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Russia

U.S.-China Competition in the Post-Soviet Space

Chris Miller

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EXECUTIVE SUMMARY

This chapter argues that U.S.-China competition is reshaping international politics in the post-Soviet space as countries in the region look to play China and the U.S. off of each other.

MAIN ARGUMENT

U.S.-China competition has disparate impacts in different countries in the post-Soviet space. Russia is using the competition to bolster its own geopolitical competition against the U.S., hoping that China will work with it to degrade U.S. power. Eastern European countries such as Ukraine and Georgia want Chinese investment but realize that a close partnership with the U.S. remains their best hope for security against Russia. Central Asian countries also desire Chinese investment but are wary of the political strings that come attached. They hope that U.S.-China competition will encourage the U.S. to increase its economic and diplomatic engagement in Central Asia while convincing Washington to drop its demands for democratization. Most countries in the region, therefore, view U.S.-China competition as an opportunity to demand more support from both Beijing and Washington. Though countries in the post-Soviet space will argue that they are crucial to the outcome of U.S.-China competition, the region will ultimately remain a sideshow in this rivalry.

POLICY IMPLICATIONS

- In Central Asia, countries welcome more U.S. engagement but oppose U.S. pressure for the protection of human rights or democratization.
- In Eastern Europe, the U.S. must balance its desire to compete with China with the reality that countries such as Ukraine and Georgia could benefit economically from Chinese investment.
- Russia has a favorable view of U.S.-China competition because the Kremlin's overwhelming priority is to reduce U.S. power, even if this means an expansion of China's relative influence in Central Asia and Eastern Europe.

U.S.-China Competition in the Post-Soviet Space

Chris Miller

As the U.S.-China rivalry heats up, the two countries are competing not only in traditional spheres such as East Asia but also in new regions. The post-Soviet space—Russia, Central Asia, and parts of Eastern Europe—is increasingly seen in Beijing and Washington through the lens of U.S.-China competition. This is a marked change from even a decade ago. After the collapse of the Soviet Union in 1991, China ignored much of the region, focusing its foreign policy in the post-Soviet space primarily on maintaining stable relations with Russia. For the United States, the region has largely been seen through the lens of U.S.-Russia relations, which have become increasingly competitive and zero-sum.

This chapter charts the changing dynamics of U.S. and Chinese engagement with the post-Soviet space. The first section explains the two countries' aims in the region. The subsequent sections then explore how these aims interact with regional dynamics in Russia, Central Asia, and Eastern Europe and describe how countries there are reacting to U.S.-China competition. The conclusion draws implications for U.S. policymakers.

U.S. and Chinese Goals in the Post-Soviet Space

U.S. Goals

The United States' aims in the post-Soviet region in recent decades have focused almost exclusively on Russia and the threats it poses to U.S. allies.

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This focus on threats from Russia has only intensified over the past five years. After the Soviet Union collapsed in 1991, the United States sought both to establish stable relations with Russia and to support the independence of the other fourteen states that emerged from the Soviet Union.[1] These two goals regularly come into conflict because Russia sees the region as its own sphere of influence and resents U.S. efforts to support the independence of countries on its border. Disagreements about whether Russia should have a sphere of influence have caused small wars—for example, between Russia and Georgia in 2008 and between Russia and Ukraine in 2014–15.[2] Russia and the United States have both concluded that they cannot establish stable relations, and each power is taking steps to weaken the other.

The current U.S. strategy toward Russia is to contain the Kremlin's influence in the region and to degrade the foundations of Russian power. Strict U.S. export controls limit Russia's ability to access high-tech U.S. goods or dual-use military technologies, while economic sanctions slow Russia's economic growth. U.S. diplomats undermine Russian-led institutions such as the Eurasian Economic Union and counter Russian soft power by criticizing Moscow in international arenas and ejecting it from Western-led institutions such as the G-8.[3] U.S. government policy on Russia during the Trump administration has not substantially deviated from the policy of the late Obama administration, even though Trump himself would like to take a far softer line.

At the same time that it works to constrain Russian influence, the United States seeks to bolster the independence of the countries that border Russia, hoping that fully independent states will be more stable than a persistent Russian empire. For close U.S. partners such as Georgia and Ukraine, Washington provides military technology and training as well as financial support. Other post-Soviet countries such as Armenia and Azerbaijan have taken intermediate positions between the United States and Russia, but Washington is nevertheless keen to bolster their autonomy.

