

FROM GREATER EUROPE TO GREATER ASIA? The Sino-Russian Entente

Dmitri Trenin



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About the Author

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Summary

The rupture between Russia and the West stemming from the 2014 crisis over Ukraine has wide-ranging geopolitical implications. Russia has reverted to its traditional position as a Eurasian power sitting between the East and the West, and it is tilting toward China in the face of political and economic pressure from the United States and Europe. This does not presage a new Sino-Russian bloc, but the epoch of post-communist Russia's integration with the West is over. In the new epoch, Russia will seek to expand and deepen its relations with non-Western nations, focusing on Asia. Western leaders need to take this shift seriously.

Russia's Pivot to Asia

- Russia's pivot to Asia predates the Ukraine crisis, but it has become more
 pronounced since then. This is in part because China is the largest economy
 outside of the coalition that has imposed sanctions on Russia as a result
 of the crisis.
- What was originally Moscow's "marriage of convenience" with Beijing has turned into a much closer partnership that includes cooperation on energy trade, infrastructure development, and defense.
- Putin's vision of a "greater Europe" from Lisbon to Vladivostok, made up of the European Union and the Russian-led Eurasian Economic Union, is being replaced by a "greater Asia" from Shanghai to St. Petersburg.
- Russia is now more likely to back China in the steadily growing competition between Beijing and Washington, which will strengthen China's hand.

Takeaways for Western Leaders

- Russia's confrontation with the United States will help mitigate Sino-Russian rivalries, mostly to China's advantage. But this doesn't mean Russia will be dominated by China—Moscow is likely to find a way to craft a special relationship with its partner.
- With China's economic might and Russia's great-power expertise, the BRICS group (of which Russia is a part, along with Brazil, India, China, and South

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Africa) will increasingly challenge the G7 as a parallel center of global governance.

- The Shanghai Cooperation Organization, due to include India and Pakistan this year, is on its way to becoming the principal development and security forum for continental Asia.
- Through its enhanced relations with non-Western countries, Russia will actively promote a concept of world order that seeks to reduce U.S. global dominance and replace it with a broader great-power consensus.

Introduction

The Ukraine crisis that began in 2014 has shifted the geopolitical axis of Eurasia. Russia, which during the previous quarter century had tried to integrate into the West and become a full-fledged part of Europe, has moved back to its traditional position as a Eurasian power sitting between the East and the West. Moreover, faced with political and economic pressure from the United States and its allies, Russia has tilted toward China.

Moscow is now closer to Beijing than to Berlin. This does not presage a new Sino-Russian bloc against the West, but it carries implications for the countries of both Europe and Asia, as well as for the United States.

Russia's current economic and financial predicament visibly diminishes the impact of the shift. The country has been fraught with a combination of growth that has been grinding to a halt; Western sanctions that are sharply reducing Russian companies' access to technology, investment, and credit; and, most disastrously, the plunge in the price of oil, which sent the ruble into free fall. This has resulted in the United States and the West more broadly taking a relaxed, if not dismissive, attitude toward Russia's "pivot" to Asia. It is believed that Russia, in its present state, will not make much of a difference to the United States, whichever way it goes.

Knowledgeable Americans—and those few among them who care—look at the continuing Sino-Russian rapprochement with curiosity rather than concern. Many Europeans wish the Russians good luck with the Chinese, believing that the new closeness will soon lead to alienation and make Russia reverse, repent, and return to its European roots. Yet, the West's sangfroid notwithstanding, the remaking of Eurasia is well under way and will leave few unaffected.

What is the significance of the fundamental change in Russia's foreign relations for Moscow's ties with Beijing? Russia's confrontation with the United States and the rupture with Europe have given Sino-Russian relations a wholly different strategic context. In the coming years, those relations are likely to get appreciably closer, tending toward a quasi-alliance and quasi-integration, with Beijing as the more powerful member of the relationship. This evolution, in turn, will lead to a Eurasia more closely interlinked than at any time in modern history, with the exception of the brief Sino-Soviet alliance in the 1950s. Much of continental Asia will be drawn into the process of economic integration and political

alignment, and the European Union (EU) will be faced with an economic space from St. Petersburg to Shanghai. For China, peacefully gaining preeminence in Eurasia will bring it closer to assuming its rightful place in the world. The United States, which even fifteen or twenty years ago could claim to be the Eurasian hegemon, will be watching from the sidelines.

From Change in Context to Change in Substance

Russia's so-called pivot to Asia predates the crisis over Ukraine. Indeed, the talk about Moscow's shift should not ignore the fact that the part of Asia that Russia today cares about the most lies within its own borders.

The approach is essentially Russian President Vladimir Putin's policy born out of the need to develop Siberia and the Russian Far East and to use the dynamism of East Asia to spur that development. For geopolitical reasons, too, Moscow could not afford to remain passive when it came to the East. The Far East and eastern Siberia are resource-rich but economically depressed and sparsely populated territories, and they physically abut the most dynamic region in the world—which is on China's territory. In his annual address to the Russian parliament in 2013, Putin designated eastern Siberia and the Far East as a strategic development area for the twenty-first century.

Yet, Russia's foreign policy has traditionally sought to create balance in Moscow's relations with all key players around the world, starting with the United States, China, and Europe. Its outreach to the Asia-Pacific region was initially meant to add to, not subtract from, the Euro-Atlantic dimension of Russia's foreign policy. Even within the region, Moscow was looking for a balance in relations with the key powers such as China, India, and Japan. In 2014, this elaborate architecture took a big hit, and the balance was lost, at least for the time being.

In reacting to the pro-Western regime change in Ukraine in February 2014 by reincorporating Crimea into Russia, and later by supporting an anti-Kiev rebellion in the eastern Donbas region, Russia broke free from the U.S.-dominated post-Cold War system and openly challenged Washington.³ Europe's reaction to the Ukraine crisis was crucial and most consequential. In 2013, the EU accounted for about 50 percent of Russia's foreign trade—some \$417 billion (about €326 billion).⁴ Europe was also dependent on Russia for about 30 percent of its energy supplies.⁵ Germany, the EU's powerhouse and emerging sole leader, was particularly close to Russia, with some 6,000 German companies doing business in the country. But Europe has now joined the United States in sanctioning Russia. A quarter century of Russian-Western post-Cold War cooperation has been fast unraveling.

