

China-Russia Relations in the Era of Putin and Xi

This is a background paper for my presentation to:

Conference on:

“China’s Foreign Policy & International Relations in the new Era”

at

**Centre for Contemporary China Studies, Ministry of External Affairs, New
Delhi, India**

on

19 October 2022

Jeff Schubert

Internet sites:

www.russianeconomicreform.ru

www.jeffschubert.com

Email:

schubert@russianeconomicreform.ru

schubert@jeffschubert.com

A. Introduction

This report provides additional detailed information on the subject of a speech which I will give in New Delhi organized by the Center for Contemporary China Studies (CCCS), which is an internal think-tank of the Government of India. Its internet site is: <https://cccsindia.in/>

On 18-19 October CCCS will conduct a seminar on “China’s Foreign Policy & International Relations in the New Era”. On 19 October there will be a section on “China-Russia Strategic Partnership”, which has 3 speakers. I am the first speaker and have been asked to speak on “China-Relations in the Era of Putin and Xi”. I will be followed by other speakers on “Energy: Cooperation & Complementarity” and “Risks & Challenges” and have thus not attempted to preempt what they might say.

I have been given a list of topics that CCCS would like me to cover under the heading “China-Russia Relations in the Era of Putin and Xi” and have tried to cover them in this report. These are (in the order given):

- (a) Convergence between China and Russia over the past two decades.
- (b) Personal equation between Presidents Putin and Xi.
- (c) Trajectory of economic relations.
- (d) Joint strategic partnership and views of the West.
- (e) Military, space and technological cooperation.
- (f) Likely future in the aftermath of Ukraine.

This report does not cover issues in the exact above order, but attempts to provide a rational framework that covers all the issues in the Russia-China relationship as well as give due attention to the very significant implications of the Russia-Ukraine conflict.

Thus, I start with a section on the importance of Ukraine before moving onto the relationship between Vladimir Putin and Xi Jinping; the broader more general Russia-China relationship; regional issues that concern both countries such as the Eurasian Economic Union (EAEU), Belt and Road Initiative (BRI) and the Shanghai Cooperation Organization (SCO). I then look at some specific issues in the Russia-China relationship such as social/people relations, bilateral economic issues, technology interaction, military affairs, and a section on the Arctic. I conclude with some comments about future prospects.

B. Summary

I first started thinking about this report at the end of August – after 6 months of war in Ukraine – and decided that it was a fairly straight forward topic which I could easily cover. However, since then Russia’s recent military setbacks in the Ukraine, the Summit of the Shanghai Cooperation Organization (SCO), and Russia’s “partial” military mobilization, have complicated the situation in almost all of the topics listed above.

From the very beginning of the “special military operation” (SMO), China expressed understanding of Russia’s position on Ukraine but has been very careful to limit any action in support – particularly not wanting to get caught-up in US secondary sanctions! Russia had clearly expected more and tried to use the SCO meeting to push SCO members (including China and Kazakhstan) to jointly take an anti-West stance. However, there was great push-back against this with Vladimir Putin having to publicly acknowledge Chinese “concerns”. While he praised Beijing’s “balanced position”, Putin said he would explain himself on the sidelines of the meeting. By contrast, Xi Jinping did not mention Ukraine at all in his remarks, stating instead that China was “willing to work with Russia to

demonstrate the responsibility of big powers" and to "instil stability and positive energy in a world of chaos".¹

It is noteworthy that when Xi visited Kazakhstan just prior to this year's SCO summit, he specifically said that "China will always support Kazakhstan in maintaining national independence, sovereignty and territorial integrity". This is significant because Russia has always been sensitive about China-Kazakhstan bi-lateral relations, preferring instead that they be conducted through the Eurasian Economic Union (EAEU) and various Russian nationalist politicians have pointed to the around 3 million ethnic Russians living near Kazakhstan's norther border with Russia and suggested that something similar to Ukraine could happen there.

I want to note here that getting a handle on what was said and what was not said at various meetings can be very difficult. For example, following a meeting between Li Zhanshu (chairman of the Standing Committee of the National People's Congress) and leaders of the Russian Duma, the Russians released a document suggesting that Li Zhanshu had specifically given Chinese "support" for the invasion of Ukraine. Yet multiple Chinese reporting on the same meeting did not mention Ukraine.

In sum, my view is that:

the "personal equation between Presidents Putin and Xi" has been damaged as there will be less trust; the "trajectory of economic relations" has been adjusted with China aiming to play a greater role in Central Asia; China will be wary of "strategic partnership" talk even though it largely shares the Russian "view of the West"; and "military, space and technological cooperation" (which was never as significant as many claimed) is unlikely to be significantly increased.

C. Importance of Ukraine

While events in the Ukraine may not seem central to the future of Russia-China relations, they are central to understanding what is now happening in Russia -- and are the most unpredictable part of the future Russia-China relationship!

I first went to Russia in 1991 – over 30 years ago – when I was a bored chief economist of an Australian bank and wanted to see the "end of communism". Since then I have spent many years living, on-and-off, in Russia (and sometimes China) and have written many articles (some of which are on my "Russian Economic Reform" internet site² or the internet site about my book on the psychology of dictatorship.³) My overall view is that if Russia had been handled with more care over the last 30 years we would not be in the present situation. However, Russians must also bear much responsibility.

I do think that the West gave too little regard to Russian national security concerns after the collapse of the USSR, and that the actual and then discussed expansion of NATO to include the Ukraine (and the possibility of the Sevastopol naval base being part of this while hosting the Russian Black Sea Fleet) provided some justification for the annexation of Crimea in 2014. Russia should have stopped there! However, subsequent actions by Russia (and its proxies) in parts of Ukraine – and in parts the wider world – show a lack of perspective.

Much of this lack of perspective by Putin would have occurred simply because prolonged periods in power adversely affect a person's thinking. I would add here that the world hysterical reaction to COVID19 played a part in the decision to invade Ukraine because the isolated Putin -- witness the long tables -- would have doubled down on his "dangerous reading".

¹ "Leaders of the State Duma factions met with Chairman of the Standing Committee of the National People's Congress", <http://duma.gov.ru/en/news/55208/>

² <https://russianeconomicreform.ru/>

³ <http://www.jeffschubert.com/>

In early 2022, after the invasion of Ukraine, Russian authoritarianism moved to dictatorship, and most people became quite fearful of what they said and wrote. Some Russians who I have known for years responded to my explicit talk of “war” by using the term “special military operation” when replying to me (even when we were having one-on-one conversations when no-one else was around). In some cases they seem to believe the Putin propaganda, but in other cases it seemed to be a practiced defensive way of speaking to make sure that there is no possibility of them being reported to the security services following other conversations.

So, where do things go from here?

In order to attempt to fully answer this question, we sometimes need to step back to the period before February 2022 and take a wider view of events in the region.

In recent years the best source of information on the state of Russia-China relations has been the annual Russian International Affairs (RIAC) report on “Russia-China Dialogue”⁴ produced jointly with China’s Fudan University” and the annual conferences held in Moscow prior to COVID19 (where some of the informal commentary was highly informative). The “Russia-China Dialogue: the 2022 Model”⁵ was released in August.

Seven years ago after the annexation of Crimea, the “Russia-China Dialogue: the 2015 Model”⁶, concluded:

“The current status of the Russian-Chinese relations reflects the influence that major international, regional, and bilateral events have on the dynamic and character of the Russian-Chinese partnership. Such events include the Western confrontation with Russia.” “The Ukraine crisis has an objective role to play in the further strategic rapprochement between Russia and China, particularly when it comes to regional and global security. This crisis has served as an added factor in Russia’s general pivot to the East (China). Despite maintaining neutrality on the Ukraine conflict, Beijing has nonetheless taken a tough position against the Western media’s anti-Russian campaign, and it has officially distanced itself from the West’s economic sanctions against Russia.”

These words would have been apt today – in late 2022 – if the Russian invasion of Ukraine had been more successful, but in my view China will be wary about “further strategic rapprochement”.

The 2015 report then went on to claim that “the bond between Moscow and Beijing on the global and regional stages will serve as basis for creating a ‘non-American’ world, which is particularly important for Russia in light of its growing confrontation with the U.S. and attempts to isolate it. Russian-Chinese regional cooperation in Eurasia is increasingly moving into the sphere of jointly promoting three major projects”:

- The development of the Shanghai Cooperation Organization (SCO), the development of the Silk Road Economic Belt (SREB part of the Belt and Road Initiative or BRI), and the development of the Eurasian Economic Union (EAEU);
- “Both countries have said that the opportunity is arising for these megaprojects to strategically converge in Eurasia”.

I first wrote about these “three major projects” in 2017 in “New Eurasian Age: China’s Silk Road and the EAEU in SCO Space”⁷, and my scepticism was summarised by my subtitle “Noodles and Meatballs in a Breaking Bowl”. As of 2022, I do not think much has essentially changed but it is still necessary to consider these “projects” and their influence on current and future developments.

This year’s RIAC (ie 2022) report has a significant section entitled “Eurasia as a Zone of Coinciding and Conflicting Interests for Russia and China”. It begins by saying that “the Eurasian region splits into various subregions – Central Asia, the South Caucasus, and New Eastern Europe”. This definition

⁴ <https://russiancouncil.ru/en/>

⁵ <https://russiancouncil.ru/en/activity/publications/russian-chinese-dialogue-the-2022-model/>

⁶ <https://russiancouncil.ru/en/activity/publications/russian-chinese-dialogue-the-2015-model/>

⁷ <https://russianeconomicreform.ru/2017/04/chinas-silk-road-and-the-eaeu-in-sco-space/>

of Eurasia is quite restrictive compared to how some other analysts see it. Various commentators imagine a Greater Eurasia that includes Russia and China.^{8,9} It says that “Russia, China and the United States have pursued different strategies in Eurasia in recent years: China has adopted a wait-and-see approach; the US has gradually withdrawn from the region; and Russia has taken proactive measures to strengthen its strategic position in the post-Soviet space”.

D. Preliminary Comments

(1) Vladimir Putin and Xi Jinping: the Personal Equation

In June 2022, Putin said that Ukraine is a ‘colony’, not a sovereign country, and compared himself to Peter the Great, who waged ‘the Great Northern War’ for 21 years against Sweden — ‘returning and reinforcing’ control over land that was part of Russia. On Russia’s National Flag Day this year (22 August), Putin said that the Russian flag inspires Russians to “military glory”¹⁰, which may be what he expects to achieve!

Speaking at a press conference after the 2022 SCO meeting, Putin said destroying Russia and “disintegrating” it into a number of petty states has always been a top priority for the collective West. Ukraine, in its modern state, has been selected to become an “anti-Russian enclave” and the main tool to achieve such goals. “The fact that they’ve always strived for the disintegration of our country is certain. It is only regrettable that at some point they decided to use Ukraine to achieve such goals. In order to prevent such developments, we have launched the special military operation.”¹¹

Putin’s 30 September speech on the occasion of the formal annexation to Russia of four Ukraine regions was full of bile and suggested a man who could not be relied upon to act in a rational manner.¹²

As will be discussed in a later section on EAEU-BRI relations, Putin was not always like this!

