



Russia-China Relations and a Changing World Order

DR. HIMANI PANT







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ABSTRACT

The global geopolitical landscape is changing rapidly. Russia-Ukraine conflict and the ensuing economic isolation of Russia have exacerbated the supply chain disruptions caused by the Covid-19 pandemic, affecting the entire world. At the same time, the US-China strategic rivalry has intensified, particularly in the economic and technological sphere. Amid this geopolitical flux, Russia-China relations have deepened further despite inherent features of competition and rivalry in their relationship. The bilateral as well as multilateral engagement between the two countries has evolved significantly in the last three decades. The paper examines the drivers for Russia-China partnership with an emphasis on Russia's evolving policy towards China. It traces the evolution of Russia-China relations since the 1990s. It highlights the role of 2014 Ukraine crisis that brought about a major shift in Russia's policy towards China and delves into the developments that have followed in Russia-China relations following the military conflict in Ukraine since February 24, 2022. Finally, this paper also notes that despite the current positive trends in the relationship, there are some limits to their coordination which will continue to restrict the scope of their cooperation in the coming years.

Keywords: Russia, China, Ukraine, Sino-Soviet conflict, Ukraine crisis, US-Russia, US-China, India



1. INTRODUCTION

Russia-Ukraine conflict since February 2022 and the ensuing economic isolation of Russia have exacerbated the supply chain disruptions caused by the Covid-19 pandemic, affecting the entire world. At the same time, the United States (US)-China strategic rivalry has escalated as both compete for influence and power in global affairs, particularly in the economic and technological sphere. Amid this geopolitical flux, Russia-China relations have deepened further despite inherent features of competition and rivalry in their relationship. Over the years Moscow and Beijing have expressed shared positions on several global and regional issues. The partnership has continued to evolve since the 1990s and includes robust diplomatic, defence, economic and information ties. This dynamic received a further push following the crisis in Ukraine-Russia and West-Russia relations in 2014. Since then, the scope of cooperation between the two has widened despite their occasional differences. On their part, the two countries have been careful enough not to project their partnership as an alliance; they have nevertheless been vocal about their "friendship without limits".1 In this respect, current state of their relations has largely been interpreted as "a quasi-alliance, or entente".2

A major demonstration of their aligned worldview was made ahead of the Winter Olympics in Beijing last year when President Vladimir Putin and President Xi Jinping issued a joint statement that underscored the "no-limit" scope of Russia-China cooperation. Although the statement refrained from terming the relationship as an alliance, it nevertheless claimed that the "friendship" between

Moscow and Beijing had shown persistent resilience in a changing international environment and circumstantial changes in other countries. The joint statement called for the establishment of a new kind of relationship between world powers on the basis of mutual respect, peaceful co-existence, and mutually beneficial cooperation, reflecting their shared dissatisfaction with a US-led world order.³ A similar outlook was projected during President Xi Jinping's visit to Russia in March 2023. The Chinese President referred to cooperation with Russia "to uphold true multilateralism, promote a multi-polar world and greater democracy in international relations, and help make global governance more just and equitable".⁴

This paper highlights the drivers for Russia's growing relations with China. It traces the evolution of Russia-China relations since the 1990s and argues that 2014 Ukraine crisis brought about a major shift in Russia's policy towards China. It also delves into the developments that have followed in Russia-China relations following the military conflict in Ukraine since February 24, 2022. Finally, this paper also notes that despite the current positive trends in the relationship, there are some limits to their coordination which will continue to restrict the scope of their cooperation in the coming years.

In order to understand the current trends of Russia-China relations and the inherent features of competition in their partnership, the following section provides a brief background of Soviet Union-China relations.

1.1 BACKGROUND: SOVIET UNION AND CHINA (1949–1991)

Russia and China share a border of over 4,000 kilometres and a history that has witnessed phases of tension and uncertainties. Relations between the Soviet Union and China date back to 1949 when the latter was created and lasted till the dissolution of the Soviet Union in 1991. The period in between was marked by phases of ups and downs. During the first few years after the establishment of ties, the two shared a favourable disposition towards each other and signed a (thirty year) Treaty of Friendship, Alliance and Mutual Assistance in February 1950. The Soviet Union at this time was far ahead of China in economic as well as military might. It extended massive aid to China for its industrialisation by providing long-term credits at low interest rates, supplying technology and equipment and by sending its experts and technicians to share their skills and knowledge for the training of the Chinese personnel in the Soviet institutions.⁵

However, this period was short-lived and a rift began to erupt in the late 1950s. The Chinese began to grow distant from the Soviet Union's evolving ideological and domestic and foreign policy line. China viewed the Soviet Union as a model for social and political modernisation, but at the same time considered it a threat to its sovereignty. There was also uneasiness about Nikita Khrushchev's reforms and in particular the Camp David summit that he had with the US President Dwight Eisenhower in September 1959,6 owing to the fact that China was not yet recognised by the US. Furthermore, there were also apprehensions regarding the Soviet Union's

growing relations with India.⁷ Meanwhile, in July 1960, the Soviet Union withdrew its specialists from China in protest against the alleged Chinese propaganda against the Soviet Union.⁸ All these developments, among others, gradually paved way for intense confrontation and rivalry in the following years. Border disputes began to erupt in the early 1960s, and by 1963 "open charges of order violations were being traded", which culminated in a major military clash between the two over Damansky Island on the Ussuri River Island in March 1969.