The economic and political link between Russia and Germany could potentially have formed an axis of what Putin called a "Greater Europe," an economic, cultural, and security space from Lisbon to Vladivostok. In that scheme, Russian

natural resources would have been linked to European industries and technologies, with Russia providing the EU a geopolitical and strategic channel to Asia and the Pacific. The Nord Stream and the now-canceled South Stream to Italy pipelines controlled by the Russian oil company Gazprom were to have become the pillars of the new construct. Moscow had intended to allow the Europeans—in the form of asset swaps—access to its natural resource base in exchange for access to the European retail gas market.

However, the idea of such a union with an authoritarian Russia, attractive as it was to the German business community, evoked much skepticism in Germany's political class and the media. In the end, Chancellor Angela Merkel cold-shouldered it. A coalition of sorts was building against the relationship in Europe, including not only Poland and the Baltic states, forever fearful of a new version of the infamous 1939 Molotov-Ribbentrop Pact, but also traditional Russoskeptics in Britain, Sweden, and elsewhere. The United States, which had historically viewed any rapprochement between Berlin and Moscow with a measure of concern, was also skeptical, often pointing to Europe's energy dependence on Russia as a sign of its vulnerability. The Ukraine crisis put those concerns to rest by making Germany take a tough stance vis-à-vis Russia.

Europe's attitude toward Russia's Ukraine policies dramatically hardened as a result of the downing of the Malaysia Airlines passenger jet in July 2014. Rather than continue being a reluctant follower of the U.S. campaign to put pressure on Moscow, Europe, led by Berlin, turned into a persistent and implacable critic of Russian behavior. The change in the German position may be explained by Merkel's bitter disappointment with Putin returning to the Kremlin rather than allowing former president Dmitry Medvedev to run again; by Germany's ambition to become the sole leader of the EU, which has required winning the support of the Poles and others; and by the particular sort of modern German moralism that the Russian recourse to realpolitik had insulted.

As a result, the key relationship with Germany was broken. Since 1989 when then general secretary Mikhail Gorbachev put forward the idea of a "common European home" and then allowed Germany's reunification—Russia had been moving toward some form of a loose association with Western Europe, centered on Germany.⁷ But by 2014, it had become alienated from its principal foreign partner.

U.S. President Barack Obama's administration originally hoped that China would condemn Russia's annexation of Crimea and its interference in eastern Ukraine. Washington counted on Beijing's strong support for the principles of the territorial integrity of states and noninterference in their domestic affairs.

This, however, turned out to be a miscalculation. China refused to publicly condemn Russia's actions. At the United Nations (UN) General Assembly vote in March 2014, it chose to abstain, along with some 57 other member states.8

Apparently, this attitude was broadly analogous to Beijing's reaction to Moscow's use of force in 2008 in response to Georgia's attack on the Russian6

backed rebel province of South Ossetia, which killed Russian peacekeepers and provoked an invasion of Georgia proper. China took a nominally neutral stance at the time, refusing to recognize South Ossetia's and Abkhazia's independence from Georgia, but it privately expressed its understanding for Russia's action. In 2014, however, with the U.S.-Russian confrontation turning into a fixture of international relations, the stakes had become much higher, and Beijing had to make a serious, carefully considered decision.

China's Interests

On the face of it, Russia's actions violated the principles of Beijing's foreign policy. However, the Chinese leaders could not ignore the events in Kiev that had precipitated Moscow's reaction. To them, a Western-supported color revolution, like Ukraine's Euromaidan protests, was a bigger threat to stability, including potentially China's own, than Moscow's response. For at least some Chinese officials, Putin's resolve in dealing with Crimea was something to be admired, even emulated. Most importantly, confrontation between Russia and the United States relieved China of the potential concern that Putin's pragmatism might lead Moscow to seek an understanding with Washington. It also severely narrowed Russia's international options, making the country more amenable to partnering with China on conditions that favored Beijing.

China, of course, did not want to back Russia outright. Siding with Moscow would damage Beijing's central relationship with Washington. It has highly valued its relationship with the United States, which it has worked to transform into "a new type of great-power relationship," as Chinese President Xi Jinping terms it. Beijing has envisioned bringing about a long period of close cooperation and peaceful competition with Washington, hoping to eventually achieve equality with it. At the same time, a Russia that had to rely more on China would strengthen Beijing's hand in its complex interactions with the United States.

All things considered, China turned out to be the biggest beneficiary of Russia's conflict with the West.

In the rapidly changed environment, Beijing came to be seen by Moscow as a source of money, investment, and even some technology. With Western sanctions in place, China was left as the largest economy outside the anti-Russian coalition. In addition, since 2009, China has been Russia's number one trading partner, with two-way trade reaching \$95 billion in 2014.9 In December 2014, when the ruble fell sharply against the major currencies, China's finance ministry promised to stand by Russia, if need be.

Three months after the start of the Ukraine crisis, in May 2014, Gazprom signed a deal estimated at \$400 billion to supply natural gas to China over a thirty-year period. Deven though many details of the deal are undisclosed and doubts about its implementation are not uncommon, it is clearly a historic turning point in Russia's energy geopolitics. The gas opening to China can only be compared to Moscow's

opening to Western Europe in the late 1960s. It is virtually certain that Gazprom had to settle for a lower price for its gas than it had hoped, but it still managed to strike the deal before the oil price, to which the gas price is tied, collapsed.

China benefited from the fallout of the Ukraine crisis in other ways, too. At the Asia-Pacific Economic Cooperation summit in Beijing in November 2014, Xi physically put himself in a central position, between Obama and Putin in various settings—a visual coup. To most Western observers, the Cold War triangle of Washington, Moscow, and Beijing is a thing of the past, but in the relationship among the three powers today, it is China that sits at the top rather than the United States, enjoying far better relations with the other two than they have between each other—a page from the playbook of former U.S. secretary of state Henry Kissinger.

