The Evolution of Sino-Russian Relations as Seen from Moscow

The Limits of Strategic Rapprochement

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ABSTRACT: In the past few years, there has been a significant economic and political rapprochement between China and Russia, marked by the announcement of numerous trade agreements and investments in transport infrastructure and the exploitation of Russian natural resources. This cooperation seems to have intensified since the 2014 Ukrainian crisis. Some European and American media see it as a sign that China and Russia are developing a form of strategic alliance that could harm Western interests. This article analyses the different forms of Sino-Russian rapprochement whilst highlighting the economic and political limits of this cooperation.

KEYWORDS: China-Russia relations, Belt and Road Initiative, rapprochement, rivalry, trade, investment, strategic partnership.

In May 2017, Xi Jinping welcomed the various heads of state and government who had come to Beijing to express their support, or at least their interest, in his massive global infrastructure project known as the Belt and Road Initiative (BRI). Vladimir Putin, one of the guests at the forum, gave his speech at the opening ceremony just before the President of the PRC, which according to the Russian media, highlighted not only the importance Beijing placed on the strategic partnership with Moscow but also the Kremlin’s wish to strengthen its links with Beijing and increase bilateral trade cooperation (Costev 2017). Since then, Russia has demonstrated unreserved support for the BRI, a rather surprising turn of events since Moscow had long been wary of the Chinese project, which encroached on its traditional zone of influence in Central Asia.

This new stance towards China would seem to have been reconfirmed during Xi Jinping’s official visit to Russia in July 2017, just before the G20 summit in Germany. On this occasion, Xi Jinping and Vladimir Putin gave details of the main areas of future Sino-Russian cooperation in the various economic domains, whilst at the same time emphasising that they had a common vision of international relations and a unified position on global and regional questions. To crown this rapprochement initiative, at the end of July, the Russian and Chinese navies, which since 2012 have been carrying out annual joint military exercises in the Pacific, embarked upon joint naval manoeuvres in the Baltic Sea, at the gates of the EU. (1)

The increased intensity of contacts between China and Russia has been presented by the Russian media as a direct result of the diplomatic efforts employed by Moscow since 2014, the aim of which is to redress the balance of its foreign policy in favour of Asia, thereby ending its isolation in the Western world, which came about as a result of the crisis in Ukraine and the ensuing sanctions. (2) European and American media have interpreted this as a sign that China and Russia are in the process of forming a sort of strategic alliance that could harm American interests in the Asia-Pacific region and increase economic and geopolitical pressure on the EU. (3) For its part, the official Chinese press is reserving judgement whilst at the same time underlining the remarkable continuity of Sino-Russian rapprochement since the end of the 1980s, a rapprochement that has accelerated since the fall of the Soviet Union (4) In other words, by moving into a new stage of bilateral relations, Beijing is merely following the general dynamic that has characterised their development since the outset.

The evolution of Sino-Russian relations since the fall of the USSR has been the subject of a great many academic studies that have examined it at the global, regional, and bilateral levels. In Russia, researchers are above all analysing the impact of the China-Russia partnership on the economic development of the Russian Far East and pondering the political consequences of an increased Chinese presence in the region (Savtchenko 2014; Porytkov 2013). The divergence of geopolitical interests in Central Asia is another important subject that has been attracting the attention of Russian specialists in particular since the implementation of the BRI project in the region (Gabuev 2016a). The recent acceleration in Sino-Russian rapprochement...
initiatives is viewed with ambivalence by most Russian sinologists, who fear the gradual submission of Russian national interests to the economic and political objectives of Beijing (Trenin 2015; Larin 2015; Gabuev 2016b). Chinese analyses are often more optimistic. They emphasise the mutual economic benefits that stronger bilateral relations have engendered and the great potential of the strategic Sino-Russian partnership in the field of energy (Wang 2013). Lastly, Western studies concentrate more on the global aspect of Sino-Russian rapprochement and try to evaluate its impact on the balance of power within the international system (Wishnick 2017; Røseth 2017; Colin 2007; Cabestan et al. 2008). The present article belongs within this bibliographic framework and explores the various angles of analysis put forward by Russian, Chinese, and Western researchers, summarising them and suggesting a nuanced interpretation of the new challenges raised by Chinese-Russian relations in the Putin era.