In the 1970s, the Soviet Union had a simultaneous confrontation with the West and China while it was also preoccupied with Afghanistan. Relations between Moscow and Beijing also worsened following the developments in Vietnam-Cambodia relations. China strongly opposed the Vietnamese military intervention in Cambodia in 1978 and launched its military action against Vietnam. Meanwhile, in the early 1970s, the Sino-American rapprochement had begun, which, "by the end of the decade, completely altered the strategic landscape and led to an incipient Chinese-American alliance against the Soviet Union". ¹⁰

Over the years, however, there was a growing realisation among Russian policymakers during this time to negotiate with China as the Soviet leadership wanted to reduce excessive defence expenditure as it was draining the economy. Meanwhile, in China too, a rethink was taking place following the death of Mao Zedong in 1976 and later after the defeat of the gang of four, which were deemed responsible for extreme cultural revolutions as well as a sharp decline in relations with the Soviet Union. In 1978, Den

Xiaoping introduced a new reform programme that called for modernisation in the sphere of economic development, which could be possible by developing a working relationship with the Soviet Union. In September and November 1979, the Chinese agreed to participate without preconditions in "normalisation" talks with the Russians. Four concerns stood out in these meetings. The Chinese side had called for a unilateral reduction of the Soviet armed forces in the area bordering on China, withdrawal of Soviet forces from the Mongolia, a discontinuation of Soviet support to Vietnam, and a settlement of the long-standing border dispute. Later, the issue of withdrawal of Soviet troops from Afghanistan was also raised.¹¹

A process of reconciliation gained momentum in the 1980s. Major steps to improve relations were taken under the new Communist Party of the Soviet Union (CPSU) General Secretary Mikhail Gorbachev who took charge in 1985. His reform programme – perestroika (restructuring) and glasnost (openness) – could succeed only if favourable external climate entailed improved relations with both the Western countries as well as China in order to allow it to cut down oversized military-industrial complex. In his speech before the 27th congress of the CPSU in 1986, one of the major thrusts was towards improving relations with China. Unlike the past policy, China was accepted as a socialist country. Later in the same year, the Soviet General Secretary expressly stated the Soviet desire to mend relations with China in Vladivostok.

Speaking in a city that is but a step from the People's Republic of China, I would like to dwell on the most important issue in our relations. These relations are extremely important for several reasons, starting from the fact that we are neighbours, that we share the world's longest land border and that we, our children and grandchildren are destined to live near each other "forever and ever". A noticeable improvement has occurred in our relations in recent years. I would like to affirm that the Soviet Union is prepared – any time, at any level – to discuss with China questions of additional measures for creating an atmosphere of good-neighbourliness. We hope that the border dividing – I would prefer to say, linking – us will soon become a line of peace and friendship. As far as possible, we have similar priorities in accelerating social and economic development. Why not support each other, why not cooperate in implementing our plans wherever this will benefit both sides? We do not want the Amur river border to be a "water obstacle". Let the basin of this mighty river unite the efforts of the Chinese and Soviet people in using for mutual benefit the rich resources available there and for building water-management projects.An intergovernmental agreement in this area is being jointly worked out. The Soviet government is preparing a positive reply with respect to the issue of helping build a railroad connecting the Xinjiang Uighur Autonomous Region with Kazakhstan. We have also suggested cooperation with the P.R.C. in space exploration, which could include the training of Chinese astronauts.13

From 1987, the Soviet Union began a reduction in its military force from the Far Eastern region. In the same year, it began to phase out the deployment of Soviet troops in Mongolia. Meanwhile, China also responded to Russia's overtures around this time. The Central Military Commission of China revised country's military doctrine and strategic defence policy in 1985. The earlier direction to the armed forces to prepare for confrontation with the Soviet Union was replaced by a direction to prepare for local and limited wars around China's periphery, including in the maritime domain. In 1987, a joint Soviet-Chinese commission also began to work towards drawing proposals to resolve the border issue along the Ussuri and Amur rivers. Russia's withdrawal from Afghanistan and Vietnam's withdrawal from Cambodia in the late 1980s also fulfilled the concerns raised in the talks that took place in 1979, as discussed earlier.

Along with border tension de-escalation, trade relations also began to improve around this time. China was interested in buying Soviet military equipment and defence as well as civilian technologies, especially owing to the sanctions imposed on it by the West following the Tiananmen Square massacre in 1989. On the other hand, the Soviet Union was interested in importing goods of mass consumption to meet their shortages. A defining moment in this period was Mikhail Gorbachev's visit to China in May 1989. It was the first Sino-Soviet summit in thirty years and marked the completion of the initial process normalisation of relations between the two sides. Gorbachev's visit was followed by Chinese premier Li Peng's visit to Moscow in April 1990.

In the last years of this phase (1989–1991), the signing of the border agreement in May 1991 gave China back most of the disputed islands

on Amur and Ussuri (including the Damansky Island) in accordance with international legal standards. Several places, however, were excluded from this agreement but their status was finally resolved in 2008, which will be discussed later in this paper. These two events were instrumental in laying the groundwork for reducing the force reduction along their shared border. This phase of "détente" was "viewed by both adversaries as a means of managing their rivalry, not of eliminating it".15

2. EVOLUTION OF RUSSIA-CHINA RELATIONS POST 1991

The Russia-China relationship continued to stabilise post the breakup of the Soviet Union and the efforts towards stabilisation continued further. During this phase of transition, there was hardly an appetite among Russian policymakers to deal with China as it was struggling with economic difficulties, state building, the Chechen war and several other serious concerns. Meanwhile, China's endeavours were focused on attracting foreign investment and building an export-driven economy while retaining state control in key sectors of its economy. Personal ties between Boris Yeltsin and Jiang Zemin were also cordial but their interactions remained limited. In 1992, Russia and China signed the Military-Technical Cooperation (MTC) Agreement, which provided a legal framework for MTC between the two countries. Later, both sides also created a Mixed Intergovernmental Commission on Military-

A crucial phase of engagement between Russia and China began after the election of President Vladimir Putin in Russia. In July 2000, President Putin visited China "to cement already strong Russian-Chinese relations and chart long-term prospects for bilateral ties".