The West-East swing by Russia has coincided with China's foreign policy becoming more active. Under President Xi, China has reached a platform from which it can be more assertive in promoting and defending its interests.

China's relations with the United States are becoming increasingly competitive. The expansion of China's power in the East, toward the Pacific, is hampered by the U.S.-led system of alliances. The road to the West, however, is free of U.S. interference and promises to enhance Beijing's access to resources and markets and also to boost its influence in continental Asia. Closer ties with Russia fully fit into this strategy.

Beijing's political relations with Moscow have long since recovered from the bitter Sino-Soviet split and the ensuing confrontation of the 1960s-1980s. The constructive partnership, which started in the early 1990s, had evolved into a strategic one by the end of that decade. Since 2001, the two countries have been bound by a treaty, and their border was finally settled in 2004.

Asia's Other Players

In part as a result of the Ukraine crisis, Russia's turn to Asia is above all an embrace of China. But Russia has also embraced China for lack of other viable partners in the region.

Japan, which had been working toward some kind of strategic accommodation with Russia until Prime Minister Shinzo Abe met with Putin at the Sochi Olympics in February 2014, had no option but to show solidarity with its sole ally, the United States, on the issue of sanctioning Russia after Ukraine. Putin's visit to Japan, scheduled for the fall of 2014, was postponed, and expectations of a peace treaty and a border settlement to finally close the book on World War II receded. The Russian Navy held exercises with China's People's Liberation Army Navy in the East China Sea, and Beijing and Moscow are planning joint celebrations in 2015 to mark the seventieth anniversary of the defeat of Japanese imperialism and militarism in the Second World War.

Russia's relations with South Korea have sustained less damage as a result of the Ukraine crisis than those with Japan. Moscow has become more active

in Pyongyang to increase its bargaining power with Seoul, which it needs as a source of technology and investment. But there are limits to what the Russo–South Korean relationship can contribute to Russia's development of its eastern territories and to what Washington would permit Seoul to do with Moscow. Similarly, other U.S. allies in the region with highly developed economies—Singapore and Taiwan—have to be careful when engaging with Moscow to avoid running afoul of Washington.

Where these worries are less relevant, Russia has yet to put its traditionally friendly relationships on a qualitatively new level. This refers above all to the two other strategic partnerships Russia keeps in Asia: India and Vietnam.

Moscow has yet to respond to Indian Prime Minister Narendra Modi's overriding interest in spurring India's economic development. The pattern of Russo-Indian relations has barely changed since the days of the Cold War, and Moscow is in danger of being crowded out of New Delhi's foreign policy priorities. In addition, Russia's greater reliance on China in the face of confrontation with the United States may take a toll on these ties.

Vietnam is clearly important to Russia, but it is a middle power. Vietnam is Russia's gateway to the Association of Southeast Asian Nations (ASEAN), which Moscow has been seeking to engage. Yet, Russia's means for building a strong relationship with Southeast Asia are still fairly limited because of Russia's economic and financial weakness. Moscow also needs to step more carefully in its dealings with Hanoi now to avoid upsetting its relations with China.

In Central Asia, Russia saw Kazakhstan join the Moscow-led Eurasian Economic Union (EEU), to be followed by Kyrgyzstan and eventually Tajikistan. Yet, the Ukraine crisis and the economic difficulties that Russia is facing have led the Kazakhs in particular to express reservations about their connection to Moscow.

There is more reason than before for the Central Asians to seek not just balance but also reassurance vis-à-vis Moscow in stronger relations with Beijing. As a result, China's prestige and role in post-Soviet Central Asia have risen. The 2014 withdrawal of the U.S.-led coalition combat forces from Afghanistan makes Kabul, too, look to China. The new Afghan president, Ashraf Ghani, traveled to Beijing first after taking office in 2014.

Thus, the changing global and Asian regional context of Russia's foreign policy has begun to prioritize China more than it did in the last half century. In parallel with that formal upgrade, the substance of Sino-Russian relations has also changed, in the direction of greater intimacy. The development of these relations over the past twenty-five years is a rare case of two neighboring great powers improving their relations and then keeping them on an even keel, despite the fact that one has risen in importance while the other has gone through a difficult and painful post-imperial adjustment.

No Longer Just an "Axis of Convenience" 11

The mantra in the West has long been that the Sino-Russian partnership would remain limited and that both China's and Russia's interests in good relations with the United States far outweighed their interest in each other. Moreover, it was assumed that the Chinese had growing disdain for the Russians and that the Russians feared the Chinese more and more. If these beliefs have ever been reality, they are not so now. China and Russia share not only a host of fundamental interests but also, increasingly, elements of a common worldview.

At the top of the list is the importance of a strong state that enjoys full freedom of action internationally. This makes the survival of the existing political regimes in both countries the key priority for Moscow and Beijing. Both the Kremlin and Zhongnanhai view perennial Western campaigns in favor of democratization and human rights in their countries as U.S. policy tools designed to destabilize them. Russian and Chinese leaders both resent Western government criticisms and denounce what they see as biased Western media coverage, foreign funding for nongovernmental organizations, and the use of Internet mobilization techniques to foment revolution. They interpret all this as aggression against their sovereignty and seek to limit or terminate it. In 2011–2012, Vladimir Putin blamed street protests in Moscow on U.S. support for Russian civil society. In 2014, Beijing saw a foreign hand behind the protest movement in Hong Kong.¹²

In terms of the world order, since the late 1990s China and Russia have subscribed to the notion of multipolarity as the optimal structure for the global community of states. Right up to 2014, however, Russia was simultaneously seeking to carve out a place for itself in the Western system through membership in such institutions as the G8, an informal grouping of the world's leading industrialized nations, and strategic partnerships with the United States, the EU, and the North Atlantic Treaty Organization (NATO). Moscow wanted a foot in each camp, the West and the non-West, and hoped to benefit from this unique position.

China observed these efforts skeptically, but also warily, even as it was working its way toward the center of the global system through ever-closer economic and financial ties with the United States in particular. In 2014, watching the collapse of Moscow's Western partnerships, Beijing must have felt vindicated. But true to form, it did not gloat publicly.

