
Sino-Russian Cooperation

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BEGINNING WITH RICHARD NIXON'S 1973 VISIT TO CHINA, BALANCING BETWEEN MOSCOW AND BEIJING HAS BEEN A CENTERPIECE OF U.S. FOREIGN POLICY. Today, though, Washington's relations with both Beijing and Moscow are difficult, while China and Russia increasingly cooperate in the economic, military, and political spheres. How durable is today's Sino-Russian cooperation, and how worried should the United States be?

In many ways, Sino-Russian cooperation results from a natural complementarity of interests, and long predate the current period of tension with the United States. Yet growing estrangement from the United States is pushing Moscow and Beijing to deepen their cooperation in other, more troubling areas. The two countries nonetheless remain at odds in much of their shared region, while Russia needs China much more than China needs it. While China and Russia are united in opposing a global or-

der dominated by Washington, the positive agenda of these large, self-interested powers is murkier. The United States still has an opportunity to exploit their differences, if it can avoid driving them closer first.

China and Russia are complementary in many ways. Russia's massive reserves of natural resources have a natural market in China, while Chinese investment capital helps Russia develop these resources. Trade turnover grew from just \$4.4 billion in 1992 to \$89 billion in 2013, and China has been Russia's largest individual trade partner since 2010. Then-presidents Hu Jintao and Dmitry Medvedev announced in 2011 that bilateral trade turnover would reach \$100 billion in 2015, and \$200 billion by 2020.

After more than a decade of negotiations, Moscow and Beijing signed a massive \$400 billion gas deal in the spring of 2014, aiming to bring 38 billion cubic meters (bcm) a year of gas from Eastern Siberia to



China through the newly built Power of Siberia pipeline. A subsequent framework agreement called for an additional 10 bcm via the so-called Altai pipeline.

Beyond economic cooperation, Moscow and Beijing have similar political cultures and a worldview emphasizing states' absolute sovereignty while condemning U.S. military-political intervention to change regimes abroad. Fearing that the United States views regime change in Moscow and Beijing as its ultimate goal, Russia and China provide mutual support for efforts to clamp down on the media and civil society. They oppose Washington's efforts to overthrow repressive governments, for instance in Syria. Russia also plays a critical role in China's

ongoing military modernization, selling advanced cruise missiles, radars, and other technology that supports Beijing's anti-access/area denial strategy in the Western Pacific.

China and Russia also support the establishment of a new economic and security architecture to reduce the centrality of the United States to the international system. Seeking to reduce the role of the dollar in international transactions, Moscow and Beijing agreed in 2010 to trade their currencies against one another, while earlier this year they agreed to settle bilateral trade in rubles and yuan, rather than dollars. Washington's threats to bar Russia from the SWIFT (Society for Worldwide

Interbank Financial Transaction) system prompted Moscow and Beijing to discuss an alternative payment mechanism to circumvent sanctions.

China and Russia are also driving efforts to establish new multilateral forums that give them a greater say in writing the rules of twenty-first-century international cooperation. With Washington unwilling to overhaul representation in the Bretton Woods institutions, China in particular spearheaded the creation of alternative financial institutions, including the Asian Infrastructure Investment Bank and the BRICS (Brazil, Russia, India, China, South Africa) New Development Bank. On the security side, Moscow and Beijing are the driving forces behind the Shanghai

Although economic and security cooperation has accelerated in recent years as both Moscow and Beijing have endured periods of greater tension with the United States, their relationship remains plagued by mistrust and constrained by Sino-Russian asymmetries. Slower growth in China has curbed Beijing's appetite for Russian hydrocarbons, while lower global energy prices have made projects like Power of Siberia less economical, leading to delays. Bilateral trade has fallen short of the goals set by Hu and Medvedev; total trade is likely to decline by nearly a third in 2015, while investment fell by a fifth in the first seven months of the year. Currency deals have suffered from the ruble's volatility.

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Cooperation Organization (SCO). While largely an umbrella for bilateral deals, the SCO also facilitates information sharing about dissidents along with joint exercises among member states' militaries.

Though Central Asia has long been an arena for Sino-Russian competition, in recent years Beijing and Moscow have emphasized cooperative approaches. Russia's planned Eurasian Economic Union (EEU) in part seeks to limit the penetration of Chinese goods into Central Asia, while the Silk Road Economic Belt (SREB) that Xi Jinping unveiled in late 2013 aims to create a new transportation corridor to Europe via Central Asia that largely bypasses Russia. Yet last May, Xi and Putin agreed to combine the two initiatives, with China agreeing to build an additional rail corridor through Russia.

Rather than express solidarity against Western sanctions, China has taken advantage of Russia's isolation. Beijing refused the \$25 billion prepayment Moscow sought to start construction on Power of Siberia and suspended the Altai pipeline, which it never wanted in the first place. State-owned Chinese companies successfully demanded equity stakes in Russian oil and gas fields, which the Kremlin steadfastly refused to grant to private Western firms.

Russia and China may share an aversion to democracy promotion, but they apply their commitment to sovereignty in different ways. Beijing simultaneously opposed the ouster of Viktor Yanukovich and Russia's promotion of separatism in Crimea and the Donbas (which Beijing viewed as a potential prece-

dent for foreign intervention in Tibet or Xinjiang). China views sovereignty in absolute terms, while Russia wants the right to intervene in its neighbors without the assent of their governments.

Despite their declared ambition to integrate the EEU and the Silk Road Economic Belt, the underlying logic of the two projects still differs. New rail lines across Russia will compete with the transportation corridors China is building in Central Asia, benefiting Chinese shippers most of all. In any case, many of the Central Asian states see the EEU as a neo-imperial endeavor and look to China (and the United States) as a counterweight against Russian influence.

Elsewhere, Russia's efforts to expand its arms sales to partners including India and Vietnam are at odds with Chinese ambitions to regional primacy. Moscow refuses to speak out on China's maritime territorial disputes (while selling advanced submarines to Vietnam), and has made efforts to improve relations with Japan.

The Sino-Russian partnership is more than an axis of convenience, but far less than an alliance. China and Russia remain major powers that prioritize self-interest over any shared vision of the future. Each is a revisionist power in its own way, and at the global level, discomfort with the status quo is the main adhesive in their partnership.

U.S. policy is thus a major variable that will determine the future of Sino-Russian cooperation. Today, opposition to what both see as U.S. containment and democracy promotion accelerates their cooperation. The United States has reasons for pushing back against Russian actions in Ukraine, Chinese territorial claims, cyber espionage, and other affronts. Yet it cannot simply and permanently write off either Russia or China. Containment has to be tempered with engagement; Russia and China are simply too big and powerful to isolate at the same time. ■