



The Eurasia Center – East Asia Program

# Positive Sino-Russian Relations

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Presidents Putin and Xi Jin Ping finalize toasts - Moscow Photo Credit: CNBC

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Chinese and Russian relations date back hundreds of years ago, as both neighboring countries were able to watch the rise and fall of each other's nation states from their backyard. Russia famously had its Tzars, while China had its powerful dynasties--two monarchical systems destined to expand towards the west. Following the monarchies, communism united China and Russia and governed their respective cultural revolutions, thereby resulting in great loss and a common enemy: the United States (U.S.). Today, both countries seek hegemonic dominance in their respective regions and are increasingly interdependent partners economically, politically, and culturally. The One Belt One Road Initiative (OBOR) has opened the corridor to a new era of Sino-Russo relations, promoting economic expansion and a win-win outcome for both countries. This essay will analyze the history of Sino-Russo relations, the modern political, geographical, and economic landscape of Russia, Russia's role in the Belt and Road Initiative (BRI), competitive factors, and a risk-benefit analysis.

## **History of Sino-Russo Relations**

To assess the 21st-century Sino-Russo strategic relationship, a historical understanding of their relations is imperative. Sino-Russo relations date back to the seventeenth century as Fyodor Baykov was the first official Ambassador to China from Russia. In 1891, the construction of the Trans-Siberian Railway began, prompting China and Russia to sign a treaty in 1896 under which the railway could expand into Chinese territory as well as an agreement that Russia would protect China against Japanese attack. A few years later, revolutions took place in both countries (Russian Revolution 1917 and Xinhai Revolution 1911) leading to rapid regime changes. Monarchies were successfully removed by these revolutions, which left both countries with the establishment of communism. During the Cold War, both countries feared the rise of the west and therefore manifested the Sino-Soviet Treaty of Friendship, Alliance, and Mutual Assistance (1950), which ensured economic aid and mutual security. As soon as Nikita Khrushchev came into power during the 1960s, the Soviet Union cut their bilateral ties with China due to their ideological differences, political course, and security policy (Moltz, 1995) culminating in one and a half decades of very insecure relations. During the late 1970s, the United States and China bonded together in spreading anti-Soviet rhetoric and weakened Russia's influence. Luckily as Gorbachev

came into power in 1985, he made it a priority to strengthen bilateral relations with Beijing. In 1989 Gorbachev was successful in ending the hostility between Moscow and Beijing, which lasted almost two decades by reducing its military presence along the Russian/Chinese border. By 2001, both countries signed the “Good Neighborliness, Friendship and Cooperation” treaty which would instill mutual respect for social, political, and economic systems. Today, both Xi Jin Ping and President Vladimir Putin are committed to the development of strategic cooperation and comprehensive partnership through economic ties. The Sino-Russo partnership proves itself to be a powerful force in 2020 and the upcoming years, as its continuous strength sparks grave concern among the U.S. government.

## **Russia’s Political Landscape**

Russia’s political landscape today holds a rich history rooted in Soviet leadership and ideology. Until the late 1980s, the government was dominated at all levels by the Communist Party of the Soviet Union. During elections, there was only a single slate of candidates, the great majority of whom were in effect chosen by the Communist Party. Through the 1980s – 1991, reform was introduced by Mikhail Gorbachev’s period of perestroika (“restructuring”), glasnost (“openness”), and demokratizatsiya (“democratization”). In December 1991, a group of hardliners who opposed Gorbachev’s reforms successfully abolished the communist party and dissolved the Soviet Union. Russia was then established as an independent country. A new constitution proposed by Boris Yeltsin appointed presidential term limits, cabinet members, judges, and more. By 1993, Russia was declared as a democratic, federative, law-based state with a republican form of government. State power was now divided among the legislative, executive, and judicial branches. Today, Russia is ruled by President Vladimir Putin, formerly president from 2001-2008, and considered to be Russia’s most powerful man.

## **Russia’s Geographical Landscape**

Today, Russia is one of the richest countries in natural resources, containing oil, natural gas, timber, copper, diamond, zinc, gold, and silver. Russia holds over 30% of the world’s natural resources. Most of the resources can be found in the rural and freezing areas of Siberia and Kamchatka, making it difficult to transport resources from the east to the western coasts of the country. On 21 May 2014, Russia and China agreed with state-controlled gas companies Gazprom and China National Petroleum Corporation after a decade of negotiations. The agreement established that Russia would supply China 38 Billion cubic meters of natural gas each year for 30 years, starting in 2018. This agreement was seen as an important political and economic victory for Russian President Vladimir Putin and Xi Jin Ping. The agreement motivated Russia to diversify its natural business outside of Europe and further weaken the gravity of economic sanctions placed by the west in the aftermath of the 2014 Crimean crisis. Concerning China, the agreement minimizes the country’s dependence on coal (electric power) and helps China meet its growing demand for natural gas.



