a prolonged economic growth process without equal. The essence of the Party’s hegemonic guidance and Xi’s dream can be found in the “living soul” of Mao Zedong’s thought and revolutionary praxis, which can be condensed into three basic aspects: seeking truth from facts, the mass line, and independence and self-

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4. “Chinese Dream in Accord with Russian Dream”, *People’s Daily Online*, May 22, 2014.

determination. While under Mao, the height of ambition for a common man was symbolised in owning things like a bicycle, a radio, a watch and a sewing machine, post-2010, the people's aspirations have hovered around education, housing and social security.<sup>5</sup> This combination of prosperity and security constitutes the China dream though inequality remains a significant detriment. After Deng's reform and opening up, the major alteration in the Chinese dream came about during Hu Jintao's time when he inculcated a more empirical and less ideological administrative ethos under his 'scientific path to development' bringing the people's dream to achieve merit-based equality closer to reality.

The changing attitudes to employers and professional ambitions are accompanied by new lifestyles based on a status-flaunting ethos reflected in the growth of travel and tourism in the current era. For those unable to catch up, a kind of solace has come from the spirit of community that has kept the social fabric of China intact, especially evident in the *taiji* sessions and dancing exercises in squares and parks across all cities in China. Making these modest ambitions a reality is likely to help the Chinese cope with the changes that modernisation and globalisation are ushering in. No wonder then that the plutocrats promulgate the notions of transition and benign progress, and in line with traditional ancient thought, take to themselves a special moral cleansing role. The unending commitment to authoritarianism has not, however, made the Party secure and confident. The collapse of the Soviet Union and how Russia developed afterwards has been studied widely to argue against rapid, radical political reform in China.<sup>6</sup> Comparisons still abound as the two governments exhibit hostility to dissent, deep suspicion of Western intervention and a strong aspiration to impose tighter controls over their own societies.

The Chinese government recently exhorted that the Chinese dream is in accord with the Russian dream. Not only did China establish the National Security Commission (NSC) in 2013 but also identified the spread of pro-democratic ideas as a national security threat for China. Yet, the two

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5. Gerard Lemos, *The End of the Chinese Dream: Why Chinese People Fear the Future* (Great Britain: Yale University Press, 2012), pp. 82-103.

6. *Ibid.*, pp. 252-271.

neighbours are entangled in a diplomatic endgame to pull Central Asia within their own fold under alternative visions.

The Russians have taken lessons from history, especially the Ili Crisis, which they acted on once their finances improved during the 1980s. Tso Tsung Tang suggested that China might eventually restore order in its own house and when it does, it might present a serious military threat to Russia. The only answer that the Russians came up with was the rapid construction of a railway line through Siberia which could facilitate troop deployments in the long-term. In its defence, as Zhomini wrote, for Russia "it was absolutely necessary to have defensive naval forces in Vladivostok and to consolidate military presence along the entire Siberian frontier, especially the Siberian Railway."<sup>7</sup> Presently, it can be noted with certainty that like Xi Jinping, President Putin is also a strong nationalist seeking rejuvenation of his humiliated country and has voiced his dream under the Eurasian Union construct, stretching across the Caucasus and Central Asia to the Russian Far East, which has been denoted as Putin's efforts to "re-Sovietize Eurasia".<sup>8</sup> The two countries have maintained a close but sceptical view of their relationship, mostly blamed on the traces of the Sino-Soviet Treaty of Friendship, Alliance and Mutual Assistance signed in 1945. The treaty was a product of the Yalta Agreement and reminded China of its weakness due to the terms associated with the Chinese Changchun railway and Port Arthur (Lushun) and Port Dairen (Dalian). Even when the Soviet Union agreed to provide loans at lesser interest for the economic development of China, Mao continued to harp on the disrespect to China's sovereignty and Russia's unfair method of non-trade payments which were sorted out and refunded only in 1956. China outrightly voiced its objection to the big-power chauvinism that the Soviet Union demonstrated in its dealing with other socialist countries.<sup>9</sup> Socialism, however, continues to be a reason for proximity in their relationship as

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7. "Zhomini to Girs, 10/12/1990 (10/24/1880)", in Charles and Barabara Jelavich, *Russia in the Far East 1876-1880*, p. 122.

8. Tom Miller, *China's Asian Dream* (London: Zed Books, 2017), p. 85.

9. *Resistance to and Criticism of the Soviet Union, Diplomacy of Contemporary China* (New Horizon Press, 1990), p. 40.

China chose to ally with the Soviet Union under the “leaning to one side, the side of socialism”, and it is quite interesting to see how history has come full circle under the Belt and Road Initiative/One Belt One Road (BRI/OBOR) in which the two states are again promoting and bargaining in terms of opening up of trading ports and cities. However, considering Russia has indicated expansionist designs in earlier history and with China now exhibiting expansionist potential, the clash of the titans would be an interesting development to speculate on.