Technical Cooperation, a formal platform for the development of military-technical ties.¹⁷

Despite their differing priorities and interests, leaders from both sides displayed interest towards normalising relations throughout this decade. As Den Xiaoping noted:

No matter whatever change might occur in the Soviet Union, we should calmly develop relations with the country on the basis of five principles of peaceful coexistence, and should not launch ideological debate once again. 18

In 1996, Russia and China proclaimed a strategic cooperative partnership, and subsequently signed the Treaty for Good Neighbourliness, Friendship, and Cooperation in the year 2001. The first summit of the "Shanghai Five", which included China, Russia, Kazakhstan, Kyrgyzstan, and Tajikistan, focussing on border delimitation also took place in 1996. It showcased political cooperation between Moscow and Beijing on regional issues.

2.1 **2000-2013**

A crucial phase of engagement between Russia and China began after the election of President Vladimir Putin in Russia. In July 2000, President Putin visited China "to cement already strong RussianChinese relations and chart long-term prospects for bilateral ties". The Beijing declaration highlighted "the development of wideranging cooperation in trade, economy, research, technology and the military-technical field among the key aspects of progress in Russian-Chinese relations, equal and trustful partnership, and strategic interaction". The joint statement was also critical of the US withdrawal from the Anti-Ballistic Missile treaty. The visit was seen as the beginning of Russian-Chinese axis to counter American influence in the West. The visit was seen as the beginning of Russian-Chinese axis to counter American influence in the West. The visit was seen as the beginning of Russian-Chinese axis to counter American influence in the West.

In the early 2000s, Moscow and Beijing also embarked on a project to transform the "Shanghai Five" into a concrete regional integration initiative, which later came to be known as as the Shanghai Cooperation Organisation (SCO). In June 2001, Russia's new President, Vladimir Putin and China's President, Jiang Zemin met along with the heads of the four Central Asian countries within the ambit of the SCO to reaffirm their commitment to major global issues and also to broaden their diplomatic and economic footprint in Central Asia.²¹ Within a month of this development, the Chinese President arrived in Moscow to sign the "Good Neighbourly Treaty of Friendship and Cooperation" on July 16, 2001.22 The treaty reiterated "to consolidate the friendly and good neighbourly ties and mutual cooperation in all fields between the two countries, which is in conformity with the fundamental interests of the people of the two countries and conducive to the maintenance of peace, security and stability in Asia and the world". This treaty also agreed to develop a "strategic cooperative partnership of good-neighbourliness, friendship and cooperation, and equality and trust between the two countries from a long-term view and

in a comprehensive manner".²³ In 2008, both countries ratified an action plan to implement the treaty.

More importantly, the two countries also managed to resolve all of the remaining territorial disputes during this period after Russia seceded from China 337 km of disputed lands in exchange for Beijing's removal of other claims. ²⁴ This was a crucial development as the disputed territories had been the scene of armed clashes during the height of the Cold War, as discussed earlier in the paper. ²⁵ This move reflected Moscow and Beijing's common desire of countering the US "hegemony" in regional and global politics. In due course of time, both sides also aligned their positions on several international issues such as their opposition to the wars in Afghanistan and Iraq and their concerns about the US military presence in Central Asia. In 2011, the nature of the Russia-China relationship was upgraded to a comprehensive strategic and cooperative partnership.

Economic relations also flourished during this period. By 2008, trade between them had increased to \$55.9 billion, with an average growth rate of 37 percent between 2002 and 2008. However, this was also a phase where in contrast to the 1990s, there were increasing apprehensions within Russia about arms transfers to

In contrast to the 1990s, there were increasing apprehensions within Russia about arms transfers to China, especially in the early 2000s. During this phase, Russian manufactured arms began to face increasing competition from Chinese manufacturers in the domestic market. Furthermore, Russia was also concerned about the unauthorised copying of Russian equipment

China, especially in the early 2000s. During this phase, Russian manufactured arms began to face increasing competition from Chinese manufacturers in the domestic market. Furthermore, Russia was also concerned about the unauthorised copying of Russian equipment such as the Sukhoi (Su-27SK) fighter jets in China, which the latter began to sell to third countries at discounted prices. This concern over duplication discouraged Russia from selling its most sophisticated and advanced weapons to the Chinese military.

2.2 **2013-2023**

The trend towards building an amicable and practical working relationship gained further momentum under the leadership of President Vladimir Putin and president Xi Jinping. Both Putin and Xi were deeply focused on ensuring domestic political and social stability, and shared perceptions of a common threat from the US democracy in the aftermath of the Arab Spring. Russia was the destination of Xi Jinping's first state visit in 2013, and Xi became "the first foreign leader to visit the Russian military command centre in Moscow". 29

2.2.1 **2014** UKRAINE CRISIS – A TURNING POINT IN RUSSIA-CHINA RELATIONS

This phase is crucial as the 2014 crisis in Ukraine brought the two countries closer to an unprecedented scale. The crisis began in the aftermath of the failure of the Eastern Partnership³⁰ Summit

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of the European Union when the then Ukrainian President Viktor Yanukovych's backed out of signing the Association Agreement with the European Union. ³¹ With widespread protests over the abrupt departure from the said deal and a mounting pressure to quit, President Yanukovych fled Kiev on February 22, 2014, and took refuge in Russia. Soon afterwards, Russia held a (debated) referendum in the Crimean Peninsula and occupied it. Meanwhile, the Russian speaking eastern flank of Ukraine – the Donbas region comprising Donetsk and Lugansk– was inclined towards Russia and continued to be embroiled in clashes.