In Central Asia, U.S. policymakers think not only about countries' relationships with Russia but also about issues that are less relevant in other post-Soviet countries. As long as the United States is fighting a war

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[1] On U.S. policy, see Angela E. Stent, *The Limits of Partnership: U.S.-Russian Relations in the Twenty-First Century*, rev. ed. (Princeton: Princeton University Press, 2014); and Steven Pifer, *The Eagle and the Trident: U.S.-Ukraine Relations in Turbulent Times* (Washington, D.C.: Brookings Institution Press, 2017).

[2] On the war with Georgia, see Ronald Asmus, *A Little War That Shook the World: Georgia, Russia, and the Future of the West* (New York: St. Martin's Press, 2010). On the war with Ukraine, see Samuel Charap and Timothy Colton, *Everyone Loses: The Ukraine Crisis and the Ruinous Contest for Post-Soviet Eurasia* (New York: Routledge, 2017).

[3] Charles Clover, "Clinton Vows to Thwart New Soviet Union," *Financial Times*, December 6, 2012, https://www.ft.com/content/a5b15b14-3fcf-11e2-9f71-00144feabdc0.

in Afghanistan, it wants stable ties with Afghanistan's northern neighbors. Washington is also concerned about the risks of extremism in the region, which are relevant to both the war in Afghanistan and conflicts farther afield in the Middle East. Finally, in the past several years, the United States has begun to worry about China's role in Central Asia and Eastern Europe, a shift that began late in the Obama administration and has accelerated during the Trump administration. The 2017 National Security Strategy popularized the notion of great-power competition and characterized China and Russia as the United States' key rivals.[4] The United States is concerned about Chinese investments not only in neighboring Kazakhstan, Kyrgyzstan, and Tajikistan but also in countries such as Georgia and Ukraine, fearing that these investments give Beijing political leverage.[5]

Chinese Goals

China's aims in the post-Soviet space have expanded substantially in recent years, especially following the announcement in Kazakhstan's capital of plans for a "new Silk Road," a proposal that evolved into the Belt and Road Initiative (BRI).[6] China sees BRI as an initiative that will achieve multiple goals in Central Asia. First, it will bind these countries to China economically, providing an opening for Chinese firms. Second, as Central Asian countries become more dependent on China, Beijing hopes that it can convert this economic influence into political leverage. Third, there is

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[4] White House, *National Security Strategy of the United States of America* (Washington, D.C., December 2017), 2, 25.

[5] For analysis of China's influence in Central Asia, see Marlene Laurelle and Sébastien Peyrouse, *The Chinese Question in Central Asia: Domestic Order, Social Change, and the Chinese Factor* (London: Hurst, 2012); and Sébastien Peyrouse, "Discussing China: Sinophilia and Sinophobia in Central Asia," *Journal of Eurasian Studies* 7, no. 1 (2016): 14–23. On China's presence in Georgia, see Yevgen Sautin, "China's Black Sea Ambitions," Foreign Policy Research Institute, December 11, 2018, https://www.fpri.org/article/2018/12/chinas-black-sea-ambitions; and Dong Yan, "China's Strategy in the Caucasus," Foreign Policy Research Institute, April 3, 2017, https://www.fpri.org/article/2017/04/chinas-strategy-caucasus. On China's economic ties with Ukraine, see Anton Troianovski, "At a Ukrainian Aircraft Engine Factory, China's Military Finds a Cash-Hungry Partner," *Washington Post*, May 20, 2019, https://www.washingtonpost.com/world/europe/at-a-ukrainian-aircraft-engine-factory-chinas-military-finds-a-cash-hungry-partner/2019/05/20/ceb0a548-6042-11e9-bf24-db4b9fb62aa2_story.html; and Dong Yan, "Ukraine and Chinese Investment: Caution Amid Potential?" Foreign Policy Research Institute, September 6, 2017, https://www.fpri.org/article/2017/09/ukraine-chinese-investment-caution-amid-potential.