While China has called for a “new type of relationship among major countries” (*xinxing daguo guanxi*)—especially in the context of the United States—an assertive Xi Jinping wants to distinguish himself from global economic powers such as Japan, Germany and Russia by reshaping the global order and managing global challenges. Yan Xuetong advocates that China needs both bases and military allies to maintain political balance in East Asia, and in this regard, Russia can be the strategic balancer to establish a more formal military alliance since they have been historically close except for the 1960s’ split. The countries have a long history of voting together in the UNSC and the current leaderships share a comfortable relationship based on preference for a multipolar world order; it has gradually evolved from a “constructive partnership” in 1994 to a “strategic partnership of coordination” in 1996 and a comprehensive strategic partnership in 2012 (under Hu Jintao) and 2014 (under Xi Jinping). Russia considers China to be a close ally and refers to Xi Jinping as a “very good friend and reliable partner” as China stood by it when Russia invaded Ukraine in 2014, electing not to criticise Moscow or join in international sanctions for Russia’s violation of Ukraine’s sovereignty. In response, Russia has been noticeably silent on China’s behaviour in the latter’s maritime disputes with its neighbours.

Both countries have maintained close communication and effective coordination to promote political solutions to the Syria crisis and the Iran nuclear issue. Trade between the two has reached a value of \$89.21 billion, an increase of 1.1 percent compared with the previous year; in fact, China

remains Russia's biggest trading partner. Notwithstanding, distrust on China's growing regional influence still remains high and though their views are synergistic, their efforts remain uncoordinated and their understanding of a new world order quite vague.

Putin's dream, on the other hand, is more linked to the establishment of the Eurasian Economic Union (EEU) comprising Russia, Belarus and Kazakhstan which grew out of the existing Customs Union (since 2015) and was defined precisely in the new Historic Project on the 'Russian dream' in an address to the Federal Assembly on March 1, 2018. It was for the first time since the October Revolution in 1917 that the country presented a rational, coherent national development project dealing with internal economic, social, military and cultural evolution, together with a blueprint for its role in the 21st century.<sup>10</sup> In fact, on January 27, 2018, Vladimir Putin became the longest serving leader of Russia since Joseph Stalin, and who has built his country back on the model of St. Petersburg as a "window to the West" (as conceived by Peter the Great).<sup>11</sup> The document highlighted five essential aspects of the Russian dream:

- The current political systems have been derived from the scientific and technological revolutions of the 20th century.
- The survival capacity and the strategic autonomy of the country depends on its potential of national economic production and thermonuclear destruction.
- The ideological vacuum created by the implosion of 20th century socialism is now being filled.
- The system of governance will continue to be dominated by five hegemony: China, Russia, the USA, India and the European Union (EU).
- Putin and Xi demonstrate exceptional capabilities, making them legitimate successors to Lenin and Mao.

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10. Heinz Dieterich, "Russian Dream, Chinese Dream and American Dream: Vectors of 21st century Civilization", *Cyber Leninka*, no. 3 (413), 2018, pp. 120-123.

11. Susan B. Glasser, "Putin the Great, Russia's Imperial Impostor", *Foreign Affairs*, September/October 2019.

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However, Russia's ambitions look quite downsized considering that it once hoped to assist as an economic intermediary between Western Europe and the Asia-Pacific, but now focusses on the much more modest goal of expanding the Eurasian Economic Union (EEU) comprising Armenia, Belarus, Kazakhstan, Kyrgyzstan, and Russia. The conception of the EEU arises from Russia's intent to check China's March West and though the Chinese have considerable economic power, they don't want to annoy Russia. Even the Central Asian Republics find it more credible to depend on the Collective

Security Treaty Organisation (CSTO) than to work with the SCO. Culturally also, the Central Asian Republics are closer to Russia as they are attuned to the Russian language.

Russia has also increased its presence in the Southeast Asian region by inking several deals with the Philippines, including agreements on nuclear energy, agriculture and tourism, as well as commercial agreements worth close to \$1 billion, alongside a defence pact, making way for military exchanges and procuring Russian arms. It can be said with a significant amount of conviction that Russia is second only to the US as a global arms exporter, a position which gives it an important presence in the defence market. Russia's growing comprehensive strategic partnerships with Thailand and Vietnam are clear indications of its response to geo-political pressures related to the US and China. It clearly intends to check the dominance of any one single power in the region and its defence spending reemphasises this tendency.

The two countries (Russia and China) clearly fear ideological contamination from the West and, hence, see cooperation as an effective remedy. Both



continue to operate as centrally controlled and planned economies which brings them together ideologically. However, a comprehension of their respective dreams of national rejuvenation has to be based on the appraisal of the comprehensive national strength of these two countries.

#### MILITARY COMPETENCIES AND POTENTIAL FOR COLLABORATION

China's leaders continue to emphasise developing a military that can fight and win. In 2018, China came out with a new *Outline of*

*Training and Evaluation* that emphasised realistic and joint training across all warfare domains and covered missions and tasks aimed at "strong military operations." The most notable element of China's strategic behaviour was the inculcation of the experiences of foreign militaries and absorption of the methods that those militaries use. According to the reports of several US observers, China and Russia are more aligned than at any point since the mid-1950s. In July 2017, the two countries' navies conducted joint exercises in the Baltic Sea for the first time. In September 2018, China participated in Russia's annual Vostok military exercise for the first time. Russia has also sold China advanced military equipment, including the S-400 air defence system and 24 Su-35 fighter aircraft.

Russia's navy commissioned its first new truly blue-water principal surface combatant in some two decades, including with a new, potentially more capable air-defence system. The recent creation of information troops and reinstatement of the main Directorate for Political-Military Affairs showed that Russia's command is increasingly focussed on confrontation in the information domain. Russia is improving its air force capabilities through the development of the Su-57 and Su-35. The surge in its naval capabilities also shows how Russia could potentially challenge the North Atlantic Treaty Organisation (NATO) and other navies in the region. It is also improving

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the quality of its military leadership as witnessed in the appointment of Col-Gen Sergei Surovikin, a career ground force officer, who gained significant experience through operations in Syria.

