



Delhi Policy Group

Advancing India's Rise as a Leading Power



DPG POLICY BRIEF

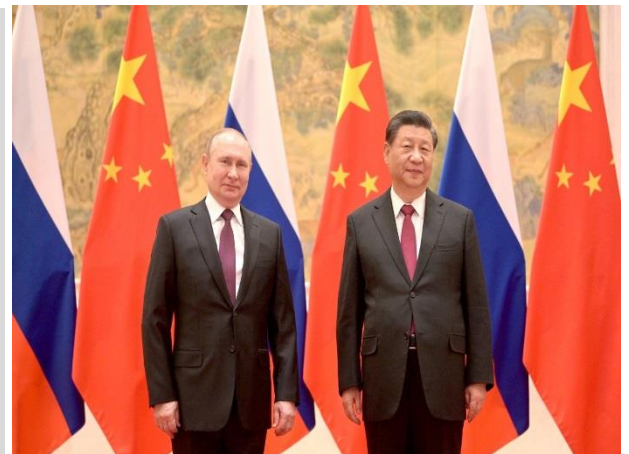
China-Russia Relations in the Changing Global Order

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Cover Photographs:

President Vladimir Putin meeting President Xi Jinping in Beijing preceding the release of the Joint Statement of the Russian Federation and the People's Republic of China on the International Relations Entering a New Era and the Global Sustainable Development on February 4, 2022. Source: Kremlin Russia

President Putin observed the main stage of the Vostok-2022 strategic command post exercise at the Sergeyevsky range in the Primorye Territory. Source: Kremlin Russia

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China-Russia Relations in the Changing Global Order

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Introduction

The contemporary China-Russia relationship dates back to the dissolution of the Soviet Union in 1991. The two countries share a long and tumultuous history, marked by fluctuations in ideological alignment, diplomatic crises, and a border war in the 1960s.

Their close alignment today is based on a shared opposition to the U.S.-led international order, in terms of the threat it poses to their core interests. For Russia, it is a Western bulwark characterised by NATO's progressive ingress toward its borders which poses an existential threat. For China, it is a US-led Indo-Pacific containment and confrontation strategy to constrain China's rise as a peer competitor. The direction of the Sino-Russian entente also reflects personal ties between President Xi Jinping and Vladimir Putin, both of whom project the image of a close relationship.

The primary architecture of this partnership is Eurasia-centric, dedicated to ensuring regional peace and stability through the auspices of the Shanghai Cooperation Organisation (SCO), co-founded by China and Russia. Despite 26 years of SCO's existence, border clashes among member nations, concerns over Russian actions, antagonistic India-China relations, and the inability of China to coalesce its neighbours are among the factors behind SCO's inability to emerge as a cohesive block which can decisively impact the geopolitics of the region.



President Putin with President Xi Jinping prior to a meeting of the SCO Heads of State Council on September 16, 2022 Source: Kremlin Russia

Notwithstanding inconsistencies in Eurasia driven by conflicting interests, military cooperation between the two is significant, encompassing exchanges and joint exercises, as well as intelligence sharing and joint development of weapons systems. In November 2021, the two sides signed a Road Map for Military Co-operation for 2021-2025 to guide collaboration in this sphere.

The two also enjoy strong commercial and financial ties and are partners in their attempts to “de-dollarise” the global economy, which they regard as perpetuating a US-led financial order. Both express opposition to the use of unilateral sanctions as tools of policy, but both are also known to resort to economic coercion for advancing strategic goals.

Moscow and Beijing often cooperate and coordinate in multilateral settings, including the United Nations; the SCO; the BRICS grouping; and the Group of 20 (G20). They have also tried to harmonise the interests of overlapping ventures, such as the BRI and the Eurasian Economic Union (EEU), particularly in their common and overlapping strategic space.

Despite the forgoing, Sino-Russian relations are difficult to define: is it an ‘alliance’ or a ‘relationship of convenience’? The relationship is characterised by alignments and maladjustments driven by their respective national interests. Certain factors drive them close, and others apart. But at the present juncture, the two together constitute a formidable Eurasian nexus.

