

SINO-RUSSIAN RELATIONS

Perspectives from Russia, China, and Japan

By Vasily Kashin, Ma Bin, Yuki Tatsumi, and Zhang Jian



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NBR SPECIAL REPORT #79 | MAY 2019

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This is the seventy-ninth NBR *Special Report*.

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Front cover: Before the Shanghai Cooperation Organisation Summit.

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Although clear obstacles to closer alignment remain, Sino-Russian relations have significantly deepened over the last decade.¹ For one, arms sales have grown significantly in terms of both quantity and quality in recent years after recovering from a sizable decline in the first decade of the 21st century.² China and Russia have also increased their level of military-to-military cooperation and the frequency of joint exercises during this same time period. Both countries oppose what they see as a U.S.-dominated international system and seek to challenge U.S. influence abroad with the aim of creating a more multipolar international order. As a result, they have become increasingly aligned and at odds with U.S. interests on a number of important regional issues, including on the Korean Peninsula, in the Middle East, and even in Latin America.³

This trend of closer alignment between China and Russia against U.S. interests is reflected in the findings of a two-year research project conducted by the National Bureau of Asian Research (NBR) on the strategic implications of deepening Sino-Russian relations. The project, which spanned 2016–18 and was supported by a generous grant from the Carnegie Corporation of New York, produced core findings and policy options based on 50 commissioned papers and formal presentations at seven workshops and events from December 2016 to November 2018.⁴ The project involved deliberations by over 80 U.S. experts and 30 leading specialists from China, Russia, Japan, South Korea, Oceania, and Europe.

In many instances, clear differences emerged in the perspectives of U.S. and regional experts on the current state of Sino-Russian relations and the outlook for closer cooperation. The project has sought to address this gap by integrating regional experts into ongoing project discussions through their participation in workshops and contributions to publications. To that end, this NBR *Special Report* features Russian, Chinese, and Japanese assessments of Sino-Russian relations and the prevailing strategic thinking in these countries on the level of cooperation across the political, economic, and security domains.

In the first essay, Vasily Kashin highlights the continuity of current Russian policy with the policies enacted at the end of the Cold War that addressed the negative consequences of the Sino-Soviet split. Whereas Russia's preference is to use the great-power competition between China and the United States to its own advantage as part of an independent foreign policy, in reality the geopolitical environment following the Ukraine crisis in 2014 has pushed Russia into deepening alignment with China in multiple domains. Despite lingering distrust, security ties continue to grow, and current levels of military-to-military cooperation are the closest Russia has had to date with a major power. Kashin stresses, however, that an improvement in relations between Russia and the West would likely curb further cooperation with China in the future.

¹ Challenges include the lengthy history of distrust, economic asymmetry, and differing stakes in the current international order. For further discussion, see Robert Sutter, "China-Russia Relations: Strategic Implications and U.S. Policy Options," National Bureau of Asian Research (NBR), NBR Special Report, no. 73, September 2018, 9–10.

² Richard Weitz, "Growing China-Russia Military Relations: Implications and Opportunities for U.S. Policy," in *Axis of Authoritarians: Implications of China-Russia Cooperation*, ed. Richard J. Ellings and Robert Sutter (Seattle: NBR, 2018), chap. 3.

³ For a discussion of Sino-Russian cooperation regarding the Korean Peninsula, see Jaewoo Choo, Youngjun Kim, Artyom Lukin, and Elizabeth Wishnick, "The China-Russia Entente and the Korean Peninsula," NBR, NBR Special Report, no. 78, March 2019.

⁴ Sutter, "China-Russia Relations," 3.

In the second essay, Ma Bin and Zhang Jian identify China's need for positive relations with its largest neighbor to advance ongoing domestic reform and opening-up policies, as well as shared interests in countering a U.S.-dominated unilateral order, as core drivers of Sino-Russian cooperation. At the same time, they emphasize the challenges confronting the relationship, which include a general structural incompatibility between their economies, a growing expectations gap, a lack of coordination between Russia's Eurasian Economic Union and China's Belt and Road Initiative, and finally the dynamics of triangular relations with the United States. Ma and Zhang propose a new lens for viewing the China-Russia relationship, through which relations are seen as a continuous back-and-forth movement between the extremes of alignment and opposition.

Besides the United States, China, and Russia, the country with perhaps the most at stake in the Sino-Russian relationship is Japan, with opposite ends of the island nation projecting deep into the strategic zones of Russia to the north and China to the south. In the final essay, Yuki Tatsumi examines the impact of China-Russia relations on Japan's strategic interests. She concludes that despite the potential threats that closer cooperation may present to Japan and its allies, the Japanese establishment continues to downplay the deepening ties between China and Russia and to believe that their partnership is still based on a limited "marriage of convenience." Uncertainty about the U.S.-Japan alliance has pushed Japan to hedge by trying to improve bilateral relations with both countries, particularly Russia. Tatsumi argues that Japan will struggle to adapt to a worsening regional security environment if it does not realize the significance of Sino-Russian cooperation, and the United States could contribute to improving that environment through greater engagement with Japan on the issue.

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NBR SPECIAL REPORT #79 | MAY 2019

Russia-China Cooperation: A Russian Perspective

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EXECUTIVE SUMMARY

This essay examines Russia-China relations in the political, security, economic, and foreign policy realms and assesses the implications for Russian grand strategy.

MAIN ARGUMENT

Russian policy toward China has a high level of continuity with the Soviet approach during the final years of the Cold War. Soviet and Russian engagement with China in the late 1980s and early 1990s started as an attempt to undo the damage to Moscow's foreign policy and security interests in Asia caused by the Sino-Soviet split in the 1960s. The foundation of the current partnership was largely established in the pre-Putin era by Boris Yeltsin. Repairing relations with the wider Asia-Pacific and ensuring the security interests of Russia were the primary goals of engagement with China. This approach to China is based on a complex system of intertwined political, security, and economic interests. Russia is keen to use great-power competition between the U.S. and China to achieve political and economic gains while maintaining an independent foreign policy. But in the aftermath of the Ukraine crisis, this strategy has become highly unrealistic, and Russia finds itself increasingly aligned with China.

POLICY IMPLICATIONS

- Russian policymakers long ago ruled out any possibility of teaming up with a third party against China, mainly due to the painful lessons of the Sino-Soviet split during the Cold War. At the same time, their resolve to further deepen cooperation with China is strongly affected by the climate of Russian relations with the West. In case relations with the West normalize, traditional distrust and fear of dependence on China could significantly slow down the progress in cooperation.
- Russia is committed to expanding security cooperation with China. The current level of military-to-military cooperation is the most comprehensive that Russia has ever had with a major power. However, significant distrust persists in the security domain, as shown by the existence of active mutual espionage activities.
- Russia is becoming increasingly dependent on China economically and has tried to address this issue by implementing new multilateral initiatives in Asia (e.g., the “greater Eurasia” concept).
- Although Russia seeks to avoid overdependence on China, at this stage it does not see this overdependence as an imminent danger. However, that assessment could change in the next decade if the current trends in trade relations with the European Union and China continue.

Russia's dissatisfaction with cooperation with the West and the country's turn toward a "multivector" foreign policy have resulted in closer alignment and coordination with China on a number of international issues such as missile defense, nonproliferation, and human rights. The foreign policy concept that Russia released in 2000 at the beginning of Vladimir Putin's first term as president stated that "the similarity of the basic approaches of Russia and China toward the key issues of global politics is one of the main pillars of regional and global stability." At the time political relations were considered to be very advanced, and the main problem was to "bring the scale of economic cooperation to the level of political relations."¹ Subsequent foreign policy concepts (approved in 2013 and 2016) used the same sentence about the "similarity of the basic approaches" of the two countries, do not mention economic issues, and express a willingness to deepen both bilateral and multilateral cooperation with China on important issues in regional and global politics.

Russia's policy toward China during Putin's first term can be considered a mere continuation of the course set by Boris Yeltsin and his foreign minister Yevgeny Primakov in 1996. Major policy milestones included the signing of the treaty on bilateral relations on July 16, 2001, and the final resolution of the territorial issue in 2004.² Yet compared with Yeltsin, Putin could be considered a China skeptic during the early years of his presidency. At that time, he did not bring much new substance into Russian policy toward China and did not seem to be particularly interested in the relationship. Furthermore, some of his policies, such as helping the United States establish a military presence in Central Asia after September 11 and attempting to join NATO, caused grave concern among Chinese policymakers.

However, a chain of events that included the U.S. invasion of Iraq in March 2003, the Rose Revolution in Georgia in November 2003, and the Orange Revolution in Ukraine in November 2004–January 2005 led to the re-establishment of the pattern of Russian foreign policy that had emerged in the late 1990s. Russia once again started to position itself as a global opponent to the United States and U.S.-led alliances and returned to Yeltsin and Primakov's vision of China as a necessary counterbalance to the West.

This essay provides a Russian perspective on cooperation between Russia and China in the post-Cold War era. The first section surveys key developments in the bilateral relationship since 2010. The subsequent four sections then explore current trends in cooperation in the political, defense and security, economic, and foreign policy realms. The conclusion briefly summarizes the essay's main findings.

Developments in Russia-China Relations since 2010

In the early 2010s, Russia started to implement a number of large-scale infrastructure investment and trade initiatives that were supposed to boost the development of the Russian Far East and trade with China. The policy, which is widely referred to in Russia as the "turn to the East," has always been a matter of controversy, with some experts declaring it a failure³ and

¹ "Kontsepsia vneshnei politiki Rossiyskoy Federatsii" [The Concept of the Foreign Policy of the Russian Federation], June 28, 2000, <http://docs.cntd.ru/document/901764263>.

² "Rossiysko-Kitayskiy dogovor o druzhbe, dobrososedstve i sotrudnichestve" [Russian-Chinese Treaty on Friendship, Good-Neighborliness, and Cooperation], July 16, 2001, http://www.mid.ru/ru/maps/cn/-/asset_publisher/WhKWb5DVBqKA/content/id/576870.

³ "Povorot v nikuda. Alexander Gabuev: Ob itogakh aziatskoy politiki Rossii v 2015 godu" [A Turn to Nowhere. Alexander Gabuev: The Results of Russian Foreign Policy in 2015], Meduza, December 20, 2015, <https://meduza.io/feature/2015/12/29/povorot-v-nikuda>.

others a success.⁴ This policy, however, was never formally declared. In reality, a number of projects were implemented simultaneously and were sometimes not very well coordinated.

Even as the Russian economic situation sharply deteriorated during 2014, Russian officials and state-run media clearly overhyped the turn to the East. In order to prevent panic among the population, China was sometimes portrayed as a better option for economic cooperation than the West. The signing of a major natural gas contract during Putin's visit to China in May 2014 was sometimes showcased as proof of both the success of this "turn" and the ineffectiveness of Western sanctions.⁵

However, contacts with former Russian officials, including from the Ministry of Economic Development, have shown that none of them truly believed in China's ability to immediately replace the United States and Europe as a source of loans and investment.⁶ Both officials and businesses were reluctant to seek Chinese loans, which were considered expensive. The collapse of relations with the West did prompt Russia to pay more attention to cooperation with China, but there was a general understanding that quick results were unlikely. Later, when the economic situation in Russia stabilized, a number of Russian officials even denied that the "turn to the East" policy ever existed.⁷ Such rhetorical games, however, reflected poorly on the general public's attitude toward the Kremlin's policy later.⁸

In reality, China did provide Russia with some economic assistance during a period of crisis. This assistance mainly took the form of massive loans to Russian state-run companies and businessmen closely associated with the Kremlin, which helped avert a liquidity crisis. The net inflow of Chinese loans to Russia, according to Russian Central Bank statistics, increased from \$11.6 billion in 2014 to \$15.6 billion in 2015.⁹ However, the same data shows that in 2016 Russian companies began to reduce their borrowing from China, and in 2017 they borrowed just \$5 billion while repaying \$9.5 billion in loans. Chinese financing was considered useful in the period of acute crisis. However, when the danger of economic collapse receded, Russian companies preferred to seek money elsewhere.

China reiterated its political support of Russia on a number of occasions, denouncing Western sanctions but stopping short of recognizing the Russian possession of Crimea. However, China did provide important technological assistance for building the so-called energy bridge between Crimea and the main Russian territory, which was necessary to stabilize Russian control over the peninsula.

The new round of deteriorating U.S. relations with both China and Russia brought the two countries even closer together. Putin's visit to China in June 2018 resulted in the signing of important contracts on the sale of Russian nuclear technology to China, potentially worth many billions of dollars. Even more importantly, during this visit China appeared to accept the Russian concept of the Eurasian Economic Partnership and agreed to start negotiations on this ambitious

⁴ "K velikomu okeanu-5: Ot povorota na vostok k Bolshoy Evrazii" [Toward the Great Ocean-5: From the Turn to the East toward Greater Eurasia], Valdai Discussion Club, Report, 2017, <http://ru.valdaiclub.com/files/17048>.

⁵ Alexander Andreev, "Povorot na Vostok" [Turn to the East], RIA Novosti, May 21, 2014, <https://ria.ru/columns/20140521/1008730350.html>.

⁶ This finding is based on author conversations with Russian officials during various meetings, conferences, and workshops.

⁷ "Shuvalov: Russia Is Not Turning to the East but Is Developing Trade There," RIA Novosti, September 6, 2017, <https://ria.ru/politics/20170906/1501871389.html>.

⁸ Mikhail Korostikov, "Uroki Kitayskogo: Pochemu za proshedshiy god Rossii ne vpolne udalsya povorot na Vostok" [The Lessons of Chinese: Why the Turn to the East Was Not Really Made by Russia Last Year], *Kommersant*, August 2, 2016, <https://www.kommersant.ru/doc/2906658>.

⁹ Russian Central Bank, "External Sector Statistics," <http://cbr.ru/statistics/?PrId=svs>.

economic agreement. The two sides had already agreed to conduct a joint feasibility study for the Eurasian partnership, which could open the door for formal negotiations.

Previously, in May 2015, Russia convinced China to sign the joint declaration on the convergence of the Russian-led Eurasian Economic Union (EEU) and China's Belt and Road Initiative (BRI).¹⁰ The main goal of this declaration was to secure Chinese recognition of the importance of the EEU and a pledge to cooperate with the organization within its jurisdiction. The EEU covers trade in goods but has limited authority in services and investment issues. The two sides agreed to coordinate their policies and move toward a possible free trade agreement (FTA) in the future. The first step was negotiating a nonpreferential trade agreement, which did not affect tariffs but facilitated trade between the EEU and China.¹¹

Even while negotiating this narrow agreement with China, the EEU tried to build its network of FTAs with smaller Asian economies. Its first and so far only FTA partner is Vietnam (May 2015), but negotiations are currently in progress with a number of Asian economies, including South Korea, India, Singapore, Indonesia, Mongolia, and Cambodia.

The "greater Eurasia" concept was first proposed by Putin in his address to the Russian parliament in December 2015 and can be considered a response to BRI. It serves two major purposes. One is purely ideological. Russia does not want to be seen as a mere participant in the Chinese project. Instead, Russia has come up with its own project and then negotiated the coordination of these two projects with China on a formally equal basis. Clearly, because of the huge differences in the economic weight of each side, this equality is mostly a formality. Still, this serves the goals of Russian foreign policy, such as giving Russia more space to maneuver in Asia. The second purpose is more practical. The EEU wants to develop the network of FTAs that are currently being negotiated into a more advanced economic integration bloc that could include some practices that were first developed for the Trans-Pacific Partnership.¹²

After fourteen years of regular joint military exercises and almost three decades of wide-scale defense technology cooperation, and after having achieved a high level of mutual transparency and dialogue in the political domain and slow but steady progress in economic relations, what will be the next step for Russia and China? So far policymakers from both sides have not offered a clear answer.

The partnership in the political and security domains is already so close that it bears certain characteristics of an old-fashioned great-power alliance of the nineteenth and early twentieth centuries where friendly ties between elites and military cooperation go hand in hand with political rivalry, acute economic competition, and mutual spying. Moscow and Beijing both value these relations highly. Yet they are still unwilling to take the next step and abandon their traditional rhetorical opposition to great-power alliances.

One possible explanation is that at this stage a binding military agreement is not needed by either side. It is certainly not necessary for Russia, which is a nuclear superpower. As for China, until recently any kind of direct military confrontation with the United States seemed to be an

¹⁰ Presidential Administration of Russia, "Sovmestnoe zayavlenie Rossijskoj Federacii i Kitajskoj Narodnoj Respubliki o sotrudnichestve po sopryazheniyu stroitel'stva Evrazijskogo ekonomicheskogo soyuza i ekonomicheskogo poyasa Shelkovogo puti" [Joint Declaration on Convergence of the EEU and BRI], May 8, 2015, <http://kremlin.ru/supplement/4971>.

¹¹ The agreement was eventually signed in May 2018. Eurasian Economic Commission, "Podpisano Soglasheniye o torgovo-ekonomicheskom sotrudnichestve mezhdru EAES i KNR" [The Agreement on Trade and Economic Cooperation between EEU and China Is Signed], May 17, 2018, <http://www.eurasiancommission.org/ru/nae/news/Pages/17-05-2018-5.aspx>.

¹² "Shuvalov: Bol'shoe Evrazijskoe partnerstvo ne budet protivopostavleniem TPP" [Shuvalov: Greater Eurasian Partnership Will Not Counter the TPP], RIA News, September 5, 2016, <https://ria.ru/economy/20160905/1476106027.html>.

extremely low-probability scenario. Things changed under the Trump administration when the U.S. National Security Strategy, National Defense Strategy, and Nuclear Posture Review named China as a threat to the United States on the same level as Russia.¹³

Mechanisms of Interaction at the Political Level

Regular high-level political consultations on all major bilateral, global, and regional issues have been an important feature of Sino-Russian relations since the late 1990s. The Treaty of Friendship of 2001 in fact made such consultations mandatory during international crises affecting the security of Russia or China. Article 9 states:

In case there emerges a situation which, by opinion of one of the Participants, can create threats to the peace, violate the peace or affect the interests of the security of the Participant, and also in case of a threat of aggression against one of the Participants, the Participants immediately contact each other and start consultations in order to remove the emerging threat.¹⁴

The treaty specifically mentions the mechanism of regular high-level meetings, which are supposed to be used for discussing bilateral relations and international issues of mutual interest. Russian and Chinese presidents started to visit each other on a yearly basis as early as 1994.¹⁵ Each year there is at least one visit by the Russian president to China or the Chinese president to Russia. The two leaders also meet each other during the yearly summits of the Shanghai Cooperation Organisation (SCO) and for other international activities. The frequency of such meetings has been growing gradually. For example, Xi Jinping, who assumed power in 2013, and Putin had more than 30 meetings as of April 2019, which means that they were talking to each other in person five times a year on average.¹⁶

The high frequency of bilateral meetings has led to the emergence of certain personal relationships. Boris Yeltsin was known to have an excellent personal relationship with his Chinese counterpart, Jiang Zemin, which is best illustrated by the fact that after his retirement in 2001 Yeltsin visited Jiang in China and the two men had a long private discussion.¹⁷ During the fourth generation of Chinese leadership, led by President Hu Jintao, there was no information about any kind of special personal relations between Hu and his Russian counterpart. However, Putin and Xi like to spend time together and reportedly even discuss topics of common interest that are not necessarily related to politics.

