

# China and Russia: The New Rapprochement and the End of a Unipolar World

Le nouveau rapprochement sino-russe et la fin du monde unipolaire



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26 February, 2018

CHINA  
AND  
RUSSIA

THE NEW RAPPROCHEMENT



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Cambridge, Polity, 2018

# Bi-Polar World (After World War 2)

- Control by two major powers over large territories and their spheres of influence
- Occasional conflicts on neutral territories
- Any local outbreak in the Third World turned into a standoff between the two main center
- People living in countries and territories controlled by the Soviet center enjoyed very little freedom



# Bi-Polar World

- Conflicts were limited compared with the horrors of world wars
- Rules of the game present
- Some international rules existed, and both the Soviet Union and the West showed their ability to find consensus on them (the Helsinki accords, nuclear non-proliferation agreements, etc)



# The West

- The collapse of the Soviet center of power, was followed by the triumph of the West.
- The West overestimated its power.
- Western leaders lost much of what they could otherwise have achieved.



# Non-Western Centres Growing

- The breakup of the Soviet camp did not affect other key tendencies in global development processes.
- Such non-Western centers of power as China, India, Brazil, and others continued to rise and become stronger.
- They tried to solve their problems and protect their interests, at least near their borders.



# Western Ideology of 'Democratism'

- The best way to integrate “backward” nations into the world of “freedom and democracy” is to submit them to political influence through economic and political alliances.
- For this to happen, they need leaders who understand that this will benefit their countries (that is, Western-leaning ones) and who will therefore work towards this end.
- Even if these forces fall short of “democratic” standards, it will not be a big issue. Once they submit economically and politically, they will be pushed up to the required level with Western prodding.



# West - Future

- The West will gradually change.
- While “democratism” adapts to the new realities, the West can hardly be a source of peace and stability.
- The main source of conflicts will be attempts to impose the ideology of “democratism” on the population which is not willing to accept it





# Russia's Revolt

- The crisis in Ukraine expedited Russia's refusal to follow the West and led to confrontation with it.
- Before Moscow always made strategic concessions in the end. Today such concessions are highly unlikely, and only tactical arrangements can be possible.
- Russia has lost faith in the United States and Europe as political and economic partners and realized that it cannot establish friendly relations with them without its complete political submission.
- Moscow has begun an actual political and economic turn to the non-Western world.



# Reasons

- The post-Soviet consensus between the West and Russia was based on their understanding that both sides would move towards closer cooperation, respect each other's interests, and make mutually acceptable compromises.
- Only Russia was following these agreements in practical terms.
- The West kept thinking in Cold War-era terms: it drew more and more countries into its orbit and moved military infrastructure closer to the Russian border, including the territory of its historical allies.
- Russia strongly refused to accept this policy in 2014 when it came to its closest partner, Ukraine.
- Russia wants to avoid being encircled and put under political control of the United States and its allies.
- Russia wants its neighbors to remain friendly or at least neutral.

# China's Rise

- In the long term, rising China will be a much bigger challenge to the Western ideology of global dominance than Russia.
- China poses a threat not because of its military power, but because it built an effective and attractive economy that is not based on the Western political model.
- This is much more dangerous for the West as it causes doubt in fundamental postulate that economy can be effective and generate prosperity only if a country accepts the ideology of “democratism.”
- The West depends on China economically just as much as China depends on the West.



# One Belt, One Road

- China offers its own development concepts, alternative to Western ones, at least for some of the Asian regions.
- They should create a common framework for the economic, and possibly political, future of these regions.
- China Beijing offers to these countries a concept of co-development supported by substantial material resources.
- Chinese message reads: join the Silk Route space, not the area of “democratism.”



# Revising the Tao Guang Yang Hui

- Tao Guang Yang Hui (韬光养晦) was put forth by Deng Xiaoping in the early 1990s as a beacon in chartering the country's foreign policy course during the period of reform and openness.
- Continuity: emphasis on peaceful development, protection of key interests, "soft power".
- Attempts to make Chinese diplomacy more initiative-driven so that China could eventually become one of the states that set the rules of the game in accordance with their increased interests.
- The area of these "key interests" keeps expanding: not only Taiwan, Tibet and Xinjiang, but also the protection of China's positions in territorial disputes with Japan over the Diaoyu (Senkaku) Islands and in the conflict in the South China Sea.
- Some Chinese experts insist that the list of key interests should include the need to secure a worthy place for China in the world in general.