[6] Wu Jiao and Zhang Yunbi, "Xi Proposes a 'New Silk Road' with Central Asia," *China Daily*, September 8, 2013, http://www.chinadaily.com.cn/china/2013xivisitcenterasia/2013-09/08/content_16952228.htm. On Chinese foreign and security policy, see Sulmaan Khan, *Haunted by Chaos: China's Grand Strategy from Mao Zedong to Xi Jinping* (Cambridge: Harvard University Press, 2018); M. Taylor Fravel, *Active Defense: China's Military Strategy since 1949* (Princeton: Princeton University Press, 2019); and M. Taylor Fravel, *Strong Borders, Secure Nation: Cooperation and Conflict in China's Territorial Disputes* (Princeton: Princeton University Press, 2008).

growing evidence that BRI opens the door to a Chinese security and military presence in the region.[7]

In the Eastern European countries of the post-Soviet space, China's aims are relatively limited, given that the region is more peripheral to China's foreign policy aims. Beijing hopes to use BRI to bolster China's economic presence and political influence in the region, but it is far from a top priority for Chinese policymakers. With respect to Russia, China's priority is to retain stable, cooperative relations. The two countries have similar views on the key question of international politics: both see the United States as a threat and hope for a decline in U.S. power. Beijing's main goal is to ensure that this convergence of interests with Russia persists. A return to the hostility of the 1960s and 1970s would be very dangerous for both countries.[8] As the rising power in the relationship, China believes that time is on its side. It has therefore sought to assuage Russian concerns about being the junior partner in the relationship via effective diplomacy. China also desires to buy energy from Russia, which has been its largest supplier of crude oil since 2016.[9]

In Central Asia, China's main concern is the security of its border region. Beijing worries about potential failed states, looking not only at Afghanistan but also at Tajikistan, which fought a civil war in the 1990s and remains a weak state.[10] Kyrgyzstan has also seen several riots and incidents of ethnic violence in recent decades. The Fergana Valley, a populous and diverse region shared by Tajikistan, Uzbekistan, and Kyrgyzstan, sits not far from the border with China.[11] Over the past three decades the valley has seen an array of riots, revolts, and alleged extremism, all of which worry Beijing. China has held counterterrorism drills with Central Asian countries for over a decade.[12] It has already begun deploying Chinese border guards along the Tajikistan-Afghanistan border, in accordance with an agreement between

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[7] Nadège Rolland, ed., "Securing the Belt and Road Initiative: China's Evolving Military Engagement Along the Silk Roads," National Bureau of Asia Research (NBR), NBR Special Report, no. 80, September 2019.

[8] On the history of China-Russia relations, see Alexander Lukin, *The Bear Watches the Dragon: Russia's Perceptions of China and the Evolution of Russian-Chinese Relations since the Eighteenth Century* (Armonk: M.E. Sharpe, 2003).

[9] "Russia Seals Position as Top Crude Oil Supplier to China, Holds Off Saudi Arabia," Reuters, January 24, 2019, https://www.reuters.com/article/us-china-economy-trade-crude/russia-seals-position-as-top-crude-oil-supplier-to-china-holds-off-saudi-arabia-idUSKCN1PJ05W.

[10] Olivier Roy, "The Civil War in Tajikistan: Causes and Implications," United States Institute for Peace, 1993; and Tim Epkenhans, *The Origins of the Civil War in Tajikistan: Nationalism, Islamism, and Violent Conflict in Post-Soviet Space* (New York: Lexington Books, 2016).

[11] See S. Frederick Starr, *Ferghana Valley: The Heart of Central Asia* (Armonk: M.E. Sharpe, 2011).

[12] Bruce Pannier, "China/Kazakhstan: Forces Hold First-Ever Joint Terrorism Exercises," Radio Free Europe/Radio Liberty, August 24, 2006, https://www.rferl.org/a/1070801.html.

the Tajikistan and Chinese governments.[13] This concern is heightened by the links between China's far western region of Xinjiang and Kazakhstan and Kyrgyzstan. In Xinjiang, ethnic Uighurs and Kazakhs have a long history of seeking autonomy or even independence from China.[14] The Chinese Communist Party is determined to stamp out such movements and insists that Central Asian governments support it in doing so. As Beijing has expanded its repressive apparatus in Xinjiang in recent years, securing the support of Central Asian governments has only become more important.[15]