At the lower level, there is a mechanism of regular meetings of the two countries' prime ministers happening every year. The mechanism was established in 1996. The Russian-Chinese

¹³ White House, *National Security Strategy of the United States of America* (Washington, D.C., December 2017), <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>; U.S. Department of Defense, "Summary of the 2018 National Defense Strategy of the United States of America: Sharpening the American Military's Competitive Edge," January 2018, <https://dod.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf>; and U.S. Department of Defense, *U.S. Nuclear Posture Review* (Washington, D.C., February 2018), <https://www.defense.gov/News/SpecialReports/2018NuclearPostureReview.aspx>.

¹⁴ "Rossiysko-Kitayskiy dogovor o druzhbe, dobrososedstve i sotrudnichestve."

¹⁵ China Internet Information System, "Khronika rossiysko-kitayskikh vstrech na vysshem urovne" [The Chronicle of the Russian-Chinese Top-Level Meetings], October 12, 2002, <http://russian.china.org.cn/russian/52942.htm>.

¹⁶ Li Yan, ed., "Posol RF v KNR Denisov: Rossiya i Kitay obsudyat shirokiy krug dvustoronnikh i mezhdunarodnykh voprosov vo vremya vizita Putina v KNR" [Russian Ambassador in PRC Denisov: Russia and China Will Discuss a Number of Bilateral and International Issues during Putin's Visit to PRC], *Renmin Ribao*, July 6, 2018, <http://russian.people.com.cn/n3/2018/0607/c95197-9468618.html>.

¹⁷ "Boris Eltsin v Kitaye tri chasa besedoval s Tszyan Tszeminem" [Yeltsin Talked to Jiang Zemin for Three Hours], *NEWSru*, May 28, 2001, <https://www.newsru.com/world/28may2001/eltsinmeet.html>.

Committee on Preparing Regular Meetings between Heads of Government, set up in 1997, serves as the main coordinating body for most bilateral cooperation projects, with the exception of defense, oil and gas, and large-scale priority investment projects. The commission is cochaired by a vice prime minister from either side. It includes a high-level group on economic cooperation and control of strategic project implementation, 12 joint subcommissions, and more than 40 other joint working groups that meet separately on a yearly basis and coordinate cooperation in various fields. The subcommissions are headed by ministerial level officials from each side. Until recent government reforms, the secretariat of the Russian part of the commission had been headed by the deputy minister of economic development in charge of Asia. In May 2018, Putin conducted a major restructuring of the economic bloc within the Russian government.

In 2014, another important joint commission was established called the Intergovernmental Russian-Chinese Commission for Investment Cooperation, which oversees a limited number of high-level investment projects with a total value of around \$20 billion.¹⁸ Before the recent reorganization of the Russian and Chinese governments, the commission was cochaired by vice prime ministers Igor Shuvalov and Zhang Gaoli. In June 2018, Shuvalov was replaced by Minister of Finance Anton Siluanov. The commission meets on a yearly basis.

There are three more bilateral intergovernmental commissions. One is the China-Russia Energy Cooperation Committee, which was established in 2012 on the basis of existing bilateral energy dialogues. Another commission oversees humanitarian cooperation, including tourism, culture, and education.¹⁹ The fifth joint commission is the Intergovernmental Russian-Chinese Commission on Cooperation and Development of the Russian Far East and Baikal Region and Northern China. This body is charged with regional economic cooperation and is headed by the Russian vice prime minister and his Chinese counterpart. This is the newest joint commission, which started work in September 2017 with a meeting in Khabarovsk.²⁰ Russia and China have also established a joint working group on Eurasian integration. The commissions involve both government officials and representatives of the business communities.

Consultations on foreign policy and international security issues are conducted using several channels. For example, deputy ministers and chiefs within both foreign affairs ministries regularly meet with each other for political consultations on policy coordination within their areas of responsibility, with Central Asia being a traditional topic for such meetings. Apart from regular strategic stability dialogues, meetings are held in Moscow and Beijing and are cochaired by the secretary of the National Security Council of Russia from the Russian side and the state councilor in charge of the Office of the Foreign Affairs Small Leading Group of the Chinese Communist Party from the Chinese side. The practice of dialogue started in the late 1990s. Today, the two sides discuss a wide range of issues, including counterterrorism, global strategic stability, regional crises such as the Middle East and North Korea, and strategic issues such as the development of U.S. missile defense.

In addition to the intergovernmental commissions, many Russian government bodies have direct agreements on cooperation with their Chinese counterparts. Some agreements lie outside

¹⁸ Ministry of Economic Development (Russia), “Mezhpravitelstvennaya Rossiysko-Kitayskaya komissiya po investitsionnomu sotrudnichestvu” [Intergovernmental Russian-Chinese Commission for Investment Cooperation], <http://economy.gov.ru/minec/activity/sections/investcoop/ruschin>.

¹⁹ “New Heads of the Key Intergovernmental Commissions with China,” Interfax, July 13, 2018, <http://www.interfax.ru/business/616756>.

²⁰ Aleksey Elash, “Zasedaniye Rossiysko-Kitayskoy komissii sostoyalos v Khabarovske” [Russian-Chinese Commission Met in Khabarovsk], Ministry for the Development of the Far East (Russia), September 9, 2017, <https://minvr.ru/press-center/news/7912>.

the scope of the joint commissions. One of the most notable examples is the agreement between the Presidential Administration of Russia and the Central General Office of the Communist Party of China. The direct communication between these two offices started in 2014 and includes regular meetings of their leadership. It is considered to be so effective that the cooperation was specifically mentioned in one of the joint statements issued during Putin's visit to China in June 2018.²¹

The current level of communication between the Russian and Chinese governments is unprecedented for Russia. Moscow has never had this kind of government-to-government interaction with any foreign power in the post-Soviet era. The existing bureaucratic structure is of utmost importance for bilateral relations. These relations in the economic field are dominated by very large state-run enterprises, such as Rostec, United Aircraft Corporation, Rosneft, Gazprom, Transneft, VTB, and VEB from the Russian side and China National Petroleum Corporation, Sinopec, Sinochem, Aviation Industry Corporation of China, and Norinco Group from the Chinese side. These companies are fully integrated into government bureaucracies. Even the bilateral business association is headed from the Russian side by Gennady Timchenko, who is known to be a personal friend of President Putin, and Ren Runbin, who is the head of a major Chinese state-run enterprise.

The system of multiple intergovernmental commissions supervising foreign relations is often criticized by Russian experts for its clumsiness and lack of a single coordinating center. That considerably slows down decision-making, as was the case with the Russian decision to join the China-led Asian Infrastructure Investment Bank.²² On the other hand, in both the Russian and Chinese bureaucracies, the specialized bodies that were set up at the direction of top leaders and tasked with supervision of specific cooperation areas do produce some positive effects. Officials from both sides feel political pressure to show results for their work and thus pressure industries to move forward with cooperation projects.

A good example of how such pressure is working is the joint project to produce a civilian heavy-lift helicopter (the Advanced Heavy Lifter). The negotiations on the project started about a decade ago and have been progressing slowly. The company Russian Helicopters, a subsidiary of Rostec that controls the Russian helicopter industry, has always been reluctant to transfer the technology to Chinese companies. The Chinese demanded greater Russian investment and yet also wanted control over the program. The companies from both countries would have abandoned the project long ago if not for the pressure from their respective governments. As a result the work continued.²³

Another reason that the existing bureaucratic structure is important is that it is central to the very nature of the crony capitalism models existing in both countries. The numerous channels of bureaucratic interaction create opportunities to establish personal ties and increase understanding between the politically connected businessmen playing leading roles in both the Chinese and Russian economies.

²¹ "Putin i Xi Jinping prinjali sovmestnoye zayavleniye po itogam peregovorov v Pekine" [Putin and Xi Jinping Published a Joint Statement after the Talks in Beijing], TASS, June 8, 2018, <http://tass.ru/politika/5275125>.

²² Ksenia Melnikova, "Bespokoynoye soshestvo: Kakiye slozhnosti sushchestvuyut v Rossiysko-Kitayskikh otnosheniyakh" [Uneasy Neighborhood: What Difficulties Exist in Russian-Chinese Relations], Lenta.Ru, July 16, 2015, <https://lenta.ru/articles/2015/07/16/relations>.

²³ Inna Sidorkova, "Serdyukov-RBK: '10–15 let nazad takogo i vo sne nel'zya bylo predstavit'" [Serdyukov-RBC: "10–15 Years Ago We Could Not Imagine Anything Like That"], RBC, July 26, 2018, <https://www.rbc.ru/interview/politics/26/07/2018/5b5879b99a7947f04c57a600>.

Defense and Security Cooperation

Russia's approach to defense and security cooperation with China in the 1990s was based on a clear recognition that the Sino-Soviet split during the Cold War turned out to be a major political defeat for the Soviet Union. Since the 1980s, normalizing and strengthening relations with China has been one of the main priorities of Moscow's foreign policy. In the 1990s the arms trade played a key role in this effort.

Russian military thinking does not rule out the possibility that China could again become a military threat for Russia in the future. However, a military encounter with China is considered to be a low-probability scenario, especially compared with the threat posed by NATO expansion. Nonetheless, Russia apparently is taking certain measures to hedge against the low-probability, but high-risk, scenario of conflict with China. In the early 2000s, Russia started a costly project of upgrading the Far Eastern nuclear submarine base in Vilyuchinsk (Kamchatka region), and large-scale exercises of the Eastern Military District involving the relocation of troops from European Russia are held on a regular basis.

However, the dominant view within the military is that under the Xi Jinping regime China is not likely to implement an aggressive policy toward Russia. The current focus of Russia's military buildup is instead clearly on the border with Ukraine and not the Far East. From the Russian military establishment's point of view, China is striving to become a global military power, scaling back its ground forces and building a powerful oceangoing navy. This corresponds to the general view of China as a rising power seeking global leadership and not really interested in conflict with a nuclear superpower over a piece of land with a difficult climate.²⁴

The discussion of threats associated with China is largely influenced by the widespread conviction that all Chinese threat theories are generated by the United States and Japan specifically to undermine the Sino-Russian partnership. The idea of the United States actively undermining Russian-Chinese relations is so popular that it is even represented in mass culture.²⁵

Military-Technical Cooperation

For much of the post-Soviet period the Russian defense industry has heavily depended on China for survival. The domestic procurement of conventional weapons almost stopped after 1991 and did not fully resume until 2010–11. In November 1992, Russia and China signed an intergovernmental agreement that established a bilateral commission on military-technical cooperation. The commission is cochaired by the defense ministers from the Russian side and by defense ministers or deputy chairs of the Central Military Commission from the Chinese side. It holds yearly meetings, with the only exceptions so far being in 2006 and 2007. This expansion of defense cooperation was made possible by resolving the border issues, which used to be a major irritant in Sino-Soviet relations and led to armed clashes in 1969. Another major condition was the implementation of the mutual trust and transparency mechanism along the border, which continues to work even today.

²⁴ Among Russian military experts, there is just one prominent proponent of the China threat theory, Alexander Khranchikhin, deputy director of the nongovernmental Institute for Political and Military Analysis. Although he has some presence in the media, his views do not appear to have influence on policymakers. See, for example, Alexander Khranchikhin, *V. Voennoye stroitelstvo v Kitaye. Drakon prosnulsya? Vnutrenniye problemy Kitaya kak istochnik Kitayskoy ugrozy dlya Rossii* [Military Development of China. The Dragon Woke Up? Internal Problems of China as the Source of China Threat for Russia] (Moscow: Klyuch-S, 2015).

²⁵ The Russian television spy drama *Sleepers*, which aired on the state-owned First Channel in 2017, is one example.

China, together with India, was a major foreign buyer of Russian weapons and accounted for 40%–45% of exports during most of the 1990s and early 2000s, peaking at 60% of purchases. The maximum value of Russian arms shipments to China in real terms was \$2.7 billion in 2002.²⁶ The fate of every Russian defense enterprise in the 1990s and 2000s depended on its access to the Chinese and Indian markets.

This situation gave Chinese negotiators huge market power, which they used to extract significant concessions from Russia in terms of technology transfers. Initially, Russia hoped that technology transfers would occur only after China made major purchases of Russian military equipment. In some cases, that result was achieved. For example, China purchased a production license for Su-27SK fighters from Russian suppliers in 1996. Chinese companies later violated the license production agreement by reverse engineering the aircraft and producing an upgraded and modified version, the J-11B, independently. Still, they procured more than 270 Su-27 and Su-30 fighters of various modifications between 1992 and 2003, including assembly kits for the Su-27SK fighter, which had a major positive effect on the Russian military aircraft industry.²⁷

In other cases, Russia has failed to protect its interests and has been forced to make significant technology transfers without any large-scale sales of their final products to China. This was the case with the sale of the BMP-3 armored fighting vehicle compartments, including turrets, fire control systems, guns, and cannon-launched anti-tank missiles. Initial attempts to sell China a large batch of finished BMP-3s failed. China bought the high-tech fighting compartment in limited numbers and only on the condition of technology transfer. The production of the fighting compartment was later fully localized in China to be used by ZBD-04 series armored infantry fighting vehicles.

Although this kind of cooperation was critical for the survival of the Russian defense industry, it was seen as a necessary evil. Rampant intellectual property (IP) theft and forced technology transfers were still a major concern among Russian defense industry leadership. Such a situation could only be tolerated under the desperate conditions of the 1990s and early 2000s. As Russia started to diversify its arms exports, exploring the markets of Venezuela, Algeria, and Vietnam, among others, it grew increasingly reluctant to continue cooperating with China in the old way. The growth of the Chinese defense industry's technological capabilities contributed to a period of decline in bilateral military-technical cooperation from 2004 to 2010.

However, cooperation later restarted and continues to this day. In 2016, sales exceeded \$3 billion according to Russian Ministry of Defense data.²⁸ China now accounts for some 20% of Russian arms exports, which have been relatively stable at around \$15 billion a year for the last several years. Current arms sales include at least three big projects, namely the sale of two regiments of S-400 surface-to-air missile (SAM) systems, one regiment (24 planes) of Su-35S fighters, and an anti-ship missile project (possibly with joint production of the Chinese YJ-18 system). Other important components of Russian defense exports to China include aircraft engines, spare parts, and upgrades to previously sold weapons. Arms sales have contributed to expanding cooperation in military personnel training between the two sides. As of late 2016, according to Defense Minister

²⁶ See the interview of Rosoboronexport director Sergei Isaikin by RIA Novosti, RIA News, April 10, 2009, http://www.vpk.name/news/27293_obem_vts_rossii_i_kitaya_za_poslednie_vosem_let_sostavil_16_mlrd_rosoboronexport.html.

²⁷ Alexander Gabuev and Vasily Kashin, "Vooruzhennaya druzhba: Kak Rossiya i Kitaj torguyut oruzhiem" [Armed Friendship: How Russia and China Trade in Arms], Carnegie Endowment for International Peace, 2017, 9, https://carnegieendowment.org/files/CP_Gabuev_Kashin_web.pdf.

²⁸ "Shoygu: Rossiya i Kitay za god realizovali kontrakty v sfere VTS na 3 mlrd dollarov" [Shoigu: Russia and China during the Year Implemented Arms Trade Contracts Worth More than \$3 Bn], Vzglyad, November 23, 2016, <https://vz.ru/news/2016/11/23/845346.html>.

Sergey Shoigu, Russia had trained more than 3,600 Chinese officers in its military academies and training centers.²⁹

Moreover, after Western sanctions were imposed on Russia in 2014, China started to provide certain components to Russian-built combat platforms, which had been previously sourced in Europe. The best-known examples are the diesel engines for some types of small combat and patrol boats used by the Russian Navy and the Border Guard Service of the Federal Security Service of Russia. The procurement is limited and probably is considered a temporary measure before import substitution programs start to bring results.

Although the survival of the Russian defense industry is not dependent on China, the industry is still interested in cooperation. In 2011–12, the Russian ministry of defense put in place a very strict pricing system, which limited the profitability of weapons production for the needs of the Russian military. The new policy made arms exports especially profitable, even more so after the devaluation of the ruble.

Given the continued importance of arms exports to China, Russia has worked to address the threat of IP theft. In 2008 the two countries signed an agreement to protect IP rights in the defense sector.³⁰ Still, Chinese companies are not trusted by Russia and are constantly suspected of reverse engineering and unauthorized copying of equipment. Every joint project is strictly supervised by the Federal Service of Military-Technical Cooperation. Government experts are trying to evaluate the risks of IP rights violations against the possible gains of selling weapons to China. In some cases, negotiations have lasted for years without producing results. Thanks to the military modernization of the last several years, Russia still maintains a competitive edge over China in a number of sectors, including aircraft and missile engines, cruise missiles, air and missile defense systems, submarines and antisubmarine warfare, and hypersonic weapons. The Chinese defense industry is still relying on Russian assistance for progress on critically important programs, and this state of affairs will likely continue for the foreseeable future.

Beyond the threat of IP theft, the rise of the Chinese defense industry has turned China into an increasingly dangerous competitor for Russia in the weapons markets of some foreign countries. There are even cases of Chinese suppliers beating out their Russian counterparts for contracts, sometimes in former Soviet countries (e.g., sales of HQ-9 and HQ-12 SAM systems to Turkmenistan, and a coproduction project with Belarus for a heavy multiple-launch rocket system).

However, the dangers of such Chinese competition should not be overestimated. Some of the major Russian defense industry customers like India and Vietnam are also wary of China's rise and are unlikely to procure Chinese weapons anyway. In addition, the devaluation of the ruble and wage inflation in China have led to the loss of price competitiveness by Chinese defense products. The Chinese defense industry also continues to be plagued by serious quality issues.

Besides concerns over IP theft and fear of competition, the prospects for deeper Russia-China defense industrial cooperation are further undermined by extreme techno-nationalism in both countries' defense establishments. Both governments consider any dependence on defense imports as a critical weakness that needs to be quickly addressed. Russia and China now are

²⁹ "Rossiya postavit v Kitay S-400, protivokorabelnyye rakety i Su-35" [Russia Will Deliver S-400, Anti-ship Missiles and Su-35 to China], Zvezda Channel, February 21, 2017, <https://tvzvezda.ru/news/opk/content/201702211445-41k8.htm>.

³⁰ "Soglasheniye mezhdru RF i KNR ob intellektualnoy sobstvennosti povysit operativnost voyenno-tekhnicheskogo sotrudnichestva—Glava FSVTS" [The Agreement with China on Intellectual Property Protection Will Increase the Speed of Military Technical Cooperation—Chief of Federal Service of Military-Technical Cooperation], TASS, December 15, 2008, https://vpk.name/news/23449_soglashenie_mezhdru_rf_i_knr_ob_intellektualnoi_sobstvennosti_povyisit_operativnost_voennotehnicheskogo_sotrudnichestva_glava_fsvts.html.

greater technological nationalists than the Soviet Union was during the Cold War. Whereas Soviet leaders readily outsourced some defense production to allies, Russian and Chinese leaders hope to ultimately replace all defense imports with indigenous production. That represents a critical weakness of the partnership against U.S.-led alliances. U.S. defense innovation is to a significant extent reliant on long-term industrial partnerships with countries like Japan, the United Kingdom, and Israel, which give the Pentagon access to important sources of technology and innovation. It is not yet clear how Russia and China will address this deficiency.

