

Evolving Russia-China Relations:
A Focus on Military Cooperation and Energy Collaboration
Maria Abramovich, GLA Fellow, Alliance University

Historical background

The relationship between Russia and China has had a remarkable evolution over the years from a period of hostility to outright collaboration. In the early 1800s, the two countries were on opposite sides of the border in the "Great Game" between Great Britain and Russia for control of the vast territories of Central Asia¹. This was a period of tense relations between the two empires as they were vying for dominance in the region. Eventually, the Russian Empire was weakened because of its difficulty of reforming its economic structure in order to catch up with the Industrial Revolution and collapsed in 1917 as a consequence of the rise of communism. Just over a generation later, in 1949, a communist regime was also established in China under the leadership of Mao Zedong, one of the most pivotal figures of the 20th century. For the next 30 years, the two nations were enemies locked in an ideological struggle as China engaged in a series of wars against its neighbours in an attempt to reinforce its hegemony in Asia. Meanwhile, the Soviet Union pursued a policy of promoting its own understanding of international socialism through communist allies across the world. However, following the death of Mao in 1976, the new government in China adopted a more pragmatic approach to foreign policy and began rebuilding relations with other states to develop trade ties and attract foreign investment². This resulted in a gradual warming of relations between China and Russia culminating in the signing of a Treaty of Friendship and Cooperation in 2001. Since then, the two countries have been pursuing closer cooperation on various issues including trade, investment and energy. They have also signed several bilateral agreements to expand cooperation in a growing range of areas including science and technology, agriculture, healthcare and education. In recent years, relations between Russia and China have strengthened considerably due to a shared interest in addressing common regional and global challenges such as the proliferation of terrorism, extremism and Islamic militancy. More recently, both Russia and China have expressed concerns over the West's increased interference in the affairs of sovereign states around the world. This has led to an increase in trade and commerce between the two countries in recent years. China is Russia's first trading partner and one of the largest foreign investors in the Russian economy. In 2017, bilateral trade between the two countries reached US\$94 billion, making it the world's largest bilateral trade relationship. According to a report released by the Chinese Foreign Ministry in 2021, China became Russia's leading source of foreign direct investment (FDI) in 2016, with total investments reaching US\$17.2 billion. The report also revealed that China was the top destination of Russian direct investment among foreign countries, accounting for more than two-thirds of all Russian FDI abroad³.

¹ Russia - Russia from 1801 to 1917 | Britannica (<https://www.britannica.com/place/Russia/Russia-from-1801-to-1917>)

² China's Foreign Policy: The Historical Legacy and the Current Challenge (http://afe.easia.columbia.edu/special/china_1950_foreign_policy.htm)

³ China received more foreign investment last year than U.S., U.N. says... (<https://www.cnbc.com/2021/01/24/china-received-more-foreign-investment-last-year-than-us-un-says.html>)

Deepening the cooperation between the two great powers

Today, the Chinese and Russian governments have a solid strategic relationship based on close political values and articulated around a shared commitment to multilateralism and fair trade. The last time that the Chinese President Xi Jinping welcomed his Russian counterpart Vladimir Putin in Beijing, the two heads of state held talks on a wide range of issues including security, trade and economic cooperation⁴. Following the meeting, the two leaders issued a joint declaration expressing their commitment to strengthen their strategic partnership and work together to enhance security in Asia. In the same vein, Xi announced that he will travel to Moscow in the coming months to attend the next meeting of the bilateral High-Level Cooperation Committee (HLCC)⁵, the highest-level mechanism for consultation and coordination between the two countries. It plays an important role in promoting mutual trust and understanding and strengthening political and strategic cooperation between the two countries. Last year, the Chinese government has also disclosed plans to invest \$44 billion in Russia over the next five years⁶. It must be said that Beijing has heavily invested in the oil and gas sector in recent years. According to state media reports, Chinese companies currently account for about 40% of the total production capacity in Russia's oil and gas industry. However, the joint declaration issued after the latest meeting between Putin and Xi makes no specific mention of investment in the energy sector. Both countries have also recently announced plans to build new pipelines to import gas from Russia to China.

Overall, relations between two countries become to be warmer and stronger due to historical and political ties. China is the world's largest energy consumer and Russia's largest trading partners. The Russian government has expressed its interest in deepening cooperation with China in areas such as energy, investment and trade, but also security and military affairs. It is expected that a closer relationship between the two countries will help promote regional stability and economic integration.

Energy collaboration

Russia has reached out to China in search of alternative sources of energy after the introduction of economic sanctions by Western powers as a result of 2014 Crimea's reunification and their intensification in the aftermath of the 2022 'special military operation'. Since then, according to Rosneft CEO Igor Sechin, "China [became] one of Russia's key partners in the energy sector."⁷ It is estimated that Russia is now supplying about a third of all the oil China consumes. A landmark deal signed in June 2014 involved the importation of over 38 billion cubic meters of natural gas from Russia to China over a ten-year period. The price for gas was set at \$385 per thousand cubic meters, making it the cheapest source of energy available to the Chinese mainland. There are also plans to build a pipeline between Russia and China, which will link the Russian Far East and the Chinese province of Jilin.⁸ This agreement

⁴ Russian-Chinese talks • President of Russia (<http://www.en.kremlin.ru/events/president/news/67712>)

⁵ China's Xi and Russia's Putin set for face-to-face at Olympics as ... - CNN (<https://www.cnn.com/2022/02/02/asia/china-russia-olympics-opening-ceremony-meeting-ukraine-intl-hnk-mic/index.html>)

⁶ China plans real estate fund worth up to \$44 billion for... distressed (<https://www.reuters.com/world/china/china-plans-set-up-real-estate-fund-worth-up-44-bln-redd-2022-07-25/>)

⁷ Igor Sechin: the epitome of power in Putin's Russia (<https://www.theguardian.com/business/2022/mar/04/igor-sechin-the-epitome-of-power-in-putin-russia-rosneft-economy>)

⁸ A Siberian pipeline from Russia and China's 'Polar Silk Road' plan - CNBC (<https://www.cnbc.com/2019/12/04/siberian-pipeline-from-russia-to-china-polar-silk-road.html>)

is expected to generate more than \$400 billion in revenues for both countries over the next twenty years⁹.