On March 1, 2018, in his annual address to the Federal Assembly, President Putin referred to the ongoing development of innovative strategic weapons. For instance, the Burevestnik, a nuclear-powered ultra-long-range cruise missile, is currently under test. A squadron of modernised MiG-31 fighters equipped with the Kinzhal hypersonic air-to-surface missile is undergoing operational testing in the Southern Military District in the Caspian Sea, while Peresvet mobile lasers have been observed at the Strategic Rocket Forces bases. Some of these are still under testing such as the Poseidon, a nuclear-powered uninhabited underwater vehicle, but some like the Sarmat (SS-X-29) Intercontinental Ballistic Missile (ICBM) have been commissioned to replace the RS-20 (SS-18 Satan) ICBM.<sup>12</sup> The fact that Russia does not refrain from using force, as demonstrated in the use of military power in the case of Crimea and its provocative behaviour in the Euro-Atlantic area, it challenges China's growing ambitions in Asia. Russia continues to enhance its infrastructure, and though its economy grew very modestly (between 1.5 to 1.7 per cent from 2013 to 2018), its defence spending grew rapidly under the State Armament Programme, peaking in 2015. As of 2018, its total military expenditure was 4 percent of the Gross Domestic Product (GDP).

Under a new State Armament Programme stretching over ten years to 2027, Putin has approved acquisition of strategic missiles like the RS-24 Yars ICBMs. Since it was realised that the Armata battle tank was too costly for mass acquisition, upgrading of the T-72, T-80 and T-90 tanks is likely to continue. Though Russia has laid no particular emphasis on a naval strategy, some of the already functional submarines and cruise missiles (Kalibr and Oniks) are likely to remain under construction. The defence industry is, however, marred by long delays and a series of costly launch failures. Even the building of new non-nuclear submarines is hampered by the inability

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12. *The Military Balance*, "The Annual Assessment of Global Military Capabilities and Defence Economics", IISS, 2019, pp. 165-221.

to produce a viable air-independent propulsion unit. In consequence, some cost-saving measures have been introduced. The vast state corporation Rostec looks set to absorb the United Aircraft Corporation, achieving full control of the military-aerospace industry, hence, indicating a centralised tendency within the country.

Russia is also keen on developing its robotic industry, just as China is keen on using artificial intelligence, cyber and quantum technologies for enhancement of military capabilities. As members of the SCO, China and Russia have cooperated in military exercises, e.g. counter-terrorism drills in Kyrgyzstan in 2002, and in Kazakhstan and China in 2003. However, Russia has seen a decline in its influence over the last few years, especially after its annexation of Crimea, before which Ukraine used to source the majority of its defence equipment from Russia. The fact that Rostec is still under US sanctions has hindered Russia's defence exports.

China's power projection capabilities, on the other hand, have significantly improved under Xi Jinping as he is using the strategic opportunity of a favourable external environment to modernise the People's Liberation Army (PLA) and bolster the armed forces. In 2017 and 2018, China demonstrated a more assertive posture on Taiwan and in the East China Sea by flying the PLA Air Force (PLAAF) H-6 K bombers and Su-35 Flanker E combat aircraft. And despite Xi Jinping's promise to Obama in 2015, China has continued to build infrastructure and military facilities on the land reclaimed in the South China Sea, besides allocating US\$ 168 billion for its defence budget in 2018 (US\$ 175 billion, according to some sources). With the deployment of the HQ-9 air-defence systems, the YJ-62 Anti-Ship Cruise Missiles (ASCMs) (likely), as well as J-11B combat aircraft on the Woody Island, China has changed the balance of power in its maritime dominions. With the stationing of its reorganised light combined arms infantry unit in 2018 utilising the 4x4 vehicles from the Dongfeng Mengshi family as personnel carriers and truck and jeep-mounted howitzers, it has set a template for the rest of the PLA Army's (PLAA's) light combined arms unit.<sup>13</sup>

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13. Ibid., pp. 235-236.

The two new redesignated air-assault brigades in the Eastern and Southern Theatre Commands, the 121st from the 75th Group Army and the 161st from the 83rd Group Army, are also now working up their capabilities and have begun exercising in their new role.<sup>14</sup> The most advanced variants of the ZTZ-99, the ZTZ-99A continues to equip the 112th Mechanised Division and 62nd Combined Arms Brigade though the army is a relatively low priority for reequipment. The refurbishment is being done in terms of the army's combat-support equipment, including artillery, engineering and air-defence systems. The HQ-16 air-defence system is a case in point. The system which is considered roughly analogous to Russia's Buk, is now deployed with units in Tibet and Shanghai.