With Moscow no longer able to straddle the West and non-West divide, the Chinese and Russian assessments of Washington's global policy have strikingly converged. True, Beijing and Moscow do not see eye to eye on all of the important international issues. Both agree, however, that U.S. policies breed chaos, citing the Middle East as evidence. In Asia, according to that view, the United States seeks to destabilize China's periphery (for example, in Hong Kong, Tibet, and Xinjiang), to isolate China by consolidating the U.S.-led alliances, and to undermine Beijing's own outreach to its neighbors. In Eurasia, the United States seeks to move the NATO alliance closer to Russia and to foil Moscow's own Eurasian integration plans, such as those in Ukraine.

There is an important distinction, however: based on its growing power, China is seeking to restore its "natural" historical position of preeminence in Asia, and eventually globally, while Russia, which is no longer in the running for world primacy, is seeking to establish itself as a center of power in Eurasia and a member of a global concert of powers. In the long run, Sino-Russian relations will depend on how the two concepts interact in practical terms in Eurasia.

Amid the continuing clash between Russia and the West over Ukraine, Beijing has chosen to stand by Russia, even as it formally sticks to neutrality. In view of its geopolitics and its history, China does not approve of secessionism, annexations, or foreign military interventions—unless, of course, Beijing feels the need to intervene itself. Also, Putin probably did not consult Xi before making his fateful decisions on Crimea and eastern Ukraine. Yet, Beijing sees the larger picture and formulates its position in terms of China's interests as it defines them, not just abstract principles.

And China has no geopolitical, economic, or security interest in seeing Moscow's will broken by Washington, or Russia itself broken and falling apart. A pro-Western or, more likely, chaotic Russia would be a major security hazard to China. Beijing also interprets Washington's pressure on Moscow as not just an attempt to break Russia's will and make it obey U.S. rules, but also as a warning to other non-Western competitors, above all China. Exemplary punishment of Russia, in that view, is to serve as a means to deter China. The Chinese do not expect Russia to be defeated by the United States, and they wish it to stay united internally, which fully conforms to their national interest.

While the Russians and the Chinese expect the United States to continue to be the most powerful nation in the world for several more decades, they see its grip on the rest of the world rapidly loosening. Both Moscow and Beijing see the world going through an epochal change away from U.S. domination and toward a freer global order that would give China more prominence and Russia more freedom of action. They also see the process of change gaining speed. According to a leading Russian foreign policy thinker, "the last dozen years [since the fall of Baghdad during the 2003 U.S. invasion of Iraq] have witnessed the quickest weakening of the hegemon in history." ¹³

There is also a clear personal affinity between Presidents Xi Jinping and Vladimir Putin, something that did not really exist between Putin and the two previous Chinese presidents with which he dealt, Jiang Zemin and Hu Jintao. And for first time since former chairman Deng Xiaoping, China again has a paramount leader who can act as a sovereign rather than just a committee chairman. In Russia, after the somewhat awkward four-year Medvedev interlude, the country's real leader is again the formal number one. Thus, Vladimir Putin's return to the Kremlin in 2012 and the elevation in the same year of Xi Jinping to party and state leadership in China have provided new structural elements and

personal glue to make the Sino-Russian connection stronger at the very top. 14 Both Putin and Xi expect to stay in power into the 2020s, thus giving the relationship a welcome "cadre stability," as one diplomat put it.¹⁵

The Road to Greater Asia

From its new levels reached in 2014, the relationship between Moscow and Beijing is likely to move forward in a number of key areas. In lieu of a Greater Europe from Lisbon to Vladivostok, a Greater Asia from Shanghai to St. Petersburg is in the making.

In the field of energy, cooperation is potentially being upgraded to an alliance. China has become not only a buyer of Russian natural gas for the first time (until 2014 it had been virtually all exported to Europe) but also a consumer of more Russian oil. Beijing's companies are gaining access to Russian hydrocarbon resources—something they have long been barred from by Putin's own policies and Russian regulations. In February 2015, Russian Deputy Prime Minister Arkady Dvorkovich said Chinese companies could now acquire majority stakes in Russia's strategic oil and gas fields, except those on the continental shelf.¹⁶ The partnership between Rosneft—Russia's state-owned oil company—and BP collapsed, as did its partnership with U.S.-based ExxonMobil, as a result of the sanctions, likely opening the way for the Chinese to take some of the business formerly reserved for the Europeans and Americans. At a time when Europe is reducing its dependence on Russian energy imports, going east appears to be a rational strategy for both Gazprom and Rosneft.

China is also moving ahead with infrastructure development in Russia. This includes high-speed rail links that will eventually connect Moscow to China via Kazakhstan; modern seaports on Russia's Pacific coast, such as Zarubino in Primorsky Krai; and development of the Northern Sea Route shipping lane from Asia to Europe across the Arctic. These projects will not only bring Russia much closer to China but also make Eurasia much better connected internally by including Mongolia and Central Asian countries.

In the field of finance, China is unlikely to replace the West when it comes to Russia, but connections are deepening. Raising money in China has already proven challenging for Russian companies. Yet, China has expressed its willingness to extend loans to Russia. What is more, Russia's increased use of both the Chinese renminbi and the Hong Kong dollar, along with the agreement to expand the role of the ruble and the yuan in bilateral trade, offers a path to the Chinese currency gradually rising in stature and status to become, potentially, a regional reserve currency in Eurasia. For Russia, this would mean recognizing China's financial leadership.

Under current circumstances, China's planned Silk Road Economic Belt, a regional trade and transportation plan, and the 2015 inauguration of Putin's EEU are more likely to lead to a sort of symbiosis between the Chinese and Russian integrationist projects than to a rivalry between Beijing and Moscow. Again, Moscow will have to compromise, allowing Central Asian states to participate both in the EEU and the Silk Road Economic Belt.

In exchange for its support, China will insist on advanced military technology transfers from Russia, in such areas as air and missile defense, as well as air and naval power. So far, Moscow has been cautious in sharing its most advanced technologies with Beijing, mindful of the sharp reversals in their past relations and reluctant to alienate other Asian powers, such as India and even Japan. However, in the present situation, when Moscow has to rely on Beijing's support more than ever before, Russia might have to lower the bar for defense technology exports to China.