Military Exercises

The most consequential part of Russian-Chinese military-to-military ties is joint military exercises, both within the SCO framework and on a bilateral basis. The oldest exercise is the Peace Mission exercise, which has taken place every two years since 2005 with the participation of all SCO countries except Uzbekistan. A typical Peace Mission exercise scenario involves joint response to an attack by terrorists taking over a town or a piece of territory of one of the SCO countries.³¹ The response usually comprises the initial action by some of the Central Asian SCO members, their quick reinforcement and support by Russian and Chinese special operations and air forces, and the further deployment of heavy units of the Russian and Chinese armies to the theater.³² Peace Mission exercises are gradually growing in complexity, even, for example, involving joint basing of Russian and Chinese combat aircraft and executing joint strikes against ground targets.³³

Since 2012, the Peace Mission exercises have been augmented by a maritime exercise called Maritime Cooperation. Like Peace Mission, the Maritime Cooperation exercises take place on a rotational basis in Chinese or Russian waters in the Far East. However, in 2015 and 2017 the exercises were conducted in two phases, with phase one happening in the Atlantic. In 2015 the two countries held the phase-one exercise in the eastern Mediterranean. The Chinese ships also visited the Black Sea but avoided Crimea. In 2017 a Chinese naval squadron entered the Baltic Sea—the hotbed of Russia-NATO military tensions—to hold a joint exercise with the Russian Navy. This could be seen as a political statement—both as a gesture of support for Russia and as an act of reciprocity for the increased presence of the British and French navies in the Pacific, especially in the South China Sea.

Despite attempts by both sides to portray this exercise as being focused on counterterrorism or antipiracy, the training related to dealing with nonstate actors was always only a marginal part of such activities. The two sides train in joint air defense, antisubmarine warfare, landing operations, joint missile and artillery strikes, and submarine rescue. Their naval helicopters make landings on each other's ships, and in 2017 a Chinese submarine rescue ship docked with a Russian submarine for the first time. Significant attention is paid to data exchange between the two sides' command and control systems, including data transmission from Chinese airborne early warning aircraft to Russian ships.

Since 2014, Russia and China have also been participating in a growing number of competitions. Originally started by Russia (from the Tank Biathlon armor crews competition), these contests now involve various services, from army air defense, helicopters, and strike

³¹ "ShOS: Mirnaya Missiya 2007" [SCO: The Peace Mission 2007] *Red Star*, August 23, 2007, http://old.redstar.ru/2007/08/23_08/5_01.html.

³² "Antiterroristicheskiye ucheniya Mirnaya Missiya—2014" [Peace Mission—2014 Counterterror Exercise], TASS, <http://tass.ru/info/1393512>.

³³ "K Mirnaya Missiya 2013 podklyuchilas aviatsiya" [Air Force Joined the Peace Mission 2013 Exercise], *Vesti.ru*, August 12, 2013, <http://www.vesti.ru/doc.html?id=1116898>.

aircraft to military cooks and doctors. China was known to be the most active foreign participant initially and now hosts some of these competitions. Since 2016, Russia and China have also held yearly computer-simulated theater missile defense exercises called Aerospace Security.³⁴

Sino-Russian joint military exercises are intended to boost interoperability and prepare the militaries of the two countries for realistic warfighting scenarios. Such scenarios include dealing with a major radical Islamist uprising in Central Asia or jointly intervening in a security crisis in a remote region (for example, the Middle East) to ensure the security of the nationals of the two countries. For example, during phase two of the 2015 Maritime Cooperation exercise, Russian and Chinese naval forces conducted a joint landing operation on a territory taken over by “terrorists” in order to evacuate the civilian population.³⁵ The introduction of the theater missile defense exercise in 2016 and the increasing number of antisubmarine and anti-air components in the regular naval exercises suggest that Russia and China are also taking into account the possibility of jointly countering a major foreign military power.

Another area of defense cooperation is the joint exercises between the two countries’ internal security forces, the Russian National Guard and the Chinese People’s Armed Police. During the early exercises called simply Cooperation, the SWAT units from both services practiced jointly conducting assault and search and rescue operations, among other missions.

Summary

China’s current level of military-to-military cooperation with Russia is the highest of any major country in the world and can be compared to the relationship between members of the Russia-led Collective Security Treaty Organization in terms of the scope of joint exercises and frequency of contacts. Russia’s military contacts with China are currently more intensive and greater in scale than such contacts with India. That is supported by cooperation between intelligence and law-enforcement agencies in counterterrorism and cross-border crime, both within the SCO framework and bilaterally.

Russia apparently sees defense and security cooperation with China as a valuable tool to boost the two countries’ relations in general and increase their trust and interdependence. Although income from military technology exports to China is no longer as vital for Russia, it remains a significant source of profit for the Russian defense industry. The considerable effort spent by the two countries on increasing interoperability opens the possibility for them to someday act as military allies. It is unlikely that either government will be ready to exercise that option in the foreseeable future. But having the option available serves their foreign policy goals by strengthening both countries’ stance against the United States.

Economic Cooperation

China is Russia’s second-largest trade partner after the European Union and has been expanding its share in Russian trade for almost two decades now. In 2017 the volume of bilateral trade was \$86.9 billion (an increase of over 30%), with Russian exports at \$38.9 billion (an increase

³⁴ “Rossiya i Kitay provodyat sovmestnyye ucheniya po otrazheniyu raketnykh ugroz” [Russia and China Will Hold a Joint Exercise to Counter the Missile Threat], RIA Novosti, December 11, 2017, https://ria.ru/defense_safety/20171211/1510686986.html.

³⁵ “Komandovaniye ucheniy RF i KNR vysoko otsenilo epizod s vysadkoy desanta” [The Russian and Chinese Commanders Highly Appreciated the Part of Exercise That Involved Landing], RIA Novosti, August 25, 2015, https://ria.ru/defense_safety/20150825/1205722399.html.

of nearly 40%) and Chinese exports to Russia at \$48 billion (an increase of 26.1%). In 2017, China accounted for the biggest share of total Russian trade among individual countries (14.9%), as well as being the biggest export destination (10.9%) and source of imports (21.2%).³⁶

Russian exports to China are dominated by mineral products (mostly crude oil, oil products, and natural gas), which account for 67% of total volume. The second most important component of Russian exports is wood products and paper, which account for 10.7% of exports, and the third most important component is machines, vehicles, and equipment (6.9%). Food and agricultural products are the fourth major component, accounting for 4.6% of exports.³⁷ The data for exports of machines, vehicles, and equipment, which amounted to \$2.67 billion, most likely did not include arms sales, which are not fully represented in available customs statistics. The number mostly breaks down to sales of nuclear equipment (\$1.56 billion); electric machines (\$626 million); land transport vehicles, not including railroad rolling stock (\$243 million); and optics, medical, and measuring instruments (\$213 million). With arms sales added, the total amount of Russian high-tech exports to China may come close to \$6 billion per year.

The structure of Russian exports to China remains primitive and highly dependent on global commodity prices, which contributes to the general volatility of the economic relationship. However, the bad export structure is not a unique problem of Russian-Chinese trade but rather a problem of Russian foreign trade and the Russian economy in general. Compared to Russia's trade relations with other partners, the structure of trade with China looks slightly better. For example, machines, vehicles, and equipment accounted for only 2.9% of exports to Germany, the second most important Russian trade partner.³⁸

The volume of exports of civilian machinery and equipment is an important barometer used by Russian leadership to assess the overall state of economic relations with China. Such exports almost stopped midway through the first decade of the 2000s, and on Russian insistence a special organization—the Russian-Chinese Chamber of Machinery Exports—was created to boost them.³⁹ Although the results of these policies are quite modest, the fact that Russia can sell more machines to China than to the EU serves as a strong argument for Russian-Chinese relations. Every year since 1999 the Chinese share in Russian foreign trade has been growing by about one percentage point, while the EU's share has decreased by the same percentage. However, in 2017 the EU still accounted for 42% of Russian foreign trade, whereas China's share was less than 15%. That means that economic overdependence on China is not likely to be an issue for Russia for quite a long time.

That China has already become the second most important trade partner of Russia after the EU, while Russia is only sometimes among the top ten trade partners of China, causes a certain degree of concern among the Russian public. The fear that this economic imbalance will turn Russia into a junior partner of China has been growing for several years and is the subject of many articles in the Russian media.⁴⁰ Russia's response has been to establish a wide network of FTAs

³⁶ Russian-trade.com, China database, <http://www.russian-trade.com/countries/china>.

³⁷ Ibid.

³⁸ Statistics of the Federal Customs Service (Russia), http://www.customs.ru/index.php?option=com_content&view=article&id=13858&Itemid=2095.

³⁹ "Rossiya uvelichit dolyu eksporta mashinotekhnicheskoy produktsii v Kitay" [Russia Will Increase the Share of Machines in Its Exports to China], August 24, 2007, <http://www.rosbalt.ru/business/2007/08/24/408464.html>.

⁴⁰ See, for example, "Rossiya mladshiy partner Kitaya" [Russia—The Junior Partner of China], *Vedomosti*, July 6, 2012, https://www.vedomosti.ru/opinion/articles/2012/06/07/mladshij_partner; and "Moskva prevrashchayetsya v mladshego partnera Pekina" [Moscow Is Turning into a Junior Partner of China], *Nezavisimaya Gazeta*, June 9, 2016, http://www.ng.ru/economics/2016-06-09/1_china.html.

with Asian countries, leading eventually to the Eurasian Economic Partnership. Strong interest in developing relations with Japan by the Russian government in recent years is also rooted in this policy of balancing China's economic influence. At the same time, the EEU and China are exploring the possibility of setting up their own FTA. That task was made simpler after the ruble devaluation at the end of 2014, which made Russian products and industrial labor cheaper than China's in nominal terms.⁴¹

Chinese investment in Russia is difficult to assess because of the lack of reliable statistical instruments. Around 80% of Chinese outbound investment globally passes through five offshore countries and territories, namely Hong Kong, the Cayman Islands, the British Virgin Islands, the Netherlands, and Bermuda.⁴² Another factor is that many Chinese businesses in Russia are registered as corporate entities owned by other countries—for example, the Russian subsidiary of Alibaba Group is technically a Singaporean-owned company.⁴³

As a result, both Russian and Chinese official statistics on Chinese investment are highly unreliable. In addition, Chinese officials in the past have made a number of conflicting statements. The China Global Investment Tracker project at the American Enterprise Institute found that the reported \$46.15 billion in Chinese FDI in Russia for 2005–17 may be exaggerated because of the inclusion of memoranda of understanding in the dataset instead of actual contracts.⁴⁴ Attempts by Russian and Chinese officials to manually calculate the value of Chinese projects in Russia produced estimates of \$32 billion as of the middle of 2016 and \$40 billion in early 2017, according to an official of the Russian Ministry of Economic Development. The number likely now stands between \$40 billion and \$50 billion, which makes China a considerable investor in Russia.

Russia is cautiously allowing Chinese investment into strategic oil and gas assets—with the best-known examples being Sibur and the Yamal liquefied natural gas (LNG) project—but any dominating role for China in these industries can be ruled out for the future. Apart from the diversification of exports away from Europe, Russia aims to increase traditional oil and gas exports to China by expanding existing pipelines (such as the East Siberia–Pacific Ocean oil pipeline) and building new ones (such as the Power of Siberia natural gas pipeline).

U.S. sanctions made many Chinese companies and banks, especially those with considerable operations in the West, reluctant to deal with Russia. However, Sino-Russian economic cooperation is centered on the big state-run companies under heavy government influence. Russia and China have undertaken efforts to increase the share of trade in national currencies and to set up special financial infrastructure to service bilateral trade, but so far this work has been slow and ineffective.

In sum, China has long been one of Russia's major economic partners and is steadily increasing its economic influence. This process is mostly defined by the changing economic geography of the world, with politics playing only a minor role. However, even with the current crisis in Russia-EU relations, it will take at least a couple of decades for China to overtake Europe as an economic partner. By that time, Russia hopes to have built a vast network of trade agreements in the Asia-Pacific, which will enable it to diversify economic cooperation and keep economic dependence on China at a comfortable level. The key element of this diversification strategy,

⁴¹ "Deshevaya rabochaya sila Rossii ne pomoshchnik" [Cheap Labor Force Will Not Help Russia], *Vedomosti*, September 7, 2015, <https://www.vedomosti.ru/opinion/articles/2015/09/07/607741-deshevaya-rabochaya-sila-rossii-ne-pomoschnik>.

⁴² Ministry of Commerce (PRC), "Zhongguo duiwai touzi hezuo fazhanbaogao" [Report on the Development of China's Outward Investment and Economic Cooperation], 2017, 15, <http://fec.mofcom.gov.cn/article/tzhzcj/tzhz/upload/zgdwtzhzfzbg2017.pdf>.

⁴³ Data is from the Spark-Interfax Business Database.

⁴⁴ American Enterprise Institute, China Global Investment Tracker, <http://www.aei.org/china-global-investment-tracker>.

apart from FTAs, is the future establishment of the Eurasian Economic Partnership (the greater Eurasia concept) and increasing economic engagement with Japan. However, so far these policies have not produced many practical results, as bilateral trade with Japan is stalling and FTA negotiations with other Asian countries are proceeding slowly.

Foreign Policy Cooperation

Russia's current approach to cooperation with China in the international arena is defined by the dominant Russian views on current trends in international politics. According to these views, Russia is at the center of a new global conflict: a new Cold War between the United States and the rising centers of power, especially China. The United States, facing the prospect of losing its current leading position in the world, is launching an attack against its major adversaries. One proponent of this view is Sergei Karagnov, a leading Russian international relations expert and dean of the Department of Global Politics and Economics at the Higher School of Economics:

The seriousness of this conflict, especially in the information sphere, is caused by the fact that the West...found itself in position of desperate defense. It tries to reverse the negative trends in global power balance. The strategic goal of this rearguard battle is China. But in order to prevent China from becoming the first global power [the West] needs to morally break or destroy Russia which stands in its way.⁴⁵

The idea that the current crisis between the United States and Russia is not really caused by any specific Russian policies (related, for example, to Ukraine, Syria, or election meddling), but is an element of a major battle for the future world order is dominant in Russian academic and political circles. According to this worldview, the United States sees Russia as a weak link among the opposing powers. The United States is not seeking to change any specific policy but wants to enact regime change and possibly even break the Russian state, as was the fate of the Soviet Union. Statements by U.S. officials about the United States' interest in cooperation with Russia are discounted as mere diplomatic rhetoric, because it is thought that the United States in a number of cases betrayed or cheated Russia in the past, with NATO expansion in the 1990s and the first decade of the 2000s being the favorite examples. Sergei Rogov, the head of the Institute for U.S. and Canadian Studies of the Russian Academy of Sciences, agrees that Russia has been lured into a new Cold War, which will be "long and serious," and he notes that there is "anti-Russian consensus" uniting both U.S. political parties.⁴⁶ Dmitri Trenin, head of the Carnegie Moscow Center, noted after the Helsinki summit between Putin and Donald Trump in July 2018 that "the hybrid war between Russia and the U.S. would continue," but the outcome of the summit would be the emergence of channels of communication and certain rules for conducting this war.⁴⁷

The current conflict with the United States is thus seen by Russia as an existential battle for the future world order in which the very survival of the Russian political regime and possibly the Russian state is at stake. Although Russia does recognize the existence of differences and

⁴⁵ Sergei Karaganov, "Kak pobedit v Kholodnoi Voine" [How to Win in the Cold War], *Russia in Global Affairs*, July 18, 2018, <http://www.globalaffairs.ru/pubcol/Kak-pobedit-v-kholodnoi-voine-19683>.

⁴⁶ "Ekspert: V Kongresse SShA sformirovan antirossiyskiy dvukhpartiyinyy consensus" [Expert: There Is Two Party Anti-Russian Consensus in the U.S. Congress], TASS, July 29, 2017, <http://tass.ru/politika/4374229>.

⁴⁷ Dmitri Trenin, "Tovarishchi po oporu: S chem Tramp i Putin vyshli s sammita" [Comrades in Defense: The Results of the Summit for Trump and Putin], Carnegie Moscow Center, July 16, 2018, <https://carnegie.ru/commentary/76837>.

competition with China in a number of areas (i.e., unbalanced trade and influence in Central Asia), its general policy toward China is largely defined by this global worldview. Relations with the United States at this moment are seen to be beyond repair. The purpose of maintaining political contacts with the United States is to avoid an uncontrollable escalation of tensions and preserve cooperation in a number of sectors where it serves Russian interests, such as arms control and counterterrorism.

Even before the Ukrainian crisis, Russian policy was based on recognition of the fact that China is an emerging superpower, something Russia does not really hope to be in the foreseeable future. From the Russian point of view, China's ultimate strategic goal is global leadership. While working to achieve this goal, China is weakening U.S. unilateralism, thus serving Russian interests. Russia, at least since before the Ukrainian crisis, has been intending to use the inevitable Sino-U.S. rivalry for political maneuvering and advancement of its political and economic interests, much like China exploited the Soviet-U.S. rivalry in the 1970s and 1980s. Russia expects the West, especially the United States, to make every possible effort to undermine Sino-Russian relations and is determined to resist these machinations. This point of view was revealed in the clearest manner by then prime minister Putin in a television interview in October 2011. In response to a question about the possible threat from China, he stated:

To those who try to scare us with the Chinese threat (and usually it's our Western partners), I said many times: In today's world, no matter how appealing the natural resources of East Siberia and the Far East might be, the real struggle is not for them. The real struggle is for global leadership, and here we are not going to argue with China. They have other competitors. Let them sort it out among themselves.⁴⁸

At the same time, Russian analysts do address the issue of possible Chinese dominance in a future world after the United States has been defeated. First of all, they see the very prospect of a U.S. defeat as remote—it is always reiterated that the new conflict will be long. Second, they consider China incapable of exercising leadership and imposing its will as effectively as the United States. If the United States is defeated in its quest to maintain global leadership, the new international system will look like the old European concert of powers, where the strongest power (China) will be counterbalanced by the United States, Russia, India, Japan, Iran, and other players. Russian multilateral diplomacy in Asia, including the greater Eurasia initiative, is seen as a way to prepare for this future.⁴⁹

The U.S. National Security Strategy, National Defense Strategy, and Nuclear Posture Review released at the end of 2017 and in early 2018 validated this prevailing worldview of Russian analysts and political leaders. Andrei Bezrukov, a former operative for Russian intelligence in the United States and currently a prominent expert in U.S. politics at MGIMO University in Moscow, wrote that the Trump administration's National Security Strategy represents the recognition of the fact that conflict with China is “inevitable” for the United States.⁵⁰ The competition between the two major powers is seen as systemic and not related to the personality of the current U.S. president.

⁴⁸ “Putin: Rossiya ne budet konkurirovat s Kitayem za mirovoye liderstvo” [Putin: Russia Will Not Compete with China for the Global Leadership], *Vzglyad.ru*, October 17, 2011, <https://vz.ru/news/2011/10/17/531145.html>.

⁴⁹ See, for example, Karaganov's interview with *Argumenti Nedeli*, December 22, 2016, <http://www.argumenti.ru/toptheme/n570/516650>.