The PLA Rocket Force (PLARF) and the PLAAF are being extensively revamped to address the threats in the South China Sea and the Indian Ocean. In particular, the multiple new missile brigades formed during 2017 are now beginning to take shape, organised on similar terms as the existing corps-leader-grade bases (Bases 61-69) which are armed with the DF-21 D Medium-Range Ballistic Missiles (MRBMs) and an additional brigade of DF-26 Intermediate-Range Ballistic Missiles (IRBMs), (which have anti-ship capabilities) is also being set up. When considered in addition to the deployment of DF-21D, this would result in doubling of the PLARF's capacity since the reorganisation has begun. An MRBM with a hypersonic glide-vehicle payload designated as the DF-17 is also suspected to have been tested in late 2017 but the information regarding its intended mission and capacity is limited. However, the increasing emphasis on the use of the air force is unmistakable and could not have been imagined a decade ago. The appointment of two PLAAF officers, Gen Xu Qiliang as the vice-chairman of China's Central Military Commission (CMC) and Gen Yi Xiaoguang as the commander of the Central Theatre Command gives attestation to this.

Though the H-20 bomber and the Xian Y-20 aircraft are being domestically produced, the continued dependence of China on Russia for acquisition provides scope for cooperation. In addition to the Chengdu J-20 combat

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14. Ibid., p. 235.

aircraft being initiated into the PLAAF, it has also raised its first unit of the Sukhoi Su-35 Flanker E armed with the export version of the Russian R-77-1 (AA-12B Adder) active-radar-guided medium range air-to-air missile. China's naval capabilities have also increased at a fast pace with the *Liaoning* and *Shandong* aircraft carriers already in service, two new Type-055 cruisers being added as late as July 2018, and four more under construction. China is also renovating its marine corps.

The PLA Navy's (PLAN's) four Type-094 Jin-class ballistic missile submarines are shortly going to become operational. China's incremental progress looked so intimidating that the US disinvited the PLAN from the US-led Rim of the Pacific exercise. China, however, has been unrelenting in its efforts to upgrade its defence industry, focussing on innovation, civil-military integration and industrial rationalisation which supports its goal of having world-class military forces by 2049, and achieving the millennial goal of having a modern socialist country under the China dream.

The two countries, Russia and China, however, converged on their stated opposition to the deployment of the US Terminal High Altitude Air Defence (THAAD) missile defence system in South Korea, a decision made in mid-2016, which they believed would destabilise the existing balance in Asia. So, while both countries continue to strengthen domestic production and stress on self-reliance in military terms, they often come together against foreign intervention in Asia. Both have high aspirations for military modernisation and stress the importance of advanced dual-use technologies. Chinese leaders have specially emphasised civil-military integration and employing tactics short of armed conflicts.

Their cooperation in the defence field is reassuring to both when compared to the US which competes from a position of strength; Russia and China have largely been confined to cooperate as lesser partners and, hence, this cooperation gives them a constructive and result-oriented relationship. The Chinese Minister of National Defence Wei Fenghe visited Moscow in April 2018 "to let the Americans know about the close ties between the armed forces of China and Russia." China's expanding strategy to protect its interest

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overseas through active defence and “offshore waters defense” is propelling it to greater cooperation with its neighbours, especially Russia. China will seek to establish additional military bases in countries with which it has longstanding friendly relationships and similar strategic interests and, hence, it will be seen wooing the Russian plutocracy to grant it access to its ports and military facilities in the near future. Taking cognisance of the international security situation, the Chinese Defence White Paper (2019) mentions how Russia is strengthening its

nuclear and non-nuclear capabilities for strategic containment and striving to safeguard its strategic security space and interests and, hence, there is a need for China to revolutionise its military affairs with Chinese characteristics and safeguard against non-traditional security threats as well.

## **OPPORTUNITIES AND CONSTRAINTS IN CONNECTIVITY**

Russia's rapprochement with China forms a part of its ‘pivot to Asia.’ With “Made in China 2025,” China aspires to be no longer just an imitator of world-class technology, but a creator, which is seen in the outreach of firms such as Huawei. In the 19th Party Congress report, Xi Jinping highlighted that China's rise was accelerating a multipolar international order and the need for reform in global governance systems.<sup>15</sup>

In contrast, Russia does not have the economic wherewithal to pose a challenge, only the tactical savvy to be an opportunistic disruptor.<sup>16</sup> Russia lacks significant capacity as its demographic dividend is unfavourable. Russia is cognisant of the economic gap between the two countries. According to

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15. n. 3.

16. Ibid.

the World Bank, within a span of 25 years (in 2017), China's Gross Domestic Product (GDP) grew to nearly eight times that of Russia (\$12.2 trillion versus \$1.6 trillion). Russia's trade balance has been in the negative despite China being its largest trade partner. Even though its economy is cooling, China's growth rate remains over four times that of Moscow—a divergence that ensures that the imbalance between their power capabilities and the consequent gap between their abilities to fulfil global ambitions will grow apace as China may outgrow Russia more rapidly than earlier imagined. Nevertheless, they intend to increase the volume of bilateral trade to \$200 billion by the end of 2020. Since the Western market is not entirely neutral, the two countries have taken similar counter-measures.

Consequently, the two countries envisage to work together under the Silk Road Economic Belt (SREB) and the Eurasian Economic Union (EEU) and create Free Trade Agreements (FTAs) in the Asia-Pacific region. The stronger reason for an emerging alliance between China and Russia could be adduced to the American threat. Both are proud nations with long memories; the two countries share an affinity in moving away from the dollar and start trading in their own currencies. Moreover, the two countries desire to shape a multipolar world consistent with their authoritarian model and steer clear of America's promotion of democratic values. The two countries converged on the Belt and Road Initiative (BRI) by issuing a joint statement on May 8, 2015, outlining the main approaches to linking the SREB and EEU by accepting that instead of setting out two competing visions, they should endeavour to build a "common economic space" in Eurasia that included an FTA between the EEU and China, and the two projects should be viewed as

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complementary.<sup>17</sup> Putin's statement at the BRI Forum that Russia's Northern Sea Route (NSR) in the Arctic could be linked with the BRI was one of the important signals towards this shift, though it may not be a feasible strategy.