Russia's Approach to Sino-U.S. Competition

Russian Interests

Russia's elite sees U.S.-China competition as a trend that will provide substantial benefit to Russia. First, and most importantly, competition with China will distract Russia's primary rival, the United States, from containing Russian power in the region. Second, Russia hopes that Sino-U.S. rivalry will allow it to play other great powers off of one another, creating a more multipolar international political system. Russia's strategy is a bet that neither the United States nor China is likely to win the competition outright and that the Kremlin will retain freedom of maneuver. Indeed, the Kremlin thinks that the competition will increase, rather than decrease, its diplomatic possibilities by ensuring that U.S. and Chinese actions in the post-Soviet space face counteraction from other powers. This bet that U.S.-China competition is in Russia's interest seems plausible but risky. A more competitive multipolar order in Eurasia could expand Russia's room for maneuver, but it could also divide the region into two camps and force the Kremlin to take sides as the junior partner of one of the great powers.

Russia's foreign policy is shaped primarily by the elite, given that the general population plays little role in foreign policy formation.[16] Two core beliefs unite most of the country's elite. First is the belief that Russia is and ought to be a great power, treated on a par with the United States and China.

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[13] Craig Nelson and Thomas Grove, "Russia, China Vie for Influence in Central Asia as U.S. Plans Afghan Exit," *Wall Street Journal*, June 18, 2019, https://www.wsj.com/articles/russia-china-vie-for-influence-in-central-asia-as-u-s-plans-afghan-exit-11560850203.

[14] On the history of Xinjiang, see James A. Millward, *Eurasian Crossroads* (New York: Columbia University Press, 2009); and Justin M. Jacobs, *Xinjiang and the Modern Chinese State* (Seattle: University of Washington Press, 2017).

[15] "'Eradicating Ideological Viruses': China's Campaign of Repression against Xinjiang's Muslims," Human Rights Watch, September 9, 2018, https://www.hrw.org/report/2018/09/09/eradicating-ideological-viruses/chinas-campaign-repression-against-xinjiangs.

[16] Jeffrey Mankoff, *Russian Foreign Policy: The Return of Great Power Politics* (New York: Rowman and Littlefield, 2009), chap. 2.

As early as 1999, when he first came to power, Vladimir Putin promised that Russia "will remain a great power. It is preconditioned by the inseparable characteristics of its geopolitical, economic and cultural existence."[17] Though most Russians recognize that their country is less influential than the United States by almost any metric, they nevertheless wish to be treated as a great power.[18] A second point of consensus among elites is that Russia has been treated unfairly by the West since the collapse of the Soviet Union, which is unbefitting of its status as a great power. Putin has stated his belief that "we are constantly proposing cooperation…and for our relations to be equal, open and fair. But we saw no reciprocal steps. On the contrary, they [the West] have lied to us."[19] This view is commonly stated by Russian foreign policy elites.

Within this consensus about Russia's great-power status, there is substantial variation of opinion among the elite about the foreign policy that the country should pursue, as well as about the tools it should use and the costs it should be willing to bear in order to achieve its goals. Many analysts divide the Russian elite into two groups: the economic bloc, which consists of the Ministries of Finance and Economic Development and key corporate leaders; and the *siloviki*, the leaders of the security services. On some issues, this divide makes sense. As a rule of thumb, the economic bloc is more concerned with maximizing economic well-being, more interested in economic rather than military tools, and more focused on stable relations with the West. Members of the siloviki, by contrast, are more inclined to use military tools and more suspicious of the West.

On many issues, however, describing the views of the Russian elite requires a more complicated schematic than a straightforward division between the economic bloc and the siloviki. One reason for this is that the siloviki have come to play an ever-larger economic role. The CEO of Rosneft, Russia's largest state-owned oil company, is also reportedly a former KGB agent and is widely seen as a leading silovik.[20] He therefore looks at sanctions against Rosneft through the lens of both economics and geopolitics. When his firm does business with China—as it does with

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[17] Vladimir Putin, "Russia at the Turn of the Millennium," December 30, 1999, available at http://pages.uoregon.edu/kimball/Putin.htm.

[18] Sarah A. Topol, "What Does Putin Really Want?" *New York Times*, June 25, 2019, https://www.nytimes.com/2019/06/25/magazine/russia-united-states-world-politics.html.

[19] "Address by the President of the Russian Federation," President of Russia website, March 18, 2014, http://en.kremlin.ru/events/president/news/20603.