Anatoly Sobchak, the late reformist mayor of Saint Petersburg with whom Putin worked after he left the KGB in 1990, once suggested that Putin might be Russia’s “Napoleon Bonaparte”.¹³

I have written a book, “Dictatorial CEOs and their Lieutenants: Inside the Executive Suites of Mao, Napoleon, Hitler, Mussolini, Stalin, Ataturk”,¹⁴ and think that Napoleon is not a bad comparison with the earlier years of Putin in power. However, in his second decade or so of power, Putin has added a form of semi-religious nationalism to that Napoleonic base.

This change would be partly due to his feelings of being ignored or rejected by the “West”, the well-known effect that a prolonged time in power has on the mind -- and his reading! I wrote about this in a

⁸ For example: <https://valdaiclub.com/a/highlights/eurasian-institutions-following-european-crisis/>

⁹ I wrote about Russia’s Greater Eurasia visions in 2018. Jeff Schubert, "Reflecting on Greater Eurasia and Its Role in the World", RIAC. April 20, 2018 See: <http://russiancouncil.ru/en/analytics-and-comments/columns/asian-kaleidoscope/reflecting-on-greater-eurasia-and-its-role-in-the-world/>

¹⁰ “Putin Hails ‘Military Glory, Traditional Values’ on Russia Flag Day”, Moscow Times, 22 August, 2022 <https://www.themoscowtimes.com/2022/08/22/putin-hails-military-glory-traditional-values-on-russia-flag-day-a78622>

¹¹ Ukraine conflict, energy crisis and ‘colonial’ West: Putin’s latest press conference <https://www.rt.com/russia/562965-ukraine-conflict-energy-crisis/>

¹² "Signing of agreements on the admission of the DPR, LPR, Zaporozhye and Kherson regions to Russia." https://kremlin-ru.translate.google.com/events/president/news/69465? x_tr_sch=http& x_tr_sl=auto& x_tr_tl=en& x_tr_hl=en& x_tr_pto=wapp

¹³ <http://www.jeffschubert.com/index.php?id=20>

¹⁴ Jeff Schubert, 2006, Ocean Publishing www.jeffschubert.com

2011 article “Putin’s dangerous reading”¹⁵, quoting Dmitry Peskov, his press secretary: “Putin reads all the time, mostly about the history of Russia. He reads memoirs, the memoirs of Russian historical state figures.” I wrote: “Reading history is an excellent way of understanding the nature of people and their actions and reactions, but that understanding then has to be applied in a contemporary context with an eye to the future – and not used to justify existing notions. Putin would be well advised to read more widely; he has already read enough Russian history!”

I also think that Putin’s obvious isolation (as evidenced by long tables) brought about by COVID19 would have exacerbated things, as he read and brooded more.

Russia now has a leader who no longer listens to proposals from various government agencies and then chooses the one he thinks best. According to an early October article in Meduza by Andrey Pertsev, Putin “would voice scenarios that he thought were likely and ask, ‘What if we do this? What will the consequences be? And what if we do it this way? Then what?’ But that’s stopped”, said a source close to the government. According to the source, after the start of the pandemic, Putin (who’s known to worry obsessively about his health) stopped consulting the ministers altogether — and limited his decision-making process to brief discussions with his ‘inner circle’ (which, in recent years, is believed to consist primarily of the heads of Russia’s security agencies).¹⁶

Now, “as things have gotten more dire for Russia on the battlefield, Putin’s position has increasingly drifted towards that of the hawks around him — while peace advocates in the government have become more pessimistic”.¹⁷

Putin has created (been allowed to create) a personalized power system with no underlying ideology which could quite easily switch – within Russian nationalist constraints – to a less anti-Western stance with a different leader. Xi (and those around him) will be aware of this.

It is unclear whether Xi Jinping fully appreciates that the new Putin is so different to the one that he has met on so many previous occasions since 2013. Putin would have been disappointed in China’s tepid support during 2022, and Xi would have been concerned with Putin’s increasing rashness. Whatever the degree of trust that existed between Putin and Xi before 24 February 2022, it will now be significantly reduced by the failures in the Ukraine.

I want to add one final point here. None of the dictators in my book could ever continually act in a totally capricious way with the country or their “lieutenants”. They all needed to take some account of the views of those around them. So, they adapted when necessary; and, indeed, this is why they held power for prolonged periods. Both Putin and Xi ultimately face similar constraints.

(2) General Russia-China Relationship

Historically, relations between China and Russia have not always been smooth. Following the establishment of the People’s Republic of China by the Communist Party of China (CCP) in 1949, China and the then USSR became allies. But differences related to communist ideology eventually emerged, and border disputes even led to military conflict in 1969. From the early 1980s, however,

¹⁵ Jeff Schubert, “Putin’s dangerous reading”, 2011,

<http://www.jeffschubert.com/index.php?id=107>

¹⁶ Andrey Pertsev, “‘People are scared shitless around him — but it’s fear without respect’ Putin is 70.

Meduza’s sources say his ‘power vertical’ is ‘collapsing’.” Meduza, October 7, 2022

<https://meduza.io/en/feature/2022/10/07/people-are-scared-shitless-around-him-but-it-s-fear-without-respect>

¹⁷ Andrey Pertsev, “‘People are scared shitless around him — but it’s fear without respect’ Putin is 70.

Meduza’s sources say his ‘power vertical’ is ‘collapsing’.” Meduza, October 7, 2022

<https://meduza.io/en/feature/2022/10/07/people-are-scared-shitless-around-him-but-it-s-fear-without-respect>

relations began to improve and a series of agreements formally settled the border between China and Russia in 2003.

Despite the gradual decline in the differences in the 1980s, the two countries seemed to do their best to ignore each other for about two decades after the collapse of the USSR in 1991. There was a Russian tendency, in the words of a former Russian diplomat, Georgy Toloraya, to “habitually look down on China”¹⁸ and Russia focused on its relationship with Europe (and the US).

Sergei Karaganov, a prominent Russian commentator who favours closer relations with China, noted in early 2018 interview with an Indian newspaper that “there are some members of the Russian elite who are fearful of China”.¹⁹ In 2015 Putin’s chief of staff at the time, Sergei Ivanov, explained why the Russian government had banned “foreign investment in a narrow strip of border zone” near China, saying: “Our population in the Far East is scarce, we don’t have enough” people.”²⁰

The moves by the European Union and NATO to expand in an easterly direction began to significantly change the Russian view of its possible relationship with the “West”. This contributed to the annexation of Crimea in 2014 when internal events in Ukraine seemed to be leading to an anti-Russian government.

According to Alexander Gabuev, this falling out with the “West” and resulting economic sanctions led the Russian leadership to the obvious conclusion that Russia needed to build a closer relationship with China, while reducing its reliance on energy exports to Europe and imports of Western capital and technology.²¹

Russia decided that it needed to remove “three key informal barriers”.²² In the future, sales of advanced weapons to China would have fewer restrictions, China would be allowed greater participation in large Russian infrastructure and natural-resource projects, and greater efforts would be made to cooperate with China in Central Asia.

Given its own concerns about separatism in the western regions (Tibet and Xinjiang) and its claims over Taiwan, China could hardly support the splitting-off of Crimea from the Ukraine or the Russian supported separatists in the Russian-Ukraine border areas. But, China could basically keep adopt a low profile on the issue and even try to subtly use the weakened position of Russia to its own advantage.

One advantage for China was that Russia’s actions sapped the focus and energy from the US “pivot to the East” by the US Obama administration. China wants to have as much control as possible over the sea approaches to its coastlines and the “pivot” was seen as a threat to China in much the same way as NATO expansion was seen as a threat to Russia.

¹⁸ Georgy Toloraya, “Two Heads of the Russian Eagle”, Russia in Global Affairs, February 13, 2017
<http://eng.globalaffairs.ru/number/Two-Heads-of-the-Russian-Eagle-18592>

¹⁹ Indrani Bagchi, “China and Russia are quasi allies”, The Times of India, February 28, 2018
<https://blogs.timesofindia.indiatimes.com/Globespotting/china-and-russia-are-quasi-allies-on-strategic-affairs-russia-and-india-have-serious-conversations-only-at-top-level/>

²⁰ Kathrin Hille and Sam Jones, “Transcript of Interview with Sergei Ivanov”, Financial Times, June 22 2015
<https://www.ft.com/content/a7c7557e-17f0-11e5-a130-2e7db721f996>

²¹ Alexander Gabuev, “Friends With Benefits? Russian-Chinese Relations After the Ukraine Crisis”, Carnegie Moscow Center, June 29, 2016

<http://carnegie.ru/2016/06/29/friends-with-benefits-russian-chinese-relations-after-ukraine-crisis-pub-63953>

²² Alexander Gabuev, “Friends With Benefits? Russian-Chinese Relations After the Ukraine Crisis”, Carnegie Moscow Center, June 29, 2016

<http://carnegie.ru/2016/06/29/friends-with-benefits-russian-chinese-relations-after-ukraine-crisis-pub-63953>

Andrei Denisov, Russian Ambassador to China has noted that “it is not a romantic union of one heart but a calculated marriage”.²³

Irina Kobrinskaya wrote in 2016 about a “range of complex and contradictory Russian attitudes toward China: from dramatic forecasts of rampant Chinese expansion into the Far East and Siberia to a future where Russia and China work together as strategic partners overpowering the West’s weakening hegemony.”²⁴

A 2016 Valdai Discussion Club report, “Toward the Great Ocean 4” report, said “fears and uncertainties persist. Russia fears that China will turn toward the US. In China many are afraid that Russia will cave in under the weight of its geostrategic commitments and revert to quasi-colonial status in relations with the West.”²⁵

Most Russian advocates of closer Russian-Chinese relations do not necessarily want a “formal” military alliance. In the view of Karaganov and others, a “Greater Eurasia” macro-bloc is only viable if “China does not claim hegemonic status in the region”.²⁶

In my view, the Russia-China relationship as it now exists is mainly a creature of the relationship between Presidents Vladimir Putin and Xi Jinping and whatever difficulties both countries are having in their external security environments. If Putin and Xi are attracted to each other, it is the US that has pushed them into their embrace.²⁷

Dmitri Trenin, of the Carnegie Moscow Center, seemed satisfied with the situation when he succinctly summed up the relationship saying it is “founded on the premise that the two will never turn against each other, but neither will they automatically follow each other: a fine combination of reassurance and flexibility”²⁸

A September 2022 Valdai paper, “Russia-China Strategic Partnership in the Context of the Crisis in Europe”²⁹ says that “when future historians will look for the starting point of the collapse of the old international order and the rise of a new world order where a small group of powers can no longer claim undivided leadership, they can begin with February 24, 2022”.