Bilateral cooperation between the two has advanced steadily and the China-Russia oil and gas pipelines are already replacing the "Ten thousand Li Tea Route"<sup>18</sup> of the 17th century as the new artery of the century" connecting the two countries. Russia will not only support, but is itself looking to China to help upgrade and finance its own infrastructure, i.e. the 770 km high speed rail line between Moscow and the southern city of Kazan. The two sides previously completed a rail bridge across the Amur river linking Russia's Autonomous Jewish oblast to China's Heilongjiang province, providing an estimated 5.2 million tons of annual freight turnover capacity, with further work elsewhere amounting to about 20 million tons. Talks are being held over the completion of a road across the Amur river linking Blagoveshchensk and Heihe which might be bagged by the Chechen construction magnate, Ruskan Baisarov.<sup>19</sup> These projects will provide connectivity in addition to the Trans-Siberian Railway and Baikal-Amur Mainline (BAM) which provides for trade currently.

Under the contours of BRI, which essentially is bringing about a change in the nature of development models in Eurasia, competing strategies are resulting in another global shift, along with changes in monetary structures and supply chains. China and Russia have both agreed to currency swap arrangements in 2014 via the People's Bank of China (PBOC) and the Central Bank of Russia, towards the amount of Yuan 150 billion (\$25 billion) which they believe would provide greater stability to the global financial system.

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17. Lu Na-Xi, Huang Meng-Fang and Lu Shan-Bing, "How the Belt and Road Initiative can Help Strengthen the Role of the SCO and Deepen China's Cooperation with Russia and the Countries of Central Asia", *India Quarterly*, Sage, 75 (I), 2019, pp. 56-68.

18. S.C.M. Paine, *Imperial Rivals, China, Russia and their Disputed Frontier* (New Delhi: M.E. Sharpe, Armonk, 1996), pp. 31-43. Traditionally, the Russian government used to rely on revenues from the overland trade between Europe and China as a significant source of income. The trade was conducted through two border towns of Kiakhta and on the border with Outer Mongolia south of Lake Baikal. While, for some time, Russian exports to Europe were beneficial, they were soon superseded by China's exports and the Russian goods have been less competitive ever since.

19. Nicholas Trickett, "Putin in Beijing: What Drives China-Russia Relations?" *The Diplomat*, May 1, 2019, <https://thediplomat.com/2019/05/putin-in-beijing-what-drives-china-russia-relations/> Accessed on July 9, 2019.



The two countries have been carrying out joint construction of a nuclear power station at Lianyungang, Jiangsu province, with an installed capacity of 2 million KW since 1999, and in 2014, they agreed on a 40-year gas supply agreement between Gazprom and the China National Petroleum Corporation (CNPC).<sup>20</sup>

The changing realities are reflected in the post-Ukraine scenario whereby there is a dawning realisation that Russia needs China more than China needs Russia. Russia's primary exports are hydrocarbons and natural resources while China is the leading importer of crude oil. Hence, there is growing interdependence for markets and resources. Not only has Russia increased the subsidy to keep its far-flung regions afloat but has also expanded e-commerce links with Chinese Information Technology (IT) giants like Alibaba and Tencent. In return, many Russian brands have found their way to the Chinese market. China's indigenous version of Alexa, called the Tmall Genie, is poised to challenge Russia's Yandex as Russian e-shoppers have begun to depend on supply chains from Chinese manufacturers. Despite these intervening trade ties, the two main reasons for Russia to be apprehensive are largely China's growing presence in the Central Asian region and its increasing intent to populate Russia's Far East with Chinese labourers. This was the reason Russia took an ambivalent stand on economic cooperation within the SCO.

## **TRADE IN ENERGY AND MINERALS**

China and Russia both want to ensure reliable and diverse energy resources to support their economic growth which currently drives their overseas investment. In 2018, China met 44 per cent of its natural gas demand with imports, which is projected to grow to 46 per cent by 2035. China doubled the capacity of its pipelines to Russia from 3,00,000 to 6,00,000 barrels per day. Primarily, China looks to the Persian Gulf, Africa, Russia and Central Asia to meet its growing oil and gas demand. The desire for collaboration on energy issues was expressed by Xi Jinping to Putin as recently as the

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20. Bob Savic, "Behind China and Russia's 'Special Relationship,'" *The Diplomat*, December 7, 2016, <https://thediplomat.com/2016/12/behind-china-and-russias-special-relationship/> Accessed on July 9, 2019.

St. Petersburg International Economic Forum on June 6-7, 2019. The two countries had signed several major energy deals even earlier but this time the economic deals ranged from a variety of arrangements like the 5 G networks to hydropower. Russian oil constitutes a steadily growing share of China's energy portfolio, and in 2016, Russia became the country's biggest oil supplier, displacing Saudi Arabia, and it is contracted to sell China 1.3 trillion cubic feet of gas annually for three decades, beginning this year, through the Siberian pipeline.<sup>21</sup> China has, in turn, invested in Russia's oil giant Rosneft, through its state-run banks which are responsible for financing the pipelines connecting the two countries. Russia also exports huge amounts of natural gas to China.