Assessment of China-Russia Relations

Russia

As highlighted earlier, the focal point of the partnership is the challenge posed by the US-led and Western-dominated global order. Xi and Putin's joint statement on February 4, 2022, emphasising their commitment to “true multilateralism” and “respect [for] the rights of peoples to independently determine their own development paths,” is largely interpreted as a blueprint for a new international order.

Within the above backdrop, Russian concerns over China's rise and economic advances are overshadowed by the perceived benefits of greater economic, political, and military cooperation. However, despite being aware of the practical benefits of a positive relationship with the PRC, Russian policymakers remain guarded and harbour doubts toward China.

As a result, they avoid binding obligations of a formal alliance, particularly those that can draw them into potential conflicts in the Indo-Pacific, such as

over Taiwan. Nonetheless, they continue to endorse fully a “One China Policy” and the Chinese position on Taiwan and the South China Sea.

Acutely aware of the shifting balance of power, Russia is wary of its growing dependence on China. It views China as a co-equal partner, critical in jointly developing Central Asia, the SREB Initiative, facilitating trade routes and diversifying its export markets. Despite its weakening posture, the deployment of troops by Russia in Kazakhstan at the request of the Kazakh President reflects the preponderant security role Russia can play in the region. However, Moscow is cautious of over-reliance on its pivot to the East due to an implicit awareness that Beijing will not come to Russia’s rescue.

Russia rejects the label of a “junior” partner and seeks to manage the relationship on mutually beneficial terms. Whether or not Russia can maintain equal status in the relationship is unclear, given its continuing international isolation over the widening Ukraine conflict.

China’s Perspective

China’s perspective on the other hand is marked by the current momentum in the relationship, wherein the two sides mutually support each other’s positions on national sovereignty, security, territorial integrity, and economic development. For China, the guiding principle of the relationship is flexibility, evident from its call to “form partnerships, not alliances,” which allows it to distance itself from some of Russia’s behaviour in the international arena.

China’s approach is further dictated by its economic and trade priorities, in terms of access to the markets, including the capital markets, of the US and Europe. Resultantly, Chinese companies have abided by the West’s sanctions on Russian companies in order to continue doing business in Western markets.

Despite leadership-level affinity, there are voices which believe that hitching the Chinese wagon to Russia (as somewhat a declining power) is counterproductive, given China’s broader global interests, integration with the world economy and spread of its influence. The concern expressed by Xi to Putin in their bilateral meeting during the SCO Summit was a manifestation of growing uneasiness in Beijing over Moscow’s actions.

In the absence of strong Russian opposition, the Ukraine war allows China to pursue its economic and connectivity goals in Central Asia and secure its coveted resources and routes in the Arctic. Despite this, internal opponents of tacit support for Russia’s war in Ukraine fear that the isolation of Moscow will also impact Beijing. China’s economic success is attributed to and contingent

upon the open, liberal economic order. It is argued that China's extension of support to Russian actions exposes the country to the punitive measures deployed by the West against the latter that threaten to isolate Moscow and subsequently Beijing.

In their view, for Moscow, a new Cold War is beneficial in terms of leveraging deepening suspicion, hostility, and fear in the international system, to meet its immediate interests and project these to China as common challenges, in the belief that differences will be either papered over or managed. There is, however, a crucial difference between the two countries in their respective visions of the international order. While Moscow seeks to disrupt and flourish, Beijing aims to expand its sphere of influence within the international system from which it has drawn unprecedented economic growth.

The naysayers, however, welcome the fact that endorsement of Russia over the Ukraine war has some significant political benefits, most importantly, Moscow's endorsement of the 'one China' and 'South China Sea' policies, including holding the US responsible for current tensions in the Taiwan Strait. These convergences are seen as strengthening China's position in the Indo-Pacific, a fact endorsed by the maritime phase of "Vostov 2022" and the recently released Russian Naval Doctrine, where the Indo-Pacific has been given primacy among the theatres.