Since 2005, China and Russia have regularly held joint military exercises. As a result, they have already achieved a modest degree of compatibility and interoperability between their forces, and that is likely to increase. The drills were staged in and off the coast of eastern China, in central Russia, and in Central Asia. In 2015, the Russian Navy and the People's Liberation Army Navy intend to hold their joint maneuvers in the Mediterranean Sea. This leap in geography points to the readiness of both countries to send a message to the world about their close military partnership and to demonstrate strategic unity in one of Eurasia's strategically most important and volatile regions.

In the Middle East going forward, Russia and China are likely to cooperate more in responding to conflicts and dealing with issues such as the Iranian nuclear program. At the UN Security Council and elsewhere, the two countries have already reached the point where they are able to reliably harmonize their positions on most matters. In the future, they can come up with joint initiatives and strategies on issues such as Syria and Iran. Russia is sympathetic to Xi's ideas about a regional security arrangement in Asia, which, according to Xi, should be put together by Asians themselves, implicitly without the United States.

In the field of global governance, China and Russia will work together to further empower non-Western international institutions, such as the Shanghai Cooperation Organization (SCO), a Eurasian economic, political, and security union, and the BRICS group of developing economies (made up of Brazil, Russia, India, China, and South Africa). In 2015, the SCO will add India and Pakistan as new members, and it will thus include most of Asia's great powers. The BRICS group, now with a development bank of its own, will attempt to provide a partial alternative to the G7—after the G8 de facto expelled Russia in 2014—and the International Monetary Fund. Russia will host the 2015 BRICS summit, but the group's main economic and financial initiatives come from China.

Tackling the Problems in the Relationship

Even in the presently friendly environment, the Sino-Russian relationship contains a number of inherent problems. And maintaining the essential equality in the Sino-Russian relationship despite the apparent inequality of the partners will not be easy.

China's rising power dwarfs Russia's, and some commentators in China already refer to Moscow as Beijing's junior partner. Others remember China's pattern of being ringed by tributary states. Russia itself was a subject of the Mongol Empire from the thirteenth to fifteenth centuries, which the Russians have not forgotten. They clearly do not want to end up as Beijing's vassal nation. Influential Chinese academics talk about a new bipolarity built around the two superpowers of the twenty-first century, the United States and China. 17 Other countries in that scheme will have to make a decision to align themselves with Washington or with Beijing. After 2014, Moscow probably has no choice.

Russia, however, has vowed not to become a junior partner to any state, and that includes China. Under Putin, Russia is adamant that it accepts orders from no one. A country that has taken on the United States in a bid to assert its interests can do so again and against anyone. Rising Russian nationalism and the popular perception of being under attack, economically and politically, from abroad make this preoccupation with retaining great-power status impossible to reverse. To Moscow, Beijing pledges equality, consultations, and trust, with no hierarchy in the relationship, but this posture will be frequently put to the test as the balance of power between China and Russia continues to shift.

At present, Xi Jinping appears to understand the risks of mishandling the Russians, but the Chinese would do well to remember Soviet leader Nikita Khrushchev's unfortunate experience with then chairman Mao Zedong in the 1950s. China's weakness then and its huge dependence on the Soviet Union notwithstanding, Mao always insisted on Beijing being treated by Moscow as an equal great power. The fact that the Kremlin ignored this bid and insisted on Moscow's sole leadership led to the Sino-Soviet split, followed by decades of bitter enmity.

Another potential friendship-killer would be revisiting the border issue between China and Russia. For the relationship to remain close and friendly, the border settlement reached between 1991 and 2004 and fully implemented during Putin's second presidential term needs to remain sacrosanct. Otherwise, instant alienation will ensue.

This is also apparently understood by China's politico-military establishment. However, this pragmatic attitude coexists with the deeply ingrained and widely shared Chinese notion of the unequal nature of the 1858 and 1860 treaties that lie at the foundation of the present border. A typical Chinese attitude stipulates that "it is not important whether the nineteenth century treaties were just or not; what counts is that we in China have now made a choice. No one in the Chinese leadership wants to take the territories back. The Chinese are not so stupid as to demand those territories... Our motto is: friendship from generation to generation, never to be adversaries."18

In Central Asia, a region wedged between the two powers, there is some potential for Sino-Russian friction, even conflict. China has established itself as the region's principal trade and investment partner, even as Russia seeks to integrate the former Soviet republics economically, politically, and militarily within such bodies as the EEU and the Collective Security Treaty Organization.

Yet again, the Chinese have demonstrated enough tact to deal with Russian sensibilities. Within the SCO, Russia enjoys an informal co-leadership role alongside China. Beijing also respects Moscow's redlines on establishing political alliances and military bases in the former Soviet space. This contrasts starkly with the Western policies of NATO and EU enlargement in the former Soviet borderlands in Eastern Europe.

Aware of its relative weakness vis-à-vis China, Russia will continue seeking some kind of balance in its relations with major Asian countries, but it will find this harder than before. Russia may try to promote RIC, an informal consultative arrangement with China and India that so far has been largely ceremonial. With India formally joining the SCO in 2015, theoretically, a triumvirate of Asian great powers may emerge within that body. In reality, however, Moscow is more likely to continue handling both relationships in parallel. Russia will have to be careful. It wants to keep its position as the principal supplier of arms and military equipment to the Indian Armed Forces, which view China as the main potential threat. At the same time, Moscow may have to agree to give Beijing more advanced weapons technology, which New Delhi may not appreciate.

After the imposition of U.S.-led sanctions on Russia, which Tokyo has joined, Moscow has had to lower its expectations of what it can achieve by means of a stronger economic relationship with Japan. Beijing is definitely pleased with this development. Publicly, it had long been skeptical about Moscow achieving its goal of strengthening economic ties with Tokyo. Privately, the Chinese viewed Russo-Japanese relations apprehensively, fearing that Putin could become the first Russian leader to successfully normalize political relations with Japan. The Chinese have complained that the "Russians do not know the Japanese well enough, how aggressive and revanchist-minded they are." Now Beijing feels vindicated and reassured. With the danger of Russo-Japanese rapprochement removed, at least for the foreseeable future, the Chinese want to pull Moscow closer to their position on the territorial disputes in the East China Sea.