The two countries have reached an agreement on cooperation on the Primorye-1 and Primorye-2 international transport corridor, alongside the OBOR summit in 2017 as the route will significantly increase cargo transit from China to the Russian port city of Vladivostok.<sup>22</sup> Primorye-1 will handle cargo via Vladivostok bound for the west coast of the United States and Europe, while Primorye-2 will handle regional traffic between China and Russia and through to Korea and Japan. Some shipments have already been done along the two routes and have been found to be highly beneficial to manufacturers from neighbouring provinces. For instance, a joint venture between Russia's Vostochnaya Stevedoring Company (part of the Global Ports group) and Heilongjiang Sea Land Channel International Logistics has already transported 250 Twenty-Foot Equivalent Units (TEUs) of sawn timber for markets in Italy. Another shipment has been done along the second corridor to South Korea.

Russia has also opened up a series of port facilities along the Arctic Ocean making the Northern Passage a viable route for transportation of goods across

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21. James Dobbins, Howard J. Shatz, Ali Wyne, "A Warming Trend in China-Russia Relations", April 18, 2019, <https://www.rand.org/blog/2019/04/a-warming-trend-in-china-russia-relations.html>

22. "Russia, China Agree on Primorye-1 Corridor; Opens up Heilongjiang To Asia-Pacific Markets", May 15, 2017, Russia Briefing, <https://www.russia-briefing.com/news/russia-china-agree-primorye-1-corridor-opens-heilongjiang-asia-pacific-markets.html/> Accessed on August 17, 2019.

the northwest at Kandalaksha near the border with Finland, Severomorsk (a closed city and home to Russia's Northern Fleet), Murmansk, the port of Arkhangelsk, Vitino, Naryan-Mar, Belomorsk, Dikson, and Dudinka on the Yenesei River Gulf, Igarka, Tiksi, and Pevek, the northernmost town in both Russia and Asia. From Pevek, the Russian landmass heads south, through the Bering Straits, and wraps around northern China until it reaches Vladivostok. It will be fully operational by 2025. Of particular significance is the Arkhangelsk port that sends and receives lumber, pulp, coal, machinery, metals, industrial and consumer goods, and is the operating base of the Northern Company, performing the maritime transport of the White, Barents and Kara Seas, the Northern Passage and overseas lines.<sup>23</sup>

China and Russia are also cooperating and competing along the Arctic Sea Route, in terms of trade as well as exploration. The Chinese currently have the *Xue Lóng* (*Snow Dragon*), the research vessel with icebreaker capabilities, operated by the Polar Research Institute of China, and another one, a diesel-electric icebreaker named *Xue Lóng II*, which entered service in September 2018. Russia, on the other hand, currently operates a fleet of civilian nuclear-powered vessels. Four icebreakers and one container cargo vessel have RTP Atomflot in Murmansk as home port and another three nuclear powered icebreakers are under construction.<sup>24</sup> China is also planning to introduce its first nuclear-powered icebreaker which will be 2 metres longer and a few thousand tons heavier than Russia's current Arktika-class icebreakers.

The two countries are also involved in several nuclear projects. The first two reactors of the Tianwan nuclear power plant in eastern China's Jiangsu province, a major joint project between the two countries, have been put into trial operation and the other two are under construction.<sup>25</sup> Both wish to

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23. "The Northern Sea Passage Between Europe and Asia—Russia's Developing Arctic Ports", Russia Briefing, April 10, 2017, <https://www.russia-briefing.com/news/northern-sea-passage-europe-asia-russias-developing-arctic-ports.html/>. Accessed on August 27, 2019.

24. Thomas Nilsen, "Details of China's Nuclear-Powered Icebreaker Revealed", *The Independent Barents Observer*, March 21, 2019. Four older icebreakers have been taken out of operation, including the *Lenin* that today is moored in the central port of Murmansk and serves as a museum.

25. "China-Russia Energy Cooperation Promising", *China Daily*, August 28, 2014, [http://www.chinadaily.com.cn/world/2014-08/28/content\\_18504609.htm](http://www.chinadaily.com.cn/world/2014-08/28/content_18504609.htm), Accessed on August 27, 2019.

**In his address to the Moscow State Institute of International Relations while launching the 'Tourism Year of China in Russia' in 2013, Xi Jinping described the relationship between China and Russia as "one of the most important (special) bilateral relationships in the world."**

overcome limited direct investments in each other's country by increasing the scale of bilateral trade. As such, China has employed economic tools coercively during periods of political tensions with its neighbours. Though this coercion is not witnessed in the case of Russia, there was a precedent in the handling of the Senkaku Islands incident, where a collision of a PRC-flagged fishing boat with a Japanese Coast Guard vessel had led to the halt of exports to Japan in 2010 of rare earth elements used in high-tech industries. China may not employ such coercion in the case of Russia given its traditional affability.<sup>26</sup>

Such developments, however, raise the questions of how deep can an alignment between Russia and China be, what are the factors that are bringing them together, and to what extent is their relationship forming in direct opposition to, and competition with, the United States and India? To begin to answer this question, it is important first to frame it in the appropriate strategic context and then observe the direction that their multilateral engagements are going. These are probed in the following section.