For in fact Sino-Russian rapprochement is not a new phenomenon. Since he came to power in 2000, Vladimir Putin has continually underlined Russia’s Eurasian character by affirming his wish to develop closer political relations and greater economic cooperation with China and other Asian countries. Nonetheless, until recently, with the exception of several major projects in the field of energy, Sino-Russian cooperation did not progress beyond declarations of intention and the signature of agreements in principle. Taken overall, after the fall of the USSR and up until 2014, the main objectives of Russian political policy scarcely evolved: Moscow was seeking better integration for Russia in the international community and the development of economic cooperation with the European Union, which remains by far the main recipient of Russian hydrocarbon and its main trading partner. At the same time, relations with China have developed slowly though steadily, mainly driven by Beijing’s increasing energy and military needs. The basis for this development was above all the sale of Russian hydrocarbon—of liquefied and crude gas, as well as other natural resources.

The Ukrainian crisis of 2014, Western sanctions, and the rapid deterioration of relations with the United States pushed Moscow to accelerate its geopolitical and economic move towards Asia. By injecting fresh energy into the Asian vector of its foreign policy, the Kremlin would now seem to be creating a real “pivot to the East” (povorot na Vostok), which may have political consequences as varied as they are unpredictable. The strengthening of relations with China lies at the heart of the Russian pivot towards Asia, even though the Kremlin, in its official statements, underlines the multidirectional nature of its new policy, which targets not only China but also Japan, the two Koreas, India, and in the long term, the countries of South-East Asia.

Is this strategic redirection on the part of Russia simply a tactical “coup,” a means of gaining greater influence in political and economic negotiations with the EU and the United States, or is it a coherent strategy? What have been the first results of this pivot towards China? The aim of this article is to analyse the different aspects of the strategic partnership between China and Russia, not only in order to evaluate their role in the current Sino-Russian rapprochement but also to identify structural imbalances that might limit the scope of bilateral initiatives. Its subject matter concerns the deployment of policies throughout the Asian and Arctic zone and the rivalry and cooperation that these policies arouse. The research is positioned within the framework of a geopolitical approach, the aim of which is to analyse power struggles in certain zones or regions (Lacoste 1976; Lasserre et al. 2016), as well as an analysis of bilateral relations based on the speeches, statements, and actions of the Chinese and Russian governments.

The dangers of the trade imbalance

Russia has a long history of contact with China, which was officially established in the seventeenth century with the first Russian diplomatic missions to Beijing. In the 1860s, the two countries became next-door neighbours when the territories of eastern Siberia, nowadays known as the Russian Far East, became part of the Russian Empire. Since then, questions of the demarcation of the Sino-Russian border, the joint exploitation of the
region’s natural resources, and the management of migrant flows from China have been at the heart of disputes between the two countries. The fall of the USSR and the gradual settling of border disputes in the 1990s have normalised political relations between Russia and China and contributed to the rapid development of Sino-Russian relations.

At first, it was in the border regions that the effects of increasing trade were most clearly felt. In the 1990s, the population of the Russian Far East was living in very difficult conditions. Most of the government aid programs had been abolished, state companies unable to adapt to the radical economic changes ceased to operate, and the kolkhozes—in the throes of reorganisation—were no longer able to produce sufficient crops. Under such circumstances, the clothing and food products provided by the PRC at competitive prices by Chinese traders quickly found consumers in a local market in disarray. The products were not of very high quality but were a means of survival for a local population that had been hard hit by the successive economic crises that characterised the era of Boris Yeltsin. Thus it was that Chinese consumer goods became basic commodities for the majority of the inhabitants of the Russian Far East.