**Presidents Putin and Jin Ping meet in Moscow 2019 Photo Credit: Sputnik News**

## **Russia's Economic Landscape**

The Russian Federation is a formidable force when it comes to global economics. Not only are they on the United Nations Security Council, along with The People's Republic of China, but Russia's influence, geography, and "hard power" make it almost impossible for the BRI to ignore. Perhaps it is the strengths of the former global superpower that make it a worthy economic affiliate. The position of the country is one that almost completely blocks a direct land route from China to Europe, while its northern coasts hug almost half of the Arctic Ocean. The influence in Eastern Europe is undeniable, as during Soviet times the Russians, as well as their language, dominated this region through force for decades. In terms of military might, Russia has one of the world's largest armed forces. This includes an incredible stockpile of nuclear weapons leftover from the arms race of the Cold War.

## **Russia's Role in the BRI**

It is not just Russia's international strength that proves its vitality to the BRI. Russia is one of the world's largest producers of natural gas and oil, with 10.9% of total exports going to China. They are also a large exporter of steel and aluminum, which makes their primary industries ones of extraction. This economy combined with its population of over 141 Million people is why China needs Russia as an ally to reshape global trade. There are also significant downfalls to the current Russian state. Under the leadership of Vladimir Putin, Russia has become an increasingly centralized authoritarian regime. Yet, this is of little concern to the BRI and its goals, considering the lack of requirements to be eligible for loans and projects. This decline in democracy has resulted in large amounts of corruption and greed within the federation. Putin's presidency has been accused of human rights violations, jailing political rivals, an illegal invasion of Crimea, and interference in foreign elections. The consequences of such accusations include severe economic ones, most notable sanctions from western democracies. As a result, unemployment, poverty, inflation, and

economic stagnation have all become more prevalent in the relatively young Russian state. Some of this has to do with the immediate aftermath of the Soviet Union's fall, but the recent actions of the country have worsened the trend. The Russian President has also publicly supported the BRI by attending a recent forum in Beijing in April of 2019. In his speech, Putin highlighted the success of relations between his country and Xi Jin Ping's, putting them together in the broader category of Eurasia. He also acknowledges the fact that Russia takes up a large area of one of the transport corridors being built by the initiative, making it essential to the goals of the Chinese, as stated previously. Yet, it is Putin's influence over the Eurasian Economic Union (EEU) that doubles the stakes for China.

Without the Russians as an economic associate in the BRI, the trade and investment that Xi wishes to pour into Central Asia would be little more than a dream. This meeting was followed by the beginning of the construction of what is named The Meridian Highway. Starting at its border with Kazakhstan, the Chinese-Western Europe Corridor's missing link will go through Russia and end at its border with Belarus. Not only will this make the flow of goods between China and the west faster and more efficient, but it will be tied in with railways and airports to create a 21st-century link between two major economies. Nonetheless, this project has been greatly stalled due to a lack of funding from the Russian side of the deal. Not only will Russia's contribution help the country, but it will also open the door for the much-needed opportunity in Central Asia, Europe, and the world at large. However, as Russia imports more goods from China than any other country, Putin is risking even more dependency on the communist superpower.

Russia is a massive steppingstone for the BRI. It may have been the one country that could politically, economically, and influentially stop the initiative from ever coming close to its full potential. This country could be the tipping point that truly reshapes the global economy in China's favor. Sure, there are shipping routes to China, but the access, speed, and convenience of this new corridor could provide Europe with resources and goods cheaper than ever before. Even by looking at a map, this terrifying or encouraging fact is blatantly obvious. Although China and Russia have a unique and fascinating history with one another, the future of the BRI has the potential to forever alter the course of the relationship and the role each plays in the global community.