- The main obstacle on this way is the United States (*C-shaped Encirclement*).
- Some Chinese experts suggest taking more action to break through this encirclement, for example, by building naval bases abroad or tasking the army with protecting Chinese entrepreneurs' investments in other countries.
- The official Chinese position is much milder: the change the system of global governance so that China could get proper representation and voice in it.



Vessels from the China Maritime Surveillance and the Japan Coast Guard are seen near disputed islands, called Senkaku in Japan and Diaoyu in China, in the East China Sea

# Future of China

- Western experts: China - a case in the theory of modernization? China is treading in the footsteps of Japan and the Asian Tigers, and economic modernization should be followed by democratization like in South Korea and Taiwan.
- Chinese experts reply: China's size is so different, China is a separate civilization, and it will develop in its own way.
- Even democratized China would not look up to the United States or anyone else in its policy and give up its own interests.
- At present, anti-American and anti-Japanese sentiment is much stronger in Chinese society than in the country's leadership.



# Other Centers of Power

- India: “cooperative pluralism,” “unity in diversity.”
- Concepts of “autonomy through distance,” “autonomy through participation” (Fernando Henrique Cardoso (1995-2003); “autonomy through diversity” (Lula da Silva (2003-2010) and Dilma Rousseff (2011-2016) differ only in the level of engagement with international institutions and the role of cooperation with non-Western emerging powers such as India, China and Russia.





# Consolidation of Non-Western Centers

- The collapse of the Soviet Union left a vacuum.
- Worries about instability in the international situation resulting from:
  - 1) the end of a bipolar system that had guaranteed a certain order
  - 2) the possibility that the one remaining center of power might encroach on the interests of others.
- Disgruntled states have begun building bridges between each other (BRICS, SCO, EUEU, ASEAN).

# Russia in the Eyes of China

- China regards Russia as an important geopolitical partner. China has almost no official allies. The West, and especially the United States, takes an adversarial approach and tries in every possible way to contain the growth of Chinese influence.
- Beijing has to search among the major powers for partners that, while not necessarily in complete agreement with China, are generally supportive of Beijing's desire for a multipolar world, speak out against US domination of the global system, and can work with China as a counterweight to that influence.
- Russia is the most important of such states because it is a neighbor, has a friendly relationship with China, and acts decisively to prevent encroachment by the West.



# Russia in the Eyes of China

- China prefers that Russia be stable and strong – though perhaps not too powerful. Beijing sees a stable Russia that is capable of becoming an independent power center as serving as a counterweight of sorts in China's partner/rival relationship with the United States and Western Europe.
- This is why in recent years Beijing has taken a purposeful and constructive approach to resolving border, migration, and bilateral trade issues.
- Russia has traditional interests in Central Asia. Beijing must therefore coordinate its economic activity in the region with Moscow – including within the framework of the SCO – in order to avoid upsetting Russia and provoking a counter-response.



# Russia in the Eyes of China

- China can provide general support for Russia's commitment to Eurasian integration.
- Russia shares China's position on such major regional issues as nuclear arms on the Korean peninsula, Iran's nuclear program, the conflicts in Iraq, Libya, Syria, and others.
- Some people in Russia fear China's intentions. However, such concerns appear baseless because, from Beijing's point of view, China pursues a strictly peaceful foreign policy that presents no present or future threat to any other country. The Chinese leadership should consider such concerns, but more importantly, it should dissuade its advocates by example, by conducting a peaceful foreign policy and actively explaining its rationale to the Russian people.
- Russia constitutes an extremely important source of various commodities that China either cannot obtain from other countries (such as armaments), or else can purchase in only limited quantities elsewhere (such as oil, lumber and other raw materials). Russia can also be useful to China for a number of other economic projects, particularly within the framework of the Silk Road Economic Belt initiative.

# Russia's Views of Relations with China



- China shares Russia's vision of a future multipolar international system. In practical terms, both countries would like a world that is not dominated by a single power, but one marked by cooperation between several centers of influence and guided by international law and the UN Charter.
- China is an important strategic partner for Russia. It is due to relations with China (as well as other Asian countries) that Russia's foreign policy becomes less one-sided, more developed and distinct, and Russia itself becomes a center of global influence.