⁵⁰ Andrei Bezrukov, “Razvid s mirom i ego posledstviya: Kak Trump otkryl novuyu epokhu v videnii Amerikoy mira” [Divorce with the World and the Consequences: Trump Has Opened a New Age in America's Worldview], *Russia in Global Affairs*, January 18, 2018, <http://www.globalaffairs.ru/global-processes/Razvod-s-mirom-i-ego-posledstviya-19300>.

As the conflict with the United States progresses, Russia's partnership with China becomes more valuable. Close cooperation with China makes it impossible for the West to isolate Russia internationally, as the Chinese market allows the country to make up at least part of the losses from the EU market. Chinese providers of industrial equipment are slowly replacing the European sources, while China is providing loans and increasing investment. As a result, instead of pursuing a balancing policy between China and the United States (although one favoring China), which was most likely the original plan, Russia has ended up aligned with China. This is seen as inevitable at this point simply because normalization of relations with the United States is unlikely for years to come.

At the same time, Chinese relations with the United States are also entering a period of acute crisis, and the solid economic basis of these relations could be weakened or partly destroyed by the ongoing Sino-U.S. trade war. This trade war may harm Russia if it produces a downturn in the global economy that results in another collapse of commodity prices. The Russian energy minister Alexander Novak has expressed concern about the possible decline in oil prices as a result of the trade war.⁵¹ At the same time, the United States is competing with Russia in the export of agricultural products (especially soybeans), LNG, and wood products to the Chinese market. The removal of U.S. competitors as a result of the Chinese response to U.S. tariffs could benefit some Russian exporters.

The main issue is how far the alignment of Russia and China can progress. Clearly, Russia wants to maintain freedom of action in the Asia-Pacific, particularly by developing relations with Japan, Southeast Asian countries, and India. To achieve this, Russia stays neutral on the most pressing regional security issues, including the territorial disputes in the East and South China Seas (with the exception of criticizing the United States for escalatory behavior such as freedom of navigation patrols). At the same time, China is equally unwilling to see its partnership with Russia undermine its policy toward the EU, including Eastern European members such as Poland and the Baltic states that are receiving (or hoping to receive) considerable Chinese investment.

In terms of their broader international agenda, the two countries' interests are often almost identical and their actions are closely coordinated. There used to be a traditional division of labor caused by the long-standing Chinese foreign policy approach of *taoguang yanghui* (keep a low profile and bide your time) developed in the last years of the Deng Xiaoping era. Russia would usually take the lead in putting forth political proposals and initiatives opposing the United States at the United Nations, while China would just express support. Until recently, Russia played a much more active role in the resolution of major international issues, even if China had much greater vested interest in such issues, as was the case with the Iran nuclear deal of 2015.

Under Xi Jinping's leadership, China has moved toward "major country diplomacy with Chinese characteristics," which represents a shift toward assuming a more active role in the international arena. China has increased its participation in global governance issues, taken the lead in dealing with the North Korean nuclear crisis, and opened its first overseas military base in Djibouti in 2017. However, the changes in Chinese policy are still seen in Russia as gradual and slow. China is keen to portray itself as a new major global player (as was shown during the Belt and Road Forum in 2017 and most recently in April of this year), but it is not ready to take risks.

⁵¹ "Novak otsenil vliyaniye torgovykh voyn SShA na neftyanye tseny" [Novak Commented on the Influence of the Trade War on Oil Prices], NTV, July 13, 2018, <http://www.ntv.ru/novosti/2047400>.

Throughout 2017, China tried to buy time and avoid direct conflict with the Trump administration by keeping a low profile and cooperating on the North Korean issue. The situation started to change in 2018, however, when the United States, having achieved some progress with North Korea, increased pressure on China from different directions simultaneously, including on Taiwan, trade, and the South China Sea. At this point, Russia does not view China as politically ready to engage in a direct, Russian-style confrontation with the United States; instead, Beijing still prefers to be the soft power supporting Russian hard power. That may change if the economic basis of Sino-U.S. relations is sufficiently undermined by the trade war, weakening the more globalized, pro-Western groups among Chinese economic elites.

On current global governance issues, including the representation of developing countries in global financial institutions, environmental issues, the militarization of space, and cybersecurity, Russia and China are frequently proposing joint initiatives and taking coordinated actions to advance their common interests. China generally takes the lead on security issues along Chinese borders (e.g., the Korean Peninsula), while in other parts of the world Russia and China are working together in tandem. That has given China greater flexibility in its relations with the West (at least until recently).

This division of labor in the foreign policy realm seems uncomfortable for Russia, which is facing negative consequences from its constant opposition to U.S. policies and initiatives. However, Russia would take most of these actions anyway, even without the Chinese partnership, based on the understanding of national interests by the Russian leadership.

In general, the current political partnership between Russia and China is based on their common opposition to the existing U.S.-dominated global order. In both cases, the United States' unilateralism and aggressive export of values and institutions are seen as threats to the existing political systems and elites. One possible historical analogy could be the relationship between the German empire and the Austro-Hungarian empire in the decades prior to World War I. The two empires had a bitter history of rivalry and changing power dynamics, with the Austro-Hungarian empire, a former regional hegemon, declining relative to Germany. However, both countries were fighting against the existing European and global order, which was then dominated by the British and French colonial empires. The issue was not control of one or another piece of land but control of global leadership.

Russia sees BRI as a primarily political project designed by China to accumulate political capital from its massive overseas investment programs, which have been underway since the late 1990s. The investments that China is currently making within the BRI framework would be made even without the initiative. The main result of the Belt and Road Forum in Beijing in 2017 was the establishment of a new international body of several dozen countries that allow China to make statements about global governance on their behalf. Because the rise of China's global ambition is currently beneficial for Russia, Russia is willing to support BRI and other Chinese global concepts (such as the community of common destiny) in exchange for Chinese support of Russian concepts and initiatives (such as the Eurasian Economic Partnership). The fate of Chinese investments in Russia is hardly dependent on these initiatives and is instead defined by the current economic situation.

Central Asia remains a region of competition, with China increasing its role not just in the regional economy but also in the security realm. The latter trend is represented by the security agreement that China, Tajikistan, Afghanistan, and Pakistan signed in 2016, which increased

Chinese arms sales to these countries. However, the level of competition remains limited, and both sides have made significant efforts to further curtail it. Russia hopes to preserve its interests in Central Asia by developing the EEU, which includes the leading regional economy (Kazakhstan) and one of the smaller economies (Kyrgyzstan). These efforts are partly assisted by the balancing policies of the Central Asian governments themselves. The policies of these countries, especially Uzbekistan, increasingly resemble the foreign policies of the Southeast Asian countries that are trying to play a balancing game between the major powers.

Russia has limited interest and resources to invest in the Central Asian drilling and mining projects that are the primary interest of China. At the same time, Russia remains the key exporter of food products, some types of machinery, and consumer products to the regional countries. As a result, in 2018 it was the top trade partner for Kazakhstan and the second-largest trade partner for Uzbekistan.⁵² Russia is also the primary provider of services, especially in education and healthcare. The influence of the EEU is also contributing to Russia's rising share in foreign trade with Kazakhstan and Kyrgyzstan. Central Asian countries remain dependent on the Russian labor market, with remittances being significant sources of income for Uzbekistan, Kyrgyzstan, and Tajikistan. The local populations also remain deeply hostile to and suspicious of China. The rumors that Chinese companies may be allowed to lease agricultural land in Kazakhstan for 25 years caused violent riots in a number of Kazakh cities in 2016. Considerable investments by Beijing to advance Chinese soft power in Central Asia are made almost useless by the heavy-handed Chinese policies toward the Muslim population in Xinjiang. The current expectation is that the Central Asian countries will try to maintain a balance in their relations with China, Russia, and Europe, which is still a major export destination for them. This strategy is acceptable to Russia.

Conclusion

Russia's current approach to China is largely defined by the experience of Soviet-Chinese relations during the Cold War and by a pessimistic assessment of the global situation. Russia sees the rise of China as a major factor in current global politics, largely redefining the balance of power around the world. However, its initial plans of using Russia's position as a swing state to extract benefits from the Sino-U.S. rivalry were crushed by the consequences of the Ukrainian crisis. Russia instead finds itself in an uncomfortable position as the main opponent of the United States and has had to seek greater alignment with China. Yet China still maintains much better relations with the United States and the West in general and at this stage offers only limited support to Russia.

Because Russia currently sees the conflict with the West as a long existential battle, its differences and competitions with China play only a minor role in Russian politics. But they are not forgotten or gone. Russia does have a hedging strategy against the threat of possible Chinese dominance. This strategy is based on balancing between the major Asian economies and attempting to create a greater multilateral economic alliance in a more distant future (a greater Eurasia).

⁵² Ministry of Economics Statistical Committee (Kazakhstan), http://stat.gov.kz/faces/wcnav_externalId/homeNumbersCrossTrade?lang=ru&_afzLoop=9594525544787139#%40%3F_afzLoop%3D9594525544787139%26lang%3Dru%26_adf.ctrl-state%3D7napi16p0_17; and Statistical Committee (Uzbekistan), Statistical Bulletin, <https://stat.uz/uploads/docs/ves-yan-dek18-ru.pdf>.

On a practical level Sino-Russian relations are defined by huge bureaucratic structures with numerous high-level commissions covering almost every imaginable area of cooperation. The structure is clumsy, but it provides good channels for constant communication between the two countries' elites. Economic cooperation is centered on a limited number of large-scale projects, which are implemented by large state-owned enterprises. Contacts between private businesses are still underdeveloped. Many problems in bilateral economic relations are basically the same as those in the economic relations between Russian and other major economies. That includes a primitive Russian export structure and China's lack of appetite to invest in Russia. Nonetheless, China's share in Russian economic ties is growing, and the country is becoming an increasingly important player in the Russian economy. Still, it will take China a long time to overtake the EU as the main economic partner of Russia.

Russian defense planning does take into account the possibility of a military conflict with China. However, such a scenario is considered unlikely under the current Chinese political regime. Instead, Russia sees military-to-military ties as a way to boost the general partnership with China and increase interdependence in the security field. Although a formal military alliance between the two countries is unlikely at this stage, they clearly want to keep this option open for the future, having spent considerable resources on increasing the interoperability of their armed forces.

THE NATIONAL BUREAU *of* ASIAN RESEARCH

NBR SPECIAL REPORT #79 | MAY 2019

Present and Future Sino-Russian Cooperation: Chinese Perspectives

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EXECUTIVE SUMMARY

This essay provides Chinese perspectives on the relationship between China and Russia and assesses the outlook for future cooperation.

MAIN ARGUMENT

Sino-Russian relations are among the most important bilateral relations in the world. Both China and Russia think their relations are at a very high level. Sino-Russian relations have developed rapidly in the past three decades from “friendly countries” to a “new type of constructive partnership” to a “strategic partnership of cooperation.” The intergovernmental mechanisms to support the development of the relationship exist at different levels, such as between the heads of state, the central governments, the legislatures, local governments, and the people. The development of Sino-Russian relations is based on the real demands of each country. From China’s perspective, the relationship not only fulfills the basic needs of domestic reform and opening-up policy but also facilitates China’s participation and integration into the international system. At the same time, Sino-Russian relations face some challenges, including the countries’ different economic structures, the “expectations gap,” lack of coordination between the Belt and Road Initiative and the Eurasian Economic Union, and increasing uncertainty in triangular relations among China, the U.S., and Russia.

POLICY IMPLICATIONS

- China has prioritized building a peaceful environment for its development, and this goal will continue to drive its foreign policy toward Russia for the foreseeable future.
- Sino-Russian relations are shaped by a third party (the U.S.) to a certain degree, but the partnership will not become an alliance against this third party.
- Both China and Russia should pay more attention to the potential challenges to bilateral cooperation and work to stabilize their relationship in the future.

Sino-Russian relations are among the most important bilateral relations in the world. After the end of the Cold War, the relationship developed steadily into a constructive partnership, a strategic partnership, and a comprehensive strategic partnership. Both countries have a large territory and share a long land border. Maintaining peace and stability in the border areas has been a strong endogenous driving force for the development of bilateral relations. The two countries have now thoroughly resolved the border disputes between them that existed for more than three hundred years. Top Chinese and Russian leaders have repeatedly stated that the relationship between their countries is the strongest it has ever been and that the development of the political relationship should be a model for major-power relations in the modern world.

This essay will provide Chinese perspectives on the relationship between China and Russia. The first section will review the development of bilateral relations since the breakdown of the Soviet Union. The subsequent two sections will then examine the drivers of cooperation and discuss the challenges confronting the partnership. The conclusion will assess the outlook for Sino-Russian relations.

The Development of Sino-Russian Relations in the Post-Cold War Era

Following the disintegration of the Soviet Union and the formation of the Russian Federation, China and Russia signed an agreement in Moscow on December 27, 1991, aimed at resolving the issue of inheritance of bilateral relations from the Cold War era. Both sides expressed their willingness to further develop good-neighborly, friendly, and cooperative relations.¹ During the conversion of Sino-Soviet relations into Sino-Russian relations, some friendly measures remained. In February 1992, the Supreme Soviet of Russia approved the agreement signed by the Chinese and Soviet governments on the eastern border between the two countries. In September 1994, China and Russia signed the western border agreement. From 1993 to 1994, the defense ministers of the two countries exchanged visits, and military cooperation increased as a result.

At the outset of the period after the collapse of the Soviet Union, Russia focused on improving its relations with the Western powers led by the United States. These efforts, however, did not yield satisfactory results. The eastward expansion of NATO was the most important factor complicating U.S.-Russian relations after the Cold War. Russia is unanimously opposed to NATO's eastward expansion,² and the pursuit of this goal by the United States led Russian leaders to re-emphasize the country's relations with Asia and the East.

In the 1990s, China highlighted the establishment of good-neighborly, friendly, and cooperative relations with surrounding countries as its basic foreign strategy.³ China's reform and opening up had begun to accelerate step by step, and the realization of this vision required a stable regional environment. As part of this effort, China focused on developing relations with Russia. In 1992 and 1994, each country's leader visited the other country and issued joint statements highlighting the positive role of good-neighborliness, friendship, and mutually beneficial cooperation in world politics. Bilateral relations developed rapidly from 1992, when the two sides regarded each other as

¹ Xie Yixian, ed., *Zhongguo dangdai waijiao shi (1949–2009)* [Chinese Contemporary Diplomatic History (1949–2009)] (Beijing: Zhongguo qingnian chubanshe, 2009), 385.

² Tao Wenzhao, "Beiyue dong kuo yu Mei E guanxi (1993–1997 nian)" [NATO Expansion East and U.S.-Russian Relations (1993–1997)], *Shijie jingji yu zhengzhi*, no. 10 (2018): 77–104.

³ Xie, *Zhongguo dangdai waijiao shi*, 385.

“friendly countries,” to 1994, when they recognized a “new type of constructive partnership,” until 1996, when they announced the development of a “strategic partnership of cooperation.”⁴

In November 1998, China and Russia issued the Joint Statement on Sino-Russian Relations at the Turn of the Century in Moscow, and in July 2001, during a state visit to Russia by President Jiang Zemin, the two sides signed the Treaty of Good-Neighborliness and Friendly Cooperation. In November 2002 the 16th National Congress of the Communist Party of China convened. China’s top leaders believed that at the beginning of the new century the regional and international environment was relatively favorable to China in general. Although local tensions, conflicts, and even wars had not been eliminated, peace and development prevailed in much of the world. Moreover, following September 11, the United States was focused on counterterrorism as its primary goal. Chinese leaders believed that their country was likely to benefit from a long period of peaceful development, and this strategic judgment turned out to be well founded.⁵ Chinese leaders have long promoted peaceful development as the country’s grand strategy, and this goal has been echoed by the academic community. Some overseas Chinese scholars also maintain that Beijing’s long-term strategic goal is to catch up with developed countries in building a prosperous and strong modern country.⁶

A significant moment in China’s peaceful development occurred in June 2005, when Chinese foreign minister Li Zhaoxing and Russian foreign minister Sergei Lavrov signed an agreement to resolve the two countries’ dispute on the eastern section of the Sino-Russian border. This action showed that the two countries had thoroughly solved all their historical border problems. Nonetheless, fissures in the relationship remained. In 2008, for example, Chinese leaders did not openly support Russia in its conflict with Georgia because China, like Georgia, also faced the threat of separatism. The world financial crisis in 2008–9, however, strengthened the bilateral relationship. Russia was significantly affected by the lower demand for fossil fuels, but because of close economic cooperation with China, it could look to the Chinese market to reduce stress and stimulate economic growth.

After 2010, China faced greater pressure from the United States in the Asia-Pacific as a result of the Obama administration’s rebalance to the region.⁷ In 2011, China and Russia upgraded their strategic partnership to a comprehensive strategic partnership. The implications of Russia’s own pivot to Asia at this time have been hotly debated in the West because this policy has led to a closer relationship between China and Russia. The Ukraine crisis in 2014 exacerbated the geopolitical tensions between the West’s expansion strategy and Russia’s regional strategy. As a result of Western sanctions in response to the annexation of Crimea, falling international oil prices, and

⁴ Gao Fei, “Guojia shenfen bianqian yu Zhong E zhanlue xiezuo huoban guanxi de jianli” [The Transition of National Identity and the Establishment of the Sino-Russian Strategic Partnership], *Guoji guanxi xueyuan xuebao*, no. 5 (2008): 54–59.

⁵ “Full text of Jiang Zemin’s Report at the 16th Party Congress on Nov. 8, 2002,” available at *China Daily*, Language Tips, October 15, 2017, http://language.chinadaily.com.cn/19thpcnationalcongress/2017-10/16/content_32684821.htm.

⁶ See, for example, Fu Xin, “Quanqiuhua shidai de guojia xingxiang: Jian dui Zhongguo mouqiu heping fazhan de sikao” [A Nation’s Image in the Age of Globalization: Considerations upon China’s Endeavor in Pursuing Peace and Development], *Guoji wenti yanjiu*, no. 4 (2004): 13–17; Li Jie, “Ruanshili jianshe yu Zhongguo de heping fazhan” [Construction of Soft Power and China’s Peaceful Development], *Guoji wenti yanjiu*, no. 1 (2007): 19–24; Chu Shulong and Guo Yuli, “Zhongguo ‘heping fazhan’ zhanlue ji moshi” [China’s “Peaceful Development” Strategy and Method], *Xiandai guoji guanxi*, no. 2 (2008): 1–9; Wu Xiaoming, “Lun Zhongguo de hepingzhuyi fazhan daolu jiqi shijie lishiyiyi” [Reflections on China’s Peaceful Development and Its Significance for World History], *Zhongguo shehui kexue*, no. 5 (2009): 46–59; and Zheng Yongnian, *Yazhou xin zhixu* [Asia’s New Order] (Guangzhou: Guangdong renmin chubanshe, 2018).