While acknowledging some sanctions caused difficulties between Russia and China, and – in my view – optimistically painting a positive picture of future developments, the Valdai paper concludes that “in their decision to openly confront Russia over Ukraine, the Western countries underestimated the scale and depth of the Russia-China strategic partnership in the new era”.

This Valdai paper is typical of many of its previous reports in attempting to promote a – in my view – unrealistic or even romantic vision of the Russia-China relationship.

²³ Country Report: Russia”, The Asan Forum, November 24, 2016 <http://www.theasanforum.org/country-report-russia-november-2016/>

²⁴ Irina Kobrinskaya, “Is Russia Coming to Terms with China’s ‘Silk Road’?”, Russia in Global Affairs, December 30, 2016 <http://eng.globalaffairs.ru/PONARS-Eurasia/Is-Russia-Coming-to-Terms-with-Chinas-Silk-Road-18526>

²⁵ “Toward the Great Ocean 4: Turn to the East – preliminary results and new objectives”, Valdai Discussion Club, 2016 <http://valdaiclub.com/files/11431/>

²⁶ Sergei A. Karaganov, “From the Pivot to the East to Greater Eurasia”, Russian Embassy to UK, 24 April 24, 2017 <https://www.rusemb.org.uk/opinion/50>

²⁷ In June 2018, I met with a senior Chinese official who was visiting Russia as part of his BRI promotion responsibilities. He volunteered, with a laugh, that Russia and China partially had Donald Trump to thank for bringing them closer.

²⁸ Dmitri Trenin, “National Interest, the Same Language of Beijing, Washington and Moscow”, Global Times, December 29, 2016 <http://www.globaltimes.cn/content/1026358.shtml>

²⁹ Timofei Bordachev , Vasily Kashin , Nikita Potashev , Egor Prokhin , Veronika Smirnova , Alexandra Yankova, "Russia-China Strategic Partnership in the Context of the Crisis in Europe", Valdai Discussion Club, 9 June 2022 <https://valdaiclub.com/a/reports/russia-china-strategic-partnership/>

E. Regional Issues

(1) Eurasia Economic Union (EAEU)

“At the core”, according to Irina Kobrinskaya writing in 2016, “Moscow views Chinese regional policy through the prism of Russia’s own efforts to strengthen economic (ie EAEU) integration within the post-Soviet space.”³⁰ This probably remains the case, but in my view Russia’s efforts have been undermined by events in Ukraine.

The EAEU consists of Russia, Belarus, Kazakhstan, Kyrgyzstan and Armenia. Efforts to attract Uzbekistan, Tajikistan and Turkmenistan have failed for various reasons. According to its internet site, the EAEU is an international organization for regional economic integration. It “provides for free movement of goods, services, capital and labor, pursues coordinated, harmonized and single policy in the sectors determined by the Treaty and international agreements within the Union.”³¹

There is no provision for common foreign policy and security arrangements, which has given Kazakhstan room to manoeuvre as it expressed views on Russian actions in Ukraine.

Li Ziguo of the China Institute of International Studies notes that Russian stitched together the EAEU by offering costly “benefit lures” such direct payments, subsidies, and preferential tariff and import rule exceptions. He summarizes the issue in the following way: “While the European Union puts forward various requests to applicant countries if they want to join the union, the situation in the EAEU is totally opposite: applicant countries put forward various requests before they agree to join the union.”³²

The RIAC 2022 report says “Chinese commentators note that while the EAEU’s adoption of hundreds of decisions and recommendations during the year is testament to the willingness of the member states to work together towards a common vision for the further development of the association, none of this led to a breakthrough in practice”.

The RIAC 2022 report acknowledges some differences in views. “According to Chinese experts, the ‘bottlenecks’ in integration within the EAEU have still not been eliminated. First, Russia’s capacity for providing economic benefits to its EAEU partners is limited due to the dynamics of its development. Second, the Chinese side believes that the governance structure of the EAEU is centred on Russia, and the other member states have concerns about transferring some of their sovereignty to the supranational level. Third, the similarity of economic structures and export models among the EAEU member states can lead to competition in the markets.”

The RIAC 2022 report contains a section on Russia-China Interaction in Central Asia”. It says that “Russia has several specific interests in the region. First, Central Asia appears to be a key participant in the Eurasian integration process under the aegis of Russia” and that Moscow will make every effort to strengthen the leading role of the EAEU in the region.” “Second, Central Asia is a strategically important region in terms of energy cooperation.”

“Third, Moscow is interested in labour migration from Central Asia” because it helps “compensate for the shortage of labour in low-level positions”, “helps maintain social stability in the countries that

³⁰ Irina Kobrinskaya, “Is Russia Coming to Terms with China’s ‘Silk Road’?”, Russia in Global Affairs, December 30, 2016

<http://eng.globalaffairs.ru/PONARS-Eurasia/Is-Russia-Coming-to-Terms-with-Chinas-Silk-Road-18526>

³¹ <http://www.eaeunion.org/?lang=en#about>

³² Li Ziguo, "Eurasian Economic Union: Achievements, Problems and Prospects", China Institute of International Studies" August 19, 2016 http://www.ciis.org.cn/english/2016-08/19/content_8975486.htm

export migrants” (remittances from migrant workers are important for most Central Asian countries); and “promotes Russian soft-power” in the region.

EAEU members may fear Russia, with the example of Crimea clear to all, but neither do they want to be left alone in the face of rising Chinese power and assertiveness. In my view, the future of the EAEU is not bright, although it is not about to collapse any time soon.³³

In light of the Russian invasion of Ukraine, Kazakhstan is showing a quite strong streak of independence. It has never recognized Crimea as part of Russia and Kazakh President Kassym-Jomart Tokayev has openly refused to support Russia in 2022. Domestically, Kazakhstan has countered any signs of support for Russia’s war on Ukraine among Kazakh society by banning Russian military propaganda symbols and cancelling the May 9 Victory Day parade.

Russia, in turn, seems to have decided to get punish Kazakhstan by on more than one occasion reducing – for claimed “maintenance” reasons – the flow of Kazak oil through the Caspian Pipeline Consortium (CPC). This pipeline which goes to the Russian port of Novorossiysk on the Black Sea, handles 80% of Kazakhstan’s oil exports.

(2) Belt and Road Initiative (BRI)

The RIAC 2022 report section on Russia-China Interaction in Central Asia” says that “China’s interests in Central Asia are connected with the following factors:

“First, it is important to have a favourable situation in the region in order to maintain security, stability and a high level of development in China’s western provinces. Overall, the countries of Central Asia pursue a multi-vector and balanced foreign policy, not focussing on any one power, and supporting peaceful coexistence and cooperation within the region, which is in Beijing’s interests.”

“Second, Central Asia is important for China in terms of energy diversification. China maintains an entire oil and gas supply network that includes Central Asia, and this makes it possible to guarantee the country’s energy security. Energy trade also helps to strengthen cooperation, which meets the economic interests of the respective Central Asian countries.”

“Third, Central Asia is an important region for the BRI. Through the construction of the Silk Road Economic Belt (SREB) and the implementation of various projects connected to it, Beijing is doing its bit to increase infrastructure connectivity and the effectiveness of business operations in the region and improve the conditions for integrating the region into global value chains.”

“Fourth, by expanding large-scale, cross-level, multidisciplinary exchanges and deepening humanitarian cooperation, Beijing is strengthening mutual understanding between the peoples of China and Central Asia, especially among the younger generation, creating a regional community of common destiny.”

(3) EAEU-BRI

In 2011, Vladimir Putin published wildly ambitious article in a Russian newspaper foreshadowing the creation of a “powerful supranational association” capable of “serving as an efficient bridge between Europe and the dynamic Asia-Pacific region”, and even a “harmonious community of economies from Lisbon to Vladivostok, about a zone of free trade and even more advanced forms of integration”.³⁴

³³ For a more detailed consideration of the EAEU, see Jeff Schubert, “New Eurasian Age: China’s Silk Road and the EAEU in SCO Space”, April 5, 2017 <http://russianeconomicreform.ru/2017/04/chinas-silk-road-and-the-eaeu-in-sco-space/>

³⁴ Владимир Путин, “Новый интеграционный проект для Евразии — будущее, которое рождается сегодня”, октября 3, 201 <https://izvestia.ru/news/502761>

Despite the limited nature of the EAEU integration finally achieved in 2015 – or possibly because of it – in 2016, Putin put forward an initiative to create a “greater Eurasian” partnership “involving the EAEU and countries with which we already have close partnership – China, India, Pakistan and Iran” and “other interested countries and associations”.³⁵

Later in 2016 Putin spoke about coordinating the work of the EAEU and the SREB part of BRI to “promote an extensive Eurasian partnership, which promises to evolve into one of the formative centres of a vast Eurasian integration area.”³⁶

At the May 2017 Belt and Road Summit in Beijing, Putin said: “I believe that by adding together the potential of all the integration formats like the EAEU, the OBOR (One Belt. One Road now known as BRI), the SCO and the ASEAN, we can build the foundation for a larger Eurasian partnership”.

While Putin spoke of the “extensive Eurasian partnership” evolving in a “vast Eurasian integration area”, some Russian analysts referred to “a partnership or community of Greater Eurasia”.³⁷ A succession of Valdai Discussion Club reports -- under the influence of Sergei Karaganov – with the general motto “Towards the Great Ocean” calling for “the transformation of Central Eurasia into a zone of joint development” by combining the SREB with the Russian EAEU project^{38 39} were released over the next few years.

References to “security” eventually were eventually included in these reports, with a “rejuvenated SCO with China, India, Kazakhstan, Pakistan, other regional powers, and eventually Iran.”⁴⁰ That is, a “Community of Greater Eurasia” geopolitical bloc which will include “China, Russia, India, Kazakhstan, Iran, and many other states”.

However, whereas Kazakhstan continually gets a separate mention in the Valdai reports, Putin never separately mentioned Kazakhstan – but rather always envisages it participating in Eurasian integration as part of the EAEU and not as an individual country.

It is noteworthy that when Xi Jinping visited Kazakhstan just prior to this year’s SCO summit in Uzbekistan, according to Chinese media he specifically said that “China will always support Kazakhstan in maintaining national independence, sovereignty and territorial integrity”⁴¹.