## **Competition: China and Russia**

China and Russia have a multifaceted relationship. To begin with, China and Russia compete in Kyrgyzstan as both countries want to exert influence over Central Asia because of its geographic location. Kyrgyzstan is near the Fergana Valley and is surrounded by the Tien Shan mountain range. The Fergana Valley is home to a lot of Kyrgyz, Tajik, and Uzbek people. Kyrgyzstan controls the valley and the surrounding mountain range and as a result, it governs much of Central Asia. For Russia, Central Asia will serve as a political, military, and economic buffer against the west. Therefore, Kyrgyzstan is of immense importance to the Russian-led EEU. Additionally, Russia has invested billions of dollars in Kyrgyzstan and taken over the country's gas supply network. On the other hand, China views Central Asia as an overland link between Asia and Europe. Furthermore, China has invested heavily in Kyrgyzstan's oil industry. China's railway lines run counter to Moscow's effort to position Russia as a bridge between Asia and Europe.

Another region where competition between Russia and China sparks is the Arctic. Although both countries' interests in the Arctic differ, there is still competition between them. China has more economic, financial, and technological resources than Russia. Moreover, China has a myriad of objectives in the Arctic: conduct scientific research, protect the environment, contribute to the

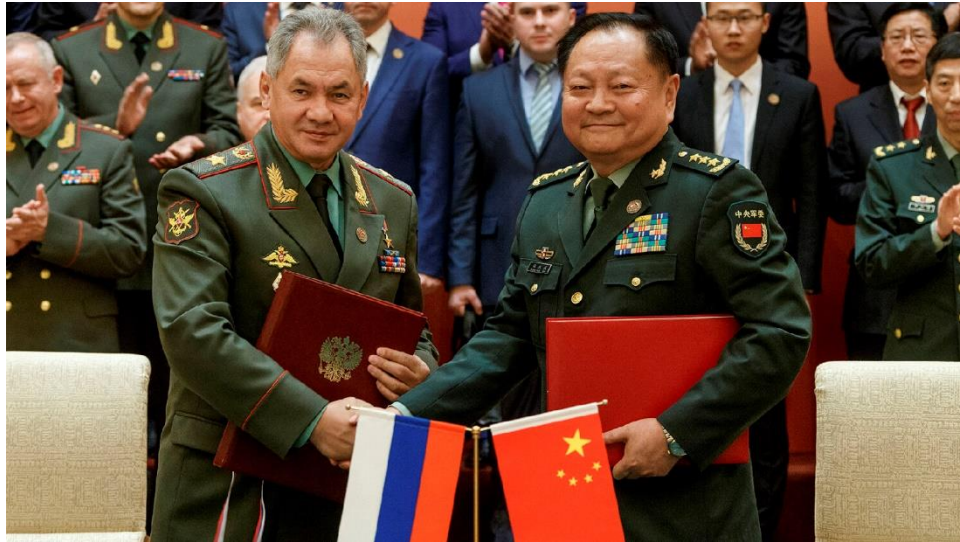
development of the region, and participate in its management. China wants to control the Arctic through a wide-ranging system. Consequently, this will allow China to play a leading role in managing the Arctic. Additionally, China stresses the notion of a common future for humanity. However, at this point, the country does not have any military presence in the Arctic. Lastly, Russia is petrified of China's strategies to protect the Arctic as it does not trust Chinese statements.

## **Collaboration: China and Russia**

Russia and China collaborate on numerous key issues. Rosneft and Gazprom, Russia's state-owned companies have agreed to cooperate with Chinese partners in the Arctic. Moreover, Russia and China's cooperation in the Arctic is solely economic. The two countries are in collaboration in Central Asia. Moscow focuses on security and stability. On the other hand, Beijing promotes trade and commerce. The reason behind Beijing and Moscow's alliance in Central Asia is their desire to build a stronger force against the U.S. If, however, both countries try to compete with each other, they would weaken one another and would not be able to counter Washington's influence in the region. The only solution for both countries is to join alliances and present a strong force against the west.

To increase cooperation, both China and Russia signed the Shanghai Cooperation Organization (SCO) in 1996. The SCO is also known as the Shanghai Five grouping. This is a treaty signed by China, Russia, Kazakhstan, Tajikistan, and Kyrgyzstan. In 2018 there was another agreement between China and Russia which was a trade and economic cooperation between the Silk Road Economic Belt (SREB) and the EEU. This agreement was signed to ease the passage across the border and customs control points for trains and trucks.

