

## The China Factor in U.S.-Russia Relations

PONARS Eurasia Policy Memo No. 287  
September 2013

Mikhail Troitskiy

*Moscow State Institute of International Relations (MGIMO); MacArthur Foundation<sup>1</sup>*

There is a surprising lack of substantive discussion within U.S. and Russian policymaking communities on the influence of China on U.S.-Russia relations. After several influential books and journal articles on the subject appeared from 2008 to 2011, a consensus has seemingly been reached on the tactical nature of the developing ties between Beijing and Moscow. Most observers remain skeptical about the prospects of Sino-Russian relations evolving into a full-fledged alliance, given the number of policy contradictions between the two countries. According to this line of reasoning, Washington need not be concerned with the potential fallout of Russian-Chinese rapprochement on the United States' policy toward Russia. However, changes in the international strategies of Moscow and Beijing, as well in the international security environment overall, suggest that these earlier conclusions may need to be revised.

Over the last two years, China and Russia have increasingly coordinated their positions on international issues of significance to the United States, including on the civil war in Syria and Iran's nuclear program. Some observers have also noted the nearly identical language of Chinese and Russian statements on a number of key issues in Asian politics where Russia has followed China's lead.

Russia's largest oil company—state-run Rosneft—has become heavily indebted to Chinese state creditors. In 2009, Rosneft received a \$25 billion loan from the China Development Bank to build the East Siberia-Pacific Ocean oil pipeline. In June 2013, an agreement was reached between Rosneft and its Chinese counterparts on substantial oil deliveries to China over the next 25 years. Rosneft received \$60 billion as an advance payment for future oil supplies to China. That same month, the China National Petroleum Corporation acquired a 20 percent stake in Yamal LNG—an upstream natural gas development project controlled by Novatek, Russia's second largest natural gas producer and potential exporter. This was the first time that a Chinese company was allowed to hold shares of a joint venture producing natural gas in Russia.

---

<sup>1</sup> The views expressed here are solely those of the author and not those of MGIMO or the MacArthur Foundation.

Finally, Russia and China have been jointly conducting a growing number of full-fledged military maneuvers (some of which over the past decade have been presented as Shanghai Cooperation Organization exercises). The latest round of bilateral naval maneuvers took place in July 2013 and was the largest naval drill China has ever carried out with a foreign partner.

Given these and other developments, a new round of discussion about China's influence on the U.S.-Russia relationship is long overdue, even if both Washington and Moscow have refrained so far from accepting the need for one.

### **Reasons for Neglect**

There are several factors preventing the development in Russia and the United States of diligent and well-informed analyses of the China factor in bilateral relations.

For their part, Russian policymakers are likely refraining from openly discussing the risks of China's rise in order to avoid the negative effects of a pronounced security dilemma. They generally consider strategic ambiguity to be the safest approach to relations with Russia's large and powerful neighbor. China might regard exchanges between Moscow and Washington on China's international conduct as contradictory to the spirit of the 2001 Russo-Chinese Treaty of Good-neighborliness, Friendship and Cooperation. This treaty requires bilateral consultations between Moscow and Beijing if one of the sides claims its security is under threat. Finally, while Russian pundits generally have a penchant for triangular geopolitical schemes, few well-trained and internationally-exposed experts have a good grasp of both Russian-U.S. and Russian-Chinese relations.

In turn, U.S. policymakers have sought to avoid antagonizing China with thinly disguised balancing attempts, at a time when the United States is arguably more exposed than ever to the risk of China's adverse behavior and rising Chinese nationalism is increasingly turning against the United States. Silence on the "China factor" in the United States may also be due to the compartmentalization of policymaking in Washington on, respectively, Russia/Eurasia and China/Asia Pacific. Bureaucrats may not have an incentive to establish causal and other links between two different blocks of bilateral issues. The lack of experts who can address overlapping issues in U.S.-China and U.S.-Russia relations may also play a role—partly determined by the difficulty of learning two arduous foreign languages (Chinese and Russian). Finally, most of the trends and issues that demand weighing the China factor in U.S.-Russia relations are very recent and evolving quickly. However, while Russia is not relevant to a large number of U.S. foreign policy priorities and nothing like their Cold War triangular relationship now exists among Washington, Beijing, and Moscow, it is hard to see how U.S. strategy toward Russia can any longer discount the China factor.