A 2016 RIAC report says that “when it comes to maintaining security in Central Asia, Russia’s role significantly exceeds that of China. This is due to well-developed bilateral relations with the region’s

³⁵ Plenary session of St Petersburg International Economic Forum, June 17, 2016

<http://en.kremlin.ru/events/president/news/52178>

³⁶ Vladimir Putin, speech on subject of “The Future in Progress: Shaping the World of Tomorrow”, Valdai Discussion Club, October 27, 2016

<http://valdaiclub.com/events/posts/articles/vladimir-putin-took-part-in-the-valdai-discussion-club-s-plenary-session/>

³⁷ Sergei A. Karaganov, “From the Pivot to the East to Greater Eurasia”, Russian Embassy to UK, April 24, 2017

<https://www.rusemb.org.uk/opinion/50>

³⁸ “Toward the Great Ocean – 3: Creating Central Eurasia” Valdai Discussion Club, April 2015 <http://valdaiclub.com/files/17658/>

³⁹ Toward the Great Ocean 4: Turn to the East – preliminary results and new objectives”, Valdai Discussion Club, 2016 <http://valdaiclub.com/files/11431/>

⁴⁰ Sergei A. Karaganov, Kristina I. Cherniavskaia, Dmitry P. Novikov, “Russian Foreign Policy Risky Successes”, Perspectives, Spring 2016

[https://we.hse.ru/data/2016/08/15/1117920075/Harvard International Review.pdf](https://we.hse.ru/data/2016/08/15/1117920075/Harvard%20International%20Review.pdf)

⁴¹ Putin concedes China has ‘questions and concerns’ over Russia’s faltering invasion of Ukraine. By Nectar Gan, CNN. September 15, 2022

<https://edition.cnn.com/2022/09/15/asia/xi-putin-meeting-main-bar-intl-hnk/index.html>

countries in the military and political area, and also due to Russia's leading role in the CSTO (Collective Security Treaty Organization)."⁴²

China, on the other hand, is seen as lacking both the knowledge and willingness to exert a military presence in much of the Eurasian land mass to ensure its own vital economic and security interests. A 2018 Valdai report, says "Chinese geostrategy is based on Russia's military might, given the countries' close and trusting relationship".⁴³

On their side, the Chinese have few ideas of their own about Greater Eurasia and – in my experience – when asked about it are likely to refer to the writings of Karaganov and express scepticism. According to Ka-Ho Wong, writing in a RIAC 'blog', "A Comparative Study of the Greater Eurasian Partnership: The Chinese and Russian Perspectives", "Chinese scholars understand the Greater Eurasian Partnership by reading Sergei Karaganov's articles and the relevant Valdai club reports".⁴⁴

Ka-Ho Wong says that Russian scholars perceive the "Greater Eurasian Partnership" initiative as "grand strategy", while Chinese scholars consider it an "opportunistic move" by Russia to cope with its "international isolation". The Chinese consider the idea to have a "bleak future" because of its "vagueness" and "strong political sense". They consider Russia a "Eurocentric country" which will abandon the partnership "following rapprochement with the West".

"Meanwhile", Ka-Ho Wong adds, "the EAEU has suffered from institutional deficiency and consequently most cooperation between China and the EAEU member states is on the bilateral level".

In my own experience, the ideas of Karagaonov and Eurasia (or Greater Eurasia) are often derided by more European orientated Russians working in the foreign policy area. This is particularly the case when he tells foreign visitors to Russia that "we are now Eurasians". A published critique by myself is available here.⁴⁵

The RIAC 2022 report contains a section on "Russia-China Interaction in Central Asia". It says that "despite the barriers to cross-border exchanges that are currently in place due to the COVID-19 pandemic, China's economic influence in Central Asia is growing".

The report says that "Chinese experts believe that the prospects for creating a political alliance in the region, including on the basis of the EAEU, are slim at best. Some countries in the region are concerned that such an alliance would harm their status as independent sovereign states. What is more, one of the motivating factors for the less economically developed countries in Central Asia when joining the EAEU was the possibility of creating new partnership opportunities with Russia. To maximize their gains, Central Asian states are pursuing a balanced and pragmatic foreign policy, manoeuvring between the major powers. If the EAEU's economic momentum slows down, then they are likely to start strengthening relations with China or the United States."

⁴² RIAC, Working Paper, "Prospects for Russian-Chinese Cooperation in Central Asia", 28/2016

http://russiancouncil.ru/en/inner/?id_4=7724#top-content

⁴³ Timofei Bordachev, Vasily Kashin, Alexnder Korolov, Alexei Kupriyanov, Fyodor Lukyanov, Veronika Shumkova and Dmitry Suslov, "The Rise of Rimland: The New Political Geography and Strategic Culture", Valdai Discussion Club, June 18 2018 <http://valdaiclub.com/a/reports/rise-of-rimland/>

⁴⁴ Ka-Ho Wang, "A Comparative Study of the Greater Eurasian Partnership: The Chinese and Russian Perspectives", RIAC 31 May, 2018 <http://russiancouncil.ru/en/blogs/frankywongk/a-comparative-study-of-the-greater-eurasian-partnership-the-chinese-an/>

⁴⁵ Jeff Schubert, "Reflecting on Greater Eurasia and its Role in the World", RIAC, April 20, 2018 <http://russiancouncil.ru/en/analytics-and-comments/columns/asian-kaleidoscope/reflecting-on-greater-eurasia-and-its-role-in-the-world/>

Yet at the same time – and surprisingly, in my view – the RIAC 2022 report says that “Chinese commentators believe that the natural choice for the EAEU in the long term is thus to strengthen ties with the BRI.”

In my view, despite the emphasis of many on EAEU in Russian relations with China, the reality is that in Chinese thinking the EAEU will necessarily rank a far second to any direct bilateral ties with any country.

(4) Shanghai Cooperation Organization (SCO)

The SCO was initially formed in 1996 as the “Shanghai Five”, which in addition to China included four countries (Russia, Kazakhstan, Tajikistan and Kyrgyzstan) which had a border with it. The main purpose was settling border disputes following the collapse of the USSR. Uzbekistan joined in 2001 and the group became officially known as the “Shanghai Cooperation Organization” (SCO). The “Shanghai Convention on Combating Terrorism, Separatism and Extremism” was signed which defined the main goals of the SCO as the fight against the “three evil forces”, being terrorism, separatism and extremism.

Vladimir Putin will have been disappointed with the results of the annual SCO Council of Heads of State held in Samarkand, Uzbekistan, on 15-16 September.

At a meeting of SCO security council secretaries held in Tashkent in August, prior to the September summit, Russian Security Council Secretary Nikolai Patrushev promoted Russia’s aspiration to make the SCO the center of resistance to the West. It was reported that he “repeatedly mentioned the global confrontation, in which, in his opinion, Moscow and its SCO partners are on the same side.”⁴⁶

And speaking about Regional Cooperation 2022 drills under US command that took place in Tajikistan in August, with the participation of military personnel from Uzbekistan, Kazakhstan, Kyrgyzstan, Mongolia, and Pakistan, Nikolai Patrushev emphasized: “I would like to reiterate to our partners that, above all, the Americans need such events in order to study the potential theater of military operations, specify the positions of potential targets and adjust digital maps for high-precision weapons. I really hope that all the SCO member states by now realize the extremely high risks that these American initiatives present for our security.”⁴⁷

At the SCO Council of Heads of State meeting, Putin was publicly chided by Indian prime minister Modi who said that “I know today’s era is not an era of war and we have talked to you many times over the phone on the subject”⁴⁸. In reply to Modi, Putin said “we will do our best to stop this as soon as possible”, citing “concerns that you constantly express”.

In his speech before the meeting with Modi, Putin had to recognise Chinese disquiet with developments. Putin said he acknowledged Chinese “concerns” about the Russia’s activities in Ukraine. While he praised Beijing’s “balanced position”, Putin said he would explain himself on the sidelines of the meeting. By contrast, Xi did not mention Ukraine at all in his remarks, stating instead

⁴⁶ Alexander Vorontsov, What to Expect From the SCO Summit in Samarkand”, 9 Sept. 2022 <https://valdaiclub.com/a/highlights/what-to-expect-from-the-sco-summit-in-samarkand/>

⁴⁷ Alexander Vorontsov, What to Expect From the SCO Summit in Samarkand”, 9 Sept. 2022 <https://valdaiclub.com/a/highlights/what-to-expect-from-the-sco-summit-in-samarkand/>

⁴⁸ Narendra Modi chides Vladimir Putin over Ukraine war

<https://www.ft.com/content/d0ac0361-c101-4605-ba22-ee20f9f92233>

that China was "willing to work with Russia to demonstrate the responsibility of big powers" and to "instil stability and positive energy in a world of chaos".⁴⁹

The comments of Modi and Xi in Samarkand show that India and China are clearly not signing up to the Patrushev vision of the SCO. This should not have been a surprise, as the SCO has a very diverse membership including. Indeed, in my view, it is amazing that Russia expected anything otherwise, and the Patrushev's comments may tell us something about the standard of thinking in some parts of the Russian leadership!

Denisov and Safranchuk have previously argued that China tends to see the SCO as an authoritative "regional organization" aimed at "stability and security in the Central Asian region", whereas Russia is wary of the "Asian format" for Central Asia (ie its historical backyard) and tends to see the SCO as part of a new "international architecture"⁵⁰ – as suggested by Nikolai Patrushev's lobbying!

Russia would like to see the expanded SCO is "a crucial geopolitical instrument that challenges the global order led by the West"⁵¹ and a part of its Greater Eurasia concept.

However, in reality there are in reality clearly limits to this!

Past Chinese attempts to give the SCO a greater economic focus were largely unsuccessful. In a 2017 interview with Kommersant, a Russian newspaper, Russia's "special representative for SCO affairs", said that while China is "in favor of active progress" on a free trade area within the SCO, Russia is in no hurry.⁵² When pressed on the relationship between the SCO, the EAEU and "Eurasian integration", he stated that "Russia consistently resolves that the priority task is the construction of the EAEU".

The reality is that if there is to be any sort of free trade area on the Eurasian landmass, Russia does not want the SCO involved because any SCO based free trade agreement would give too much power to China. Moreover, Russia does not want individual Central Asia countries, as individual members of the SCO, directly involved in trade agreements with China. Instead, it wants the EAEU – under Russian domination – to be an equal "partner" of China and its SREB (part of BRI).

Free-trade was not mentioned in the 2017 or 2018 SCO official communications, despite mentions in previous years. In my view, the absence of a "free trade" reference in more recent SCO official commentary reflected the fact that China was feeling increasingly confident about what could be achieved with its BRI – without, if necessary, the formal or informal support of other SCO members.

⁴⁹ Szu Ping Chan, "Isolated Putin left at Beijing's mercy as his disastrous war backfires"<https://www.msn.com/en-us/money/other/isolated-putin-left-at-beijing-s-mercy-as-his-disastrous-war-backfires/ar-AA11XnvS?ocid=msedgntp&cvid=59bdb848d8f943f189bc87897f67fcc7>

⁵⁰ I. E Denisov and I. A. Safranchuk, "Four Problems of the SCO in Connection with Its Enlargement", *Russian Politics and Law*, vol. 54, nos. 5–6, 2016, pp. 494–515, 2016
<http://www.tandfonline.com/doi/abs/10.1080/10611940.2016.1296304?journalCode=mrup20>

⁵¹ "Russian-Chinese Dialogue: the 2017 Model", RIAC Report 33/2017
<http://russiancouncil.ru/papers/Russia-China-Report33-En-Preprint.pdf>

⁵² Михаил Коростиков и Елена Черненко (Mikhail Korostikov and Elena Chernenko), "Членство в ШОС не приглашение на чай" ("Membership in the SCO is not an invitation to tea"), *Kommersant*, April 4, 2017,
<http://www.kommersant.ru/doc/3275166>

From Russia's point of view the addition of India (along with Pakistan in June 2017) was largely pushed by it on the basis that the "inclusion of such an important continental power will only increase the weight of the SCO".⁵³ China eventually agreed provided that Pakistan was also invited to join.