## **HOW FAR WILL INDIA BE A FACTOR IN RUSSIA-CHINA RELATIONS?**

In his address to the Moscow State Institute of International Relations while launching the 'Tourism Year of China in Russia' in 2013, Xi Jinping described the relationship between China and Russia as "one of the most important (special) bilateral relationships in the world."<sup>27</sup> The old USSR

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26. Addison Wiggin, "The Truth Behind China's Rare Earths Embargo", October 20, 2010, [www.forbes.com/sites/greatspeculations/2010/10/20/the-truth-behind-the-chinese-rare-earths-embargo/#1a81646f7846](http://www.forbes.com/sites/greatspeculations/2010/10/20/the-truth-behind-the-chinese-rare-earths-embargo/#1a81646f7846)

27. Xi Jinping, "Follow the Trend of the Times and Promote Global Peace and Development" in *The Governance of China* (Foreign Languages Press, 2014), pp. 297-305.

was for many years a close ally of the Chinese Communists and the two countries appear to be on excellent terms even today. Though there are many who doubt if the relationship is a secure one, and at times have called it a “non-committal and asymmetrical” relationship built on convenience,<sup>28</sup> there is considerable hope for cooperation between the two neighbours in the near future. In February 2018, a meeting of the Intergovernmental Commission for Cooperation of the Northeast and the Far East and Baikal Region of Russia introduced a new initiative, the “Years of China-Russia Local Cooperation and

Exchange 2018 and 2019.” As of August 2018, Xi Jinping and his Russian counterpart Vladimir Putin had met 26 times. In June 2018, Xi gave Putin China’s first—ever friendship medal, calling him “my best, most intimate friend.” Earlier in 2016, Putin and Xi had urged that both countries’ legislative bodies enhance exchanges and mutual learning so as to further elevate China-Russia ties. The media reports on Putin’s gift of Russian ice-cream to Xi Jinping which eventually popularised the dessert in China, and their stated interest in holding a ‘2017 China-Russia Media Exchange Year’ showcases use of soft-power diplomacy to enhance the ties between the two nations. The two countries have adopted similar measures of control over the internet and reinforced extensive systems of censorship.<sup>29</sup>

However, despite this bonhomie, Russia’s behaviour as regards China has been rather unpredictable at multilateral forums. Judging from its

**The India-Russia relations have remained a relatively stable factor in international relations since the heydays of the Cold War. India and Russia also have common interest in reducing their dependence on the United States and China respectively in matters of regional importance. However, Russia will not compromise on its traditional strong relationship with China.**

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28. Bobo Lo, *Axis of Convenience: Moscow, Beijing and the New Geopolitics* (Washington, DC: Brookings Press, 2008).

29. Wang Tian, Xing Xue, Zhang Guangzheng and Zhang Xiaodong, “China-Russia Ties Better Than Ever in History”, *People’s Daily*, June 30, 2017, [en.people.cn/n3/2017/0630/c90000-9235329.html](http://en.people.cn/n3/2017/0630/c90000-9235329.html)

behaviour at the East Asia Summit (EAS), SCO and UNSC, there seem to be several reasons for tension arising between the two. Russia failed to support China's demand on the Spratly and Paracel Islands and maintained that the dispute should be resolved through bilateral negotiations between the two claimants and also adopted a neutral position on China's disputes with Japan.<sup>30</sup> Russia seemingly resents losing out to China in the Arctic, Central Asia and North Korea. A "third order" generated outside the constraints of the American and Chinese strategic thinking can also not be ruled out which could be a result of the long-standing friendship between India and Russia. The India-Russia relations have remained a relatively stable factor in international relations since the heydays of the Cold War. India and Russia also have common interest in reducing their dependence on the United States and China respectively in matters of regional importance.<sup>31</sup> However, Russia will not compromise on its traditional strong relationship with China and, hence, its engagement with India has to be seen on separate grounds rather than as a prime mover in the Russia-China relationship.

Russia's promotion of the concept of the "Greater Eurasian Partnership" is then a part of its effort to improve its strategic environment by constantly readjusting its strategy. This is also reflected in its endorsement of the "North-South transport corridor" with India which it sees as a counter to keep its dependence on China under check. Similarly, Russia prefers to interact with China and India under the Russia-India-China (RIC) framework which gives it more flexibility as compared to the BRICS-Plus, though China demonstrates its intransigence to it. In the latest meet, held in February 2019, they agreed to eradicate the breeding grounds of terrorism in the backdrop of the Pulwama attack in India. Conceding the realities, several scholars have blamed the Russian political system for hindering Russia's economic growth. China, on the other hand, has responded to the newly competitive international

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30. Munro, "Patterns of China-Russia Cooperation in Multilateral Forums" in K. Brown, ed., *The EU-China Relationship: European Perspectives. A Manual for Policy Makers* (London: Imperial College Press, 2015). <http://eprints.gla.ac.uk/90747/>. Accessed on July 9, 2019.