### **Russia's Calculus**

Despite the spectacular growth in China's economic and military capabilities, as well as Beijing's attempts to expand the geographic reach of its naval forces, Moscow officially casts China as the first great power peer in Russian history that Moscow—at least on a

declaratory level—does not need to counterbalance. Such statements usually contrast China to the United States, with its programs of advanced weapons development—high-precision conventionally-armed ballistic missiles and missile defenses—that raise significant concerns among Russian policymakers. Confidence-building measures and other costly signals from the United States have so far not been effective in dispelling these fears.

In contrast, costly signaling has worked between Moscow and Beijing, despite their own bilateral differences, such as the contest for influence over Central Asian trade policies and alliance orientations. Russian policymakers think they have secured reliable guarantees of China's non-expansionist behavior: China sides with Russia on the unacceptability of externally-assisted regime change and other forms of intervention in the affairs of sovereign states.<sup>2</sup> In addition, Moscow believes that Beijing is not interested in applying the same kind of pressure on territorial issues to Russia as it does to Southeast Asian nations on the South China Sea.<sup>3</sup> Observers of China's Russia policy think that Beijing is not prepared to engage in a costly conflict with Russia for territorial control over the lands of Russian Siberia, given their harsh climate, geographic remoteness, the widespread lack of even basic infrastructure, and, indeed, the likely readiness of Moscow to resort to the threat of nuclear retaliation in the event of an overwhelming military assault. Analysts also assume that China is satisfied with Russia's friendly neutrality in China's tug-of-war with the United States and its Asian allies.

Yet there is one area—the Arctic—where Russia may increasingly feel its sovereignty is being challenged by China. Drawing “red lines” for China in the Arctic is more difficult than in Eastern Siberia. Beijing has a solid record of implementing low-profile, consistent, and goal-oriented policies and action programs that are hard to stop or even interfere with before it is too late. Examples include trade liberalization with Central Asian states, pipeline construction, and penetration of natural resource development sectors across the world. Unlike armed conflict, such initiatives do not pose an immediate threat to Russian interests. However, after their consistent implementation over a number of years, a power shift from Russia to China becomes glaring. Moscow feels that the Arctic is one such area where Chinese gradualism could jeopardize Russian sovereignty.

### **Modeling the Game**

In their approach to China, both Russia and the United States are leaving a number of options open. Their final choice, if it is ever made, will depend on the evolution of Beijing's own international behavior.

---

<sup>2</sup> According to a news story published on a pro-Kremlin website, Russian Foreign Minister Sergey Lavrov said at a December 2012 meeting with pro-government activists that “Russia is unfazed by the strengthening of China's positions in international affairs” [because] “we [Russia and China] adhere to absolutely identical perspectives on the state of affairs in the world” (<http://www.dni.ru/polit/2012/12/9/244918.html>).

<sup>3</sup> See, for example: Dmitri Trenin, “[True Partners: How China and Russia See Each Other](#),” Centre for European Reform, 2012, and Igor Zevelev, “[A New Realism for the 21<sup>st</sup> Century: U.S.-China Relations and Russia's Choice](#),” *Russia in Global Affairs*, October-December 2012.

In broad terms, the Kremlin is choosing between two courses of action: 1) unequivocally allying with China on the basis of the 2001 Moscow Treaty and allowing Beijing to exert substantial influence on Russian international strategy, especially in Asia, or 2) hedging against potential challenges by China to Russian interests by cooperating at least sporadically with the United States and its allies in areas that are sensitive for Russian-Chinese relations.

U.S. policymakers in turn have the broad options of: 1) engaging China while hedging the risks of Chinese expansionism, or 2) containing (and possibly confronting) China—for example, by reinforcing military ties and expanding the scope of U.S. alliances with China's neighbors in Asia.

Combinations of these strategies lead to four possible outcomes. The chart below outlines the most relevant characteristics of each outcome for U.S.-Russia relations.