# Russia's Views of Relations with China

- Given Russia's confrontation with the West over Georgia and Ukraine, Moscow greatly appreciates even limited expressions of understanding from Beijing.
- It is extremely important that Russia cooperate with China to resolve such major regional issues as the North Korean and Iranian nuclear programs, the Syrian crisis, and many others – on the majority of which the approaches of the two countries coincide.
- China is one of Russia's most important economic partners. Cooperation with China is necessary in order to compensate for economic losses resulting from hostile economic policies and Western sanctions, and at a more fundamental level, to achieve Russia's highly challenging strategic objective of developing Siberia and the Far East.



# Russia's Views of Relations with China

- China is an important regional partner for Russia. Within the framework of the Shanghai Cooperation Organization, China works with Russia to help achieve their common objectives in Central Asia – fighting religious extremism and terrorism, supporting secular regimes, and facilitating the social and economic development of states in the region.
- Russia needs China as a partner in the project of reforming the international financial system, in efforts to create a system for managing the International Monetary Fund and World Bank more equitably, and in searching for an alternative to the US dollar as the global currency.
- Within the context of the new and dynamic BRICS group, Russia and China cooperate on the very important task of shaping the agenda on global governance practices in defense of the interests of the non-Western world.



Brazil



Russia



India



China



South Africa

# The Development of Bilateral Relations Since 1991

- The analysis of the evolution of official relations between Russia and China after the breakup of the Soviet Union clearly shows that the rapprochement between the two countries was not accidental or desired only by individual leaders.
- It continued under all leaders and gained momentum, because the two countries came to understand better each other's vital interests.
- This shared understanding, in turn, stemmed from fundamental changes in the international situation, as well as in the positions of Russia and China in the international arena.



# The Development of Bilateral Relations Since 1991

- The increased influence of the United States and its allies in the world after the Soviet center of power ceased to exist, with the transformation of the US into the strongest center of power in world politics and its attempts to use its influence to impose its own values and development model on the whole world caused serious concern both in Beijing and Moscow.
- These factors helped Russia and China overcome their political differences of the early 1990s and begin their rapprochement.
- Later, the strengthening of the two countries, on the one hand, and US attempts to retain its absolute leadership through pressure and armed actions in various regions of the world, on the other, drew Moscow and Beijing still closer together and encouraged them to create a system of bilateral strategic cooperation.

# The System of Bilateral Strategic Cooperation

- Annual official meetings of the heads of state, held alternately in China and Russia (from 1996).
- Mechanism of regular meetings between the heads of government of Russia and China (established in December 1996 and regulated by the June 27, 1997 intergovernmental agreement). Includes twenty subcommissions (usually headed by ministers).



*President Boris Yeltsin  
and Chairman of the  
Chinese National  
People's Congress  
Qiao Shi shake hands  
during a meeting at the  
Moscow Kremlin.  
March 31, 1996*

# The System of Bilateral Strategic Cooperation

- The Russian-Chinese Commission for the Preparation of Regular Meetings of the Heads of Government (established by the 1997 agreement).
- The Russian-Chinese Commission for Cultural and Educational Cooperation (established by the July 13, 2007 protocol).
- The Russian-Chinese Intergovernmental Commission for Energy Cooperation (established by the May 23, 2008 agreement).
- The Russian-Chinese Intergovernmental Commission for Investment Cooperation (created in 2014).
- The Russian-Chinese Commission for Cooperation and Development of Russia's Far East and Baikal Region and Northeast China (established in 2016).



# Regions

- Cooperation with China is becoming a priority for many Russian regions. Areas of cooperation include trade, economy, investment, and cultural and educational ties. The system is based on the November 10, 1997 intergovernmental agreement on principles of cooperation between the administrations (governments) of Russian regions and local governments of China.
- To date, there are 234 Russian-Chinese partnerships, including 91 between federal level regions and Chinese provinces (as well as administrative units at the provincial level) and 143 at the municipal level.
- Fifty-one Russian regions have cooperation agreements with Chinese regions, and 91 Russian municipalities have twin cities or partners in China.
- In China, four autonomous regions (out of five), 18 provinces (out of 22) and all four municipalities have partnerships with Russian regions; and 97 Chinese towns, districts or counties have partnerships with Russian municipalities.

# Other Ties

- The two countries also actively develop interparliamentary ties, which are very intensive. In recent years, the leaders of the houses of Russia's Federal Assembly and China's National People's Congress have met at least once a year.
- The intensity of Russian-Chinese ties at lower levels is also growing.
- Today, it is difficult to find a large company, research center or university in Russia without partners in China.
- Various bilateral parastatal and nongovernmental organizations actively promote the development of ties between the two countries. The most important of them are the Russian-Chinese Committee of Friendship, Peace and Development, the Russian-Chinese Friendship Society and the China–Russia Friendship Association, the Russian-Chinese Business Council, and the Russian-Chinese Chamber for the Promotion of Commerce in Machinery and Innovative Products.