⁷ Representative literature includes Yang Yi, “Aodaliya qianghua Mei Ao tongmeng ji qi qianjing” [Australia’s Strengthening of the U.S.-Australia Alliance and Its Future], *Xiandai guoji guanxi*, no. 3 (2016): 23–30; Zhou Jianren, “Tongmeng lilun yu Meiguo ‘chongfan Yatai’ tongmeng zhanlue yingdui” [Responding to Alliance Theory and the U.S. Strategy of “Rebalancing to the Asia-Pacific”], *Dangshi Yatai*, no. 4 (2015): 26–54; and Ruhana Harun, “Meiguo de Yazhou zai pingheng zhanlue ji qi dui quyu guanxi de yingxiang—Cong Dongmeng de shijiao fenxi” [America’s Strategy of Rebalancing to Asia and Its Impact on Regional Relations—From the Perspective of ASEAN], *Meiguo yanjiu*, no. 3 (2014): 103–8.

a weakening ruble, Russia faced a grim economic situation, and its economy showed a downward trend from 2013 to 2016. As with the conflict between Russia and Georgia in 2008, China did not openly support Russia's policy in the Ukraine crisis. Moreover, their economic relationship also suffered from this situation, as trade volume decreased in 2015.⁸ However, the bad economic environment does not seem to have impeded energy cooperation. China's Belt and Road Initiative (BRI) is committed to the economic integration of the Eurasian continent. For this initiative to succeed, China needs Russia's support.⁹ As a result, the relationship between the two countries has once again grown closer in recent years.

In July 2017, President Xi Jinping paid a state visit to Russia, which attracted great attention from Russian society. China and Russia sent each other national outlines to implement the Treaty of Good-Neighborliness and Friendly Cooperation from 2017 to 2020. In September 2018, President Xi Jinping attended the Fourth Eastern Economic Forum for the first time, which was a milestone in the history of Sino-Russian relations and demonstrated China's expectation of local cooperation between the two countries. During the Trump administration, China and Russia have been under great economic pressure from the United States. The current U.S. policy toward the two countries has brought them closer together. At the same time, as a result of growing great-power competition, global politics may become more fragmented, and coordination among major powers could become more difficult.¹⁰ China continues to depend on a stable environment to support its development. Since the 18th National Congress of the Communist Party of China in 2012, President Xi has consistently promoted his vision for the "great rejuvenation of the Chinese nation"—also known as the "China dream"—as an overarching political ideology, which was enshrined in the Chinese constitution following the 19th Party Congress in 2017.

China and Russia continue to maintain close high-level exchanges; fully implement agreements on cooperation reached by the two heads of state; work to improve the communication mechanisms already established by the two governments, the legislatures, local governments, and the people; innovate channels of cooperation; make full use of the favorable opportunities brought by high-level political relations; and promote cooperation in various fields to achieve more tangible results. In addition, China and Russia have organized a series of rich and colorful cultural activities, which have greatly promoted exchange and mutual understanding between the two societies.

The Drivers of Sino-Russian Cooperation

The improvement of Sino-Russian relations is based on the real demands of each country. From China's perspective, to keep bilateral cooperation at a high level is not only a basic requirement of domestic reform and opening up but also important for China's participation and integration into the international system.

Chinese scholars frequently emphasize the needs of domestic development when discussing the reasons for the improvement of Sino-Russian relations. As the previous section describes, during

⁸ In 2015, the trade volume decreased more than 28%. See the report from the Russian Embassy in China, available at <http://www.russchinatrade.ru/zh-cn/ch-ru-cooperation>.

⁹ Wang Jisi, "Xi jin, Zhongguo diyuan zhanlüe de zai pingheng" [Going West, China's Geostrategic Rebalancing], *Huanqiu*, October 2010, http://opinion.huanqiu.com/opinion_world/2012-10/3193760.html.

¹⁰ Bobo Lo, *Russia and the New World Disorder* (London: Chatham House, 2015), 53.

the post-Cold War period, China has continued the process of reform and opening up initiated in the late 1970s. Cooperation with Russia is crucial both to shape a favorable regional and international environment for this policy and to find markets for Chinese goods and resources to fuel China's economic development.

First, the most important goal of China's promotion of Sino-Russian relations is shaping a favorable environment for the reform and opening-up policy, which is focused on economic development. Russia is China's largest neighbor. This basic fact is the principal reason for China's efforts to develop and promote the relationship with Russia. Maintaining peaceful development and cooperation with the largest neighboring country is a prerequisite for reform and opening up. After a short period of friendship in the aftermath of World War II, relations devolved into a state of long-term tension, which forced China to invest significant resources to secure itself against the Soviet Union. One of main consequences of this Sino-Soviet split was that China's development was impeded. Therefore, it is reasonable for China to emphasize the stability of Sino-Russian relations so that the country can continue to focus on economic and social development and nation building. To keep the relationship on the track of peaceful coexistence and mutually beneficial cooperation, China must maintain and develop bilateral relations, while cooperating with Russia to address regional and international issues, such as instability in Central Asia and Northeast Asia, that could bring potential challenges to their bilateral relationship.

A second goal for China in improving the Sino-Russian relationship is to find markets and resources to sustain its economic and social development, which depend on both domestic and international resources and the integration of domestic and foreign markets. Russia is one of the world's major economies, and both its market and resources are important to the growing Chinese economy. At present, Chinese scholars emphasize the importance of energy security when discussing bilateral relations from the perspective of economic cooperation. Since 2016, Russia has replaced Saudi Arabia as China's largest supplier of crude oil.¹¹ Sino-Russian energy cooperation is also crucial for China's deep integration into the global energy system through infrastructure projects under BRI. Moreover, as neighboring countries, China and Russia can achieve mutual security and reliable protection to a large extent, depending on the degree of development of mutual economic relations.

Chinese scholars also believe that a number of international factors drive China's efforts to promote the development of Sino-Russian relations. Both countries are permanent members of the UN Security Council and recognized nuclear weapons states under the Nuclear Non-Proliferation Treaty. More importantly, China and Russia share a common strategic goal of ensuring the balance of power among the major powers and preventing the United States from shaping the international system into a unipolar order.¹² Balancing the pressure from the U.S.-led West and promoting the multipolar system are considered to be among the main external reasons for the development of Sino-Russian relations.

¹¹ "2016 nian Eluosi shouci qudai Shate chengwei Zhongguo zui da yuanyou gongying guo" [In 2016 Russia Replaces Saudi Arabia as China's Top Crude Oil Supplier for the First Time], Reuters, January 23, 2017, <https://cn.reuters.com/article/china-oil-import-ru-saudi-arabia-idCNKBS1570WQ>.

¹² Representative literature includes Qin Xuanren, "Quebao zhanlüe junshi: Guoji xin geju xia de Zhong E guanxi" [Securing Strategic Balance: Sino-Russian Relations in the New International Structure], *Guoji maoyi*, no. 10 (2002): 18–21; Ye Zicheng, "Zhong E guanxi de fazhan yu duoji shijie tixi de xingcheng" [The Development of Sino-Russian Relations and the Shaping of the Multipolar World System], *Guoji zhengzhi yanjiu*, no. 3 (1997): 22–26; and Li Qingsi, "Dangqian Zhong E teshu zhanlüe guanxi tanxi" [An Analysis of Current Sino-Russian Special Strategic Relations], *Guoji luntan*, no. 5 (2016): 8–14.

However, although the pressure from the West, especially the United States, is an important factor in Sino-Russian relations, it alone cannot account for the current level of cooperation. As discussed above, in addition to balancing the West, closer Sino-Russian relations are a key part of China's integration and participation in the international system in the era of globalization. In the process of transitioning from a relatively closed, isolated country to an open and engaged one, China must continue to develop and enhance bilateral relations with major world powers. Most Chinese scholars recognize Russia as a major power in the international community and believe that it is still an "important pole" in the world.¹³ Therefore, China cannot bypass Russia as it works to increase its integration and participation in the international system. Moreover, the development of Sino-Russian relations is not exclusive. If one looks at the relationship between China and other major powers in the same period, China's relations with the United States, the European Union, and Japan also have achieved tremendous progress since the 1990s. The level of development in these bilateral relationships exceeds Sino-Russian relations in many respects. In particular, the volume of economic cooperation between China and the United States, the EU, and Japan usually each surpasses that between China and Russia.

In simple terms, external factors and international events can explain the short-term policy adjustments in Sino-Russian relations, but they cannot explain the long-term improvement. From the perspective of China, shaping a good external environment for reform and opening up and satisfying basic conditions for national development are the most important driving forces in the partnership. Although external factors and international events have provided opportunities for the development of closer bilateral relations, they are not the leading drivers of this trend.

Challenges for Sino-Russian Relations

Chinese scholars have published fewer articles on the challenges and risks of Sino-Russian relations than on the achievements of cooperation. However, the national interests of China and Russia differ in many respects, and the two countries thus have encountered obstacles at times when trying to improve their relationship. Challenges frequently mentioned by Chinese scholars include Russia's "China threat theory," historical issues between the two countries, and concerns about the widening economic gap.¹⁴ This analysis is certainly reasonable. However, with the changes in the frequency and mode of interaction between China and Russia in various domains, new and underappreciated factors could pose increasingly serious challenges to the partnership.

First of all, the different economic structures of China and Russia deserve greater attention. Most Chinese scholars believe that these differences will bring opportunities for economic and trade cooperation because such differences usually mean that two economies are complementary. In some areas, this expectation is in line with reality, but the problem is that strong economic complementarity does not necessarily lead to a better overall Sino-Russian relationship. These two things are related but not the same because the positive impact of economic cooperation on the bilateral relationship depends more on the perception of income distribution. If one side

¹³ Xing Guangcheng, "Eluosi shi dangjin shijie duojihua jincheng zhong de zhongyao yi 'ji'" [Russia Is an Important "Polarity" in the Current Multipolarizing World], *Shijie zhishi*, no. 24 (2017): 27–28.

¹⁴ See, for example, Jiang Yi, "Anquan liangnan yu Zhong E guanxi" [The Security Dilemma and Sino-Russian Relations], *Dongou Zhongya yanjiu*, no. 5 (2002): 27–32.

believes that economic cooperation does not bring enough benefits, then the positive impact on the relationship will be limited.

In recent years, Russian officials, academics, and public opinion surveys have often emphasized the imbalance in Sino-Russian economic and trade relations. They believe that the two countries need to balance trade relations and adjust the structure of economic cooperation.¹⁵ These Russian critics are drawing attention to the challenge caused by the differences in economic structure. China's exports to Russia are mainly manufactured goods, while energy, timber, and other natural resources account for a high proportion of Russia's exports to China. Given existing market conditions, the imbalance between the two economies will continue and even expand in the short to medium term. Take mechanical and electrical products as an example. For many years, Russia has been hoping to export more mechanical and electrical products to China. In 2017, however, mechanical and electrical products only accounted for 5.9% of China's total imports from Russia.¹⁶ Since the industrial structure and resource endowment of the two countries will not fundamentally change in the short term, this challenge to the relationship will likely grow. That is, China's exports to Russia will continue to be mainly electromechanical products, and its imports will be concentrated in natural resources such as crude oil, coal, and timber.¹⁷ As a result, Russia could become more conservative and apply more restrictive policies that limit economic cooperation with China. It has already pursued a stricter policy toward China's investment in natural resources, such as by halting the project to bottle water from Lake Baikal and by imposing more and more restrictions on timber exports to China. Environmental factors are usually the stated reasons for these policy changes, but fears over the growing economic imbalance loom large.

A second challenge is the expectations gap between China and Russia. The international community often regards the large number of cooperation agreements signed by the Chinese and Russian governments as important evidence for the development of bilateral relations. However, progress on some of the landmark projects regarded as indicators of the high level of Sino-Russian cooperation is far from the expected goal. For example, the Heilongjiang Bridge between China and Russia was first proposed in 1988, but an agreement was not reached until 1995 and construction only started in 2016.¹⁸ Likewise, construction on the Tongjiang Rail Bridge began in 2014 and was originally scheduled to be completed within two and a half years, but the bridge is still being built. There were various reasons for these delays, such as financial and technological constraints. The Russia-China oil pipeline, which opened in 2011, is also very different from China's original vision. Angarsk-Daqing had been the proposed route.¹⁹ Although trade and investment are often considered to be among the highlights of Sino-Russian cooperation, in 2016 and 2017 China's nonfinancial FDI flows to Russia were only \$1.29 billion

¹⁵ President Vladimir Putin has expressed similar views on several occasions. For example, in an interview with China's Xinhua on June 17, 2016, he explicitly raised the issue of improving the trade structure between the two countries. Wang Mengmeng, ed., "Eluosi zongtong Pujing jieshou Xinhuashe shezhang dujia zhuanfang" [Russian President Vladimir Putin Accepts Exclusive Interview with the President of Xinhua News Agency], Xinhua, June 23, 2016, http://www.xinhuanet.com/world/2016-06/23/c_1119099713.htm.

¹⁶ Ministry of Commerce of the People's Republic of China (PRC), "Country Report of China's Trade," no.1, 2018, https://countryreport.mofcom.gov.cn/record/view.asp?news_id=58866.

¹⁷ Li Nanhua and Tong Zongli, "Haiguan Zongshu: 2018 nian Zhongguo dui Eluosi jinchukou 7075.5 yi yuan tongbi zeng 24%" [Customs General Administration: China's Trade with Russia Is 7075.5 Hundred Million Yuan, a 24% Increase], Renmin wang, January 2019, <http://finance.people.com.cn/n1/2019/0114/c1004-30526744.html>.

¹⁸ In 2015, China and Russia signed the revised agreement about this bridge. "Zhong E shou zuo kua Heilongjiang gonglu daqiao jijiang kaigong" [The First Sino-Russian Highway Bridge across Heilongjiang Is about to Open], Xinhua, December 2016.

¹⁹ For further details on China's original vision for the Russia-China oil pipeline, see *The Description of the Decision-making and Construction of China's Century Projects* (Beijing: People's Press, 2018), 122–46.

and \$1.55 billion.²⁰ This accounted for a very small proportion of China's total foreign investment and fell far short of many observers' high expectations for Sino-Russian economic cooperation. If the numerous high-profile cooperation agreements signed by the two countries cannot be implemented as scheduled, doubts will inevitably arise about Sino-Russian relations, which will adversely affect the partnership.

In fact, this huge gap between expectations and reality has existed for a long time and cannot be alleviated in the short term. There are many reasons for this situation. Most Chinese companies are more optimistic about the opportunities for foreign investment in the markets of the EU, North America, and Southeast Asia and prefer to invest or pursue mergers in these regions. Therefore, although both the Chinese and Russian governments have made great efforts to encourage Chinese companies to invest in Russia—with local Russian governments even holding special forums in China to establish cooperation mechanisms with local governments to introduce economic projects to Chinese businessmen—the expectations gap has not changed much.²¹

A third challenge to the partnership is that BRI and the Eurasian Economic Union (EEU) are not well coordinated. BRI is China's economic cooperation initiative, and the EEU is Russia's regional economic integration plan. Eastern Europe and Central Asia are key areas for both initiatives. At present, China focuses on trade, investment, and infrastructure construction and promotes cooperation on BRI with some members of the Commonwealth of Independent States (CIS) through bilateral channels. A large number of economic cooperation projects have been signed and implemented between China and different CIS countries. At the same time, Russia is promoting subregional cooperation in the CIS region and trying to build an economic cooperation mechanism centered on itself. One of its main steps is to establish and develop the EEU in the region. Although China and Russia signed agreements affirming the complementarity of BRI and the EEU in 2015 and 2018, the two sides have not yet adopted a feasible framework for connecting the initiatives, and the EEU still refuses to discuss a free trade agreement with China. There are in fact no specific mechanisms to coordinate BRI and the EEU.

As a result of this insufficient coordination of projects, Sino-Russian relations in the CIS region have reflected a dual reality. China mainly relies on bilateral mechanisms to develop economic cooperation with the Eurasian countries, whereas Russia relies on a subregional cooperation regime to strengthen economic ties. Because China and Russia each regards BRI and the EEU, respectively, as extremely important for its national interests, this dual-track development can heighten mistrust and uncertainty between the two countries. If BRI and the EEU continue to move forward along their separate tracks, this lack of coordination will create more serious challenges for the partnership. Efforts to develop BRI or the EEU might be regarded as an offensive policy by one country to exclude the other, thereby damaging both countries' reputations for cooperation and mutual trust. The success of the EEU as one economic space also might create more barriers to China's entering this integrating market, even though the EEU signed a trade and

²⁰ In 2016, China's outbound investment flow reached \$19.62 billion. See the report on China's FDI in 2016 issued by the PRC Ministry of Commerce, available at <http://hzs.mofcom.gov.cn/article/date/201803/20180302722851.shtml>. In 2017, China's outbound investment flow reached \$15.83 billion. See the report on China's FDI in 2017 issued by the PRC Ministry of Commerce, available at http://www.fdi.gov.cn/1800000121_33_11652_0_7.html.

²¹ For example, Russia held a forum as the guest of honor at the Pujiang Innovation Forum in Shanghai in 2014 to discuss Sino-Russian cooperation generally as well as specific opportunities for cooperation between the upper and middle reaches of the Yangtze River and the Volga Federal District.

economic cooperation agreement with China in 2018.²² This agreement is not focused on building a free trade zone between the EEU and China.

Finally, the growing instability of Sino-U.S. relations has introduced a new strategic challenge for the Sino-Russian relationship in recent years. Although many Chinese scholars do not believe that there will be a new triangular relationship, the three countries' interactions are already triangular to some extent.²³ As mentioned earlier, one of the main reasons for China and Russia to maintain close cooperation in recent years has been to cope with the pressure of U.S. unilateralism. Their similar or consistent positions on many international issues—such as the long-term U.S. military presence in Afghanistan, the preemptive U.S. military action in Iraq, and the aggressive deployment of a missile defense system on the Korean Peninsula—are to a large extent the result of common diplomatic principles. On the other hand, their significant progress on energy and military cooperation after 2014 is more the result of efforts by the two countries (though mainly by Russia) to increase their coordination. For academic and public opinion in China, arms deals and military exercises are an important symbol of two countries high level of cooperation.²⁴ In other words, their political and strategic cooperation has increased in recent years as a result of more aggressive U.S. policies. China and Russia have increasingly looked to each other for strategic support to balance the United States. As discussed earlier, Russia began to pursue more active engagement with China following the U.S. and Western sanctions imposed in response to the Ukraine crisis in 2014, while China began to look to other great powers, including Russia, for strategic support following the U.S. “pivot” to Asia. Beijing regards the main goal of this policy as the containment of China.

The strategic balancing against the United States as the potential outcome of Sino-Russian cooperation makes the triangular relationship among the three countries seem more real. If China, Russia, and the United States understand and address their relations as triangular, then close interaction between any two parties will cause concern on the part of the third party, possibly even leading this country to adopt balancing policies of its own. In this case, the United States' tough policies toward Russia and China have prompted them to increase their cooperation. Conversely, U.S. engagement with China or Russia is likely to lead to challenges in the bilateral cooperation between them. Since 2014, Russian-U.S. relations have been deteriorating in the aftermath of the Ukraine crisis, while Sino-U.S. relations have gradually shifted from cooperation to competition. In this context, Russia has the opportunity to use the differences and frictions between China and the United States to seek more policy autonomy. For example, it could attempt to force China to accept harsher terms when negotiating new agreements. However, such policies

²² Ministry of Commerce (PRC), “Zhongguo yu OuYa Jingji Lianmeng zhengshi qianshu jingmao hezuo xieding” [China and Eurasian Economic Union Sign Trade and Economic Cooperation Agreement], May 17, 2018, <http://www.mofcom.gov.cn/article/ae/ai/201805/20180502745041.shtml>.