To meet the needs of this suddenly available and booming market, several duty-free zones, considered important windows for the PRC’s foreign trade, appeared in the North-East of China, a region bordering Russia and corresponding to the Chinese provinces of Heilongjiang, Liaoning, and Jilin. The Chinese created production and trade centres aimed at the Russian market, farms producing fruit and vegetables, warehouses and distribution centres, and many light industry facilities. Little by little, a complex structure was set up for the distribution of goods between the two countries, a fundamental element of transnational trade. The considerable increase in trade between the two countries since the beginning of the 2000s reflects both this development (see Figure 1) and the growing importance of China in international trade. In the period up until 2015, Sino-Russian bilateral trade steadily increased despite the economic crisis of 2008, the effects of which proved temporary. In 2009, Sino-Russian trade fell by 31.7%, but the following year the volume of trade all but regained its pre-crisis level. However, in 2015, bilateral trade was once again in free fall as a result of the global economic downturn and the significant fall in energy prices. In 2017, Sino-Russian trade relations nevertheless rebounded, driven by the sale of arms and Russian military technologies and the intensification of exports of Russian oil and natural gas to their Chinese neighbour (Lukin 2018).

From the point of view of trade, therefore, the Russia-China rapprochement effort would seem to have borne fruit. Since 2001, the volume of Sino-Russian trade has grown nine-fold, reaching US$95.3 billion in 2014, a record figure. In 2017, China was Russia’s leading trade partner for the eighth consecutive year, with a volume of trade reaching $84.07 billion, an increase of 20.8% compared to the previous year. However, this positive balance sheet masks several significant imbalances.

Until 2006, in fact, this growth in trade was mainly the result of the increase in Russian exports to China, which had allowed Russia to maintain a trade surplus in its relations with the PRC. Nonetheless, imports from China rapidly increased, stimulated by the need for everyday consumer products in the Russian Far East and Siberia. This explains how, taken overall, the trade balance has remained in favour of the PRC since 2007 (see Figure 2).

At the same time, the trade structure has radically altered (see Figure 3). In Russian exports to China raw materials such as oil, round timber, and non-ferrous metals such as nickel, copper, and aluminium now predominate. So although hydrocarbons represented only 15% of Russian exports to China in 2002, by 2017 their share had risen to 66.2%. Therefore, the period during which Moscow hoped to export Russian technology and industrial equipment to China seems to have come to an end. Machines and industrial equipment, which still represented 20% of Russian exports in 2002, no

Figure 2 – Evolution of Russian exports to China and Chinese exports to Russia, 2000-2017 (in billions of U.S. dollars)


longer even appear on the list of exported products in 2017. Fertilizer and pulp have also almost disappeared from the list (1.11% and 0.25% respectively), since China now produces them itself using, in part, raw materials (wood and chemical components) imported at low prices from Russia.

As for Chinese exports to Russia, these have also changed (see figure 4): in 2002, shoes, clothes, and other everyday consumer products predominated (48.7%), whilst in 2017, industrial machines and equipment (44.5%) prevailed. The percentage of clothes, shoes, furniture, toys, and other personal and domestic articles has fallen considerably (22.8%), although in the Russian Far East and Eastern Siberia they continue to dominate the local markets.

These developments have been accentuated by the fact that for China, trade relations with Russia are far less important than those it maintains with the West: in 2014, when the volume of Sino-Russian trade beat all records by attaining US$95 billion, trade between China and the EU and the United States represented respectively US$615 billion and US$555 billion (China Statistical Yearbook 2015). So as far as trade is concerned, Russia can only claim to be a junior partner that needs China, and one that China can fairly easily dispense with. To this scarcely reassuring observation for Moscow may be added another, and it is one that the Kremlin has equal difficulty accepting.

The complementarity between North-East China and the Russian Far East

Closer economic relations

In the 2000s, as a result of the growth in trade between the Chinese and Russian border areas, the geographical and economic interrelationship between the Russian Far East and North-East China became more marked. The economic activities of the Chinese in Russia also became more diversified: to retail trade was added construction, agriculture, and tourism as well as the exploration of the region’s natural resources. At the same time, in their search for fresh economic opportunities, Chinese entrepreneurs ventured farther and farther into the west of the country, gradually extending their trade networks to cover the whole of the former Soviet Union. The growing interrelationship of the border regions is often highlighted with a great deal of optimism by Chinese politicians and researchers, who consider it to be a natural process of regional integration and a symbol of good relations between the two countries (Gao 2008; Diao and Liu 2009; Li 2013).