# Language

- The boom in ties with China has made Chinese the second most popular foreign language after English in many Russian universities. Chinese is also widely taught in secondary schools.
- Chinese is taught in 123 educational institutions in 34 regions of Russia. The total number of students studying Chinese is more than 17,000, including about 5,000 high school students.
- The popularity of the Russian language in China is also growing after a decline in the 1990s. This is due primarily to the growth of Russian-Chinese trade and economic ties.
- In many cities and provinces of China (Beijing, many cities in Xinjiang and the northeastern provinces, Beidaihe in Hebei Province, and Sanya in Hainan Province), there are large enclaves serving trade with Russia and other post-Soviet countries and Russian-speaking tourists: all traders there can communicate in Russian, and signs and product names are in both Chinese and Russian.



# Trade

(US\$ billion. Russian Federal Customs Service)

	2010	2011	2012	2013	2014	2015	2016	2017 (China customs)
<b>Turnover</b>	<b>59.3</b>	<b>83.5</b>	<b>87.5</b>	<b>88.8</b>	<b>88.4</b>	<b>63.6</b>	<b>66.1</b>	84
<i>Compared to previous year (%)</i>	<i>150.3</i>	<i>140.8</i>	<i>105.2</i>	<i>101.6</i>	<i>99.5</i>	<i>71.9</i>	<i>103.9</i>	120,8
<b>Russia's exports</b>	<b>20.3</b>	<b>35.2</b>	<b>35.7</b>	<b>35.6</b>	<b>37.5</b>	<b>28.6</b>	<b>28.0</b>	41,2
<i>Compared to previous year (%)</i>	<i>121.8</i>	<i>173.4</i>	<i>102.0</i>	<i>99.6</i>	<i>105.7</i>	<i>76.3</i>	<i>97.9</i>	127,7
<b>Russia's imports</b>	<b>39.0</b>	<b>48.3</b>	<b>51.8</b>	<b>53.1</b>	<b>50.9</b>	<b>35.0</b>	<b>38.1</b>	42,9
<i>Compared to previous year (%)</i>	<i>171.2</i>	<i>123.9</i>	<i>107.6</i>	<i>102.9</i>	<i>95.7</i>	<i>68.7</i>	<i>108.9</i>	114,8
<b>Balance</b>	<b>-18.7</b>	<b>-13.1</b>	<b>-16.1</b>	<b>-17.5</b>	<b>-13.4</b>	<b>-6.3</b>	<b>-10.1</b>	-1.7

# China's Direct Investment Stock in Russia, 2012–2016 (at the end of the period, US\$ mln)

Data source	2012	2013	2014	2015	2016
General Administration of Customs, China	4 888.49	7 581.6	8 380.0	8 940.0	9487.0
Bank of Russia	1 987.0	4 547.0	2 810.0	1 693.0	2.9 (April 2017)



# Chinese Direct Investment Inflow into Russia, 2012–2016 (US\$ mln)

	2012	2013	2014	2015	2016
Investment inflow	784.6	1 022.2	794.0	560.0	547.0

# Russia's direct investment stock in China, 2012–2016 (at the end of the period, US\$ mln)

Data source	2012	2013	2014	2015	2016
General Administration of Customs, China	847.7	869.8	910.8	946.88	986, 26
Bank of Russia	249.0	186.0	195.0	174.0	350

- Chinese government must have doubted these figures and reportedly did an informal count of projects implemented by Chinese companies operating in Russia. The survey boosted the figure to US\$33 billion.

# Major Projects: Oil and Gas

- The Eastern Siberia–Pacific Ocean (ESPO) oil pipeline (completed in late 2010).
- In September 2014, Gazprom started the construction of the first section of the Power of Siberia gas pipeline from the Chayanda field in Yakutia to Blagoveshchensk on the border with China. The 2,200 kilometer pipeline will deliver natural gas to China.
- In February 2015, Russian deputy prime minister Arkady Dvorkovich said that the Russian government was ready to consider applications from Chinese companies for the purchase of controlling stakes in strategic oil and gas fields in Russia. Earlier, Russia had not encouraged, and had even blocked such applications from Chinese partners.