The crisis in Ukraine ushered in a new phase of tensed West-Russia relations. Confronted with an increasingly antagonistic West, Russia began turning further towards Asia and particularly towards China in order to alleviate the adverse economic effects of Western sanctions. President Putin's visit in May 2014 to Shanghai amid rising tension with his Western partners was seen as a huge symbolic gesture. The most notable event that happened on the sidelines of Putin's visit was the signing of a 30-year gas contract

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worth \$400 billion between Russia's Gazprom and the China National Petroleum Corporation.

Faced with Western sanctions and the countersanctions it imposed, Russia needed more strategic partners such as China owing to the latter's rising economic weight and influence in global affairs. President Putin repeatedly emphasised that Russia's economic future lies with China, which is on track to beat the US as the foremost global economic power. Thus, the economic sanctions imposed by the US, the EU and other countries compelled Moscow to pivot to China, turning two natural competitors into closer strategic partners. Russia's pivot to Asia or China, thus, marked "a new 360-degree vision, in which Moscow serves as a vantage point for a novel geopolitical construct: Eurasia writ large". The two countries now moved forward to forge a more comprehensive strategic and economic partnership.

Later, during his interaction with the then Chinese Foreign Minister Wang Yi in Moscow on April 7, 2015, the Russian President noted that Russia-China relations "have reached an unprecedented high and the possibility for bilateral cooperation is completely in line with the reality and long-term needs of the two nations". ³⁴ A few weeks later, Chinese President Xi Jinping was invited as the chief guest at Moscow's victory parade to celebrate seventy years of victory over Nazi Germany. ³⁵ On the eve of the victory parade, both the leaders signed several bilateral agreements. On the day of the parade itself, the presence of a Chinese guard of honour for the first time was also representative of the growing Russia-China relationship.

Furthermore, Russia also agreed to harmonise its Eurasian Economic Union (EAEU)³⁶with China's Belt and Road Initiative (BRI) on the sidelines of this meeting. Both sides signed a joint declaration on "Cooperation in Coordinating Development of the Eurasian EU and the Silk Road Economic Belt".³⁷ It marked the beginning of a new outline for the development of Russia-China relations. Under the framework of the BRI-EAEU agreement, "both sides decided to align their complementary economic advantages to cooperate in different sectors, in order to tap full potential and agreed to cooperate on a bilateral level as well as within the SCO".³⁸

2.2.2 2022 - PRESENT: RUSSIA-UKRAINE CONFLICT

Another important phase of Russia-China relations began in February 2022. President Putin visited China on February 4, 2022, to participate in the opening ceremony of the XXIV Olympic Winter Games,³⁹ at a time when most other world leaders boycotted the ceremony given China's dubious handling of the coronavirus pandemic. This period was also characterised by escalating West-Russia tension owing to the latter's demand for security guarantees from NATO in December 2021, which included a written

The Russia-China summit on the sidelines of the Beijing Olympics was high on optics. It projected that Russia and China were on the same page on the "core interests" of upholding "international equity and justice" in the face of the US "unilateralism" and supported each other against "external interference and regional security threat.

commitment from the US and the NATO "to refrain from any further enlargement".⁴⁰ These demands were refused by the West and during this time, the US had also begun to issue several warnings that Russia was preparing to attack Ukraine.⁴¹

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In the same month, West-Russia tension on Ukraine peaked when on February 21, Russia recognised the independence of Donetsk and Lugansk. "As noted earlier, frequent clashes had continued in the stated region since the 2014 Ukraine crisis between the pro-Russian rebels and the Ukrainian administration. Donetsk People's Republic and Lugansk People's Republic' (DPR and LPR) leaders had declared independence from Ukraine in May 2014, but the status was not recognised internationally by any country until February 21, 2022. Russia's recognition of these breakaway regions and ratification of the Treaty of Friendship, Cooperation and Mutual Assistance on February 21 and a launch of a "special military operation" on February 24, 2022 5 brought forth a new phase of hostility between the West and Russia. The operation continues to this day and has "exacerbated the fault lines and opened up new divides across

regions, continents, political systems, and economic strategies that had emerged during the Covid-19 pandemic".⁴⁶

Within the context of Russia-China relations and the latter's response to the developments in Ukraine, it is important to note that in the early days of the war, China did not explicitly support Russia. Instead, Beijing took a cautious stance at the UN by abstaining from voting against Russia, as it also strove to balance its political and economic ambitions worldwide. While taking note that each country's reasonable security concerns should be valued Beijing has often called for the need to resolve the crisis peacefully. However, in recent months the country's position has gradually evolved to reflect a tacit understanding of Russian claims and actions which criticise the US and NATO actions. As the war entered its second year on February 24, 2023, Beijing proposed a "12-point peace plan" for dealing with the situation, where it advocated for dialogue, respect for all countries' territorial sovereignty, and an end to economic sanctions. 47 Later, in March, as President Xi Jinping began his third term in office, he visited Russia. In his arrival statement, President Xi noted:

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"In a world of volatility and transformation, China will continue to work with Russia to safeguard the international system with the UN at its core, the international order underpinned by international law, and the basic norms of international relations based on the purposes and principles of the UN Charter. China will work with Russia to uphold true multilateralism, promote a multi-polar world and greater democracy in international relations, and help make global governance more just and equitable."48

During this visit, Russia and China signed the joint statement on Deepening the Russian-Chinese Comprehensive Partnership and Strategic Cooperation for a New Era, as well as the joint statement by the President of Russia and the President of China on the Plan to Promote the Key Elements of Russian-Chinese Economic Cooperation until 2030.⁴⁹ A major dimension of these increased economic ties is their expanding energy cooperation and the two sides also held discussions on the new Power of Siberia-2 gas pipeline across Mongolia. The official statement noted that an agreement had been reached "on most of the deal's parameters" and that Russia would export 50 billion cubic metres of gas from reliable, stable supplies. ⁵⁰

It is important to note that the document also stated that both the countries would jointly oppose the raising of the Ukraine crisis at the G20. In addition, the statement called for the need to build an open and inclusive Asia-Pacific strategy, as opposed to Indo-Pacific strategy. An overview of these different stages of bilateral ties between Russia and China shows that diplomacy has played an important role in the furthering of ties between the two. The disintegration of the Soviet Union was instrumental in removing the "ideological edge to their conflict" and both countries were able to settle their border dispute successfully. The signing of a Treaty of Good Neighbourliness and Friendly cooperation in 2001; the coming of President Putin to power in 2000 and the sharp deterioration in Russia's relations with the West over Ukraine since 2014, have been important milestones in the Russia-China partnership.⁵¹

However, several differences continue to exist on ground, which will be discussed later in the paper. The following sections discuss two important pillars of the relationship – economic and military-technical ties – to understand the scope of the Russia-China partnership.

3. RUSSIA-CHINA ECONOMIC TIES

Economic ties form the core of the Russia-China partnership.
Since 2015, Russia has augmented its oil exports to China by
60 per cent, replacing Saudi Arabia as China's top supplier of
crude oil. In December 2019, the Power of Siberia pipeline started
delivering natural gas to China. In addition, Chinese state-owned

An overview of these different stages of bilateral ties between Russia and China shows that diplomacy has played an important role in the furthering of ties between the two. companies are stakeholders and major buyers of Liquefied Natural Gas (LNG) from Russia's projects in the Arctic region.⁵² Despite the momentum affected by Covid-19 in 2020, the relations have continued to prosper and have shown substantial enhancement in 2021 with over \$146 billion in total trade.⁵³ Furthermore, while the two countries had intended to increase total bilateral trade to \$200 billion by 2024, they have now revised the mark to \$250 billion given the consistent growth. The current numbers thus reflect a constant economic growth over the years.

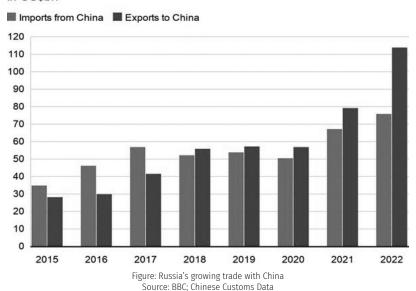
Furthermore, notwithstanding the Ukraine-related sanctions on Russia, the country's trade with China was about \$185 billion in 2022. Factorial Russia's exports to China consist of largely oil, coal, natural gas, fertilisers, metals, etc. With the deepening of the Ukraine crisis, it has also emerged as a major wheat supplier to China after Beijing lifted all wheat-import restrictions on the country. On the other hand, its imports from China mainly comprise electronics and machinery, industrial goods and other consumer goods like textiles and apparel, vehicles, ships, aircraft, etc.

The following figure shows growing bilateral trade between Russia and China between 2015 and 2022.

The composition of trade continues to deepen and the two countries have signed the agreement to "Promote the Key Elements of Russian-Chinese Economic Cooperation until 2030". The plan covers eight aspects of China-Russia economic cooperation from institutional arrangements, including financial cooperation and steadily increasing the proportion of local currency settlement in

Russia's growing trade with China

in US\$bn



bilateral trade, to guidance on cooperation on specific industrial sectors such as energy and agriculture.⁵⁵

This is an important development because the use of national currency in bilateral trade has also offered China a chance to expand the role of yuan.⁵⁶ The share of China's yuan in Russia's import settlements in 2022 jumped to 23 percent from 4 percent in 2021.

An important point to be noted with respect to Russia's growing trade with China despite several concerns is that it is not a unique phenomenon. Despite the US-China strategic rivalry and the EU-China systemic rivalry, their trade has expanded substantially over the years.

Given China's economic and technological rivalry with the US, the use of alternative global systems in trade, finance, and technology is useful for China to expand its economic footprint.⁵⁷

An important point to be noted with respect to Russia's growing trade with China despite several concerns is that it is not a unique phenomenon. Despite the US-China strategic rivalry and the EU-China systemic rivalry, their trade has expanded substantially over the years. For instance, the US-China trade was about \$690.6 billion in 2022, despite their hostile rhetoric.⁵⁸

4. RUSSIA-CHINA MILITARY-TECHNICAL COOPERATION

As mentioned earlier in the paper, Russia signed the Military-Technical Cooperation Agreement with China in 1992. As the two sides resolved border disputes and increased engagement, Russia increased its arms exports to China. This trend continued till 2005–2006. Arms transfers also took off in the 1990s as the military industries of both countries entered into a stage of mutual dependence. The West had imposed an arms embargo on China after the Tiananmen Square, ⁵⁹ and Russia became a critical source of sophisticated weapon supply to China. This arrangement was also beneficial for Russia as it was on the lookout for new markets.