31. Carl Jaison, "Is Asia Ready for an Indo-Russian Order?" September 6, 2019, <https://thediplomat.com/2019/09/is-asia-ready-for-an-indo-russian-order/>. Accessed on September 10, 2019.

situation by deepening its relationship with a strategic partner. However, the relationship is given to its own ups and downs. The Russians view the Chinese with a mixture of awe and fear and though trade between them has risen, neither of them is ready to sacrifice its more important ties with the capitalist economies. Geoff Dyer has, in fact, termed both of them to be power-obsessed states.<sup>32</sup>

The two countries have been pushing for greater financial and monetary autonomy by distancing themselves from the dollar-dominated order of international trade and finance by creating their own alternative networks like the Cross-Border Interbank Payment System (CIPS) instead of using the Society for Worldwide Interbank Financial Telecommunication (SWIFT) system; the Chinese yuan has recently entered the International Monetary Fund's Special Drawing Rights currency basket which reflects China's intent to move away from a system based on US rules.<sup>33</sup> However, Russia suffers more deficits in terms of technology and innovation and has, therefore, taken the safer option of switching to gold standards by boosting its gold reserves, while China is catching up in renewable energy, biotechnology and artificial intelligence, which means it may consider digitalised currencies as an option.

The two countries are also regionally active, agreeing on several common platforms, for instance, they have reiterated a collective desire to carry forward the spirit of solidarity, cooperation and mutual assistance for cooperative security at the 4th Conference on Interaction and Confidence-Building Measures in Asia (CICA) held in Shanghai in 2014 and agreed on the Memorandum of Understanding (MoU) to supply the CNPC with 30bcm/y from western Siberia to Xinjiang province at the Asia-Pacific Economic Cooperation (APEC) Summit in Beijing in 2014. Similar agreements have been made at the G 20 Hangzhou Summit in 2016 where they held a dialogue for enhancing investments, investment protection, privatisation, and provision of state guarantees on finance for projects; and the APEC and BRICS-Plus

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32. Geof Dyer, *The Contest of the Century: The New Era of Competition with China* (London: Allen Lane, 2014), p. 212.

33. "The Rise of a Not so-New World Order", *Stratfor*, November 15, 2017.

meetings in 2016 whereby they set up a credit rating agency and strongly condemned terrorism in all its forms and manifestations and stressed that there could be no justification whatsoever of its spread and existence.

## CONCLUSION

The expansionist Chinese dream is successfully minimising Russia's role in the multilateral projects, and maximising its own potential. Hence, China effectively checks Russia's pivot to Asia.<sup>34</sup> Xi Jinping has proved to be tougher than his predecessors, more ambitious on behalf of his country and more assertive about protecting its interests.<sup>35</sup> Given that Putin is also a strong personality, the two giants endure a massive dilemma of competing and cooperating at the same time, giving the relationship a bitter-sweet familiarity. Geographic proximity and the waning Russian influence, however, indicate that the Chinese dream may continue to forge ahead, forcing the Russians to confine themselves to limited influence in Eurasia. Also, China's approach to diplomacy has been shaped by its geo-political history since the country's location provides it access to the developed economies overseas, and overland access to precious energy assets in Central Asia and the Middle East.<sup>36</sup> The CCP now aims to evolve a single, homogenous "Chinese national identity" based on Chinese exceptionalism, driven by their beliefs of moral persuasion and cultural superiority. How far they will be able to achieve this is a matter best left to the future. The larger goals are to tap the wealth in the East and technological advancement in the West, as stated by scholar Zhang Wenmu. Meanwhile, "the disruptive economic, military and cultural consequences of the information revolution and the causes of our distemper are easier to understand in their combined

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34. Stephen Blank, "Russia's Pivot to Asia: The Multilateral Dimension, NBR", [https://www.nbr.org/wp-content/uploads/pdfs/publications/workingpaper\\_blank\\_062817.pdf](https://www.nbr.org/wp-content/uploads/pdfs/publications/workingpaper_blank_062817.pdf). Accessed on July 9, 2019.

35. Richard Mc Gregor, "Party Man, Xi Jinping's Quest to Dominate China", *Foreign Affairs*, September/October 2019, [https://www.foreignaffairs.com/articles/china/2019-08-14/party-man?fa\\_package=1124684](https://www.foreignaffairs.com/articles/china/2019-08-14/party-man?fa_package=1124684). Accessed on August 23, 2018.

36. Joshua Stowell, "How Chinese Exceptionalism Fuels an Expansionist Foreign Policy", *Global Security Review*, October 24, 2018.



jostling for world power status,” as stated by Walter Russel Mead.<sup>37</sup> A new Russia under siege from a hostile West and a China still confronted by the US that stands as an obstacle to its ambitions in the Asia-Pacific, have both decided that there is much to be gained from moving closer together and continuing with this durable marriage of convenience. They did, after all, force the US to remove its long-term military components out of the SCO members’ territories in July 2005 in a thinly veiled reference to the US bases in Kyrgyztan and Uzbekistan.<sup>38</sup> China’s expansionism is due more to necessity than ambition as reflected in the BRI which aims to ease the country’s economic and logistical dependence on its eastern coast while developing its less developed interior regions.

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37. Walter Russell Mead, “Why Russia and China are Joining Forces”, Hudson Institute, July 29, 2019, *Wall Street Journal*, <https://www.hudson.org/research/15211-why-russia-and-china-are-joining-forces>. Accessed on July 31, 2019.

38. “2005 in Review: The Geopolitical Game in Central Asia”, Radio Free Europe Radio Liberty, December 29, 2005, [www.rferl.org/a/1064270.html](http://www.rferl.org/a/1064270.html). Accessed on August 24, 2019.