Advocates of the China-Russia entente further argue that in the Beijing's pursuit of global preponderance, palliating a neighbour with a history of border disputes is crucial. In the absence of congenial relations with Russia, China would be exposed to threats from two nuclear powers, the US and Russia, diverting Beijing's attention and resources. Given the lack of an alliance network akin to that of the US, Russia as a major power serves as a critical partner to China.

Despite this, there are underlying concerns among China's political and strategic analysts over relations with Russia being temporary, uncertain, and vulnerable – largely driven by prevalent geopolitical shifts rather than real convergences – for instance improvements in Sino-US or Russia-US relations, which would force a re-evaluation of postures.

Assessment of Russian National Power

An important element of Sino-Russian cooperation is the perception of Russia's power and influence. Russia sees itself, along with the US and China, as a major power with global influence. This Russian assessment is not based

so much in terms of economic wealth and military assets, but in terms of comprehensive national power, including its massive nuclear capabilities.

Importantly, Russia is a self-sufficient power with few external dependencies for sustenance. Its requirement of critical and essential resources, energy, food, raw materials, and technologies are largely available within the country. As has emerged during the Ukraine war, oil and gas is an important weapon that can be traded for deficient commodities or for countering the sanctions.

Deep in the Ukraine conflict, amidst growing reservations about the military capabilities of the country, Russia's resolve to conduct the Vostok 2022 exercises was intended to project the country's hard power and ability to mount opposition to the West. The 2022 iteration of the exercises was expanded in scope and participation, with former Soviet-bloc countries, Mongolia, Algeria, Syria, Laos, Nicaragua, and China taking part. India also participated, with a limited army contingent. Held in the Russian Far East, the exercises saw the engagement of 50,000 troops, 140 aircraft and 60 warships, even while Russia was embroiled in a full-scale military conflict in Europe.



President Putin observed the main stage of the Vostok-2022 strategic command post exercise at the Sergeevsky range in the Primorye Territory. Source: Kremlin Russia

Despite this grandstanding and the perspective of self-sufficiency, in China's view, Russia's great power ambitions are largely perceptual and mostly exaggerated. China has deep anxieties over Russia's sluggish economy,

critically impacted by sanctions, and even its defence capabilities, given its operational performance in Ukraine.

This flows from the fact that the Russian economy is shrinking. In terms of most elements of national power, there is a relative decline: military spending is down to \$61 billion, less than that of India, and R&D expenditure is \$60 billion. Then there are issues of large-scale capital flight and brain drain, exacerbated by crippling sanctions. Seen from the Chinese perspective, the outlook for the Russian economy and its growth potential is poor, leaving the relationship largely transactional.

Nonetheless, there is a realization among CPC circles that given China's own vulnerabilities in terms of meeting its growing energy demands, critical raw materials, food grains, defense supplies and spares, Russia remains the primary supplier. In the present context, cooperation and good relations offer a win-win situation.

Geopolitical Factors

Let us now turn to some geopolitical factors that impact Sino-Russian relations.

First and foremost, Russia's external environment has deteriorated, and relations with Europe and NATO are at a nadir. It is working hard to consolidate its domination over Eurasia, but the results are at best meagre. To that extent, Russia's strategic influence is severely stressed.

With stretched military resources and increasing costs of war with Ukraine, there is a perceptible decline in both Russian military and techno-military power, and there is a chance of Russia losing its prized arms export market. The "value market" here is the arms market consisting of smaller value transactions of new and refurbished equipment. There is a possibility that China may receive a boost in its arms sales market if Russian exports decline due to the war. Russia has been a major value market global player for decades.

In a geo-strategic construct, Central Asia plays a critical role in defining the Sino-Russian relationship. In contemporary times, the region is characterized by a 'division of labor', with economic supremacy accorded to China and Russia being relegated to the role of security guarantor of the region. As the power differential between the two countries widens, it will threaten the stability underpinned by this equitable 'division of labor'.