This phase of high steady arms supply was followed by a coolingoff period, due in part to a decline in arms sales and a divergence in the respective security priorities of the two countries. From 2006 to 2010, there were no transfers of major weapon systems from Russia to China. During this period, Moscow raised concerns over Chinese reverse-engineering of Russian weapons systems and hesitated to provide its most advanced systems to China. The disruption in MTC during this period stemmed from several causes. By 2006, China had become unhappy with Russian contract negotiation policies. With its basic military requirements met at home, China increasingly looked at Russia to purchase more advanced weapons systems and their underlying technology to further the People's Liberation Army's (PLA) modernisation. However, Russia was reluctant to export its most advanced military equipment to China for several reasons. Moscow was concerned about Beijing's intellectual property theft of Russian military technology and unlicensed reverse-engineering of Russian weapons systems. A notable example of China's reverse-engineering of Russian weapons systems is the PLA's J-11 fighter, an unlicensed copy of Russia's Su27/Su-30 fighter. Russia worried that Chinese exports of reverse-engineered Russian weapon systems would create competition in Russia's traditional arms exports market. Moreover, Moscow was increasingly apprehensive of Beijing's growing military capabilities and was unwilling to sell advanced technology to Beijing that could potentially pose a threat to Russia in a future conflict. Although the Agreement of Intellectual Property in Military-Technical Cooperation to alleviate Russian concerns about Chinese intellectual property theft was signed in 2008 and strengthened in 2012, Russia continued to avoid major arms sales to China.

Russia's hesitation to sell advanced weapons to China saw a turnaround in 2014. It is following the 2014 Ukraine crisis and

Russia's economic and political isolation from its traditional European and Western markets that the Russia-China MTC began to deepen. The crisis resulted in a major strategic reorientation of Russia away from the West and towards Beijing. Moscow subsequently prioritised strengthening all aspects of its bilateral relationship with China, including military-technical cooperation. The renewal of large-scale arms transfers in 2015 was an important development for bilateral military relations between Russia and China, marking the beginning of a new phase of increased military-technical cooperation between the two countries.

Since then, the two countries have taken several concrete steps towards strengthening their military ties. In May 2015, the Russian and Chinese navies conducted their first joint naval exercises in the Mediterranean Sea. The naval drill, code-named "Joint Sea 2015", was held from May 17 to 21 and involved nine ships from both countries. This was a symbolic gesture to caution NATO about its presence in the region. The exercise "included live-fire drills, underway replenishment and escort operation" and facilitated the setting up of a joint command centre in Russia's Black Sea port of Novorossiysk, which Chinese vessels entered prior to heading out with Russian ships to the Mediterranean. Such a military exercise was a first in the history of Russia-China relations. ⁶⁰ Because it took exactly after a year of Xi's attendance in the Victory Parade of 2014, the optics was quite high to show a close solidarity between the two leaders.

Prior to the crisis, Russia had been wary of sharing advanced defence supplies with China. In this respect, the outlook towards Prior to the crisis, Russia had been wary of sharing advanced defence supplies with China. In this respect, the outlook towards defence ties altered significantly post the first wave of the Ukraine crisis.

defence ties altered significantly post the first wave of the Ukraine crisis. In the period following the 2014 crisis, both sides entered into several agreements on the joint design and production of a wide-body non-military aircraft and joint construction of a large military helicopter, signed by Xi Jinping and Putin in May 2015, when Xi attended the May 9 Victory Parade. In 2014, the Central Banks of Russia and China reached an agreement on a foreign-exchange swap worth RMB150 billion. Chinese investments in the territory of Russia grew significantly.

Apart from access to Russia's oil and gas fields it received advanced military systems from Russia such as an ambitious arms deal of about \$3 billion for Russia's "long-range S-400 surface-to-air missile (SAM) system" and Su-35, among others. These arms transfers ushered in a new phase in military-technical cooperation between the two countries. Since 2014, the Moscow-Beijing partnership has evolved exponentially despite frequent misgivings about the longevity of their understanding. The two have also presented a coalition in the United Nations Security Council (UNSC) having jointly vetoed four US-backed resolutions on Syria on several occasions. In the wake of the developments since February 2022, China has used its veto power to assist Russia.

Overall, Russian-Chinese military transfers witnessed momentum in 2015. These have been "highlighted by a series of important arms transactions, including landmark contracts in 2015 for the sale of Su-35 combat aircraft and S-400 air defence systems followed by a series of important transactions involving the transfer of helicopters, submarine technology, and aircraft engines". Joint technology projects have been especially important due to their expansion into new areas such as missile defence, taking on greater strategic importance. Together with an increase in combined exercises, joint air patrols, and key leader engagements, the resumption of large-scale arms transfers has contributed to growing military convergence between Russia and China while enhancing their strategic partnership. These transfers are also advancing China's military expansion in the western Pacific, helping to tilt the regional balance more in China's favour. 61 The following table gives an overview of Russia's arms exports from 1992-2022. It shows the cooling off period between Russia and China in the mid 2000s and consequential rise following 2014.

It is pertinent to note that figure 1 also indicates plateauing of the MTC between Russia and China around 2018, much before Russia launched the military operation in Ukraine. The share of Russia's

The volume of deliveries to China in 2020–22 was at a much lower level than that in 2018–19. It is likely that order volumes from China will reduce further in the coming years as Russia needs more resources for its domestic consumption. Moreover, China is becoming less reliant on Russian imports having increased its domestic production of advanced major arms.