Dmitry Trenin wrote that the inclusion of India and Pakistan made "sense for Russia as it seeks to position itself in the geopolitical context of Greater Eurasia" and that "Moscow's strategic goal is to embed China in a web of friendly arrangements and thus to alleviate Beijing's propensity to act unilaterally."⁵⁴

Yan Xuetong, a prominent Chinese commentator, wrote that China had "resisted the expansion for many years, but at some point this resistance in itself began to worsen its relations with Russia and India".⁵⁵

The RIAC 2022 report says that despite Russia's resistance in the past, "increased economic cooperation will be the SCO's main strategic task for the next decade" and that "the parallel and coordinated development of the BRI and the Greater Eurasian Partnership project with the involvement of ASEAN, EAEU and the SCO states, as well as other countries and regional associations is prioritized."

Indeed, in my view, the divergent foreign policy views of SCO members means that there is little choice other than focus on economic issues – although Afghanistan may be the exception!

The RIAC 2022 report says that "SCO leaders approved Iran's membership application at the 20th SCO Summit in 2021. It will become the ninth member state, although its flag will only be raised in the SCO Secretariat after the country ratifies previously adopted legal acts that are binding on all members. (It took two years for India and Pakistan to do this.)" It is worth noting that Turkey has announced that it will seek to join the SCO,⁵⁶ most likely as a way of increasing its influence in the region.

F. Specific Issues of Russia-China Relationship

(1) Social / People

Former Russian diplomat Georgy Toloraya is certainly correct when he says that "Russia still remains an integral part of the European Judeo-Christian civilization" and "the Russian political class still does not know the East, and all its knowledge of it is often reduced to trite clichés".⁵⁷

The Russia-China relationship also suffers from a significant language barrier, as both languages are difficult to learn and most discourse occurs via English – a fact which, in itself makes the users more inclined to look for contact in other countries where English is more common.

⁵³ Александр Габуев (Alexander Gabuev), "Больше, да хуже. Как Россия превратила ШОС в клуб без интересов" ("More, yes, worse. How Russia transformed the SCO into a club without interests"), Carnegie Center, Moscow, June 13, 2017 <https://carnegie.ru/commentary/71212>

⁵⁴ "Shanghai Cooperation Organization at Crossroads: Views From Moscow, Beijing and New Delhi", CarnegieMoscow Center, June 9, 2017 <https://carnegie.ru/commentary/71205>

⁵⁵ Yan Xuetong, "Не понимаю, почему Россия не настаивает на формировании альянса с Китаем" ("I do not understand why Russia does not insist on forming an alliance with China"), Kommersant, March 17, 2017 <http://www.kommersant.ru/doc/3243633>

⁵⁶ Erdogan reveals Turkey's latest goal Ankara seeks to formally join the Shanghai Cooperation Organization, Turkey's president has said

<https://www.rt.com/news/563009-erdogan-turkey-sco-membership/>

⁵⁷ -Georgy Toloraya, "Two Heads of the Russian Eagle", Russia in Global Affairs, February 13, 2017 <http://eng.globalaffairs.ru/number/Two-Heads-of-the-Russian-Eagle-18592>

What will be the organizational management implications as Russian interaction with Westerners and Western organizations is reduced (due to both sanctions and the self-sufficiency drive)? Will Chinese and Chinese organizations help Russia in this area?

In 2019, Agge V. Nielsen⁵⁸, a European businessman with much experience in Russia wrote that Russian management techniques lagged those in Europe, summarising it this way: “Combine Russian engineers with Western management skills, culture and habits, and you have a winner!” He wrote that “investments in technology, production facilities, support systems, etc. are one side of the coin, but the success of these investments depends on the ‘soft’ side of the coin, ie the ability to adapt management, middle and operational management, and other employees’ skills and culture in order to ensure improved productivity.” Nielsen, based on his extensive experience, says that many Russian companies lack these “soft skills”.

Will Chinese be able to supply these “soft skills”? As is the West, there is no uniform Chinese management approach. For example, Lenovo and Huawei have very different management approaches with the former being more in internationally orientated.⁵⁹ Given current political and social trends in China, I suggest that any Chinese management techniques that permeate into Russia will be of limited value, particularly as they tend to be more hierarchical. It is worth noting that the very high level of Chinese Foreign Direct Investment in (“resource cursed”) Australia has not had any noticeable effect on Australian business management practice.

(2) Economic

COVID19 has had very significant effects in a variety of areas and continues to do so. Chinese tourism in Russia has collapsed, and my former business management class in Irkutsk which had 75 Chinese physically present first-year students in 2019, now has none. Such a collapse in personal contact has implications for the development of broader economic relations.

This year’s RIAC report, “Russia-China Dialogue: the 2022 Model” has a section entitled “Overcoming the Effects of the Pandemic in Bilateral Relations in 2021-2022: Successes and Limitations”.

The report says that “trade between China and the EAEU countries has developed very successfully, despite the negative impact of the coronavirus pandemic. In late 2021, China became the main export destination for EAEU products with a share of 15.1 percent, and the main supplier of goods to the EAEU market (27.4 percent).”

The RIAC 2022 report has a section on “Economic Interaction Mechanisms in Eurasia”. It claims “the sanctions against Moscow may actually help strengthen regional cooperation. For instance, the sanctions pressure on the economies of Russia and Belarus could prompt EAEU members to switch completely to mutual payments in national currencies (74 percent of payments in EAEU trade are currently carried out in this manner).”

Indeed, at the recent Eastern Economic Forum in Vladivostok, Putin said that “Gazprom and its Chinese partners decided to switch to 50/50 transactions in rubles and yuan with respect to gas payments”.

In my view, Russia’s drive for economic self-sufficiency will tend to limit the development of its bilateral economic relations with China.

⁵⁸ Agge V. Nielsen, Managing Director and Senior Partner, Vitus Bering Management Ltd and Deputy Chairman of the AEB Working Group on Modernisation & Innovations, “Improving productivity in Russian-based companies: challenges and barriers”, Association of European Business Quarterly Magazine, Spring 2019.

⁵⁹ Elliott Zaagman, “Thinking about working for a Chinese company? First, find out if it’s a ‘Lenovo’ or a ‘Huawei’”, Supchina, 2018

<https://supchina.com/2017/10/09/thinking-working-chinese-company-first-find-lenovo-huawei/>

The Eurasia Daily Monitor reported that in July, Deputy Prime Minister Denis Manturov told the Russian Duma about the need to take a turn “from absolutist market-type industrial policy toward a policy aimed at securing industrial sovereignty”⁶⁰. He particularly mentioned that industries such as electronics, machine tools and chemistry “should be paid special attention”.

According to Viktor Slavyantsev, head of projects of the highest category of innovative development of the state corporation Rostec, the dependence of Russian companies of the radio-electronic complex on imported materials is very high. At a conference in August, he reportedly said: “We really should be proud of some technological areas, such as nuclear technology, air defense and missile defense technology, hypersonics, but we have many problems, primarily from the point of view of the radio-electronic industry, where import dependence on functional and critical materials for companies in the radio-electronic complex is still at over 90%.”⁶¹

Andrey Frolov, Editor-in-Chief of “Arms Export” magazine, writing in a late 2017 ISS report, says that “one of the main problems with import substitution is the lack of a modern machinery base for the production of goods to replace those previously acquired from abroad”. He added that access to imported machines tools “is emerging as one of the most important issues, especially under the current restrictions on obtaining new machine tools suitable for the production of military products and dual-use goods”.⁶²

And only 30% of machine tools are Russian-made and local industry doesn’t have the capacity to cover rising demand. Indeed, according to FOI (the Swedish Defense Research Agency), Russian machine tool builders “have so far overlooked the on-going paradigm shift, where especially high-end machine tool companies are transforming from being merely manufacturers to becoming ‘process solution partners’ that are more or less integrated into their customer’s entire business and manufacturing processes”.⁶³

The FOI report says that the Chinese versions tend to be cheaper and of lower quality than those of the West. It thus asks: “Is Russia prepared to cultivate sufficiently good relations with the West to get what it needs in high-end machine tools, or will it make do with what it can find from wherever it can get it? Either of those choices might in their own way deny Russia from meeting its long-term geostrategic goals.”⁶⁴

Fearing the effects of continued foreign sanctions, the Russian government has attempted to be pro-active and promote domestic production of machine tools. The FOI report says that “the government’s efforts to ban foreign-made machine tools in military-related production have turned out to be futile” as “most defense companies have either chosen to deliberately circumvent the import ban or to abstain from their planned capital investments”. The latter response obviously has long-term consequences that will often remain hidden in the short-term.

⁶⁰ Sergey Sukhankin, Eurasia Daily Monitor Volume”, September 7, 2022

<https://jamestown.org/program/gosplan-2-0-is-russia-taking-another-step-toward-a-planned-economy/>

⁶¹ Ростех: зависимость российских компаний в сфере радиоэлектроники от импорта выше 90%

https://tass.ru/ekonomika/15547653?utm_source=t.co&utm_medium=referral&utm_campaign=t.co&utm_referrer=t.co

⁶² Andrey Frolov, “Defence Technologies and Industrial Base”, in Richard A. Bitzinger and Nicu Popescu, Editors, “Defense industries in Russia and China: players and strategies”, Institute for Security Studies, November 2017

https://www.iss.europa.eu/sites/default/files/EUISSFiles/Report_38_Defense-industries-in-Russia-and-China.pdf

⁶³ Tomas Malmlöf, “The Russian machine tool industry: Prospects for a turnaround?”, FOI-R--4635--SE, February 2019 <https://www.foi.se/rest-api/report/FOI-R--4635--SE>

⁶⁴ Tomas Malmlöf, “The Russian machine tool industry: Prospects for a turnaround?”, FOI-R--4635--SE, February 2019 <https://www.foi.se/rest-api/report/FOI-R--4635--SE>

The FOI report adds that it “seems highly likely that production within Russia’s strategic industries – particularly within the defense industry – will rely, by and large, on foreign machine tools well into the 2030s”.⁶⁵

A Ministry of Industry and Trade document reportedly states that as early as 2022, the share of Russian LNG equipment of plants “based on Russian LNG technology” is 40%.⁶⁶

An August RUSI report says that in addition to multiple changes in the personnel in charge of various industry and policy sectors, the peak private industry lobby group, the Russian Union of Industrialists and Entrepreneurs (RSPP), announced that it would establish a new Coordination Council on import substitution and technological independence:

“The co-chair of the RSPP’s council has been announced as Katerina Tikhonova, whom Russian media have identified in the past as Putin’s daughter. The RSPP has now been specifically tasked with reducing Russia’s reliance on foreign imports, and Tikhonova’s projects are reportedly personally overseen by Putin. This emphasises the clear personal importance of the import substitution regime to Putin, and the appointment of Tikhonova suggests a likely higher degree of oversight over the RSPP’s activities from the Kremlin.”⁶⁷

The reality is that, despite the long border, non-energy related real business contact between Russia and China is quite limited. At the 2016 RIAC conference on Russia-China relations in Moscow which I attended, a senior Chinese official indicated that the economic relationship needed to move on from state owned entities (such as Gazprom and Rosneft) to middle sized and smaller firms.⁶⁸ But, progress in adding smaller deals to the big energy related transactions is very slow.