The Ukraine conflict has opened a window of opportunity for China to expand its influence and connectivity in Central Asia, deemed critical for the Belt and

Road Initiative, ensuring energy security, expanding trade footprint, and ethnic stability. The signing of the rail connectivity agreement between Kyrgyzstan, Uzbekistan, and China preceding the SCO Samarkand Summit, previously stalled by an implicit Russian opposition among other reasons, reflects the shrinking regional influence of Moscow. However, growing public resentment against the Chinese footprint in the region as reflected in multiple anti-China protests in Kazakhstan, Kyrgyzstan, and Uzbekistan can inhibit closer cooperation. Additionally, human rights violations in Xinjiang of Uyghurs and other Muslim minorities, which comprise ethnic Kazakhs and Kyrgyz, has been a point of contention between the region and China. Even in the case of Afghanistan, the presence of Uyghur militants under Taliban rule have deterred closer cooperation with the region. Thus, simmering friction for strategic space is likely to continue behind the façade of cooperation.

There is, however, one aspect of Russian power that elicits the highest Chinese respect – Russia's ability to combine and integrate military power and diplomatic maneuvers along with hybrid warfare to advance its interests – examples being Eurasia and Eastern Europe. However, this power is restrained and limited by key elements of economic, financial, and technological power. This brings into question the medium-term perspective of bilateral cooperation and China's position as a major power.

Strategic Goals of China and Russia

There are four factors driving China-Russia strategic goals.

First, is the relationship with the international system. China looks upon itself as a beneficiary of the post-Cold War system – as a stakeholder for reform. China's strategy has largely been of its perception of "peaceful rise" - bidding for global supremacy by surpassing the United States without a war or major disruption. This is the essence of the "new model of major power relations", to manage the power transition and avoid a clash.

Russia sees the dissolution of the Soviet Union as a tragedy and Russia as a victim of the Western-driven international system. Thus, for Russia, the maintenance of its international stature through regional consolidation, and leveraging its military and economic power against Western expansionism, are central to its strategy. With limited economic and trade heft, Russia's mainstay is leveraging its influence through military and diplomatic power, backed by energy and weapon sales.

In that sense, while China sees itself as a major player in the global transition, Russia's aim is to fight off multiple direct challenges for retaining its core

strategic space. China sees this as Russia attempting to become the third pole in the international system, leveraging the non-aligned to counterbalance China and the US. As a result, Moscow will not side with Beijing to counter Washington but exploit the competition for paving Russia's leadership role in a new world order, in Eurasia, the Middle East and Africa, including through arms sales and defence cooperation with China's adversaries, India and Vietnam.

Misalignment is also reflected in low levels of their bilateral trade, quantitatively and qualitatively. Amidst the ongoing Ukraine crisis, China-Russia bilateral trade increased by an impressive 31.4% to \$117.2 billion in 2022. However, the majority of this increase came from the inflation of energy prices. The volume of trade, however, only grew by less than 6 per cent. To put this in perspective, China-Russia trade is much smaller than China's \$ 166 billion trade with Vietnam. Furthermore, this trade is still unbalanced, as natural resources make up more than 70 per cent of Russia's total exports to China.

Imbalance by itself does not suggest misalignment, but Russia's primary role as a raw materials supplier does. China's economic transformation is based on high technologies, such as AI and new energy resources. Given China's commitment to reducing carbon emissions, this could eventually lead to a decline in energy imports from Russia.

Even in the context of US-China decoupling, Russia can play only a minor role in substituting China's losses in high-tech products, with the only exception being military technologies. For example, after the 2014 Ukraine crisis, Russia relied on China to import semiconductor chips. In another example, during the recent US-China trade war, the two countries hoped that Russian soybeans could make up for China's loss in American soybeans. However, they soon realised that Russia's total soybean production was less than 20 per cent of China's imports from the United States, which were 32 million tonnes in 2021. Overall, due to the size and structure of the Russian economy, Russia is not a likely candidate for a bigger role in supporting the future of the Chinese economy.

Future of Bilateral Relations

The main issue going forward is how will the circle between the Chinese policy community's negative and critical view of Russia, and the seemingly growing alignment between the two countries, square up.

The Xi-Putin joint statement and China's acquiescence (or even tacit support) in the Ukraine crisis illustrates a difficult reality: in response to increasing

strategic competition with the United States, China is turning to Russia for support, despite misalignment in their respective national interests. The relationship for the moment can be best described as a “marriage of convenience”.