For the Russians, this is now often seen as a necessary evil by local economic and political players who are increasingly turning towards partners in East Asia for the means to develop (credit, investors for projects, technologies, workforce, etc.) since they see no other solution to the recurring economic problems of the Russian Far East (Ivanov 2009). Geographically and logistically isolated from the rest of Russia since the disappearance of the USSR, the region has experienced a severe socio-economic depression exacerbated by the massive migration of the local population towards the European area of Russia; since the fall of the USSR, the population of the Russian Far East has fallen by more than 1.8 million to only 6.2 million inhabitants (Garussova 2014). By way of contrast, the population of neighbouring North-East China rose to 1 million inhabitants in 2016 (China Statistical Yearbook 2017). This marked demographic disparity between the two border regions worries the inhabitants of the Russian Far East, who often see the increasing power of their neighbour in terms of “yellow peril” rhetoric (Jing 2009). In Moscow, the situation has also provoked ambiguous reactions. Whilst keen to develop these vast areas and their resources, the federal authorities nonetheless hesitate to give China free reign in this enterprise for fear of losing control of the economic development of the Russian Far East, or even, in the long-term, their sovereignty over the region.

Noticeable reticence on the part of Russia in joint projects

In 2009, to stimulate the development of regional Sino-Russian relations, Moscow and Beijing adopted a “Program of Collaboration between the regions of the Russian Far East and Eastern Siberia and the North-East of the PRC,” which gave details of 160 joint projects to be implemented by 2018, 94 of which were to be on Russian soil. Although remaining highly ambitious on paper, this collaboration program did not manage to produce significant economic results as a result of back-pedalling by the Kremlin, which did not wish to confirm its intentions by releasing the financial and institutional support needed for the realisation of the planned initiatives. Consequently, at the present time, only 22 of these are under construction whilst the others have been suspended or abandoned for various reasons (Latkin and Xiang 2015).

The history of the construction of the cross-border Tongjiang-Nizhneleinskiy railway bridge illustrates this rather paradoxical situation. The bridge would have considerably reduced the cost and transport time of travelling between the town of Khabarovsk and the province of Heilongjiang. Although the agreement in principle on its construction was signed in 2008,
it was only in 2013 that all the practical details concerning the bridge’s construction were finally elucidated. Under the terms of the bilateral agreement, each country was to take responsibility for building its own section of the bridge up to the border. The largest section of the bridge (1,755 metres) was on Chinese soil and was finished in February 2014, whilst the Russians have still not managed to build their 310-metre section due to a lack of finance and enthusiasm on the part of the local Russian companies associated with the project. Work finally began in 2017 following complaints from the Chinese partners that led to direct intervention by Vladimir Putin in the management of the project. (6)

It is partly in response to these concerns that for several years now Moscow has been making a considerable effort to support the development of the Russian Far East more closely by creating a specific Minister for the Far East and by deciding to modernise the railway line linking the region of Irkutsk to the Pacific coast (7) In order to underline the geopolitical importance of the region for the future of the country, Vladimir Putin ordered the construction in the Amur region of a new spaceport, Vostotchny, which in the long term should reduce Russia’s dependence on the Baikonur cosmodrome situated in Kazakhstan. (8) But at the same time, the federal authorities do not possess sufficient financial resources to carry out most of the major projects planned, and one of the new Minister’s objectives is to attract foreign investment from Asia. So whilst Moscow wishes to strengthen its economic and geopolitical hold on the Russian Far East, it is incapable of doing so without the participation of Asian players, mainly Chinese, in the modernisation of these regions.