# Major Projects: Oil and Gas

- Yamal LNG (liquefaction of natural gas) for export: China National Petroleum Corporation bought a 20 percent stake.
- In April 2016, Yamal LNG was granted a new loan of €9.3 billion and 9.8 billion yuan for fifteen years by China's Export-Import Bank and China Development bank
- The Sinopec Group acquired a 10 percent stake in Russia's largest gas processing and petrochemical group, SIBUR, along with the option of purchasing another 10 percent after three years.



# IT

- President Vladimir Putin's visit to China in September 2015, the Russian holding company En+Group, which combines Oleg Deripaska's aluminum, steel, energy, mining and logistics companies, reached an agreement with Chinese corporations CentrinData Systems and Huawei on joint construction of several data processing centers in Irkutsk.
- Earlier, during a meeting on high technology held in Novosibirsk in January 2005, when Russian Academy of Sciences Siberian branch chairman Nikolai Dobretsov suggested that Russia create a Siberian center for information technologies in cooperation with Chinese partners, Putin asked him: "Why with China?" President Putin pointed to the need to be careful with regard to strategic partners, asking to ensure "that these zones do not later give the Chinese access to... well, it's clear."



# Arms Sales

- March 2013 - a framework agreement for the supply of twenty-four Su-35 aircraft and four Lada-class submarines.
- Autumn 2014 - a contract to sell to China S-400 surface-to-air missile systems with delivery in 2017 (estimated to be worth at least US\$1.9 billion).
- 2015, Russia finally agreed to deliver the twenty-four Su-35s fighter jets to China.



# Greater Eurasia

- Russian expert circles developed the concept of a “Greater Eurasia” in 2015 after concluding that the deterioration in relations with the West over the Ukrainian crisis was irreversible.
- Dmitri Trenin: “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.”



# Greater Eurasia

- Non-Western groups such as EAEU, BRICS, ASEAN over time will comprise the system of Greater Eurasia, the states of which will not be tied by alliance relations, as are the United States and its European satellites.
- Some of them may turn to different centers of power; however, on the whole, they will form a unity, brought together by core interests.
- Precisely, this kind of democratic unity of Greater Europe could not be established by the United States and its allies.
- Attempting to subordinate every state to their dictates, they have united allies from most of Eastern Europe but lost Russia and Central Asia, and are increasingly antagonizing China and India, forcing them to draw closer to each other even in spite of significant contradictions.





# Conclusions

- The Russian-Chinese rapprochement is a natural result of broader changes taking place in world politics.
- Russia and China, along with other such states, want to found a new international order that places them on an equal footing with the US and its allies, and does not relegate them to the status of dependencies.
- What the West refers to as a desire by Russia and China to establish spheres of influence, Moscow and Beijing consider the minimum expression of their rights and interests as major world powers.



# Conclusions

- In an ideal multipolar world in which everyone recognizes the rights of each center of power, Russia and China would be equidistant, figuratively speaking, not only from each other, but also from all other such centers, including the United States.
- Russian-Chinese rapprochement would lead only to a normalization of relations, without the need to support each other in countering the West.
- However, the policy of the West aimed at preserving its monopolistic position in the world has had the effect of accelerating the rapprochement between Moscow and Beijing.



# The Future

- The short-term outlook for Russian-Chinese relations does not depend much on the international situation.
- Their partnership has developed steadily as a result of their common interests and the underlying global trend away from a bipolar and toward a multipolar world order.



# Alliance - Unlikely

- On the other hand, the establishment of a formal Russian-Chinese alliance remains unlikely.
- Russia values its political and economic partnership with China but prefers not to tie up its channels of cooperation to one country exclusively.
- China considers Russia, compared with the Western countries, as a friendlier but less economically significant partner. Russia also has strategic importance for China, but the US is far more important, despite tensions between the two countries, because so much depends on the United States. Therefore, even while it develops its strategic partnership with Russia, China will simultaneously strive to build mutually beneficial relations with other states, even if those states are hostile to Russia – its close partnership with Ukraine being one example.
- A formal alliance between Russia and China would become a reality only if the US and its allies were to pursue an ideological course of “democratism” that brought them into serious confrontation with both Russia and China.

# Distant Future

- In the longer term, much will depend on the domestic political situation and the fate of political regimes not only in Russia and China, but also in Western countries – especially the US.
- Major changes are possible in every country, but it is difficult to know when they might happen or to predict their consequences.
- For now, the Russian-Chinese partnership will remain one of the pillars of the emerging multipolar world order and a linchpin of global and regional stability.

# Thank you for your attention