Mutual trade dependence plays an essential role in Russia-China relations. China is the Russia's largest oil buyer and Russia is China's second-largest trading partner after Germany. The economic relationship between the two countries is therefore vital to their long-term prosperity and stability. The strategic alliance between China and Russia is particularly important in the current geopolitical climate. This is a time of great uncertainty in which power is gradually shifting from the Atlantic to the Pacific. Countries such as Russia and China are not willing to relinquish their influence and long to promote their national interests and values on the world stage. Furthermore, Russia and China share a common interest in ensuring that the United States and their allies do not interfere in their respective spheres of influence. Over the past decade, China has stepped up its quest for global power and influence by establishing trade ties with countries on all continents. China has also established extensive political and economic relations with Russia as part of its wider effort to promote economic growth in the region. This has strengthened its position as an Asian superpower and propelled it to new heights of economic growth and development. In recent years, both countries have worked closely towards expanding their trade and economic interests, as well as promoting cultural and religious exchanges but also deepening military cooperation, given that they have collaborated in several joint exercises and development projects and traded significant quantities of arms and military equipment.

Military cooperation

The weakening of the U.S. economy following the financial crisis of 2008 and the subsequent decline in its global influence have dealt a significant blow to U.S. power on the world stage, which made Russia and China two of the most powerful countries in the world, and they have formed a strategic partnership that has led to significant cooperation in various fields, including military¹⁰. Both countries have shared interests in maintaining regional stability and countering the influence of the United States in their domestic affairs. One of the most visible forms of military cooperation between Russia and China is joint military exercises. Since 2005, the two countries have conducted a series of drills, known as the "Peace Mission", to improve their military coordination and interoperability¹¹. Such trainings involving various types of troops, such as ground forces, air forces, and naval forces, have been held in different locations, including Russia, China, Kazakhstan, and Tajikistan. Their scenarios typically cover counterterrorism and peacekeeping operations. These joint exercises not only improve the military capabilities of the two countries but also send a strong message to the rest of the world that they are willing and able to work together to address common security challenges. Another area of military cooperation between Russia and China is arms sales. Russia has been a major supplier to China, providing it with advanced weaponry and technology. The two states have cooperated on joint development projects, such as the production of a new heavy-lift helicopter and a new long-range airliner. China has purchased various types of military equipment from Russia, including fighter jets, submarines, missile systems, and aircraft engines. Moscow has

⁹ UBS: Space travel and space tourism a \$23 billion business in a ... - CNBC

(<https://www.cnbc.com/2019/03/18/ubs-space-travel-and-space-tourism-a-23-billion-business-in-a-decade.html>)

¹⁰ Against Great Power Competition | Foreign Affairs (<https://www.foreignaffairs.com/articles/united-states/2021-02-15/against-great-power-competition>)

¹¹ Russia, China conduct first joint military exercise since Ukraine... (<https://www.washingtonpost.com/national-security/2022/05/24/russia-china-military-exercise/>)

also provided Beijing with technology and expertise for the development of its own weapons systems, such as the J-20 stealth fighter and the DF-21D anti-ship ballistic missile¹².

However, the recent developments in the east of Ukraine might have a negative impact on Russia-China military cooperation. Indeed, although both Moscow and Beijing have openly criticized Western sanctions on Russia and signalled their mutual support regarding the perceived threat of NATO's eastward expansion in Europe and the approximation of the U.S.-led Asia-Pacific four (AP4) in China's periphery, the war in Ukraine has highlighted some underlying tensions. Beijing has been careful not to take sides in the conflict, instead calling for a peaceful resolution through dialogue, since Washington repeatedly said that if China considers supplying weapons to Russia there will be "consequences", although the U.S. themselves play an indirect role on the battlefield supplying military aid to Ukraine for more than US\$60 billion, which is broadly the equivalent of Russia's annual military budget. Furthermore, China has been wary of being drawn into the conflict, given its disputes with neighbouring countries over territorial claims in the South China Sea. The fact is that its closer partnership with Russia raises concerns among other nations in the region, particularly those that allied with the United States, which worry that a Russia-China alliance would upset the balance of power and threaten their security.

Conclusion

While the war has underlined some tensions between the two great powers, it has also led to some areas of cooperation and strengthened their strategic ties. Both Russia and China have sought to increase their military cooperation in the areas of weapons development and sales to counter what they view as threatening interferences from the West in their respective spheres of influence. They have also stepped up their joint military exercises to demonstrate their shared commitment to defending shared geopolitical interests on the Eurasian continent and beyond. Despite these efforts, there are still some lingering concerns that the two countries do not always see eye to eye on key foreign policy issues. They have often taken different approaches to the region's conflicts and disagreements, which has resulted in further strain in their relationship. Nonetheless, both countries remain strong strategic allies and will continue to cooperate closely on a range of global and regional issues in the decades to come.

¹² Analysis: Chinese military aid to Russia would be major role reversal...
(<https://www.reuters.com/world/chinese-military-aid-russia-would-be-major-role-reversal-analysts-say-2022-03-17/>)