The fall of oil prices that hit Russia’s currency revenues hard, and above all the Ukrainian crisis and resulting Western sanctions, exacerbated this paradoxical situation. Moscow had to abandon its cautious approach to Beijing and its growing influence in the East of the country in the hope of improving Russia’s economic prospects, which seemed catastrophic as a result of the fall in oil prices and the implementation of Western sanctions. The idea that China could advantageously replace the West as an economic partner and as a source of technologies and cutting-edge techniques has become a mantra in the Kremlin, propagated by all the Russian media and actively promoted within the government. (9)

**The mirage of major Sino-Russian projects**

Russia’s current pivot towards China would seem to be based above all on the realisation of major bilateral projects, mainly in the fields of energy and military and spatial technologies. This is not a new trend—energy has lain at the heart of Sino-Russian relations since the fall of the USSR. In 1996, during the official visit of Boris Yeltsin to Beijing, the two countries signed the first agreement on the development of energy cooperation that enabled the first projects in this domain to be realised several years later. From the very beginning of his first mandate, Vladimir Putin has emphasised his wish to develop an energy network in Eastern Siberia and in the Far East towards the Pacific and China, which was officially confirmed in the document entitled *Russia’s Energy Strategy until 2020*, published in 2003, and again in the version published in 2009. According to this document, in 2030, Asia (China and Japan mostly) will be receiving 25% of the oil and 20% of the gas produced annually in Russia (Baikov 2010). However, the realisation of these ambitions was delayed for years. Exploiting the resources in Siberia and the Russian Far East meant first building the underlying infrastructures and obtaining access to new technologies and oil well structures that were mainly in the possession of Western companies, and this required considerable investment. Moreover, Moscow did not wish China to become the sole buyer of Russian oil and gas in the region in order to avoid Russian industry becoming dependent on the Chinese energy market. Japan and South Korea were therefore also invited to participate in these projects, which complicated negotiations with Beijing and further delayed the realisation of the objectives announced in *Russia’s Energy Strategy*.

As a result, it was not until 2011 that Russia began exporting crude oil to China on a massive scale. The construction of oil pipelines on Russian soil

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7. This is the branch of the Trans-Siberian track known as the Baikal-Amur Mainline (BAM), the construction of which was completed in the 1970s, enabling the development of the open-pit coal mine at Neroungri. Following the fall of the USSR, the region’s industrial and mining projects were abandoned and the under-used BAM was declared economically non-viable. Its many sections fell into disrepair and its restoration will cost several million dollars. Cf. Vlada Verekina, “Tarif ourezannyi” [The tarif cut], East Russia, 2016, [https://www.eas-trussia.ru/material/tarif-ure-zanny]{accessed on 2 October 2017).
8. Russia pays Kazakhstan US$115 million every year to use the Baikonur cosmodrome. The construction of Vostochny should allow them to save this fee. However, construction is not progressing according to plan, with major delays caused by financing problems and corruption, cf. Andreï Borisov, “Vsem spasibo, vse svobodny” [Thank you everybody, you may now leave], Lenta.ru, 28 April 2017, [https://lenta.ru/articles/2017/04/28/roscomoi/](accessed on 2 October 2017).
9. The Russian media commented at length on Beijing’s abstention from the UN’s vote on the Crimean referendum, seeing it as a sign of support for Russia’s position. In fact, China never openly expressed an opinion on the subject. Nonetheless, Chinese companies participated in the construction of the bridge linking Russia to Crimea, the project targeted by Western sanctions (Gabun and Kachin 2017).
was financed partly by Beijing, allowing it to secure its hold on Siberian hydrocarbon stocks for years to come at a competitive price.\(^{10}\) With the explosion of the Ukrainian crisis, which amongst other problems created tension over transport and future imports of Russian gas to Europe, the Asian market, with its potential for growth, became a particular centre of attention for a Kremlin searching for alternatives to its trade relations with the West.