[20] Luke Harding, "Igor Sechin: Rosneft's Kremlin Hard Man Comes Out of the Shadows," *Guardian*, October 18, 2012, https://www.theguardian.com/business/2012/oct/18/igor-sechin-rosneft-kremlin-hard-man-shadows.

increasing frequency—this is also a matter both of politics and economics.[21] An additional category of Russian elite is made up of longtime friends of Putin who have become owners of major businesses, including Gennady Timchenko, Boris Rotenberg, and Arkady Rotenberg. The firms these businessmen own often work with Chinese firms, in which their main interests appear to be their personal finances rather than broader political and geopolitical considerations.[22]

The primary foreign policy concern of the elite is to retain and bolster Russia's geopolitical position, which the Kremlin sees as being most threatened by the United States.[23] Hence, they believe that the country has an interest in pursuing confrontation with the United States with the aim of weakening U.S. power. Russia hopes to achieve this by degrading U.S. alliances and by opposing the United States' efforts to expand its influence in the post-Soviet space. This goal of bolstering Russia's geopolitical position overlaps significantly with Chinese interests, at least for now. Russia welcomes China's desire for friendly bilateral ties, which are just as useful for its efforts to confront the United States as they are for China. Beijing and Moscow insist that they see eye to eye on nearly all major international political questions and that there are no important issues that divide them.[24] They certainly both agree that an expansion of U.S. influence in Central Asia is in neither country's interest.

A second key interest of Russia's elite is to retain power. Many elites, including by all accounts Putin, believe that the U.S. government is trying to push them from power. Putin regularly decries what he sees as the U.S. policy of "color revolutions," which are "used as a geopolitical instrument for remaking spheres of influence…[and are] a lesson and a warning."[25] Russia's official foreign policy concept document states that the country's goal is to "counter attempts to interfere in the domestic affairs of states with

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[21] Shunsuke Tabeta and Tomoyo Ogawa, "China Strikes Oil and Gas Deals with Russia's Rosneft," *Nikkei Asian Review*, November 30, 2018, https://asia.nikkei.com/Business/Business-trends/China-strikes-oil-and-gas-deals-with-Russia-s-Rosneft.

[22] Katya Golubkova and Maria Kiselyova, "Russia's Novatek to Sell 20 Percent in Arctic LNG 2 to China," Reuters, April 25, 2019, https://www.reuters.com/article/us-russia-gas-novatek-cnodc/russias-novatek-to-sell-20-percent-in-arctic-lng-2-to-china-idUSKCN1S11WY.

[23] Angela Stent, *Putin's World* (New York: Twelve, 2019).

[24] "Xi Cherishes Close Friendship with Putin," TASS, June 4, 2019, https://tass.com/world/1061701; and Holly Ellyatt, "China's Xi Calls Putin His 'Best Friend' against a Backdrop of Souring U.S. Relations," CNBC, June 5, 2019, https://www.cnbc.com/2019/06/05/putin-and-xi-meet-to-strengthen-ties-as-us-relations-sour.html.

[25] Darya Korsunskaya, "Putin Says Russia Must Prevent 'Color Revolution,'" Reuters, November 20, 2014, https://www.reuters.com/article/us-russia-putin-security-idUSKCN0J41J620141120.

the aim of unconstitutional change of regime."[26] Elites place different levels of emphasis on the threat of regime change, but all agree that China prefers the continuation of authoritarian rule in Russia, whereas many see the West as a threat.

The Russian government generally treats economic aims as secondary to political aims. Its main economic interest is to reduce Russia's vulnerability to Western economic pressure, ensuring that the country can make geopolitical decisions independently of economic considerations. Putin has argued that Russia is "being threatened with sanctions," which are part of "the infamous policy of containment," because it has "an independent position."[27] In principle, Russia would also like to develop its economy so that it can compete in the long term, but in practice the government does not prioritize economic growth and has achieved little over the past decade, with the economy growing only 1.3% per year on average. [28]

Russia's Identity and Ideology

Russia is commonly described as a country torn between European and Eurasian identities.[29] Russians themselves have debated for centuries whether they are, or should become, European; whether they have a unique Russian or Slavic civilization; or whether they are in fact culturally closer to their Eastern neighbors. At times this debate about identity has shaped Russian foreign policy, encouraging the government, for example, to focus more on its Slavic neighbors than would otherwise be justified by national interests.[30] Russians often see themselves as culturally European, but there is a long tradition in Russia of distinguishing the country's European cultural heritage from any sort of political allegiance. The great Westernizer Peter the Great waged wars with other European powers, for example. There is also a long history in Russia of emphasizing cultural differences with China, and at times in the past several centuries Russians have been whipped up by fears of a "yellow peril,"

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[26] "Foreign Policy Concept of the Russian Federation," Embassy of the Russian Federation to the United Kingdom of Great Britain and Northern Ireland, November 30, 2016, https://www.rusemb.org.uk/rp_insight.