²³ The triangular relationship among China, the United States, and Russia is hotly debated in China. In this regard, Chinese scholars are divided into three schools. One school believes that a triangular relationship is not possible because the current international background is different from that of the Cold War. A second school thinks that the triangle has already formed. Still others say that it is hard to judge the status of the triangle. Representative literature includes Zhao Huasheng, “Lun Zhong E Mei xin sanjiao guanxi” [Research on the New Triangular Relationship between China, Russia and the United States], *Eluosi Dongou Zhongya yanjiu*, no. 6 (2018): 1–25; Zou Zhibo “Zhong Mei E sanjiao guanxi yanbian de neizai jili yu xianshi” [Inherent Mechanism and Reality of the Interaction among the Three Powers of China, Russia, and the United States], *Guoji jingji pinglun*, no. 4 (2017): 92–102; and Yu Sui, “Lun Zhong Mei E sanjiao guanxi” [On the Triangular Relationship among China, the United States, and Russia], *Dangdai shijie*, no. 7 (2015): 2–5.

²⁴ For example, see Hu Xin, “‘Dongfang-2018’ lian yan: Zhong E zhanlue xiezuo xin jingjie” [“Vostok-2018” joint exercises: A New Level of Sino-Russian Strategic Coordination], *Shijie zhishi*, no. 19 (2018): 74; Tang Yongsheng and Yang Yucai, “Zhong E zhanlue xiezuo yu Yatai zhanlue wending” [Sino-Russian Strategic Coordination and Strategic Stability in the Asia-Pacific], *Dangdai shijie*, no. 10 (2017): 22–25; and Liu Fenghua, “Zhong E zhanlue xiezuo moshi: Xingcheng, tedian yu tisheng” [The Pattern of China-Russia Strategic Coordination: Formation, Features, and Prospects], *Guoji wenti yanjiu*, no. 3 (2016): 1–12.

to exploit Sino-U.S. competition might have the unintended effect of undermining the stability of Sino-Russian relations.

Sino-Russian relations have confronted far more challenges in recent years than the four challenges highlighted in this section. Nonetheless, the differences in economic structure between China and Russia, the expectations gap, the difficulty of coordinating BRI and the EEU, and the increasing uncertainty in trilateral relations among China, Russia, and the United States are the key challenges that Chinese scholars identify when discussing the current development of Sino-Russian relations.

The Outlook for Sino-Russian Relations

In recent years, Chinese scholars have frequently debated the outlook for Sino-Russian relations. In particular, whether China and Russia have become or will become formal allies has been the subject of much discussion. Most Chinese scholars believe that China and Russia will neither become allies nor enemies in the foreseeable future. However, most of these arguments have presupposed the fundamental nature of the relationship between the two countries and then looked for arguments that confirm this nature, drawing from historical and contemporary interactions. In fact, the binary understanding of the Sino-Russian relationship as a relationship between either allies or enemies masks the complexity and diversity of the interactions between the two countries. Although logically speaking, becoming allies or enemies are both possible future options, and historically China and Russia have played both roles, the reality of their relationship transcends this binary choice. Therefore, it is necessary to consider new perspectives for understanding the current and future Sino-Russian relationship in order to better assess the reality of the two countries' relations. If we conceive of the relationship as a dynamic process of continuous adjustment rather than in terms of the static projection of a supposed model, "ally" and "enemy" can be regarded as the two ends of the Sino-Russian relationship, visualized as a line segment. In this example, a specific time period of the relationship is a point on the line, while the changes in relations are the ongoing movements back and forth between the two end points of "ally" and "enemy." In other words, these two options are only extreme states of the relationship; the normal state of relations is to move back and forth between them.

The movement of Sino-Russian relations between these extremes occurs on at least two levels: grand strategy and policies in specific domains. First of all, understanding the strategic positioning of China and Russia and how the positioning of one country is changing with respect to the other is a prerequisite for assessing the prospects of bilateral relations. Although relations have continuously improved over the past two decades, this is just one factor in the respective foreign policy frameworks of the two countries. At the beginning of the disintegration of the Soviet Union, China and Russia quickly established diplomatic relations, but neither country was the priority of the other's diplomacy. For Russia, the primary goal of its foreign policy following the collapse of the Soviet Union was to join the West and obtain large-scale economic assistance. Therefore, its policies were focused on the Western powers, and relations with China occupied a secondary position.²⁵ After Russia later refocused its diplomacy to serve the goal of recovering great-power status, its foreign policy still ranked China after the CIS and the EU in

²⁵ Sun Yan, "Yi nianlai Zhong E guanxi de huigu he zhanwang" [A Review and Outlook on Sino-Russian Relations over the Past Year], *Guoji zhengzhi yanjiu* no. 3 (1993): 65.

terms of diplomatic priorities. For China, how to deal with Russia's changing positioning has been a serious challenge. Even after the establishment of a strategic partnership with Russia, the basic objectives of China's diplomatic strategy were still focused on serving the country's reform and opening-up policy and promoting domestic development. Its foreign policy design and implementation continue to focus on the economic power of the Asia-Pacific region, regional organizations, and the EU rather than on Russia. In other words, although the promotion of Sino-Russian cooperation is very important to both countries, neither side regards the other as the most important priority of its foreign policy. These basic characteristics of the relationship will not change in the short term, which means that the prospects for Sino-Russian relations are unlikely to change fundamentally.

Second, the increase and decrease of cooperation in specific areas such as the economy, society, and the military, as well as the rising or declining quality of relations, are important indicators for judging the prospects of bilateral relations. In the economic domain, changes in the scale and structure of international economic cooperation, such as trade and investment, affect the outlook for economic cooperation. As mentioned earlier, there are two characteristics of China-Russia economic relations that may undermine cooperation: the trade imbalance and the relatively small scale of foreign investment between the two sides. Even as the trade volume and FDI have been growing in the past few years, the critics of the trade imbalance have still been vocal. This will be one factor that will shape Russia's economic policy toward China. Both challenges are largely the result of the natural selection of the market rather than the active control of the government. This means that it will be difficult for economic cooperation to break through the aforementioned challenges, and the space for improvement is relatively limited. In regard to relations between the two societies, although China and Russia promote people-to-people communications, statistics in some key areas indicate that problems still exist. For example, although over 25,000 Chinese students studied in Russia in 2017, more than 600,000 studied abroad in that year, including more than 350,000 in the United States.²⁶ In the military domain, there are also positive and negative aspects in China and Russia's interactions. From a positive perspective, the number, scope, and level of military exercises between the two countries have expanded. The scale and quality of Russian arms sales to China have also increased. On the other hand, Russia hopes to use the existing international system to restrict and constrain the development of China's strategic weapons, such as by arguing that China should join the Intermediate-Range Nuclear Forces Treaty.²⁷ Therefore, the complexity of the interactions between China and Russia in the economic, societal, and military domains makes it difficult to categorize the two countries as simply allies or enemies. They are instead constantly bargaining with each other based on actual interests. This is likely to continue to be the basic state of Sino-Russian relations in the future.

In summary, when assessing the prospects for Sino-Russian cooperation, observers should avoid equating cooperation or agreement with alignment and equating friction or disagreement with opposition. As one Chinese scholar emphasizes, "the Sino-Russian partnership has its own unique value, but it is not appropriate to exaggerate the differences of the two countries' interests,

²⁶ Ministry of Education (PRC), "2017 Sees Increase in Number of Chinese Students Studying Abroad and Returning after Overseas Studies," April 2018, http://en.moe.gov.cn/news/press_releases/201804/t20180404_332354.html; and Chinese Service Center for Scholarly Exchange, "Zhongguo fu Mei liuxue renshu zengfu lianxu qi nian xiajiang" [Number of Chinese Studying in U.S. Falls for Seventh Consecutive Year], November 2017, <http://www.cscse.edu.cn/publish/portal0/tab38/info14894.htm>.

²⁷ "China, Other Countries Should Join INF Treaty, Russian Senator Says," TASS, October 23, 2018, <http://tass.com/politics/1027304>.

opinions, and problems, and to build a military-political alliance against the third party.”²⁸ We have argued in this essay that the normal state of Sino-Russian relations is to swing between the extremes of alignment and opposition. Although growing cooperation between China and Russia in the past several years makes it look as if the two countries are moving toward an alliance, there remain many challenges that will constrain this process. For China, the most important priority continues to be advancing its opening-up and reform policy and stimulating economic and social development, especially in the central and western areas of the country. Thus, it is not in China’s interest to build a military, political, or strategic alliance against the United States and other Western countries, which continue to be its biggest markets, main capital and technology partners, and main partners in people-to-people exchange.

The Sino-Russian relationship has indeed developed since the 1990s across several domains. But this does not mean that there is no competition or conflict between the two countries, nor does it mean that this state of relations will be maintained for a long time. The future of the Sino-Russian partnership is dynamic because both the drivers of cooperation and the challenges are strong. The normal state of Sino-Russian relations is one of continuous movement between alignment and opposition under the influence of the domestic and foreign policy environment in each country. Moreover, the United States will possibly play an important role in the two countries’ strategic cooperation because of its diversified relations with both China and Russia and its position and influence in the post-Cold War era.

²⁸ Guan Guihai, “Dangqian Zhong E guanxi leng sikao” [Cooler Thinking on Current Sino-Russian Relations], *Zhongguo jingji baogao*, no. 5 (2013): 108.

THE NATIONAL BUREAU *of* ASIAN RESEARCH

NBR SPECIAL REPORT #79 | MAY 2019

China-Russia Security Cooperation: Implications for Japan

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EXECUTIVE SUMMARY

This essay examines how closer China-Russia relations affect Japan's strategic calculations and analyzes why Japan seems to continue to underappreciate the significance of recent developments in the partnership.

MAIN ARGUMENT

China and Russia present very different types of security and diplomatic challenges for Japan. Yet despite the potentially negative impact of robust bilateral relations on Japanese national interests, Japan seems to be out of step with the U.S. and its Western partners in the assessment of what the current status of China-Russia relations means. Although there is a growing wariness about the expansion and deepening of relations and increasing concern that Sino-Russian cooperation may aim to undermine the interests of the U.S. and its allies, Japan continues to regard this partnership as a "marriage of convenience." If Japan is not able to move away from this conventional assumption, it may face serious challenges to its approach not only to China and Russia but also to the U.S. and its Western partners, which are increasingly critical and alarmist about the partnership between Beijing and Moscow.

POLICY IMPLICATIONS

- If Japan continues to underappreciate the significance of the latest China-Russia rapprochement, it could struggle to adapt its policies to a security environment in Northeast Asia that is increasingly hostile to Japan.
- If Japan continues to feel anxious about the U.S. alliance commitment not only in Northeast Asia but also in the broader Indo-Pacific region, it will likely continue to hedge against the risk of abandonment by the U.S. by engaging China and Russia based on a bifurcated approach.
- If the U.S. wants to maintain solidarity with Japan in countering stronger China-Russia relations, it must engage Japan in a strategic dialogue that would allow the U.S. to explore Japan's view of the partnership, its assumptions, and what drives these assumptions.

Since their openly hostile relationship ended after the Cold War, China and Russia have considered each other important strategic partners to counter U.S. dominance in the international order. As such, they have coordinated their diplomatic positions on many foreign policy issues, including North Korea's nuclear program.

In the last several years, the enhancement of bilateral security relations has begun to attract attention. In particular, the quantitative and qualitative expansion of defense exchanges has been noteworthy since 2012. In the past, the two countries' joint military activities had taken place mostly in the framework of the Shanghai Cooperation Organisation (SCO). The scope was also limited to border security, counterterrorism, and disaster relief. In recent years, however, cooperation has evolved considerably both in the type of activities and in the areas where such activities take place. For instance, China and Russia conducted Joint Sea 2012 maritime exercises in the waters near Qintao, China; Joint Sea 2014 exercises in the waters near Shanghai, close to the East China Sea; Joint Sea 2015 exercises in the Sea of Japan; Joint Sea 2016 in the South China Sea; and Joint Sea 2017 in the Sea of Okhotsk near the Northern Territories (known as the Kuril Islands in Russia). Japan certainly noticed these bilateral exercises taking place in the areas that it considers important for its national security.

Regardless of the sustainability of bilateral cooperation, a closer China-Russia security relationship presents a unique challenge to Japan and will likely complicate its strategic calculations. In particular, this essay will attempt to assess how a closer security relationship between the two will affect Tokyo's efforts to navigate the evolving strategic environment not only in Northeast Asia but also in the broader Indo-Pacific region. The first section reviews the bilateral security challenges that China and Russia, respectively, pose to Japan. The following section then evaluates how their closer security ties may affect Japan. The essay concludes with a discussion of how closer China-Russia security ties may deepen Japan's security dilemma as the country grows uncertain about the future of the U.S.-Japan alliance.

Japan's Security Challenges vis-à-vis China and Russia

From a Japanese perspective, China and Russia present different security challenges. On the one hand, China represents the most profound geopolitical challenge that Japan will face for the foreseeable future; on the other hand, Russia symbolizes the World War II and Cold War legacy that Japan has been working to move beyond.

China

China is Japan's closest and biggest neighbor in Northeast Asia. Its population of approximately 1.4 billion people dwarfs that of Japan, which is roughly 127 million people.¹ China has also emerged as the world's second-largest economy, with its GDP having surpassed Japan's in 2010.² As its economy grows, China has begun to leverage this economic power to increase its international presence as well. In particular, China has used its growing influence to launch international financial and development assistance institutions and initiatives that can offer alternatives to the

¹ "Chuuka Jinmin Kyowa-koku kiso data" [People's Republic of China Basic Data], Ministry of Foreign Affairs (Japan), <https://www.mofa.go.jp/mofaj/area/china/data.html#04>; and "Monthly Report," Ministry of Internal Affairs and Communications (Japan), Statistics Bureau, <https://www.stat.go.jp/english/data/jinsui/tsuki/index.html>.

² "China Overtakes Japan as World's Second Biggest Economy," BBC, February 14, 2011, <https://www.bbc.com/news/business-12427321>.

World Bank and the Asian Development Bank, such as the New Development Bank, the Asian Infrastructure Investment Bank (AIIB), and most recently the Belt and Road Initiative (BRI). Today, China's economic influence reaches far beyond the Indo-Pacific region.

As China emerges as the world's second-largest economy, its military has also grown. For instance, based on data publicly released by the Chinese government, its defense budget has increased considerably in the last three decades and tripled just in the last ten years.³ Furthermore, China has accelerated the modernization of the People's Liberation Army (PLA). In particular, it has consistently invested in enhancing the PLA's air and naval capabilities, nuclear and missile forces, and other anti-access/area-denial (A2/AD) capabilities, including amphibious operation, space, and cyber capabilities.

For Japan, an economically and militarily strong China is already a formidable neighbor. What is even more concerning for Tokyo, though, is the pattern of behavior that Beijing has begun to demonstrate in recent years.

First, China has utilized its military power as one of the means to expand its influence. Its activities in waters and airspace in the East China Sea began to intensify following the Japanese government's decision to purchase three islands in the Senkaku Islands (known as the Diaoyu Islands in China) and have been at the forefront of Japan's national security concerns.⁴ In addition to activities by China Coast Guard vessels and fishing boats, what is particularly noteworthy is the increasingly provocative behavior by the PLA Air Force and PLA Navy. For instance, 61% of the aircraft that the Japan Air Self-Defense Force (JASDF) scrambled in the first six months of fiscal year (FY) 2018 (April–September 2018) were part of the PLA Air Force fleet.⁵ Similarly, the PLA Navy has increased its operations in the waters around Japan, including in ways that violated international maritime protocol and were considered unsafe. These include a suspected painting of a Japan Maritime Self-Defense Force (JMSDF) helicopter by a PLA Navy frigate with fire-control radar on January 19, 2013; a PLA Navy frigate painting a JMSDF destroyer with fire-control radar on January 30, 2013; and a submarine and frigate's passage through waters contiguous to the Senkaku Islands in submersion in January 2018.⁶ China's unilateral declaration in November 2013 of an air defense identification zone (ADIZ) that included airspace above the East China Sea overlapping with Japan's own ADIZ was considered as a further challenge to Japan's administrative control of the area.⁷ Japan has also been concerned about China's assertive behavior in the South China Sea, where Beijing has overlapping territorial claims with several countries in Southeast Asia. China built man-made islands in Fiery Cross Reef, Scarborough Reef, and Woody Island and has continued to build ports and runways that could be used for

³ The Chinese government began to release its defense budget in 1989. However, the figure released is believed to be much lower than the actual defense spending. Ministry of Defense (Japan), *Defense White Paper 2018* (Tokyo, 2018), 94, https://www.mod.go.jp/e/publ/w_paper/pdf/2018/DOJ2018_1-2-3_web.pdf.

⁴ Prime Minister Yoshihiko Noda defended his decision as a measure to prevent the Tokyo Metropolitan Government, then led by conservative governor Shintaro Ishihara, from purchasing the three islands. He feared that Ishihara would begin construction on them, which would have been interpreted as Japan unilaterally changing the status quo. However, the Chinese government criticized Noda's very decision to purchase the islands as an attempt to change the status quo and used it as a justification for increasing Chinese activities in the East China Sea.

⁵ "Statistics on Scrambles during the First Half of FY 2018," Ministry of Defense (Japan), Joint Staff, Press Release, October 12, 2018, http://www.mod.go.jp/js/Press/press2018/press_pdf/p20181012_08.pdf.

⁶ "Chuugoku kaigun kantei no doukou ni tsuite" [Movements of a PLAN Vessel], Ministry of Defense (Japan), Press Release, February 5, 2013, <http://www.mod.go.jp/j/press/news/2013/02/05b.html>; and "Senbotsu sensui-kan oyobi chuugou kaigun kantei no doukou ni tsuite dai-ippou" [Movements of a Submerged Submarine and PLAN Vessel], Ministry of Defense (Japan), Press Release, January 11, 2018, <http://www.mod.go.jp/j/press/news/2018/01/11a.html>.

⁷ "Statement by the Minister for Foreign Affairs on the Announcement on the 'East China Sea Air Defense Identification Zone' by the Ministry of National Defense of the People's Republic of China," Ministry of Foreign Affairs (Japan), Press Release, November 24, 2013, https://www.mofa.go.jp/press/release/press4e_000098.html.

military purposes, in open defiance of the ruling by the Permanent Court of Arbitration in July 2016 that rejected Chinese territorial claims in the South China Sea based on the nine-dash line.⁸ Not only have China's efforts to solidify its presence in these areas continued, but PLA Navy and Air Force operations have also increased considerably.