Indeed, since 2014, Moscow has signed multiple new industrial cooperation agreements with Beijing, including a gigantic gas contract worth US$400 billion for the annual delivery of 38 billion cubic metres of Russian gas to China until 2048. This “mega-contract,” often cited by various media as the symbol of the new Sino-Russian rapprochement, is nonetheless the result of ten years of efforts and tough negotiations on the price of the gas and financing of the construction of the pipelines. Signed against a background of international tensions, this gas agreement and its accompanying conditions have still not been made public, and according to many specialists, in order for it to be signed so quickly, Moscow must have had to bow to Chinese demands on price (Lukin 2018). Although this has admittedly allowed the Kremlin to show its Western partners that Russia is far from isolated on the international stage, it has come at the cost of economic concessions to China.

The political rapprochement boasted by Moscow has therefore not made China more conciliatory in economic matters. On the contrary, China has taken advantage of the opportunity to increase its demands concerning price and access to the Russian market. Russian businessmen who thought Chinese banks could provide capital, thereby compensating for the negative effects of Western sanctions, were quickly disappointed by the lack of enthusiasm on the part of their Chinese counterparts, who imposed conditions that were difficult for them to accept.

**Sino-Russian collaboration in the BRI project**

A project that arouses a measure of distrust in Russia

The will of the government plays a fundamental role in the strengthening of the Sino-Russian strategic project: it stimulates the development of major projects but also renders the mechanisms of their implementation heavy and ineffectual. In certain cases the economic benefits of these projects are only possible in the very long-term after a number of conditions, some geopolitical, have been met. The participation of Russia in the BRI project is a perfect illustration of this. Described by Beijing as “beneficial for all” (gongying 共赢), this large-scale international cooperation program should above all sustain the growth rates of the Chinese economy, which for several years now has been experiencing an increasingly marked deceleration, thereby threatening the country’s domestic stability. It should also allow China to move on to a new stage in its economic development and achieve the main strategic objectives determined by Xi Jinping and his team: creating a “moderately prosperous society” by 2020 and turning China into a moderately rich, and powerful socialist state by 2049 (Zhao 2016).

The Chinese initiative that began by mainly targeting the development of infrastructure in Central Asia has been greeted with a great deal of suspicion by Moscow, which sees it as a threat to its economic and geopolitical interests. Since the disappearance of the USSR, the development of very close trade links between China and the countries of Central Asia has proceeded in parallel with the gradual erosion of Russian influence in the region. Since 2013, China has been the main trading partner of Kyrgyzstan (47.6% of the country’s national trade), Tajikistan (26.9%), Turkmenistan (42.7%), and Uzbekistan (20.6%) (Larin 2015). Beijing grants them advantageous credit terms and invests in a variety of industrial projects. Russia cannot compete with the Chinese offer and seems to be gradually and inevitably losing its influence within Eurasia despite the launching of several regional integration initiatives such as the Customs Union and the Eurasian Economic Union (EEU). The principle objective of these initiatives on the part of Moscow was to ensure the free movement of goods, people, and capital between the member countries and to promote the idea of a natural interdependence that would facilitate economic integration between Russia and the countries of Central Asia.

The BRI initiative, which targets similar objectives, was therefore not seen by Moscow as an economic opportunity but rather as a challenge. The Ukrainian crisis, followed by Western sanctions against Moscow, forced the Kremlin to review its position and envisage closer Sino-Russian collaboration in the BRI project.

In Central Asia, after long negotiations, Moscow and Beijing seem to have once again found grounds for agreement and are coordinating their efforts by combining the Chinese BRI with the Russia’s EEU initiative. This new configuration should attenuate Sino-Russian rivalry in Central Asia by allowing all the players to benefit. At the present time, this “connection” (sopriajenie in Russian and duijie 对接 in Chinese) remains a vague concept because of differences in vision on the one hand, and existing problems of communication between Beijing and Moscow on the other. For example, the Russians would like China to recognise the EEU as a vital partner in its negotiations with the countries of Central Asia, whilst the Chinese consider the EEU as the extension of their own initiative, the principle role of which is to promote the objectives of the BRI (Gabuev 2016a). The real modalities of this Sino-Russian collaboration in Central Asia have therefore not yet been clarified.