How Moscow handles upcoming World War II—related events will indicate how much of Beijing's agenda it has bought into. Xi Jinping was one of the first world leaders to indicate that he would travel to Moscow in May 2015 to celebrate the seventieth anniversary of the victory over Nazi Germany. This contrasts sharply with the expected refusals of Barack Obama and most Western leaders to attend the event, which to the Russians symbolizes their greatest achievement in recent history, and perhaps also their greatest contribution to world history. Xi, however, expects Putin to return the favor and come to Beijing in September 2015 to mark the anniversary of the victory over Japan. The Chinese are already calling on the Russians to "build a common front to strengthen peace in Northeast Asia." They make no secret that they see Tokyo as a primary threat to peace in the region today.

Russia will probably have to tread more lightly with Vietnam, which buys Russian-made arms and allows Russian companies to drill for oil and gas in the South China Sea, another disputed area near China. Any subtle change in Moscow's attitude toward the maritime disputes in the South China Sea will be indicative of how much it needs to pay China for notionally backing Russia in its time of great need.

The pro-Western elements in Russia that the Chinese were concerned about in the 1990s have long since lost their influence in the Russian government. Even Vladimir Putin's vaunted pragmatism, which in the past allowed him to attempt rapprochement with Washington and Tokyo, is constrained by the reality of confrontation with the United States. With liberals and Westernizers completely sidelined in Russia, and Putin assuming the mantle of the country's top nationalist, 21 China has less reason than ever to worry about its strategic rear. The only thing that Beijing may find troubling is the rise of that Russian nationalism that focuses on immigration, including—although not in the first instance from China.

The Russians will be watching how the Chinese deal with them now that Moscow has forfeited its European option, achieved only limited gains with its Eurasian integration project, and found itself in the midst of its most serious economic crisis since the turn of the twenty-first century. Even those expecting the Chinese leadership to continue to adhere to the generally respectful attitude toward Russia are also pointing to the disdain and disrespect for the country that many in China's business circles do not bother to hide.

Russia's and China's relations with the United States will be a very important factor for the bilateral Sino-Russian relationship. The situation is complicated by the difference between the foreign policy styles of Moscow and Beijing. Whereas the Russians do not shy away from confrontation and brusque in-your-face methods, the Chinese prefer Tai Chi gymnastics, with its many feints. Russian tactics can scare the Chinese; Chinese moves can confuse the Russians.

The Russians have been satisfied that Beijing has largely ignored the Obama administration's attempts to dissuade China from getting too close to Russia. However, they are apprehensive that China and the United States, the world's two superpowers—a G2—might reach some kind of bilateral agreement at Russia's expense. Privately, they warn the Chinese not to entertain "illusions" that the Americans will ever agree to grant them equality and to respect their interests in the way Beijing formulates them.²² Clearly, the Russians are speaking from their own experience, both Soviet and post-Soviet.

The closer China and Russia become, the more important it will be for each partner to address the suspicions at home about the other. True, most Russians today see China as a friendly country, and vice versa.²³ Yet, nationalism is on the rise not just in Russia but also in China. In Russia, the old suspicions about the Chinese taking over the country—economically and demographically, if not militarily—could gain more currency,²⁴ as Moscow has to rely more heavily on its

Beijing connection. Serious Russian strategic analysts point to a high concentration of Chinese land forces in the country's north, which faces Russia.²⁵ In China, a surge in nationalism could reignite the talk about the unequal treaties, and Russia's general mismanagement of the territories it "snatched away" from China in the nineteenth century. Thus, even at the level of practical cooperation between the two countries, issues such as the use of Chinese laborers for projects within Russia will remain very controversial.

To build a closer relationship, the two countries' elites must have a much better understanding of one another and deepen their interactions. At this point, knowledge of each other is rather superficial. Even though, for example, 2.4 million Russians traveled to China and 845,000 Chinese visited Russia in 2011, Russia is lacking in China expertise. ²⁶ In the past, Russia boasted one of the leading schools of Sinology in the world, but that is no longer the case. ²⁷ China's Russian studies are doing somewhat better in comparison, but the generation of Chinese leaders who either studied in the Soviet Union or looked up to it has left the stage.

Future Implications of the Sino-Russian Entente

Eurasia's center of gravity is shifting. And that shift will have a significant impact not only on Russia's and China's neighbors but also on the broader global system.

With Moscow now politically closer to Beijing than to Berlin, China is emerging as a much bigger player in all of Eurasia, not just East Asia. It is in a better position than ever to gain access to Russian resources, from hydrocarbons to fresh water, and to extend its reach to Europe via Central Asia as well as across Russia and the Arctic. China has also gained not just an absolutely safe rear in the north but also enormous strategic depth. If and when this position becomes solidified, China will have made a major step in its slow but steady rise to continental preeminence.

Thanks to the backing from China, the world's premier rising power, Russia should not fear isolation at the hands of the United States and its allies. If—and this is a very big if—Moscow uses the present crisis caused by the triple effect of the economic slowdown, Western sanctions, and the collapse of the price of oil to carry out structural reforms and launch a strategy of economic development, it will emerge much stronger than before. It is also quite possible that Moscow will manage to protect its sovereignty and independence vis-à-vis Beijing while growing much closer to China politically and economically. This could happen because Russia's sense of identity is very strong, and its civilization and culture are very distinct from China's, as the stark divide along the Sino-Russian border visibly demonstrates.

This shift coincides with the continuing U.S. pullback from the Eurasian heart-land—Afghanistan and Central Asia—as well as its declining involvement

in the Middle East and its increasing focus instead on coastal Asia, from Japan to Singapore, in an attempt to prevent China's domination of its neighbors. Simultaneously, the United States is shoring up NATO in Europe and encouraging its European allies to support Ukraine and other West-leaning post-Soviet states.