Second, China has repeatedly demonstrated its willingness to leverage its economic engagement with countries as one of the means to achieve its diplomatic goals. For example, when the Japanese government arrested the captain of the fishing trawler that collided with a Japan Coast Guard ship in September 2010, China essentially stopped exporting rare earth materials to Japan and detained the employees of Japanese companies. More recently, when Seoul decided to allow U.S. deployment of the Terminal High Altitude Air Defense (THAAD) missile defense system in South Korea to counter increasing provocation by North Korea, China leveraged its deepening economic ties with the Republic of Korea (ROK) to pressure the government to reconsider its decision. Outside Northeast Asia, China's economic engagement, particularly its investment agreements in developing countries such as Sri Lanka, is viewed by many as an attempt by China to unload the overcapacity of its own economy, while strapping these countries with debt and subjecting them to diplomatic pressure. The most recent U.S. National Security Strategy considers such behavior predatory.⁹

Japan considers these two emerging trends in China's external behavior as a direct challenge to the post-World War II liberal international order. Its attempt to counter these trends is threefold. First, Japan has worked to ensure that it possesses sufficient capabilities to respond. As can be seen in both the 2013 and 2018 National Defense Program Guidelines (NDPG), the development of the capabilities to deter China from directly challenging Japan's administrative control of the southwestern islands, including the Senkaku Islands, has been the driving principle of Japan's defense capability buildup for the last decade.¹⁰ Being aware that China's maritime activities in the East China Sea have been primarily carried out by the coast guard, Japan has increased its investment in the Japan Coast Guard.¹¹

Second, in addition to doubling down on measures to further enhance its alliance relationship with the United States, Japan has reached out to other U.S. allies and security partners to enhance cooperation, thereby affirming the importance of upholding the existing international order. Japan's intensified efforts to expand security relationships with Australia, India, and NATO countries under Prime Minister Shinzo Abe's watch have been particularly noteworthy in this regard. The successful conclusion of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in March 2018, followed by its entering into force in December 2018, was a major diplomatic victory and demonstrates the will of Japan and other signatory countries to continue to set rules for international free trade. The recent agreement reached between Japan and India on cooperation in infrastructure development is also significant because it is an explicit effort to counter China's aggressive expansion of its influence through BRI.

⁸ The Asia Maritime Transparency Initiative (AMTI), administered by the Center for Strategic and International Studies in Washington, D.C., has been consistently releasing images and analyses of China's activities in the South China Sea. See AMTI, <https://amti.csis.org>. An interactive map showing territorial disputes and key features in the South China Sea is available from the National Bureau of Asian Research's Maritime Awareness Project, <http://maritimeawarenessproject.org/interactivemap>.

⁹ White House, *National Security Strategy of the United States of America* (Washington, D.C., 2017).

¹⁰ Ministry of Defense (Japan), "National Defense Program Guidelines for FY 2014 and Beyond," December 17, 2013, http://www.mod.go.jp/j/approach/agenda/guideline/2014/pdf/20131217_e2.pdf; and Ministry of Defense (Japan), "National Defense Program Guidelines for FY 2019 and Beyond," December 18, 2018, http://www.mod.go.jp/j/approach/agenda/guideline/2019/pdf/20181218_e.pdf.

¹¹ Japan Coast Guard, "Outline of Japan Coast Guard Budget," <https://www.kaiho.mlit.go.jp/soubi-yosan/yosan/kaihoosan.html>.

Third, Japan has recalibrated the ways in which it provides development and other assistance. The revision of its Official Development Assistance (ODA) Charter in February 2015 emphasized that the benefits of projects for Japan's national interests would be one of the criteria in ODA decisions.¹² The revision was significant because the original charter, approved by the cabinet in 1992, explicitly stipulated that Japan should avoid any possibility that its ODA might be used for "military purposes or aggravation of international conflicts," thereby prohibiting Japan from providing assistance to developing countries to enhance their military capabilities.¹³ The 2015 revision to prioritize benefits to national interests has paved the way for Japan to provide capacity-building assistance to Southeast Asian countries by enhancing the capabilities of their coast guards, including the provision of cruisers to Vietnam in January 2017.¹⁴

Yet, as Japan continues to counter China's attempt to challenge the existing international order on the diplomatic and security fronts, the deep bilateral economic interdependence between the two countries will not allow Tokyo to completely sever ties. Even during periods of heightened political tension, Japan and China have enjoyed enduring economic ties since they normalized diplomatic relations in 1972. Today, China is Japan's largest trading partner, and Japan is China's second-largest trading partner. Even with recent moves by Japanese businesses to diversify their manufacturing facilities by relocating them to Southeast Asia due to rising labor costs as well as persistent concerns about the lack of protection of intellectual property rights and forced technology transfers in China, Japan still is China's third-largest foreign investor.¹⁵

This is why Prime Minister Abe, while remaining firm on Japan's sovereignty claims over the Senkaku Islands and other issues, has called for a "strategically mutually beneficial relationship" with China. His persistence, which was helped by 2018 marking the 40th anniversary of the normalization of relations, seems to be paying off. China, likely driven by anxiety about its deteriorating bilateral relations with the United States, particularly in trade, has begun to pursue rapprochement with Japan. Its overture toward Japan was most vividly demonstrated in May 2018 when Tokyo hosted the Japan-China-ROK trilateral summit. Premier Li Keqiang, who attended the trilateral summit, not only stressed that China's relations with Japan are "back on track" but also spent a full week in the country, even traveling outside Tokyo. The atmosphere for Abe's visit to China in October 2018 was also positive.¹⁶

Russia

Russia symbolizes two legacies that Japan has been struggling to move beyond. One is its defeat in World War II. To this day, Japan has not signed a peace treaty with Russia, and the dispute between the two countries over the Northern Territories is one of the few tangible legacies of the war. All postwar Japanese prime ministers have aspired to the resolution of the dispute—which the Japanese government has defined as the return of all four islands to Japan—and the

¹² Ministry of Foreign Affairs (Japan), "Cabinet Decision on the Development Cooperation Charter," February 10, 2015, <https://www.mofa.go.jp/mofaj/files/000067701.pdf>.

¹³ Ministry of Foreign Affairs (Japan), "Japan's Official Development Assistance Charter," June 30, 1992, <https://www.mofa.go.jp/policy/oda/summary/1999/ref1.html>.

¹⁴ "Shushou oogata junshi-sen teikyou wo hyoumei betonamu shushou to kaidan" [Prime Minister Abe Announced Japan Providing Large Cruisers to Vietnam: Meeting with Vietnamese PM], *Mainichi Shimbun*, January 16, 2017.

¹⁵ Ministry of Foreign Affairs (Japan), "Saikin no Chuugoku keizai to Nicchuu keizai kankai" [Recent Chinese Economy and Japan-China Economic Relations], September 2018, <https://www.mofa.go.jp/mofaj/files/000007735.pdf>.

¹⁶ Ministry of Foreign Affairs (Japan), "Prime Minister Abe Visits China," October 26, 2018, https://www.mofa.go.jp/a_o/c_m1/cn/page3e_000958.html.

signing of a peace treaty. Several prime ministers, including Ichiro Hatoyama (grandfather of former prime minister Yukio Hatoyama) and Ryutaro Hashimoto, made serious but unsuccessful efforts to engage their Soviet/Russian counterparts. Since his return to office in December 2012, Prime Minister Abe has revitalized this effort by trying to build a close personal relationship with President Vladimir Putin and to leverage this relationship to make a breakthrough on the dispute over the Northern Territories. However, despite the agreement reached on joint economic activities on the four islands when Putin visited Japan in December 2016, little substantive progress has been made on the issue.

Russia also represents the Cold War legacy that Japan has been trying to move beyond, especially in its security policy. During the Cold War, the Soviet Union was the primary threat against which Japan built its defense capability. As such, the Japan Ground Self-Defense Force focused the deployment of its heavy tanks and artilleries on the island of Hokkaido to resist potential attempts by the Soviet Union to invade Japan. The JASDF concentrated its aerial reconnaissance and air defense capability northward. The JMSDF, in close cooperation with the Seventh Fleet of the U.S. Navy, focused on developing its antisubmarine warfare capability to counter Soviet military movements in the Far East. In fact, it took more than a decade after the end of the Cold War for Japan to move away from a defense strategy that was driven by a singular focus on the threat of a Soviet invasion from the north. Although the Japanese defense establishment recognized such a need in the mid-1990s when North Korea's pursuit of missile and nuclear capabilities emerged as the more immediate and tangible security concern for Japan, it continued to invest in heavy tanks that were primarily deployed in Hokkaido. It was not until the 2004 NDPG and the Mid-Term Defense Program (MTDP) that the focus of Japan's defense buildup began to shift toward the reorganization of the Japan Self-Defense Forces (JSDF) as a more mobile and flexible force. The effort to reallocate resources from heavy tanks to the development of other capabilities—namely amphibious operations—did not start until the 2010 NDPG and MTDP.

Today, Russia continues to present security challenges for Japan from the north. For example, although China is the country against which the JASDF has scrambled most often since 2015,¹⁷ Russian bombers and surveillance aircraft remain active in Japanese airspace. Although Russia's force presence in the Russian Far East has been considerably reduced from the Cold War years, Japan took notice of the newly established Eastern Military District and Eastern Unified Strategic Command (headquartered in Khabarovsk) in 2010, while Russia's Pacific Fleet continues to be headquartered in Vladivostok.¹⁸

Furthermore, although Russia has maintained a military presence on two of the four islands in the Northern Territories (Kunashiri and Etorofu) since 1978, Japan has been particularly wary of the country's recent actions to assert its presence on them. Despite Prime Minister Abe's effort to personally engage President Putin in negotiations for the return of all the islands, Russia has not slowed the pace of activities to enhance its presence on these islands since then president Dmitry Medvedev visited Kunashiri Island in November 2010, marking the first-ever trip to the Northern Territories by a Russian president. If anything, Moscow has steadily taken measures to fortify its hold on the islands since then. In addition to repeated visits by Russian cabinet ministers, including the prime minister, it has accelerated the construction of military facilities

¹⁷ Ministry of Defense (Japan), Joint Staff, "Heisei 30-nendo kami-hanki kinkyuu hasshin jishu joukyou ni tsuite" [Execution of Emergency Scramble Operation in the First Half of FY 2018–19], October 12, 2018, https://www.mod.go.jp/js/Press/press2018/press_pdf/p20181012_07.pdf.

¹⁸ Ministry of Defense (Japan), "Heisei 30-nendo Nihon no bouei" [FY2018 Defense of Japan], August 28, 2018.

on both Etorofu and Kunashiri Islands. Russia also announced the deployment of surface-to-ship missiles on these two islands in November 2016.¹⁹

Beyond the tangible security challenges that Russia's military presence poses to Japan, the role that Moscow plays in security issues that are important for Japan's national interests also presents a challenge. In particular, Russia's position on the North Korean nuclear and missile programs complicates Japan's efforts toward the denuclearization of North Korea. When China finally began to put economic pressure on North Korea by following through on its commitment to implement sanctions called for by the UN Security Council, Russia promptly moved to increase its economic interactions with Pyongyang. Following the summit between Donald Trump and Kim Jong-un in Singapore in June 2018, Russia joined China in insisting on the easing of sanctions.

The difficulty for Japan in managing its relations with Russia is that the aspiration to resolve the Northern Territories issue disincentivizes Tokyo from taking a firm stance against Moscow, even in the face of its defiance of international norms, such as in the case of Russia's annexation of Crimea and aggressive behavior against Ukraine. Despite Russia's actions to solidify its control of the Northern Territories, including through military buildup on some of the islands, Tokyo continues to strive to resolve this issue diplomatically, with the goal of eventually concluding a peace treaty. These diplomatic goals were a significant factor in the decision to impose less onerous economic sanctions on Russia when it annexed Crimea.²⁰

Furthermore, Russia today offers economic opportunities for Japan as a potential supplier of natural resources. In particular, the Russian Far East could be an attractive option for Japan to alleviate its dependence on the Middle East for oil imports. Despite the fact that Russia's economic relationship with China has been intensifying since 1999, particularly in the energy sector, Japan continues to view its offer to invest in energy development in the Russian Far East as a viable diplomatic tool to engage Russia. As will be examined more closely in the next section, the potential underestimation of the nature of the growing China-Russia partnership—which Tokyo appears to still consider a relationship of convenience rather than a genuine partnership with specific goals—so far has driven Japan to temper its reaction to Russia's problematic behavior. This includes Russia's enhancement of its military posture in the Far East, including the Northern Territories, and use of force to impose its own will on neighboring countries, as was seen in the annexation of Crimea.

The Impact of Closer China-Russia Relations on Japan

The Evolution of China-Russia Relations

From the 1980s through the years immediately following the end of the Cold War, Beijing and Moscow went through very different experiences.²¹ On the one hand, China, under Deng Xiaoping's "four modernizations" vision, embarked on modernizing its economy; upgraded the PLA; continued to improve relations with the United States and the West writ large, despite a

¹⁹ Ministry of Defense (Japan), "Heisei 30-nendo Nihon no bouei."

²⁰ "Nihon seifu tai-Ro seisai happyou: Ou-Bei yori yurui nidan-ochi" [Japanese Government Announces Sanctions against Russia: Two Steps Down from U.S. and European Sanctions], *Sankei Shimbun*, March 18, 2014, <https://www.sankei.com/politics/news/140318/plt1403180002-n1.html>.

²¹ For an overview of Sino-Soviet relations during the Cold War, see Richard J. Ellings, "The Strategic Context of China-Russia Relations," in *Axis of Authoritarians: Implications of China-Russia Cooperation*, ed. Richard J. Ellings and Robert Sutter (Seattle: National Bureau of Asian Research, 2018), 9–19.

period of cooler relations after the 1989 Tiananmen Square crackdown; and began to benefit from globalization, particularly in the area of trade. On the other hand, Russia, after the fall of the Berlin Wall and the collapse of the Soviet Union, found itself significantly diminished in its national power and saw very limited benefits from the existing international order, including global trade and finance systems.²² Furthermore, it felt an increasing sense of vulnerability as NATO continued to expand eastward toward the Russian border, adding Central and Eastern European countries to its membership.²³

Within this context, it is important to note the shifting balance of power of China-Russia economic relations since the end of the Cold War. With China taking full advantage of its integration into the global economic system and emerging as the world's second-largest economy, Russia today is more economically dependent on China than vice versa. As Charles Ziegler points out, for example, China has become Russia's biggest trading partner and now accounts for around 15% of Moscow's total trade, while trade with Russia constitutes less than 2% of China's total foreign trade.²⁴ Thus, in the current bilateral economic relationship, Russia needs China more than China needs Russia. Still, their relationship has been evolving to be a complementary one, with Russia providing energy resources that are essential for China to maintain its economic growth.

Defense cooperation between the two countries has also been evolving. While Russia and China always had shared interests in preventing bilateral military conflicts and ensuring border security not only along their own borders but also with countries in Central Asia, their security relationship has moved beyond arms sales (primarily from Russia to China) and confidence-building measures to prevent military clashes. In recent years, they have made concrete progress in areas such as consultations and military exchanges, including joint training in bilateral frameworks as well as multilateral frameworks such as the SCO. Examples of such deepening security cooperation include coordination of regional security policies in Central Asia, East Asia, and the Middle East and expansion of both the scope and locations of joint military exercises.²⁵

Angela Stent points out that closer China-Russia relations present the United States with “a triple challenge: dealing individually with both China and Russia and confronting the threats that each poses to U.S. security; and the even more complex issue of how to approach the increasingly robust Sino-Russian partnership and minimize its potential to disrupt and adversely affect the United States' global interests.”²⁶ Similarly, closer China-Russia security relations complicate Japan's strategic calculations. In dealing bilaterally with Beijing and Moscow, Tokyo must now consider the impact of their closer cooperation on issues that deeply affect Japanese security interests.

The Impact on Japanese Defense Planning

First and foremost, closer relations between China and Russia have an impact on Japan's own sense of national security. For instance, when they conduct joint exercises in areas where Japan has sovereignty disputes with both countries—such as Joint Sea 2014 in the East China Sea and Joint

²² Charles E. Ziegler, “China-Russia Relations in Energy, Trade, and Finance: Strategic Implications and Opportunities for U.S. Policy,” in Ellings and Sutter, *Axis of Authoritarians*, 51–54.

²³ Ellings, “Strategic Context,” 19–20.

²⁴ Ziegler, “China-Russia Relations,” 55–58.

²⁵ Richard Weitz, “Growing China-Russia Military Relations: Implications and Opportunities for U.S. Policy,” in Ellings and Sutter, *Axis of Authoritarians*, 81–94.

²⁶ Angela Stent, “Foreword,” in Ellings and Sutter, *Axis of Authoritarians*, vii.

Sea 2017 near the Northern Territories—it forces Japanese defense planners to consider whether Japan must prepare to face both militaries should a conflict occur in either of these locations.

For instance, when China and Russia both conducted surveillance flights shortly after the Great East Japan Earthquake in March 2011 while the JSDF was still providing disaster relief, Japanese defense officials speculated about whether the two countries conducted these flights to test the JSDF's air defense capabilities while the forces were mobilized for another large-scale operation. Similarly, when the two countries conducted a joint exercise on a Russian-occupied island in the Northern Territories that included amphibious landing drills, officials in Tokyo wondered about the possibility of Russia assisting China in its attempt to occupy the Senkaku Islands.

Indeed, the prospect of China and Russia coordinating their military maneuvers vis-à-vis Japan poses a new challenge for Japan's defense planning. As discussed earlier, during the Cold War, Japanese defense strategy was singularly focused on countering the threat posed by the Soviet Union from the north. Japan's defense posture was shaped by the assumption that the country would have to counter a Soviet attempt to invade Japan by landing on the shores of Hokkaido. After the Cold War, the focus of its defense posture shifted to defending the country from the threat posed by North Korea's ballistic missiles. Japan has begun to heavily invest in ballistic missile defense (BMD) and capabilities that support BMD operations. In fact, acquisition of such capabilities has effectively become a forcing function to facilitate jointness among the three JSDF services. In other words, during this period, Japanese defense planners have had only one major threat to focus on and have shaped the country's force posture accordingly.

However, China's growing assertiveness, with PLA modernization proceeding at a pace much faster than expected, has put Japan in a position where it now must create a force that can meet two major challenges—a persisting missile threat from North Korea and a possible attempt by China to physically change the status quo on the Senkaku Islands through enhanced military and paramilitary capabilities. Given the unlikelihood that Japan will meaningfully increase its defense spending, defense planners are under a great deal of pressure to design a force that can counter two major threats. The re-emergence of a security threat from Russia to the north, aggravated by the possibility that Russia and China may be coordinating their maneuvers to test Japan's ability and resolve to defend its territory, will further stress efforts to build a defense capability that can effectively respond to all three threats.