**Trade prospects still fairly limited**

Therefore, for the time being, Russian participation in the BRI seems to be limited to the use of the North-East Passage in the Arctic and of the Trans-Siberian railway to transport Chinese products to Europe and raw materials to China, a long-standing market diversification project for this rail track (Helle 1977) that Moscow agreed to see integrated into the BRI along with the development of the Arctic roads. The growth of commercial traffic on the Trans-Siberian could, in principle, create considerable profits, but it is dependent on the modernisation of the rail track. In its current state, the Trans-Siberian has already attained its maximum transit capacity, leading to many bottle-necks and slowing down its operations. Its renovation requires billions of dollars of investment that Beijing has not promised Moscow. Indeed, it is vital not only to renew the existing technical equipment but also to increase the speed of processing the trains and the size of the station platforms.

Moreover, the cost of transporting Chinese goods via the Trans-Siberian

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10. In 2016, Russia became the leading provider of crude oil to China, overtaking Saudi Arabia, which had hitherto dominated the Chinese market. The difference between the Russian deliveries and those of Saudi Arabia is not particularly pronounced (1.05 million barrels/day as against 1.02), but Russia attained this level in only one year by increasing its deliveries of crude oil by 24% in 2016, cf. Serguei Manoukov, “Rossiya stala glavnym postavchikom nefti v Kitai” (Russia has become the main exporter of oil to China), Ekspert online (Expert online), 23 January 2017, http://expert.ru/2017/01/23/rossiya-stala-glavnym-postavchikom-nefti-dlya-kitaya/ (accessed on 2 October 2017).
Chinese interest in the Russian Arctic and its resources is not new, even if at the present time, with the exception of the mega-project for the production of liquefied natural gas at Yamal, few collaborative Sino-Russian projects have been set up in this region. Chinese participation in the construction of this gigantic gas liquefaction factory and associated infrastructures to the north of the Arctic Circle has been presented by Beijing as a great success that demonstrates China’s capacity to meet major technical and financial challenges and justifies China’s increasing interest in the Arctic and the exploitation of its resources (Sørensen and Klimenko 2017).

The official inclusion of the North-East Passage in the BRI’s maritime network, announced officially in 2017, could in effect stimulate Sino-Russian cooperation in the field of energy and transport as well as extending Chinese involvement in joint projects. Indeed, China wishes to participate, not only as a silent investor but also as a supplier of equipment and technology, in the exploitation of the Russian Arctic’s natural resources and in the construction of new infrastructures on Russian soil that would enable commercial traffic via the North-East Passage. Russia seems ready to take this step, in its official statements at least, and to give Chinese companies more economic opportunities in Russia within the framework of the BRI.

Temporary rapprochement or durable strategy?

The rapprochement between Beijing and Moscow has been influenced by a great many factors at both the international and domestic levels. These fluctuate widely and are likely to evolve very quickly. Conscious of the gradual shifting of economic balances and international policies towards Asia, in particular China, Russia is seeking to take advantage of the rapprochement with China to improve its own economic prospects. The rapid deterioration of its relations with the EU and the United States has led Russia to rely more on its Chinese neighbour, which unlike Japan and South Korea, two other targets of its “pivot to the East,” has not joined in Western sanctions. Beijing’s support has nonetheless come at the price of major economic concessions that Russia was not necessarily ready to agree to.

The story of the sale of 10% of the shares in the Russian oil company Vankorneft to the CNPC (China National Petroleum Corporation) is a good example of this complex situation. Vankorneft, a subsidiary of the giant Russian oil company Rosneft, is the main operator of the huge gas and oil field in Vankor in the north of Eastern Siberia in Russia, whose oil reserves of 361 million tons and gas reserves of 138 billion cubic metres make it a site of national strategic importance (Overland and Kubayeva 2017). The Agreement in Principle concerning the sale of shares in Vankorneft to China was signed in November 2014, in the middle of the Ukrainian crisis. However, after two years of negotiations, the contract was cancelled, since Russia and China were not able to come to an agreement on the conditions of sale. The price offered by the CNPC was considered too low by Rosneft, and neither of the two partners would agree to lower their requirements. To the disagreement over price was added the Chinese demand to have more places on the Vankorneft board and to participate in drilling activities. This demand was considered unacceptable by Rosneft, which wanted to retain total control over the management of the oil deposits and expected the CNPC to be nothing more than a silent partner. Finally, Rosneft sold 38.8% of the Vankorneft shares to Indian companies—Oil India, Indian Oil, Bharat Petro Resources, and ONGC Videsh—which proved rather more accommodating than the CNPC (Nikolaev 2017).