While it was clear after the events in Crimea that there was little Russian could sell to China besides energy and other natural resources, many in the Russian political and business leaderships were hopeful for increased Chinese support in the form of loans and investments. But, even here there was to be disappointment. Towards the end of 2016, Russian Ambassador to China, Denisov noted: “About a year ago, Russian businessmen had the impression that they could go with open pockets, and the Chinese would fill them with money. Now there is a more sober approach, cognizant of the fact that the Chinese are not inclined to take risks.”⁶⁹

But now seemingly ever increasing economic sanctions on Russia are making life even more difficult.

⁶⁵ Tomas Malmlöf, "The Russian machine tool industry: Prospects for a turnaround?", FOI-R--4635--SE, February 2019 <https://www.foi.se/rest-api/report/FOI-R--4635--SE>

⁶⁶ Поддержка СПГ разжигается
https://www.kommersant.ru/doc/5525363?utm_source=newspaper&utm_medium=email&utm_campaign=newsletter

⁶⁷ Emily Ferris, “A recent series of personnel changes in the Russian government highlights a growing emphasis on self-reliance in order to counter the impact of international sanctions”, RUSI, August 2022

<https://rusi.org/explore-our-research/publications/commentary/decoupling-russia-kremlin-reshuffle-reveals-focus-self-reliance>

⁶⁸ Gleb Fedorov, “Target \$200 bln: Russia, China explore ways to stimulate trade”, Russia Beyond the Headlines, 2 June 2106

http://rbth.com/international/2016/06/02/target-200-bln-russia-china-explore-ways-to-stimulate-trade_599467

⁶⁹ Country Report: Russia”, The Asan Forum, 24 November 2016 <http://www.theasanforum.org/country-report-russia-november-2016/>

“It is not uncommon for Chinese banks to be extremely cautious about their clients from Russia,” according to Alexei Dakhnovsky, Trade Representative of the Russian Federation in the PRC.⁷⁰ Russia is encountering difficulties in the global expansion of its payment system set up to circumvent Ukraine-related sanctions. “We are working with many regulators from many countries to extend the use of Mir bank cards but we are running into difficulties,” Russian Central Bank chief Elvira Nabiullina said.⁷¹ Foreign banks were reluctant to join the Mir system as they are “trying to minimize the risk of (potential) sanctions against them.”

While some lesser known Chinese companies with little or no business dealing with the West have increased their activities in Russia, larger companies with such business dealings are being much more cautious. The Huawei office in Moscow has furloughed Russian staff and moved others to Kazakhstan and Uzbekistan.⁷² Huawei is however expected to continue to supply Russia with critical telecom equipment and data storage systems that are made without using U.S. technology, Forbes reported.⁷³

Investment deals are also being affected. China’s state owned Sinopec has reportedly suspended talks for a major petrochemical investment and a gas marketing venture with Sibur, Russia’s largest petrochemical producer⁷⁴.

In July the Financial Times quoted a report by the Green Finance & Development Center at Fudan University in Shanghai as saying that China “struck no new deals with Russian entities under the BRI programme in the first half of 2022”⁷⁵ The article went on to say that “official lending commitments from China to Russia from 2000 to 2017 totalled \$125.4bn, according to AidData, an international research lab at the College of William & Mary in Virginia. That includes \$58bn from the China Development Bank and \$15bn from China Eximbank, China’s two big policy banks”.

Reconciling data from different sources is often very difficult. However, the “China Global Investment Tracker”⁷⁶, jointly produced by The American Enterprise Institute and The Heritage Foundation does not list any Chinese “investments” into Russia in the first half of 2022. The Tracker does not make any attempt to identify “official lending” from any other financial flows, or indicate what is under the “BRI programme”.

⁷⁰ China is increasing purchases of Russian raw materials, but not the supply of equipment
https://www.kommersant.ru/doc/5548724?from=top_main_6

⁷¹ Expansion of Russia's Payment Faces 'Difficulties'
<https://www.themoscowtimes.com/2022/09/17/-18-a78821>

⁷² China’s Huawei Moves Russian Staff to Central Asia – Vedomosti
<https://www.themoscowtimes.com/2022/09/05/chinas-huawei-moves-russian-staff-to-central-asia-vedomosti-a78716>

⁷³ Huawei Suspends New Orders, Furloughs Russia Staff Amid Sanctions Threat – Reports
<https://www.themoscowtimes.com/2022/04/11/huawei-suspends-new-orders-furloughs-russia-staff-amid-sanctions-threat-reports-a77303>

⁷⁴ SCMP, “Ukraine war: China’s Sinopec pauses Russia projects as Beijing wary of sanctions, insiders say”, Mar 2022
<https://www.scmp.com/news/china/diplomacy/article/3171935/ukraine-war-chinas-sinopec-pauses-russia-projects-beijing-wary>

⁷⁵ Edward White, "China’s Belt and Road spending in Russia drops to zero", Financial Times. 24 July 2022
<https://www.ft.com/content/470e2518-410b-4e78-9106-cf881dd43028>

⁷⁶ “China Global Investment Tracker”, The American Enterprise Institute and The Heritage Foundation,
<https://www.aei.org/china-global-investment-tracker/>

The Tracker suggests that the value of China's "investment" in Russia from the beginning of 2005 until mid-2022 is about \$60 billion, with about \$37 billion of this occurred after the Crimea annexation. By contrast, it is worth noting that total Chinese investment in Kazakhstan (a much smaller economy) from 2005 to mid-2022 is estimated at about \$30 billion (boosted by a few very large individual energy projects).

(3) Technology

In general, Russian experts I have spoken to in Russia think that it is still ahead of China in theoretical and fundamental science, but Chinese institutions with greater financial resources are able to develop applied science faster.

They say that China is only interested in Russian military technology with no interest in no-military technology (although there are few exceptions), but it does not explicitly say this. Russia, however, would like full scale cooperation in all relevant fields of technological innovation such as IT, AI, new materials, biotech etc.

These Russian experts also say that Russia aims to retain technological independence while attracting Chinese investment in technological areas; learn new technology from the Chinese; and diversify its trade by increasing tech-product exports.

At the RIAC 2016 conference on Russia-China relations which I attended, Victor Vekselberg, Chairman of the Russian Chapter of the Russian-Chinese Chamber for Commerce in Machinery and High Technology Products, said: "Ultimately, joint projects are implemented by specific professionals, engineers, entrepreneurs, businesspersons on both sides. We need more formats which would provide Russia and China's businesses with a better understanding of how both countries live and develop."⁷⁷

Vekselberg also said: "For nine years, the Chamber has been trying to establish partnership between our countries in the sector which, I believe, has the greatest prospects." "Our results for 2015 make me note the disastrously low level of our partnership in trade in machinery and innovative products." He argued that "reasonable cooperation and alliance between our states would lead to the emergence of world-class top companies in Russia and China."⁷⁸

In my view, Vekselberg is certainly right about the role of professionals and businesspeople and the need for better understanding. Russian management practices – as noted above – would be unlikely to help this situation. The low level of Russia-China student exchanges has already been noted in relation to the knowledge of the Russian "political class", and the experience of such countries as Australia is that many students become migrants working in professional jobs and as businesspeople and thus enhance economic relations.

⁷⁷ Victor Vekselberg, Chairman of the Russian Chapter of the Russian-Chinese Chamber for Commerce in Machinery and High Technology Products, and President of the Skolkovo Foundation, Russian International Affairs Council, Event Report, Second International Conference, "Russia and China: Taking on a New Quality of Bilateral Relation", Moscow, 30-31 May 2016 <http://russiancouncil.ru/common/upload/Conference-Report-RUCN2016-En.pdf> p16)

⁷⁸ Victor Vekselberg, Chairman of the Russian Chapter of the Russian-Chinese Chamber for Commerce in Machinery and High Technology Products, and President of the Skolkovo Foundation, [Russian International Affairs Council, Event Report, Second International Conference, "Russia and China: Taking on a New Quality of Bilateral Relation", Moscow, 30-31 May 2016 http://russiancouncil.ru/common/upload/Conference-Report-RUCN2016-En.pdf](http://russiancouncil.ru/common/upload/Conference-Report-RUCN2016-En.pdf) p16

A recent book, “Russia-China Relations: Emerging Alliance or Eternal Rivals?”⁷⁹, has detailed contributions from a number of experts on military and non-military co-operation between Russia and China. A chapter on “Digital Authoritarianism and Technological Cooperation in Sino-Russian Relations: Common Goals and Diverging Standpoints” by Elina Sinkkonen and Jussi Lassi notes that “Russia’s own technology programs and knowledge base are aimed at developing credible national solutions, whereas China is export-oriented in striving to acquire know-how, conquer the market and set standards for Russia as well.”

That is, “compared with China’s expansive commercial strategies in tech, Russia relies on an explicitly more inward-looking and confrontational approach” and they give the example of the National Technology Initiative (NTI), launched by Putin in 2014, which “draws on the idea of global competing blocs in trade, technology and politics”.

I agree with this assessment. I examined the NTI in great detail in 2016 in my report, entitled, “NTI -- Waiting for the High-tech Tooth Fairy”⁸⁰. I also wrote about "Russia and China's Digital Silk Road", in *Baku Dialogues: Policy Perspectives on the Silk Road Region*, Vol. 4 | No. 2 | Winter 2020-2021⁸¹

Elina Sinkkonen and Jussi Lassi note that there is a Russian “fear — common in Western countries — that China has the ability to steal foreign innovations and integrate them into its own production”.

I would add here, that Russians who have worked for prolonged periods in China for Chinese technology companies are often regarded with suspicion when they return to Russia.

Indeed, there is an overall lack of trust and respect.