Second, a close China-Russia relationship, if it turns out to be a genuine rapprochement between the two, makes Japan's calculus in its own bilateral relations with China and Russia even more complicated. Yoko Hirose contends that Japanese policymakers have assumed that China-Russia relations are born of convenience rather than genuine trust and therefore will never evolve into a partnership that is similar to a bilateral alliance.²⁷ Hirose argues that while Japanese policymakers took notice of China and Russia forging closer ties, particularly after the imposition of economic sanctions on Russia following Moscow's annexation of Crimea in March 2014, and even consider this trend to be undesirable for Japan's own interests, they continue to believe that Russia will always want to diversify its relationships in Asia. Indeed, a senior Japanese official has argued that Russia, with much a smaller population and a weaker and smaller economy than that of China, cannot be satisfied with its status as a junior partner in the relationship. Therefore, as much as it appears to pursue a deepening of ties with China, Russia ought to prefer an alternative

²⁷ Yoko Hirose, "Recent Views in Japan Concerning Sino-Russia Relations," *Asan Forum*, March 27, 2017, <http://www.theasanforum.org/recent-views-in-japan-concerning-sino-russian-relations>.

partner in East Asia, which is a role that Japan could fill.²⁸ Others have noted that the December 2018 NDPG articulates Japan's security concerns vis-à-vis China quite clearly while remaining relatively vague on the security challenges that Russia poses. They see this as an example of the Japanese government's attempt to send different messages to China and Russia.²⁹

Hirose speculates that these optimistic views may be driven by the persistent aspiration to resolve the Northern Territories issue with Russia and eventually sign a peace treaty.³⁰ Indeed, such an assumption may have motivated Tokyo to continue to engage Moscow even after much of the international community, including the United States and other G-7 countries, imposed harsh economic sanctions on Russia after its annexation of Crimea in March 2014, culminating in Abe inviting Putin to his hometown in Yamaguchi for a two-day summit in December 2016.³¹ Even when the December 2016 summit failed to produce any meaningful progress for Japan on the Northern Territories issue—the two leaders only agreed to discuss the issue in the context of a peace treaty negotiation under “a new approach”³²—Abe repeatedly insisted that Putin had committed to accelerate the peace treaty negotiations and resolve the territorial dispute along the way.³³

There are some in Japan who have begun to argue that a China-Russia relationship has evolved into a pseudo-alliance. For example, Kenro Nagoshi, a seasoned foreign policy correspondent and columnist, has raised the possibility that a China-Russia alliance could become one of the worst foreign policy nightmares for Japan.³⁴ Hiroshi Yuasa, a longtime foreign policy columnist with the conservative *Sankei Shimbun*, referring to the joint statement between President Putin and President Xi Jinping at the time of their summit in Vladivostok in September 2018, has argued that the prevailing view in Japan that the mutual distrust between China and Russia is too difficult to surmount for them to have a genuine partnership may be becoming outdated.³⁵ Still, by and large, many in Japan continue to assume that the two countries can never be genuine allies and, therefore, that any cooperative relations they forge will be superficial and temporary. Should this assumption ever prove to be no longer valid, Japan will have to fundamentally reassess its approach to both countries and recognize that it can no longer rely on either country to consider its relationship with Japan as a potential means to counterbalance the other.

Third, a closer China-Russia relationship complicates Japan's diplomatic efforts to address security issues that are critical to its national interest. One major example is the role that Russia and China have played in the effort to resolve the North Korean nuclear issue. The two countries share an interest in preserving North Korea as a buffer state against the U.S.-led alliances in Northeast Asia. As such, they also share an interest in not allowing the United States to play a

²⁸ Author's private conversation with a senior official in the Japanese Ministry of Defense, Washington, D.C., January 22, 2019.

²⁹ Author's private conversations with researchers at National Institute of Defense Studies and Japan Institute for International Affairs, Washington, D.C., January 7–8, 2019.

³⁰ Hirose, “Recent Views in Japan.”

³¹ See, for instance, Liubomir K. Topaloff, “How Putin Outplayed Abe in Japan,” *Diplomat*, December 23, 2016, <https://thediplomat.com/2016/12/how-putin-outplayed-abe-in-japan>.

³² Ministry of Foreign Affairs (Japan), “President of Russia Visits Japan,” December 16, 2016, https://www.mofa.go.jp/erp/rss/northern/page1e_000130.html.

³³ See, for example, “New Year's Press Conference by Prime Minister Shinzo Abe,” Prime Minister of Japan and His Cabinet, January 4, 2019, https://japan.kantei.go.jp/98_abe/statement/201901/_00002.html.

³⁴ Kenro Nagoshi, “Nichi-Ro koushou mo fukigobu akumu Chuu-Ro doumei no genjitsu-mi” [Nightmare That Would Blow Up Japan-Russia Negotiation: Probability of China-Russia Alliance], *Foresight*, January 15, 2019, <https://www.fsight.jp/articles/-/44757>.

³⁵ Hiroshi Yuasa, “Chuu-Ro no kiken na giji-doumei” [A Dangerous China-Russia Pseudo-Alliance], *Sankei Shimbun*, September 18, 2018, <https://www.sankei.com/world/news/180918/wor1809180023-n1.html>.

dominant role in resolving the ongoing nuclear crisis. This common interest has driven China and Russia to play the role of “spoiler” at times when the rest of the international community has rallied for a tougher stance on North Korea until it commits to denuclearization. Previously, both countries have undermined the effort to impose effective sanctions on North Korea by not fully implementing the measures necessary to enforce the sanctions regime agreed to at the UN Security Council. When China finally began to implement sanctions more seriously in the face of increasing pressure from the United States amid the escalating U.S.-China trade war, Russia was quick to provide relief to North Korea by offering alternative economic opportunities.³⁶ Indeed, since the Trump-Kim summit in June 2018, China and Russia have called for the international community to begin easing economic sanctions against North Korea. In September 2018, they launched a joint effort at the UN Security Council to revise the existing resolutions in order to relax sanctions and provide economic incentives for North Korea to denuclearize.³⁷

Another example of China-Russia alignment on security issues that affect Japan is their shared criticism of the deployment of a BMD system and their cooperation in an effort to field their own air defense systems as a countermeasure. Russia has been vocal in its criticism of the deployment of the Aegis Ashore system in Romania, claiming that it poses a “direct threat” to Russian security.³⁸ Similarly, China has been critical of the deployment of missile defense systems in Northeast Asia by the United States and its allies. It voiced opposition in the late 1990s when the United States and Japan agreed to cooperate first in joint technological research and then in Japan’s deployment of a BMD system. Beijing was concerned that the upper-tier missile defense system, being sea-based and therefore mobile, could be used to protect Taiwan.³⁹

In the last several years, China and Russia have joined forces in opposing the deployment of additional missile defense assets in Northeast Asia. They both criticized the U.S.-ROK agreement to deploy THAAD in South Korea, insisting that this action “gravely harms the strategic security interests of China, Russia and other countries in the region.”⁴⁰ Both countries have also voiced strong criticism of Japan’s decision to acquire Aegis Ashore.⁴¹ Russia even has suggested that Russia and China will take “retaliatory measures” against the deployment of U.S. missile defense systems in Northeast Asia.⁴² It has also been helping China gain a long-range air defense missile capability, as was demonstrated by China’s successful test of Russia’s most advanced S-400 surface-to-air missile shortly after the Japanese government officially announced its plan to acquire Aegis Ashore in the December 2018 NDPG and MTDP.⁴³

³⁶ Anthony V. Rinna, “Russia’s Relationship with North Korea: It’s Complicated,” *Diplomat*, February 1, 2018, <https://thediplomat.com/2018/02/russias-relationship-with-north-korea-its-complicated>.

³⁷ Margaret Besheer, “Russia, China Urge Easing of North Korea Sanctions,” *Voice of America*, September 27, 2018, <https://www.voanews.com/a/russia-china-urge-easing-of-north-korea-sanctions/4590071.html>.

³⁸ Andrew E. Kramer, “Russia Calls New U.S. Missile Defense System a ‘Direct Threat,’” *New York Times*, May 12, 2016, <https://www.nytimes.com/2016/05/13/world/europe/russia-nato-us-romania-missile-defense.html>.

³⁹ Patrick M. O’Donogue, “Theater Missile Defense in Japan: Implications for the U.S.-China-Japan Strategic Relationship,” Strategic Studies Institute, U.S. Army War College, September 2000, <http://ssi.armywarcollege.edu/pdffiles/00063.pdf>.

⁴⁰ “China, Russia Share Opposition to U.S. THAAD in South Korea: Xi,” *Reuters*, July 3, 2017, <https://www.reuters.com/article/us-china-thaad-russia-idUSKBN1900N8>.

⁴¹ Paul McLeary, “Situation Report: Russia Slams U.S. Missile Defense Sale to Japan,” *Foreign Policy*, December 29, 2017, <https://foreignpolicy.com/2017/12/29/situation-report-russia-slams-u-s-missile-defense-sale-to-japan>.

⁴² “Moscow Vows to Respond with China against U.S. Missile Shield Deployment to Japan, S. Korea,” *TASS*, July 23, 2018, <http://tass.com/politics/1014454>.

⁴³ Minnie Chan, “Chinese Missile Force Puts New Russian S-400 Air Defense System to the Test,” *South China Morning Post*, December 27, 2018, <https://www.scmp.com/news/china/military/article/2179564/chinese-missile-force-puts-new-russian-s-400-air-defence-system>.

Japan's Anxiety about the U.S.-Japan Alliance

Given how China and Russia are increasingly aligned on issues that directly affect Japan's own national security interests, Japan should be particularly concerned about this trend. This is true precisely because their alignment has been growing just as Tokyo's anxiety about the United States' commitment to the region and the U.S.-Japan alliance is on the rise. Even though assessments may vary on the depth and resilience of the relationship between Beijing and Moscow, the two sides do share a strategic interest in countering U.S. influence and taking advantage of the leadership vacuum created by the United States, which has only worsened since the beginning of the Trump administration.⁴⁴

Japan's anxiety about the U.S. commitment to playing a leading role as a security guarantor for the Asia-Pacific region (renamed the Indo-Pacific in the new U.S. National Security Strategy) is not new. Tokyo first began to worry about U.S. "distraction" during the Bush administration, as the United States became more entangled in the Middle East through prolonged military operations in Afghanistan and Iraq. The Obama administration referred to the Asia-Pacific as "the most consequential" region for the future of the United States,⁴⁵ pushed for the Asia-Pacific "rebalance" as the organizing principle of U.S. strategy, and argued that a critical component of the military side of the rebalance is fielding more personnel and better equipment as well as strengthening the alliances and partnerships in the region.⁴⁶ However, there were persistent concerns about the United States' seeming lack of resolve to counter the growing assertiveness of China. Tokyo's anxiety was further aggravated when President Barack Obama delivered a speech at West Point in May 2014 in which he insisted that military power should not be the only tool for U.S. leadership in the world, arguing that "when issues of global concern do not pose a direct threat to the United States...then the threshold of military action must be higher."⁴⁷ In fact, the anxiety felt by Tokyo regarding the U.S. defense commitment to Japan in the event of an attempt by China to physically take control of the Senkaku Islands was said to be the primary driver for pushing Washington to revise the U.S.-Japan Guidelines for Defense Cooperation. The revision clarified the United States' and Japan's respective responsibilities in responding to "gray zone" conflicts and gave Japan reassurance about the U.S. defense commitment to the Senkaku Islands.

Tokyo also noticed with great concern Washington's inability to effectively counter China's increasingly assertive behavior in both the East and South China Seas during the Obama administration. Despite consistent positions publicly articulated by senior officials that the United States "neither recognizes nor accepts China's declared East China Sea ADIZ" and that "claims in the South China Sea that are not derived from land features are fundamentally flawed,"⁴⁸ China continued to increase its activities in the waters of and airspace over the East China Sea. The Xi administration also pushed ahead with construction activities in the South China Sea.

⁴⁴ James B. Steinberg, "China-Russia Cooperation: How Should the United States Respond?" in Ellings and Sutter, *Axis of Authoritarians*, 144–69; and Robert Sutter, "U.S. Policy Opportunities and Options," in *ibid.*, 170–87.

⁴⁵ See, for example, Hillary Clinton, "America's Pacific Century," *Foreign Policy*, October 11, 2011, <https://foreignpolicy.com/2011/10/11/americas-pacific-century>.

⁴⁶ See, for example, Ash Carter, "Remarks on 'America's Growing Security Network in the Asia-Pacific'" (speech at Council on Foreign Relations, New York, April 8, 2016), <https://dod.defense.gov/News/Speeches/Speech-View/Article/716909/remarks-on-americas-growing-security-network-in-the-asia-pacific-council-on-for>.

⁴⁷ Barack Obama (remarks at the U.S. Military Academy commencement ceremony, West Point, May 28, 2014), <https://obamawhitehouse.archives.gov/the-press-office/2014/05/28/remarks-president-united-states-military-academy-commencement-ceremony>.

⁴⁸ See, for instance, Daniel Russel, testimony before the House Committee on Foreign Affairs Subcommittee on Asia and the Pacific, Washington, D.C., February 5, 2014, <https://docs.house.gov/meetings/FA/FA05/20140205/101715/HHRG-113-FA05-Wstate-RusselD-20140205.pdf>.

Japan perceived the Obama administration's inability to curb Chinese activities as a sign that the rebalance to the Asia-Pacific was not substantive enough to convince China of U.S. resolve.

Since the inauguration of the Trump administration in January 2017, Japan's anxiety has deepened further. The United States has withdrawn from multinational initiatives such as the Trans-Pacific Partnership (TPP) and the Paris Agreement on climate change and adopted a reciprocity-based, "America first" approach to foreign policy, including alliance relationships. Prime Minister Abe's tireless efforts to build a strong personal relationship with President Trump so far have not succeeded in gaining a commitment from the United States to uphold the international order that had previously prospered because of its strong leadership.

On a bilateral basis, Japan has been somewhat relieved to hear Trump's strong rhetoric against China and the administration's open acknowledgement that China is the United States' primary strategic competitor. Yet, although Abe seemed to have convinced Trump to stop talking about the withdrawal of U.S. troops from Japan unless Tokyo bears 100% of the cost, the administration's transactional approach and emphasis on what benefits the United States have become manifest in other ways, including in the form of pressure on Japan to purchase U.S. weapon systems. Abe also has been mostly unsuccessful so far in shielding Japan from new U.S. tariffs and has been pushed into a bilateral negotiation for what looks like a U.S.-Japan free trade agreement, despite the Japanese government's refusal to describe it as such.

In particular, Japan has been very nervous about the Trump administration's policies toward North Korea and China. On North Korea, Japan's biggest concern is that Trump, too eager to make a deal with Kim Jong-un, might become content with an agreement whose scope is limited to the termination of nuclear activities by the North Korean government, disregarding Tokyo's concern about Pyongyang's conventional weapon capabilities and the abduction issue. Tokyo's initial fear was alleviated after the breakdown of the Hanoi Summit in February 2019. Yet the concern persists in Japan that the Trump administration may employ a transactional approach to China whereby Trump may be eager to reward cooperation in pressuring North Korea to return to negotiations by acquiescing to China's assertive activities in the East and South China Seas.

If Japan is already this nervous about its alliance with the United States, why does it seem to underappreciate the significance of the current close ties between China and Russia? The answer may lie in the way that Japan has so far chosen to alleviate such concerns. First, its nervousness about the Trump administration's foreign policy orientation has motivated Japan to further invest in its relationships with other U.S. allies and partners around the world that share similar concerns. In addition to its partnerships with Australia and India, which are well established both bilaterally and as part of trilateral relations with the United States, Japan has reached out to enhance its relationships with the European Union and NATO. In order to salvage the multinational institutions that the United States abandoned, Japan led the original TPP signatory countries to conclude the CPTPP. Its effort to demonstrate its commitment to maintaining a multinational trade framework to promote open and fair trade was also manifest in the successful conclusion of the Japan-EU Economic Partnership Agreement.

In addition, Japan's assessment of the state of Sino-Russian relations may be blurred by its own bilateral approach toward China and Russia. In fact, Tokyo seems to be trying to manage its anxiety about the Trump administration's commitment to the U.S.-Japan alliance by renewing efforts to improve bilateral relations with China and Russia. With China, in 2018 Japan tried to leverage the 40th anniversary of the signing of their friendship treaty in order to mend ties.

Beginning with Premier Li Keqiang's visit to Japan to attend the Japan-China-ROK summit in May 2018, Japan's efforts culminated with Abe making an official visit to Beijing for a summit with Xi in October 2018. This marked the first visit to China by a Japanese prime minister in seven years and produced a total of twelve bilateral agreements and memoranda of understanding addressing cooperation in such wide-ranging areas as the economy, trade, industry, and grassroots exchange.⁴⁹ Abe even told Li that "Japan and China are neighbors and partners. We will not become a threat to each other."⁵⁰

Meanwhile, Abe continues to pursue a diplomatic breakthrough with Russia on the Northern Territories dispute so that the two sides can begin negotiating a peace treaty to formally conclude World War II. In this process, he maintains the historical position that Japan will sign a peace treaty with Russia only after the Northern Territories issue has been resolved—a statement Abe most recently repeated in the Diet on February 12, 2019.⁵¹ However, this approach faces growing criticism in Japan that Abe's effort to develop a personal relationship with Putin has not yielded many results, let alone concessions. If anything, analysts point out that the Russian position has hardened on the territorial issue and argue that Japan needs to let go of the unattainable goal of regaining sovereignty over all four islands of the Northern Territories.⁵²

Such a bifurcated approach by Japan vis-à-vis China and Russia may be preventing the country from rationally assessing how closer China-Russia relations may affect its own national interests. For instance, Japanese experts on Russia tend to look at the relationship through the analytical lens of Japan-Russia relations. From their perspective, China-Russia relations are a "marriage of convenience without divorce," despite the expansion of bilateral cooperation both economically and militarily. Many of them assume that Russia has been struggling to adjust to the reality that China's meteoric ascent has made it a junior partner and therefore that Moscow has an interest in balancing its relationship with China against its relationship with other Asian nations so that it will always have room to maneuver.⁵³

Even many Japanese observers of China who are concerned about Beijing's assertive behavior do not seem to think about the impact of closer China-Russia relations. For example, none of the recent issues of the China Security Report, an annual publication by the National Institute of Defense Studies, which is affiliated with the Japanese Ministry of Defense, have focused on closer China-Russia security relations.⁵⁴ Even the December 2018 NDPG did not discuss the expansion and deepening of the security relationship.⁵⁵

⁴⁹ Ministry of Foreign Affairs (Japan), "Prime Minister Abe Visits China."

⁵⁰ "Abe and Xi Agree to Promote New Economic Cooperation amid U.S. Trade War Fears," *Japan Times*, October 26, 2018, <https://www.japantimes.co.jp/news/2018/10/26/national/politics-diplomacy/shinzo-abe-li-keqiang-agree-promote-economic-cooperation-amid-u-s-china-trade-war/#.XGRZsDNKhPY>.

⁵¹ "Japan Will Sign Peace Treaty with Russia after Demarcating National Border: PM Abe," *Mainichi*, February 13, 2019, <https://mainichi.jp/english/articles/20190213/p2a/00m/0na/012000c>.

⁵² See, for example, James D.J. Brown, "The Moment of Truth for Prime Minister Abe's Russian Policy," *Asia-Pacific Journal: Japan Focus* 16, no. 10 (2018), <https://apjif.org/-James-D-J--Brown/5147/article.pdf>.

⁵³ Hirose, "Recent Views in Japan."

⁵⁴ To read each year's report, see "China Security Report," National Institute for Defense Studies (Japan), <http://www.nids.mod.go.jp/english/publication/chinareport/index.html>.

⁵⁵ Ministry of Defense (Japan), "National Defense Program Guidelines for FY 2019 and Beyond," December 18, 2018, http://www.mod.go.jp/j/approach/agenda/guideline/2019/pdf/20181218_e.pdf.

Conclusion

Although there may still be debate about how the China-Russia partnership will evolve in the future, one must acknowledge the reality that closer bilateral relations have increasingly become a challenge for the United States and its allies, including Japan. Indeed, the recent developments that have brought China and Russia closer together, particularly in the area of security, should be enough reason for Japan to question its existing assumption about their relationship.

Japan cannot afford to ignore the evolution of China-Russia relations. Although its view toward their cooperation will continue to be influenced, on the one hand, by Japan's own bilateral relations with China and Russia and, on the other hand, by its perception of the status of the U.S.-Japan alliance, anxiety in Tokyo about the resilience of the alliance seems to have pushed Japan more toward working to improve bilateral relations with both countries. This, in turn, may explain its inability to fully appreciate the strategic significance of the recent China-Russia rapprochement and adjust its policies accordingly. The time may be ripe for Japan to revisit this assessment of the current status of their relationship.



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