All this, however, is essentially a holding pattern. The twenty-year period of the United States dominating the "grand chessboard" of Eurasia is over.²⁸

The European Union faces the prospect of long-term alienation from Russia. The notion of the EU and Russia forming some sort of an association, or even a symbiotic relationship, is moving out of reach for the foreseeable future. The same holds for a Greater Europe composed of the EU and the new Russia-led EEU. Instead, the EU and Russia are becoming competitors in a number of areas, from geopolitics to values systems. As a result, the European Union has to rely even more heavily on the United States and the NATO mechanism, and it has to shelve any ideas of winning more autonomy from its transatlantic ally and becoming a full-fledged strategic player.

Japan, similar to Europe, has lost the Russia option. Abe's hopes of building a strong relationship with Russia that would help balance the rise of China have been dashed after Tokyo's decision to join the U.S.-led sanctions against Moscow. Instead, Japan will have to brace itself for a further rapprochement between Beijing and Moscow, with Russia potentially taking a more hostile attitude toward Japan—precisely the scenario that Tokyo wanted to avoid. Like Europe, Japan will have to strengthen its military and political alliance with the United States. In the case of a Sino-Japanese clash over the Senkaku Islands (known as the Diaoyu Islands in China), Russia will keep its formal neutrality. But in the future this neutrality may be more sympathetic to Beijing.

For India, the Sino-Russian entente represents a different kind of challenge. India seeks to enhance its economic opportunities, and expanding trade links to China is a key element of that strategy. At the same time, India continues to purchase Russian-made weapons and keeps close political ties with Russia. New Delhi has no real reason to fear Moscow becoming Beijing's ally against it. However, greater closeness between the two could spur New Delhi into playing a more active role within the triangle of Asia's three great continental powers, in the SCO and RIC formats and beyond.

On the Korean Peninsula, China and Russia will continue to work in parallel but not in lockstep. The idea, dear to some in the People's Liberation Army, of a northern triangle of China, Russia, and North Korea opposing the southern triangle of the United States, Japan, and South Korea—almost in a replica of the NATO-Warsaw Pact confrontation in Cold War Europe—is far-fetched. Like Beijing, Moscow will pursue its own interests; the two do not collide but do not completely overlap either. As an example, the Russian attitude to the eventual reunification of the peninsula is more positive than the Chinese one. For their parts, Seoul and Pyongyang will keep their channels open to both China and Russia. In a crisis between North Korea and South Korea or within

North Korea, however, China and Russia would coordinate their policies, and Moscow would likely defer to Beijing, whose interests on the Korean Peninsula are greater than Russia's.

Meanwhile, Moscow has consistently supported Beijing's position on Taiwan, even during the long Sino-Soviet split. Taipei's current relations with Moscow are strictly nonpolitical. After Russia's incorporation of Crimea in 2014, and in the spirit of the Sino-Russian entente, Moscow can be expected to support just about any steps regarding Taiwan that Beijing might take in the future.

In the South China Sea, the impact of that entente is likely to be more nuanced. ASEAN countries represent a third major area of Russia's commercial interest in Asia, after China and India. Moscow will not abandon Vietnam, its Cold War ally and today's arms client, as well as an important gateway to the region. Russia's neutrality in the regional maritime disputes will probably be stricter than in the case of the Senkaku/Diaoyu Islands. Russia showed its flag in the South Seas in November 2014, when four Russian Navy ships sailed from Vladivostok to the Coral Sea at the time of Putin's visit to the G20 summit in Australia, ²⁹ pointing to Russia's desire to be seen again as a major military power in the Pacific.

It is Inner Asia—Afghanistan, Mongolia, and the five post-Soviet states of Central Asia—that is likely to see the most impact from the deepening of Sino-Russian integration. The EEU will have to interact closely with China on its development projects in the Silk Road Economic Belt area. What is likely to emerge is a trade and investment zone covering all of central, northern, and eastern Eurasia. With China as its powerhouse, this area can be called Greater Asia—from Shanghai, its business center, to St. Petersburg, its outpost at Europe's doorstep.

The SCO, meanwhile, can provide Greater Asia with a framework for policy consultation and harmonization, joint economic development, financial support, and security cooperation. Russia will continue to play a prominent role in the SCO, but it is likely to be in the second tier of great powers there, next to India, with China very much setting the pace and providing the most resources for the organization.

The geopolitical shift in Eurasia will impact strategic stability and reshape the global strategic balance. Russia and China will not build a military alliance, but each one will be facing the United States as a potential military adversary. The growth of China's nuclear capabilities will bring it closer to the United States' and Russia's levels. In the 2020s, strategic arms control will have to include all three powers to be meaningful, but Beijing's agreement to join the process will only be possible if it expects to gain in both security and prestige. In any event, Moscow's position as Washington's sole counterpart in discussions of strategic stability issues will be diluted.

On the issues of global governance, China, with Russia's backing, will probably begin taking the initiative rather than just following the United States or opposing it. Beijing and Moscow will seek to provide an alternative to the existing Westerndesigned systems governing global finance, regional security systems, and Internet

freedom. They may also seek to join forces, possibly with other BRICS countries, to build a global media network that would compete with the Western media in influencing global public opinion.

Challenging the Order

During the decades of their confrontation in the twentieth century, China and Russia adopted a face-to-face, and often in-your-face, posture. After the end of the Cold War, they stood back-to-back, no longer fearing each other but focusing on another actor. Now, they are shoulder to shoulder again, if at unequal heights, in the imperfect new bipolarity where the defending global champion, the United States, is facing a challenge from the emerging non-Western powers, of which China is the strongest by far. In the intensifying competition that, unlike the Cold War, is neither total nor antagonistic, Russia is being drawn to that new pole. Tilting toward China, for Moscow, is a way to keep balance vis-à-vis the West and to remain what Russia has always sought to be: a sovereign great power.

In Beijing, Deng Xiaoping's mantra about Sino-Russian relations remains outwardly unchanged: no alliance, no antagonism, and no targeting of third parties. These three "nos" were based on the experience of the past—the Sino-Soviet alliance of the 1950s; the Sino-Soviet conflict of the 1960s-1980s; and the Sino-Soviet bloc against the United States and its allies. However, the relationship has warmed considerably since Deng passed away in 1997.