A RIAC 2016 conference comment by a Russian businessman provides an illustration that such thinking infects sections of the Russian business community:

“Some Chinese companies work in Peru, some work in Libya, in Syria, in Iraq. But we are not Libya, Syria, Iraq, or Peru. We are Russia, we have our high technical and technological potential. We have breakthrough know-hows that were communicated to China 30–40–50 years ago.”⁸²

On the Chinese side, this is seen as arrogant, particularly given the relative lack of Russian technology development since the collapse of the USSR.

For example, one late-2017 Chinese article on CR929 said that Russia is generally “arrogant in civil and military-technical cooperation”, that China’s need for Russia is decreasing, and “China’s superiority will inevitably accelerate”.⁸³

CR929 is a 2014 politically supported project for China’s COMAC and Russia’s United Aircraft Building Corporation (UAC) to jointly develop a wide-body long-range aircraft scheduled to enter service in 2026. It involved equally shared development costs, but mid-2019 reports in the Russian financial press suggested China wanted to separately sell the aircraft inside China, leaving the Russian side locked out of the expected Chinese market of nearly 800 planes which compares with that in Russia and other countries of probably less than 100.⁸⁴ In June this year, Russian Deputy Prime Minister Yury Borisov, told a forum that Russia was “decreasing” its participation in the CR929 project, saying it was “not going in the direction that suits us”.

⁷⁹ Editors: Sarah Kirchberger, Svenja Sinjen, Nils Wörmer, “Russia-China Relations: Emerging Alliance or Eternal Rivals?”, 2022, <https://link.springer.com/book/10.1007/978-3-030-97012-3>. Curiously, the book pays little attention to Central Asia, while it has significant emphasis on implications for the West.

⁸⁰ Jeff Schubert, “National Technology Initiative – Waiting for the High-Tech Tooth Fairy”, *Russia Economic Reform*, 2016

<https://russianeconomicreform.ru/2016/06/russian-national-technology-initiative-failure-or-success/>

⁸¹ <https://bakudialogues.ada.edu.az/media/2020/12/12/bd-2-schubert.pdf>

⁸² <http://russianeconomicreform.ru/2017/04/chinas-silk-road-and-the-eaeu-in-sco-space/>

⁸³ <http://baijiahao.baidu.com/s?id=1585833891323490384&wfr=spider&for=pc>

⁸⁴ <https://www.vedomosti.ru/business/articles/2019/04/18/799607-rossiisko-kitaiskogo-samoleta>

Borisov added that “China, as it becomes an industrial giant, is less and less interested in our services”⁸⁵.

The RIAC 2022 report barely mentions Russia-China cooperation in science and technology, which is hardly surprising because for most of 2000 and all of 2001 travel between Russia and China was severely restricted. The 2001 report⁸⁶ does, however, have quite a large section which claims that “scientific cooperation between Russia and China is marked by its sheer diversity, touching on many fields and using numerous mechanisms at the same time. While these areas are not always fully coordinated, they are nevertheless in the spirit of the general logic to continue to search for new projects and expand interaction.”

The RIAC 2022 report then says that “despite the long list of areas in which the two sides cooperate, real and productive research interaction can only be seen on a small range of issues”.

“Several hundred agreements on scientific, technical and educational interaction have been concluded between the countries’ research institutions and universities over the past decade. However, many of these agreements remain on paper as the sides do not really know how to carry out this interaction, and because the documents themselves are full of abstract plans and declarative statements. Many initiatives are limited to science exchanges and research conferences, with no joint research projects being carried out at all. However, more active forms of interaction have appeared in recent years, mainly in hi-tech fields.”

The 2022 report concludes by saying:

“On the whole, long-held plans for scientific and technical cooperation between Russia and China are now being put into practice, and work is moving towards the creation of joint projects and laboratories. At the same time, experience shows that many research teams in Russia and China do not fully understand the formal and administrative intricacies of their interaction and in many cases have not been involved in such cooperative work before. Interaction is often limited to organizing joint roundtables and symposiums that produce no tangible results and do not lead to joint R&D”.

The RIAC report states: “In the medium and long term, it is likely that Russia and the EAEU will switch to Chinese technical standards from the EU ones that currently underlay technical regulation within the EAEU. Russia’s desire to free itself from its dependence on Western technologies is likely to translate into corresponding initiatives within the EAEU to reduce the reliance on tech imports from Western countries.”

I would note here that the issue of technical standards competition between China and the West is a much larger one, and I think that the RIAC report over simplifies the issue.

(4) Military (and Space)

Neither the 2021 or 2022 RIAC reports have separate sections on Russia-China military or military-technical cooperation. This may not be surprising as the 2020 report began by saying that “one cannot help noticing the increasing shortage of data on the state of military-technical cooperation”.⁸⁷

The 2020 report said that “in the past, Russia was the principal source of information on Russia–China military-technical cooperation. We can assume that the information policies of Russian manufacturers and weapons exporters have changed under the impact of sanctions, including (US) CAATSA.” Nevertheless, the report says that “what can be stated with confidence is that the parties have retained a high level of military-technical contacts and signed a number of new documents”.

85

https://tass.ru/ekonomika/15073925?utm_source=t.co&utm_medium=referral&utm_campaign=t.co&utm_referrer=t.co

⁸⁶ <https://russiancouncil.ru/en/activity/publications/russia-china-dialogue-the-2021-model/>

⁸⁷ <https://russiancouncil.ru/en/activity/publications/russia-china-dialogue-the-2020-model/>

According to Aleksandr Golts, “the legacy of the Soviet Union is still very much present in the modern Russian army, as many of its cutting-edge systems “are the development of good, old Soviet systems and the modernization of that type of technology”.⁸⁸

If reports from Ukraine are correct, this seems quite evident in the performance of much military equipment in the present conflict.

Andrea Gilli and Mauro Gilli (writing mainly about China’s efforts to imitate and obtain foreign military technology) argue that modern weapons systems continue to become so complex⁸⁹ that simply possessing a generally high-standard commercial industrial and technology base is less sufficient than in the past for a country to achieve specialized military innovation and production because of the many special requirements of the latter.⁹⁰ They argue that cooperation between countries is increasingly important for accessing necessary technologies.

In my view, Russia does not even possess a “generally high-standard commercial industrial and technology base” with which to co-operate with other countries in a very significant way.

“Russia-China Relations: Emerging Alliance or Eternal Rivals?”⁹¹ has a number of chapters on various aspects of Russia-China military cooperation. Sarah Kirchberger’s chapter looks at “Russian-Chinese Military-Technological Cooperation and the Ukrainian Factor”.

She writes that Chinese imports of Soviet-era arms technologies in the post-Soviet era resulted Russia mainly supplying complete weapons systems and Ukraine chiefly supplying subsystems and the expert knowledge that Russia was unwilling to provide. “The dynamics in this arms-industrial triangle shifted markedly in 2014, when, as a result of its annexation of Crimea, Russia was sanctioned by the West while Ukraine and Russia severed their mutual defense-industrial ties. “This led to a massive restructuring of the Russian and Ukrainian arms-industrial complexes, resulting largely in new and enhanced opportunities for China to acquire arms technologies and know-how”.

Kirchberger says “the first reports of a new large-scale arms deal appeared in the Chinese state media during 2012 and 2013 and were officially confirmed in November 2015” and covered fighter planes, submarines, and defense systems. “The deal had been under negotiation at least since 2008, but before 2014, resistance within the Russian arms industry had impeded its conclusion. Under the changed circumstances following the occupation of Crimea, the direct involvement of the Kremlin paved the way for its successful conclusion. The breakdown of the Russian-Ukrainian arms-industrial symbiosis thus offered China the chance to step in as a customer of both countries and in some cases even as a supplier of technologies. The conclusion of unprecedented export and technology transfer agreements indicated renewed trust in bilateral military-technological cooperation”.

Kirchberger says the delivery of the air defense systems met with unexpected setbacks, possibly including a high-profile espionage case.” “Renowned Russian arctic scientist Valery Mitko was detained under suspicion of high treason for ‘delivering top secret information to China about hydroacoustic research and the detection of submarines’, which the accused denied.” “Thereafter,

⁸⁸ Darko Janjevic, "The strengths and weaknesses of Russia's military", DW, 7 April 2018 <https://www.dw.com/en/the-strengths-and-weaknesses-of-russias-military/a-43293017>

⁸⁹ They write that “in the 1930s, a combat aircraft consisted of hundreds of components, a figure that surged into the tens of thousands in the 1950s and to 300,000 in the 2010s. As the number of components expands, the number of potential incompatibilities and vulnerabilities increases geometrically. Ensuring the proper functioning and mutual compatibility of all the components and of the whole system thus becomes increasingly difficult.”

⁹⁰ Andrea Gilli and Mauro Gilli, "Why China Has Not Caught Up Yet: Military-Technological Superiority and the Limits of Imitation, Reverse Engineering, and Cyber Espionage", *International Security* Volume 43 | Issue 3 | Winter 2018/19 p.141-189

https://www.mitpressjournals.org/doi/full/10.1162/isec_a_00337

⁹¹ Editors: Sarah Kirchberger, Svenja Sinjen, Nils Wörmer, “Russia-China Relations: Emerging Alliance or Eternal Rivals?”, 2022, <https://link.springer.com/book/10.1007/978-3-030-97012-3> Curiously, the book pays little attention to Central Asia, while it has significant emphasis on implications for the West.

Russia decided to stall the delivery of further units of the S-400 system to China, ostensibly due to pandemic restrictions—while at the same time continuing deliveries of S-400s to India. This might indicate new friction between Russia and China due to the espionage case or could be the result of a conflicted Russian stance toward China’s aggression against India during the Ladakh standoff given Russia’s long-standing defense-industrial relationship with India.”

Kirchberger refers to various reports at various times about Russian assistance for Chinese production of certain types of helicopters and that Russia and China were planning to jointly develop a “new generation non-nuclear submarine”. She also suggests that the US decision to deploy the THAAD system in South Korea “did force China and Russia to expand their anti-missile cooperation and speed up the modernization of strategic penetration capability.”

Putin characterized the state of Russian-Chinese relations with the words at the Valdai Discussion Club in 2019, saying: “This is an allied relationship in the full sense of a multifaceted strategic partnership.”

Kirchberger says that a year later, Putin “seemed to backpedal on the issue of a possible Sino-Russian alliance when responding to a question on NATO’s new strategic vision of viewing ‘Russia and China as one common threat rather than two threats’ and whether that meant that Russia should ‘unite with China and consider someone else as a threat’”. “Putin replied rather more cautiously than the year before” saying: “There is no Russia-China military bloc and we will not create one now.”

However, the lobbying of Nikolai Patrushev before the 2022 SCO leaders summit suggests that Putin would now like to see such a “military bloc”.

Kirchberger writes that “Chinese and Russian space programs merit closer scrutiny in terms of their significant dual-use aspects. Reports from 2018 suggest the possibility of China and Russia cooperating ever more closely in their respective global satellite navigation systems, the Russian Glonass and the Chinese BeiDou”. She added that “actual progress of such initiatives will be a good test case to see whether traditional Russian-Chinese strategic distrust can be outweighed by strategic and technological synergies”.