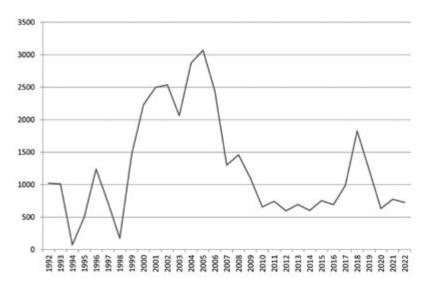


Figure 1 : Arms exports from Russia to China,1992–2022 (values in \$ million)

Source: SIPRI Arms Transfer Database⁸⁰

arms transfers to China began to decline, reflecting the onset of stagnation in their military-technical cooperation. The volume of deliveries to China in 2020–22 was at a much lower level than that in 2018–19. It is likely that order volumes from China will reduce further in the coming years as Russia needs more resources for its domestic consumption. Moreover, China is becoming less reliant on Russian imports having increased its domestic production of advanced major arms.

5. AREAS OF CONCERN: LIMITS TO THE PARTNERSHIP



The inherent features of competition between Russia and China manifest in the Arctic, the Russian Far East and Central Asia.

The inherent features of competition between Russia and China manifest in the Arctic, the Russian Far East and Central Asia.

Although the Russia-China relationship has deepened, it is more a result of geopolitical and geographical necessity. As two big neighbours with their shared antagonism towards a US-led global order, the benefits of cooperation outweigh the risks. Moscow and Beijing are strategically on the same page with respect to resisting unipolarity and other global political issues, as discussed in the paper. However, given the ups and downs in their history, there are several points of divergences between the two that limit the scope of their partnership. It is evident that Russia has also been cautious about joining China-led endeavours, such as the BRI, even as the country has been making constant efforts to harmonise its objectives and interests with those of China. Despite the optics of integration of the EAEU and the BRI, it is imperative to note that the strategic ties between the two countries are mostly limited outside the sphere of the BRI agenda. Though both sides have spent years claiming a close relationship and commitment to the project, Russia has largely remained an absent partner. ⁶⁴ In addition, since the BRI targets development of infrastructure in Central Asia, "it has been greeted with a great deal of suspicion by Moscow, which sees it as a threat to its economic and geopolitical interests". This is because since the dissolution of the Soviet Union, the development of deeper trade links trade links between China and the countries of Central Asia has proceeded in parallel with the gradual erosion of Russian influence in the region.65 Accordingly, Moscow has made efforts



for multilateral institutions such as the BRICS, SCO, Russia-India-China trilateral initiative, etc., in order to balance China's growing weight and influence. Russia's motives in strengthening these platforms have been viewed as serving Russia's interest in "diluting China's superiority".66

Similarly, there is a huge mistrust towards China with respect to its overtures in the resource rich Russian Far East and Siberia, a region whose development Russia has declared as "a national priority for the 21st century". ⁶⁷ The public opinion is mostly negative towards China's "control" of natural resources and arable lands, which is seen as a security as well as an environmental infringement. ⁶⁸

Russia-China cooperation in the Arctic also has inherent features of competition. Russia is an Arctic country, while China has projected itself as a "Near-Arctic State, one of the continental States that are closest to the Arctic Circle". China has expressed its willingness to join the ranks of the "great Arctic powers" and has declared the Arctic a sphere of its national interests. In 2018, Beijing published a White Paper on Arctic policy, which refers to creation of the "Ice Silk Road". Thus, apart from Arctic's oil and gas resources, China values the Northern Sea Route (NSR) as a shorter transport corridor to Europe and a crucial part of the Belt and Road

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Initiative. Moreover, the Chinese interpretation of harnessing the transportation and resource potential is somewhat different from how Russia sees it. In particular, China does not rule out independent economic activities outside the exclusive economic zone and tends to consider the Arctic latitudes as falling under the UN Convention on the Law of the Sea. The Chinese also carry out robust investigation of the ice and seabed, increasing the coverage of the BeiDou Navigation Satellite System in the Arctic, and have not yet given up on joint research, communication and economic projects with European partners.⁷⁰

However, Russia views the NSR as a strategic project rather than a commercial one. As the region is critical for Russia's national security, China's deep economic involvement in the Arctic is a cause of concern for Russia.

Moreover, it has also been occasionally reported that while conducting business, companies on both sides have expressed difficulties. Incidents of antagonism towards Chinese workers in Russia have been reported, especially following the spread of Covid-19 beyond China in 2020. It is interesting to note that Russia was among the first countries to prohibit Chinese citizens from entering the country for work, private visits, educational and tourism purposes. This was an important decision given that this

Incidents of antagonism towards Chinese workers in Russia have been reported, especially following the spread of Covid-19 beyond China in 2020.



blanket ban on Chinese nationals was imposed much before the infection had spread in the country.

Notwithstanding these divergences, the leaders of both the countries have continued to project a positive image of the partnership. The common desire to ensure emergence of a new world order has played a catalytic role in creating this dynamic between the two. This display of mutual understanding has been apparent amid global and regional disruptions brought about by the Covid-19 pandemic and military conflict in Ukraine. In this context, President Vladimir Putin's visit to China in February 2022 and President Jinping's visit to Russia in March 2023 have reinforced the notion of a "no limits" partnership between the two countries.