So despite a fairly complacent official attitude, Beijing did not wish to sacrifice its national economic interests on the altar of “Sino-Russian friendship” as Moscow had hoped and has made no concessions during negotiations on the price of the contracts and the conditions of their realisation. Refusing to take on the role of junior partner in bilateral relations increasingly dominated by China, Moscow immediately tried to backtrack in its proposals for economic cooperation. Moreover, this oil contract is not the only Sino-Russian project of strategic importance to be reconsidered by Moscow or by Beijing: out of 21 major Sino-Russian agreements (contracts with an estimated value of more than a billion dollars) on the realisation of various joint projects in the Russian Arctic signed between 2012 and 2017, only 10 have been implemented in practice whilst the others have been abandoned once Russia had provided additional financial guarantees. Cf. Nadezhda Filimonova and Svetlana Krivokhizhina, “China’s Stakes in the Russian Arctic,” The Diplomat, 18 January 2018, https://thediplomat.com/2018/01/chinas-stakes-in-the-russian-arctic/ (accessed on 21 April 2018).
abandoned or frozen (Rosen and Thuringer 2017). It would therefore seem that a marked difference exists in the economic interests and objectives of China and Russia. It would seem difficult to reconcile these differences with the accelerated move toward rapprochement with China announced with great pomp in Moscow but only cautiously supported by Beijing. In addition to the presumed political consensus between the two countries, the encouragement of bilateral economic interactions remains a prisoner of the absence of steady growth in the Russian economy, and of the mutual distrust that hinders any real cooperation.

**Conclusion**

The strengthening of relations with China is at the heart of Russia’s recent pivot towards Asia. This is not surprising in view of the importance that the Kremlin has attached to the Chinese dimension of its foreign policy since the fall of the USSR. By presenting themselves as champions of multipolarity, Moscow and Beijing hope to contest the established order under the direction of Washington and aspire to create a new system of collective security in the Asia Pacific region. Finally, China and Russia cooperate regularly within the framework of major regional organisations such as BRICS and the Shanghai Cooperation Organization. However, despite the very many points of convergence between the two countries, the ambitions and geography of Russian and Chinese interests are far from identical. On the contrary, in very many cases they find themselves in opposite corners (rivalry over their influence in Central Asia, and differences concerning the realisation of joint projects, to name just two examples).

The recent rapprochement of Moscow with the Asia-Pacific region at a time when Russia is experiencing a severe crisis in its relations with the western world concerns those who see it as an attempt to build a sort of anti-American axis. Presented by the Kremlin as a long-term strategy that aims to restore the balance of Russian external policy, this turn towards Asia is hindered by the major divergence of interests between Moscow and Beijing, its main partner in Asia, as well as by Russia’s economic weakness, which makes it difficult to finish existing projects or to suggest contracts likely to interest Chinese players. Nevertheless, although at first the efforts of the Kremlin to encourage links with China often had the appearance of an emotional reaction to the growing chill in relations between Russia and the West, the situation now seems more complex. Russia’s membership in the BRI project and the official inclusion of the Russian Arctic in this Chinese initiative bear witness to the desire of Moscow and Beijing to take their economic and political cooperation to a higher level (Ferdinand 2016; Sangar 2017). In the long-term, prospects for Russia’s pivot towards China will depend on the international situation and the capacity of the Kremlin to elaborate a coherent strategy for rapprochement with China, with clearly defined objectives that are applied on the ground.

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