On 27 September 2022 Interfax reported that Russia and China have signed contracts for the deployment of Russian Glonass satellite navigation system stations in China and China’s Beidou system stations in Russia. Three Russian measurement stations should be built in the Chinese cities of Changchun, Urumqi, and Shanghai, and three Chinese stations in Russia’s Obninsk, Irkutsk, and Petropavlovsk-Kamchatsky, it said. “The simultaneous use of the Russian and Chinese systems, Glonass and Beidou, provides more accurate and reliable navigation”.⁹²

Kirchberger writes that “China and Russia could be about to switch their traditional roles, with China becoming more and more a supplier to Russia.”

She finishes her article by saying that “China will certainly continue striving to alleviate its remaining technological bottlenecks by enhanced acquisition of foreign technologies—especially against the backdrop of the intensifying great-power rivalry. The less than stellar performance of Russia’s military during the first weeks of the war (in Ukraine in 2022) has likely diminished the attractiveness of Russia as a mil-tech partner, while international condemnation and the unprecedented sanctions it faces as a result of its aggression against Ukraine are bound to significantly increase China’s leverage over Russia in this relationship.”

⁹² “Russia, China sign deal on mutual deployment of Glonass, Beidou satellite navigation systems in their territories – Roscosmos”, Interfax, 27 Sept, 2022

<https://interfax.com/newsroom/top-stories/83370/>

The Alexandre Sheldon-Duplaix chapter on “Russia-China Naval Partnership and Its Significance” covers some of the same ground as Kirchberger. He writes:

“In December 2018, Yevgeny Livadny, head of the intellectual property protection service of the Rostec state defense conglomerate, accused China of illegally copying a wide range of Russian weapons and other military materials: “There have been 500 cases in the past 17 years ... China alone has copied aircraft engines, Sukhoi fighter jets including fighters on aircraft carriers, air defense systems including an analogue of the medium range Pantsir system.”

Sheldon-Duplaix says “the issue of intellectual property seems to have been set aside by the need for a security partnership”. “In 2018, Moscow invited Beijing to the big quadrennial Vostok exercises, traditionally oriented against China, for the first time.”

Sheldon-Duplaix writes that “China and Russia have used naval exercises to signal their willingness to cooperate in sensitive strategic or political areas. Bilateral Sino-Russian naval exercises began in April 2012.” In 2019, “for the first time, the two navies realized mutual underwater rescues of submarine crews and joint anti-submarine maritime air patrols.” He says that “since the two navies’ main systems were of Soviet/Russian conception, Sino-Russian exercises don’t compromise too much sensitive information. They certainly reveal procedures and practices, but most of the systems are well-known by both sides. The submarine area is probably different.” “Moscow does not appear to be committing its nuclear-powered submarines to naval exercises with China, an area in which its lead over China must be preserved.”

“The prosecution of a retired Russian naval officer (also mentioned by Kirchberger in her article) with an irreproachable reputation, the head of the St Petersburg’s Arctic Academy, accused of sharing hydroacoustic information on Russian submarines with China, illustrates the limits of the Sino-Russian naval cooperation in the underwater domain. The scientist is being prosecuted for having betrayed state secrets in his annual conferences on hydroacoustics at the Dalian Maritime University and is accused of having been tasked to do so by Chinese intelligence. The accusation seems remarkable because according to his defense, the scientist no longer had access to classified data and was just using open-source material. While the accusations against this outstanding scientist who apparently gained nothing appear extraordinary, the frontline publicity given to this case demonstrates the distrust that persists between the two countries. It signals redlines not to be crossed by Russian specialists and defiance to Chinese espionage methods against Russia.”

I would note here that in 2022 at least 3 Russian scientists have publicly been accused of providing secret information to China.

Russia has not revealed “any parameters of Russia’s participation in China’s early warning radar system project”, but based on Putin’s statements at a 2019 press conference, “it can be inferred that Russia is not building an early warning radar system for China, but is rather assisting China develop its own system. China was said to be capable of building the system on its own, but it can be done faster with Russia’s assistance.”

“As to the previously concluded contracts in the sphere of military-technical cooperation, Russia fulfilled all its obligations under the 2014 contract for the delivery of two S-400 regiments to China in December 2019.” “Overall, 2019 was a period of relatively rapid development of bilateral military technical and military cooperation. The interaction was characterized by a higher level of secrecy in many areas due to the increasingly difficult military and political situation.”

The RIAC 2022 report says that “an important area of Russia–China interaction over the past few years has been space. In September 2019, Russian State Space Corporation ROSCOSMOS and the China National Space Administration (CNSA) signed an agreement on cooperation to coordinate the Russian Luna 27 orbital spacecraft mission and the Chinese Chang’e 7 mission to explore the polar region of the Moon, as well as the Agreement on the Creation of a United Data Center for Exploration of the Moon and Outer Space. Russia and China also signed a Memorandum of Understanding on the Joint Construction of an International Lunar Research Station. The sides are set to develop a roadmap for the project moving forward. The plan is to give all interested countries and international partners

access to the station. Moscow and Beijing have made progress in such areas as remote Earth sensing, exploration of the Moon and outer space, electronic components for space flight applications, and the monitoring of space debris. Additionally, Russian and Chinese scientists are planning to carry out joint observations using China's 500-metre aperture spherical telescope (FAST), as part of the Years of Scientific, Technological and Innovative Cooperation.”

(5) Arctic

While there are suggestions regarding Russia-China differences on Arctic issues, I do find this odd given that China has no territory or territorial aspirations in this region and is thus not an “Arctic state”.

In contrast to several earlier RIAC reports, the 2021 and 2022 versions do not have a specific section devoted to Russia-China cooperation in the Arctic. However, the 2020 version⁹³ did say that some “Arctic states have also voiced certain concerns about China's strategic intentions in the Arctic” and the 2022 RIAC report – somewhat cryptically – says that “it appears particularly important to foster a climate of mutual trust between Russia and China in Arctic affairs. When launching cooperation projects in the Russian Arctic, the advantages of all the parties need to be carefully assessed and their interests should be taken into account, with due consideration of the special status of Arctic states.”

The issue of Russia-China trust was more directly tackled in a February article in the Eurasian Daily Monitor⁹⁴ which states “Russia has promoted the Northern Sea Route with the expectation that China will be a major user. And it is assertively advocating for the development of natural resources, such as natural gas in the Arctic, with the hope that China will be a major customer. Both of these calculations, combined with the economic pressure from the Western sanctions regime, have pushed Moscow to cooperate ever more closely with Beijing in the Arctic and Russian High North. However, concerns are growing in Moscow that the ambitious Russian goals for the region may not work out in the ways it hopes. Some Russian observers worry that China will graduate from a junior partner in both spheres to a dominant player. One fear is that Beijing will ultimately transform Russia's Northern Sea Route—an east-west maritime corridor that follows the Russian Arctic coast—into just a constituent segment of a Chinese-dominated Polar Silk Road. Another anxiety is that Beijing could exploit cooperation in the development of Russian Arctic gas fields as a basis for further expanding China's political-economic interests at Russia's expense. As a result, worried voices in the Russian capital are now suggesting that China is helping Russia today but may push it aside later.”

Whatever the real situation about such Russian concerns, The Diplomat magazine says that “whereas the 2015 version of the Naval Doctrine stated that the ‘development of friendly ties with China is a key component of national maritime policy in the Pacific direction’, China is completely absent from the new 2022 Naval Doctrine.”⁹⁵

G. Future Prospects

So far the events of 2022 have led to Russia becoming much weaker country in a variety of ways: militarily, economically, international reputation. There are no upsides!

The Russian economy is very self-sufficient in many basic ways such as energy, food and most even some technologies. However, most “Western” sanctions will not be lifted while Putin is in power; and even if he goes, change will come very slowly.

⁹³ <https://russiancouncil.ru/en/activity/publications/russia-china-dialogue-the-2020-model/>

⁹⁴ Paul Goble, "Moscow Needs Beijing in the Arctic but Worries About China's Expanding Role", Eurasia Daily Monitor, 1 February 2022

<https://jamestown.org/program/moscow-needs-beijing-in-the-arctic-but-worries-about-chinas-expanding-role/>

⁹⁵ Daniel Rakov, “Russia's New Naval Doctrine: A ‘Pivot to Asia’?”, The Diplomat, 19 August 2022
<https://thediplomat.com/2022/08/russias-new-naval-doctrine-a-pivot-to-asia/>

China only needs Russia as a source of energy and raw materials and as a secure “backyard” in its increasing competition/confrontation with the West (and particularly the US).

In 2017, a Chinese academic gave his opinion on the superficiality of this new partnership: “Concerning Russia, our first consideration is purely bilateral, we need a good relationship; it may not bring much benefit to China, but if the relationship is bad, it could be the biggest threat to our security. It’s all about negative interests, avoiding trouble. But there are also economic interests. They are our primary supplier of oil and we need their natural gas. On a human level, we don’t love each other. We don’t trust each other and the partnership is unreliable. It’s just that we don’t have a choice, because we are great neighbors. Russia’s strategic position is isolation. The Russians only like Europe and the United States, but it is not reciprocal because nobody likes them.”⁹⁶

Alexander Gabuev says that “Russia is reorienting itself to China. But their relationship now is deeply asymmetric. China is clearly the stronger partner”. “That said, the Chinese are skillfully massaging Russia's ego with their rhetoric. And their broader attitudes toward each other helps. China doesn't care about Alexei Navalny [the Putin critic who has been poisoned and thrown in prison by the Kremlin], and Russia doesn't care about Xinjiang. That provides a type of glue for their relationship that makes it more comfortable for them to talk.”

Finally, I want to note a comment by Alexandre Sheldon-Duplaix. He wrote that the “special and privileged strategic partnership” between India and Russia seems to be much deeper than the Sino-Russian security relationship. In the event of a Sino-Indian conflict, it is almost certain that Moscow would remain neutral or side with New Delhi”.⁹⁷ I am extremely doubtful that Russia would ever side with India, and covered some of the reasons for this and wrote about this in 2018 in a report titled “Russia’s Approach to India & China (within Eurasia)”⁹⁸.

⁹⁶ Alexandre Sheldon-Duplaix, “Russia-China Naval Partnership and Its Significance”, *Russia-China Relations: Emerging Alliance or Eternal Rivals?*

<https://link.springer.com/content/pdf/10.1007/978-3-030-97012-3.pdf>

⁹⁷ Alexandre Sheldon-Duplaix, “Russia-China Naval Partnership and Its Significance”, *Russia-China Relations: Emerging Alliance or Eternal Rivals?*

<https://link.springer.com/content/pdf/10.1007/978-3-030-97012-3.pdf>

⁹⁸ <https://russianeconomicreform.ru/2018/08/russias-approach-to-india-china-within-eurasia/>