		Russia	
		<i>Ally with China in counterbalancing the United States</i>	<i>Hedge the risk of Chinese expansionism by selective cooperation with the U.S. and its allies in Asia</i>
United States	<i>Engage China, but hedge the risks of Chinese expansionism</i>	China's power is significantly enhanced. Russia faces an assertive China. Reaching lucrative deals on financing Russian corporations by Chinese banks or supplying hydrocarbons to China becomes difficult once Russia forgoes its bargaining chips vis-à-vis China while Beijing retains full flexibility.	Russia faces China's unwillingness to allow for trilateral initiatives. China is the party most interested in separating the two relationships from each other in order to preserve its freedom of maneuver. Chill in Russian-Chinese relations is likely. Moscow and Washington discuss and possibly coordinate their China policies. Moscow fends off Beijing's irritation by referring to Russia's right to multivector diplomacy. Moscow's ability to stick to this strategy depends on U.S. willingness to discuss China with Russia.
	<i>Confront China now given the evidence of its not-so-peaceful rise</i>	Russia's zero-sum view of relations with the United States compels Washington to abandon hopes of cooperating with Moscow. However, the need for resources to deter China on its southern rim discourages the United States from confronting Russia at the same time. Russia's ability to strike a balance in relations with China and the United States and hedge the risks of Chinese expansionism becomes constrained. Moscow's ultimate gamble is on the demise of the United States as the superpower.	A push for closer U.S.-Russian coordination would force Russia to make a difficult choice between Washington and Beijing. This is not an equilibrium outcome because the choice will be made in favor of China, given the higher economic and security stakes in Russia's relations with China than with the United States.

Should China continue to build up its military muscle and adjust its doctrines and postures to allow for a greater role in world politics, it will be increasingly difficult for Moscow to maintain ambiguity in Russia's approach toward China. Certain developments might serve as triggers that will dramatize Russia's choice and require prompt reaction:

- Beijing faces off against a strong coalition backed by the United States on maritime issues to the south of China. Trying to defuse nationalist sentiment, China turns to the north, pressuring Moscow on immigration rules or even attempting to open negotiations on the status of some border territories.
- China's trade with Central Asian states increases so much that Kazakhstan begins to tilt toward a preferential trade relationship with China and mulls an exit from its Customs Union with Russia.
- The balance of Russian-Chinese military potential clearly and irreversibly shifts in favor of China.

In all these cases, Russia would be willing to at least set up a regular mechanism of consultations on China with the United States.

#### **Consequences of U.S. Choices on China**

Should the United States opt to confront China head-on, Moscow will likely choose to fully side with Beijing. A firm alliance with China could take the form of open Russian support for China's territorial claims (especially if the United States is seen in Moscow as inhibiting territorial settlement between Russia and Japan) or a consensus in the Russian policymaking community about the need for Moscow to accept its position as China's "strategic rear." This may result in growing Russian assertiveness and intransigence in relations with the United States and a likely escalation of tensions concerning international crises in which Moscow and Washington consider themselves rivals (such as Syria and, to an extent, Iran). Because an international crisis or open conflict between major powers could undermine China's economic growth, in this scenario Beijing may find itself in the unusual position of being a moderating force for Russian foreign policy or even a mediator between Russia and the United States. For its part, Russia will afford itself only occasional balking at China in order not to lose all its opportunities for dialogue with the United States. Unless Washington's pressure on China proves effective in the short-term, this scenario will place China in the favorable position of a playmaker.

If the United States decides to continue engaging China, Moscow will be incentivized to cooperate with Washington and its Asian allies rather than give Beijing unprecedented freedom of maneuver by moving closer to China. Russian hedging against full dependence on China could mean substantive progress on territorial settlement with Japan and the continuation of policies driven by commercial benefit, such as joint oil upstream projects with Vietnam or arms trade with India and ASEAN nations.

Overall, the real test of Russia’s foreign policy “autonomy,” which the Kremlin is keen to maintain, will be its ability to keep its options open in relations with the United States and its allies while convincing Beijing that this does not compromise the Russian-Chinese quasi-alliance.

---

**Elliott School of  
International Affairs**

THE GEORGE WASHINGTON UNIVERSITY

**PONARS** ● NEW APPROACHES  
E U R A S I A ● TO RESEARCH AND  
● SECURITY IN EURASIA

© PONARS Eurasia 2013. The statements made and views expressed are solely the responsibility of the author. PONARS Eurasia is an international network of academics that advances new policy approaches to research and security in Russia and Eurasia. PONARS Eurasia is based at the [Institute for European, Russian and Eurasian Studies \(IERES\)](#) at George Washington University’s Elliott School of International Affairs. This publication was made possible by grants from Carnegie Corporation of New York and the John D. and Catherine T. MacArthur Foundation. [www.ponarseurasia.org](http://www.ponarseurasia.org)