Another area where Russia and China collaborate is against the United States New Silk Road strategy which was announced in 2011 to counter the growing influence of OBOR. Furthermore, in 2018, Chinese troops participated in Russian military exercises. The two countries have gotten closer since the collapse of Russia's relationship with the West over Ukraine. There has been a drastic change in Moscow and Beijing's relationship from being Cold War adversaries to having a common goal to push back the western dominated international system by increasing economic, political, and security interests. Chinese companies will gain a myriad of technological advances by working in Russia and this will make them more innovative and competitive on a global scale. Also, China wants to invest in Russia to supplement the country's economic development. China and Russia presented their resentment to western power and dominance in the international system and they want to reconstruct it to their advantage. As a result in 1997, they presented a joint declaration on a multipolar world and the establishment of new world order to the United Nations general assembly. Both countries have worked together on numerous platforms to align their interests: Asia Pacific Economic Cooperation Forum, The East Asia Summit, G20 Group of Prominent Economies, the BRICS Group, and so on.



**Russia and China – Military Alliance Photo Credit: The Trumpet**

## **Risk-Benefit Analysis**

The Chinese Ministry of Commerce recently announced that China would have a cumulative investment of US\$40 Billion by the end of 2016; a quarter of which has come after the Russian Federation annexed Crimea (Gabuev, 2017). According to Chinese government data, bilateral trade between China and Russia grew from \$69.6 Billion in 2016 to \$84.2 Billion in 2017 and \$107.1 Billion in 2018. The deal is considered to be small in amount for both countries but with the United States seemingly pushing against both countries it is feasible to expect Sino-Russian trade to grow further in the foreseeable future.

By 2018, the Sino-Russian bilateral trade surpassed the US\$100 Billion mark for the first time and the two economies have plans to increase that value to \$200 Million by 2024 through the implementation of joint projects in the industry, agriculture, and energy sectors (Ellyatt, 2019). By analyzing the Sino-Russo relationship, we can depict that Russia is needier of the two, and thanks to their deepening ties China has marginally helped Russia to withstand economic sanctions by Western economies after the annexation of Crimea. Although Chinese banks generally comply with the sanctions, policy banks have channeled funds into the Russian economy. More significantly, China has helped Russia in the supply of some critical technologies such as underwater electrical cables connecting mainland Russia and Crimea in the wake of the economic blockade that Ukraine put on the peninsula (Gabuev, 2017). After the Annexation of Crimea and the economic sanctions that followed, Russia made sales of S-400 missile defense systems and Su-35 fighter jets to China, thereby boosting China's military capabilities in the East China Sea and the South China Sea. Such sales of advanced weapons were common, and Russia was reluctant to make them before the sanctions in 2014. More arms deals and military cooperation between China and Russia are to be expected in the future. Russia is among the top three oil and natural gas producers in the world (Ellyatt, 2019).

Boosting the Sino-Russo relations benefits both parties as they are seeking other markets amid difficulties in the Sino-American ties as well as Russia's sanctions by the USA and Europe. However, the relationship is not as open as it seems because there have been issues regarding Chinese investors complaining about harassment by Russian authorities. China benefits from its relationship with Russia in terms of economic, diplomatic, and military cooperation, primarily considering that China views the United States as a danger to its global aspiration as America

continues to promote democracy and undermine China's strategic stability and security interests in Asia. There are multiple reasons why China highly regards the Sino-Russo cooperation. China's perceived benefits include being able to counter China's perceived United States hegemony, countering its recognized United States' spread of subversion and democracy, opposition to U.S. space and cyberspace defense policies, opposition to American policies that undermine China's strategic stability, expansion of trade and investment ties with Russia, gaining access to Russian advanced military hardware and defense technology, and accessing Russian energy supplies much more easily.

The strengthened Sino-Russo relations have benefitted China in several issues such as China's opposition of the U.S. military and political alliance system which seeks to include countries along the periphery of both Russia and China, the deployment of military forces, China's opposition to the U.S. launch of the Kosovo War, its opposition to the U.S. deploying theatre of missile systems, and opposing the unipolarity of the world order by introducing and establishing a new world economic and political order.

## **Conclusion**

China and Russia believe that the U.S. exercises excessive power in various ways and that there is a need to remedy the situation. China seeks to counter U.S. influence in the Asian region. On the other hand, Russia has global aspirations. As a result, Russia feels comfortable confronting the U.S. on various global issues. Since China feels it is not ready to face an all-out attack from America, it benefits from Russia's confrontation against the influence America has in the Middle East, Eastern Europe, and beyond the region. Thus, China thinks of Russia as a great ally who can take the lead in confronting their common opponent. China has benefitted from Russia's energy sector. In 2016, Russia overtook and displaced Saudi Arabia as China's leading supplier of crude oil when China and Russia agreed to have Russia supply China with up to 1.3 Trillion Cubic Feet of gas annually for the following three decades beginning 2019 through the power of Siberia pipeline.

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