6. ASSESSMENT OF RUSSIA'S EVOLVING POLICY TOWARDS CHINA

Russia had pursued a multi-vector foreign policy since 2000 where due importance had been given to establishing strong relations with the US and the EU in order to build a "common European home". This trend began to change by mid-2000s as Moscow's disillusionment with the West grew. This period witnessed the expansion of the EU and NATO as well as incidents of colour revolutions in several countries that had formerly been a part of the Soviet Union. Another key event that affected Russian policymakers in this phase was the Russia-Georgia war in 2008. While the drift from the pro-Western approach in Russian foreign policy had begun to become obvious during this time, a new phase of its isolation from the West followed in the aftermath of

Even though the Russia-China partnership had improved significantly prior to the 2014 Ukraine crisis, the scope of military-technical ties broadened post the developments in Ukraine that year. However, this pillar has begun to show signs of stagnation since 2018 when Russian arms exports to China peaked.

the Ukraine crisis in 2014 and the ensuing economic sanctions imposed on it by the Western allies.

Broadly, developing relations with Asia, the Middle East, Africa, and Latin America now occupies a crucial place in Russia's foreign policy. Within its new paradigm, Russia's relations with China in particular have entered a new stage of cooperation in the last eight years. In this given geopolitical scenario, Russian foreign policy with respect to China has undergone definite changes. Realising the importance of changes underway in the Asia-Pacific region, Russian leaders have begun to gradually "turn" towards the East and regard China as its close ally and main strategic partner in a wide range of global affairs. The Russian establishment has always demonstrated a certain unity of positions in the context of pursuing a foreign policy course in relation to China. This trend has got further impetus following the Ukraine crisis.⁷⁵

This is significant because even though the Russia-China partnership had improved significantly prior to the 2014 Ukraine crisis, the scope of military-technical ties broadened post the developments in Ukraine that year. However, this pillar has begun to show signs of stagnation since 2018 when Russian arms exports to China peaked.

Foremost among the reasons that bring Russia and China together is their common stance against the US-led unipolarity.

Russia's updated foreign policy concept of march 2023 refers to "a comprehensive deepening of ties and enhancement of coordination with friendly sovereign global centres of power and development, which are located on the Eurasian continent and committed to approaches that coincide in principle with the Russian approaches to a future world order and solutions for key problems of the world politics". In this context, Russia's evolving policy focuses on the development of a mutually beneficial cooperation in all areas to enhance coordination in the international arena.

Foremost among the reasons that bring Russia and China together is their common stance against the US-led unipolarity. This approach can be discerned from President Putin's speech at the Valdai Club discussion in October 2014 where he noted that "a unipolar world is not sustainable." He opined that "a unilateral diktat led by the US and its allies and imposing one's own models produces the opposite results...instead of settling conflicts, it leads to their escalation; instead of sovereign and stable states, we see the growing spread of chaos..." The cooperation between Russia and China also amplifies the challenge that China poses to the US, particularly in the domain of new and emerging technologies. China's collaboration with Russia has helped the former in bridging gaps in its military capabilities against the US, hasten its technological innovation, and complementing its efforts to undermine the US global leadership."

CONCLUSION

Russia and China share a comprehensive strategic partnership which continues to remain immune to crises in West-Russia or West-China relations. On the contrary, divergences with the West, particularly the US, have facilitated closer cooperation between the two countries. Leadership on both sides have often emphasised their readiness to consolidate mutual strategic confidence, deepen the mutual benefits of bilateral cooperation, and strengthen coordination and collaboration in global developments. With respect to their growing cooperation, 2014 crisis in Ukraine was an important juncture as their relations entered a new phase of collaboration following the beginning of Russia's economic and political isolation from the Western economies. After the EU and the US imposed sanctions on Russia in 2014, the country intensified cooperation with China by collaborating on projects the country had been wary of pursuing earlier. Eight years later Russia's relationship with the West reached a new phase of antagonism given Russia's recognition of Donetsk and Lugansk as independent republics and its "special military operation" in Ukraine since February 24, 2022.

It is also clear that this partnership has flourished amid geopolitical necessities as both strive to maintain and advance their great power status. These initiatives reflect a pattern of systemic balancing against the US, albeit one short of a formal military alliance.

Any development in Russia-China relations carries implications for India. India shares a deep-rooted and privileged partnership with Russia, which has shown exemplary resilience over several decades. Despite the hindrances caused by the Ukraine crisis, Russia continues to be India's largest arms supplier. Crucially, it still remains the only country to transfer military technology to India, a factor that adds further merit to the relationship. At the same time, India is geographically closer to China and shares a tensed border situation with it.

However, it is also clear that this partnership has flourished amid geopolitical necessities. These initiatives reflect a pattern of systemic balancing against the US, albeit one short of a formal military alliance. It is a partnership of convenience and the relationship could best be described as "transactional" that carries mutual benefits as both countries share the common interest of creating a counterbalance to the US by forming new international "non-Western" structures. For instance, Russia's isolation from international banking (SWIFT) has facilitated Russia-China joint efforts to de-dollarize their economies. This in particular has benefitted China as it tries to expand its national currency in global transactions.

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factor that adds further merit to the relationship. At the same time, India is geographically closer to China and shares a tensed border situation with it. In this context, the positive trends in Russia-China relations and their alignment worldview raises challenges for Indian foreign policy as it balances its ties with the West as well as Russia.

On its part, India has maintained an independent foreign policy immune to influence of external factors. Prioritising its national interest, India has continued its engagement with Russia as well as Western partners and has projected an independent approach towards its pursuit of a multi-polar world order.



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