It is hard to predict the longevity and stability of the current Sino-Russian alignment. Without shared visions, goals, and approaches, will China and Russia align against a common enemy? They could also split destructively when the present delicate equilibrium is disrupted by significant structural changes. One big question is how China will react to strategic reverses being faced by Russia or its possible use of a nuclear weapon, blowing up 75 years of strategic deterrence.

Given the prevailing balance of power, the Sino-Russian relationship is likely to endure in the short to medium term, particularly till the current period of disruptions and disorder starts to stabilise in a manner that is deemed advantageous to either side.

Implications for India

The thawing of the Sino-Russian relations poses significant and multi-faceted implications for India, straddling the geo-strategic space.

First and foremost, there is a concern about the impact of this growing affinity between Russia and China on the India-Russia defence relationship, which serves as a critical fulcrum of bilateral relations. Previously driven by a convergence of strategic interests, this has become increasingly transactional in recent years. The argument goes that given the deepening Sino-Russian strategic and economic relations, and India’s own strategic and security partnership with the US in the context of the Indo-Pacific, Russia could become indifferent to future defence supplies, and even stall essential equipment and spares during crisis situations.

Russia’s war with Ukraine has invoked serious concerns within the Indian defence establishment over the vulnerability of critical defence supplies from Russia. These have been accentuated by delays in the delivery of some critical weapons and equipment, such as Talwar-class stealth frigates, S-400 Triumph missile systems, spares for Kilo-class submarines, and MiG-29 fighters, among others.



Russia-India- China trilateral meeting between President Putin, Prime Minister Modi, and President Xi Jinping on the sidelines of G20 Summit in Japan on June 28, 2019

Source: Ministry of External Affairs India

While there is no doubt that the Russia-China-Pakistan and India-US/West partnerships can create difficulties in terms of choices, the reality is that despite some delays, Russia has maintained steady defence supplies all through the Covid-19 pandemic and the disruptions caused by the ongoing conflict in Ukraine. This underscores the fact that longstanding bilateral equations override new third-party dynamism.

Nevertheless, going forward, as the Ukraine conflict continues to rage or escalates, India will need to recalibrate its defence dependency in terms of collateral damage that the country could face on account of its continued partnership with Russia.

On the geopolitical front, Central Asian nations, without an anchor in the region owing to Russia's conflict in Ukraine, are being thrust closer to China, which is attempting to shape the Eurasian landscape and promoting its BRI agenda to its advantage, undermining Russian interests. This exposes a critical hiatus in this partnership, showcasing Beijing's unwillingness to compromise

on its economic and political interests to sustain its relationship with Moscow, a key factor which had split China apart from the Communist bloc during the Cold War.

Considering these developments, Indian foreign policy in Eurasia is guided by a need to constrain the expanding footprint of China in the region. Seen in this context, India's Central Asia outreach and Russia's EEU agenda have many common economic and security convergences, including on counterterrorism. In this space, India can serve as a balancing force despite the challenges of restricted connectivity.

The collaboration amongst India and Russia can serve India's interests well, as Russia provides a credible balance in the Eurasia-Af-Pak-Iran triangle, by maintaining pressure on radical Islamist groups operating in the region.

Russia has no doubt been supplying weapons and equipment to Pakistan, including Mi-25 multi-role gunships and critical spare parts for its Chinese-built JF-17s, but these deals are largely commercial.

A pragmatic Moscow is unlikely to choose sides in any India-China conflict, or to support Pakistan. It can possibly be an honest broker in preventing India-China escalation. However, India must remain cognizant of the fact that while the two countries share convergent interests in continental Asia, balancing China in South Asia is not one of them.

In conclusion, even as China becomes more important for Russia, the vitality of the latter's partnership with India as an economic alternative should not be undermined. India has considerable potential to fill gaps and support the Russian economy, in addition to continuing trade in defence and energy. In view of the growing isolation of Russia, enhancing trade with India also allows Moscow to reduce economic dependence on Beijing. However, it remains to be seen how far this trade potential can be realised in view of unprecedented Western sanctions on Russia.



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