China and Russia are now entering into a relationship that will fall short of a formal alliance but will be closer than the strategic partnership the two countries have had since the 1990s. It could be described as an entente, a harmonious association of two major powers based on the commonality of some key interests; mutual resentment of the global hegemon, that is, the United States; a measure of foreign and security policy coordination; and a degree of empathy between their leaders.

Within this tighter relationship, Moscow will insist on its coequal status, and Beijing would probably be wise to accept this. China and Russia will not form a bloc to oppose the West militarily. They will not come up with an ideology to supplant Western liberal democracy. Rather, they will join forces to withstand Western pressure (Russia's main interest today and potentially China's tomorrow) and to gain resources to better compete against the West (China's main interest). The Sino-Russian entente will be about coordination without a central command. Russia's essentially European identity will not be affected, even though its relationship with the European Union will remain broken for a long time.

Notes

- One might recall one of Putin's first visits in 2000 as Russia's President to Blagoveshchensk, a city across the Amur River from China, where he publicly wondered what language people in that part of the country would speak in the future.
- Vladimir Putin, "Presidential Address to the Federal Assembly," (speech, Moscow, Russia, December 12, 2013), http://eng.kremlin.ru/news/6402.
- 3 See my Carnegie paper, "Russia's Breakout from the Post-Cold War Order: The Roots of Putin's Course," Carnegie Paper (Moscow: Carnegie Endowment for International Peace, December 2014).
- 4 "Komu vershki, a komu i koreshki: analiz torgovli RF s ES i SShA" [Who Rules, Over Whom and Why: An Analysis of Russian Trade with the EU and USA], *Sputnik & Pogrom*, May 1, 2014, http://sputnikipogrom.com/economics/11467/russia-eu-us/#. VPS-NtKsW8A.
- 5 Arthur Nelsen, "Europe's Dependency on Russian Gas May Be Cut Amid Energy Efficient Focus," *Guardian*, September 8, 2014, http://www.theguardian.com/world/2014/sep/09/europe-dependency-russian-gas-energy-efficiency-eu.
- 6 In an article in *Sueddeutsche Zeitung*, November 25, 2010.
- 7 Mikhail Gorbachev, "Europe as a Common Home," (address, Council of Europe, Strasbourg, France, July 6, 1989), http://polsci.colorado.edu/sites/default/files/1A_ Gorbachev.pdf.
- 8 "General Assembly Adopts Resolution Calling Upon States Not to Recognize Changes in Status of Crimea Region," United Nations General Assembly, March 27, 2014, http://www.un.org/press/en/2014/ga11493.doc.htm.
- 9 "Tovarooborot RF i Kitaya v 2014 godu uvelichilsya na 6,8%" [Trade turnover between the Russian Federation and China has increased in 2014 by 6.8%], RuNews24, January 13, 2015, http://runews24.ru/economy/13012015-tovarooborot-rf-kitay.html.
- 10 "Russia Signs 30-Year Gas Deal With China," BBC News, May 21, 2014, http://www.bbc.com/news/business-27503017.
- 11 "The Axis of Convenience" is the title of a book on Russo-Chinese relations by former Australian diplomat Bobo Lo.
- 12 At the Shangri-La dialogue conference in Singapore in late May–early June 2014, Russian Deputy Defense Minister Anatoly Antonov highlighted "color revolutions" as a security danger for the Asia-Pacific region. Most Asian delegates were confused, except the Chinese. A few weeks later, the "Occupy Central" pro-democracy movement seized Hong Kong.

- 13 Sergei Karaganov, speaking at a private seminar on October 30, 2014.
- The connection at the top, expressed in frequent summit meetings and conversations, is further cemented by a multitude of institutionalized bureaucratic exchanges, including an inter-governmental commission at the level of prime ministers, with its many sectoral committees, and regular contacts between the chief business executives of the leading Chinese and Russian companies.
- 15 I borrowed this expression from Kyle Wilson, a retired Australian senior civil servant.
- 16 Speaking at the Krasnoyarsk Economic Forum. As quoted by Business FM, February 27, 2015.
- 17 Such as Yan Xuetong of Tsinghua University.
- Remarks by a retired senior Chinese military officer at a seminar in Moscow, 2014.
- Author's interview with a senior Chinese academic with ties to the military. 19
- Private exchange with former Chinese officials.
- 21 Neil MacFarquhar and Andrew Roth, "On Unity Day, Putin Divides Nationalists," New York Times, November 5, 2014, http://www.nytimes.com/2014/11/06/world/europe/ on-unity-day-putin-divides-nationalists.html.
- 22 Private exchange.
- 23 Levada center figures and relevant Chinese data.
- 24 See, for example, the writings of Alexander Khramchikhin.
- 25 Alexei Arbatov, "Tikhookeanskaya strategicheskaya panorama" [Strategic Panorama of the Pacific], in Razooruzhenie i bezopasnost' 2013-2014 [Disarmament and Security 2013-2014], edited by Alexei Arbatov and Natalia Bubnova (Moscow: IMEMO, 2014), 190.
- 26 "Potok turistov iz Kitaya v Rossiyu v I kvartale vyros na 25%" [The Flow of Tourists from China to Russia has increased by 25% in the 1st Quarter], Interfax, May 18, 2012, http://www.interfax.ru/tourism/tourisminf.asp?id=246315&sec=1466.
- 27 Alexander Gabuev, "Gosudarstvo ushlo iz kitaistiki" [The State Has Abandoned China Studies], Vlast', October 20, 2014.
- 28 This was the title of Zbigniew Brzezinski's 1997 book that described the United States as the dominant power in Eurasia.
- 29 Mark Leftly, "G20 summit: Enter Putin. Accompanied by four warships. To the sound of mockery," Independent, November 14, 2014, http://www.independent.co.uk/news/ world/politics/g20-summit-enter-putin-accompanied-by-four-warships-to-the-soundof-mockery-9862465.html.

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