[27] "Address by the President of the Russian Federation."

[28] Data is from Rosstat. On the Russian elite's prioritization of political imperatives over economic growth, see Chris Miller, *Putinomics: Power and Money in Resurgent Russia* (Chapel Hill: University of North Carolina Press, 2018).

[29] See, for example, Isabelle Facon, "Russian Strategic Culture in the 21st Century: Redefining the West-East Balance," in *Strategic Asia 2016–17: Understanding Strategic Cultures in the Asia-Pacific*, ed. Ashley J. Tellis, Alison Szalwinski, and Michael Wills (Seattle: NBR, 2016).

[30] Russia's intervention in Balkan politics in the 1870s is one example; Boris Yeltsin's desire to play a role in the Balkan wars in the 1990s is a second.

most notably around the turn of the twentieth century.[31] Yet neither a desire for Westernization nor a fear of Asia is central to Russian thinking today, though each is occasionally exploited for domestic political purposes.

More important than cultural or historical identity, however, is ideology. Some of the Russian elites—notably those aligned with former finance minister Alexei Kudrin—would prefer that the country have a more liberal and competitive political system, which they associate with the United States. "Russia needs free elections," Kudrin has argued, and "has to take a chance with more democracy."[32] This portion of the elite is less fearful of the United States and less suspicious of Western policies. Yet the more liberal-oriented Russian elites also see in China a potential model of a country that, unlike Russia, has focused on economic reform and growth and has become powerful as a result.

The far more common ideological position in Russia, however, sees Western liberalism as mostly pernicious. Opponents of liberal politics are impressed by China's authoritarian capitalism, whereby the state exercises strict political control and dominates portions of the economy. Putin has praised China's "stability and predictability," arguing that "stability guarantees the progressive development of China."[33] Russia's elites have plenty of reasons to fear liberal political ideas. In a free election, many of them might be cast out of power, while ideas about transparency and measures to limit corruption would threaten many elites' income streams.[34] China's ideological model—support for regime stability coupled with opposition to Western liberalism—is therefore more appealing.

Russia's two main foreign policy crises over the past fifteen years were wars with U.S.-supported countries—Georgia in 2008 and Ukraine in 2014. Both conflicts are now governed by ceasefires of varying efficacy, but the divergent interests that caused the wars remain unresolved. The key dispute was that Georgia and Ukraine wanted the ability to establish deep political and security ties with the United States in order to bolster their room for maneuver vis-à-vis Moscow. Russia, however, saw both states as falling within its sphere of influence and resented Georgia's and Ukraine's refusal to defer to it, as well as the United States for supporting these countries.

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[31] David Schimmelpenninck van der Oye, *Toward the Rising Sun: Russian Ideologies of Empire and the Path to War with Japan* (DeKalb: Northern Illinois University Press, 2006).

[32] "We Have to Take a Chance with More Democracy," interview with Alexei Kudrin, *Der Spiegel*, January 23, 2013, https://www.spiegel.de/international/world/interview-with-putin-ally-alexei-kudrin-on-democracy-in-russia-a-878873.html.

[33] "Putin Praises Achievements of China's Reform and Opening Up," Xinhua, December 20, 2018, http://www.xinhuanet.com/english/2018-12/20/c_137687814.htm.

[34] On rent-seeking among Russia's elite, see Anders Åslund, *Russia's Crony Capitalism: The Path from Market Economy to Kleptocracy* (New Haven: Yale University Press, 2019).

Russia's wars with Georgia and Ukraine have reshaped Russia-U.S. relations and thus transformed how the Kremlin views Sino-U.S. competition. Particularly in Ukraine, the United States and Russia look likely to continue disagreeing about how to resolve the crisis. As long as Russian forces prevent the resolution of the conflict in Donbas, Ukraine, the United States will retain its tough sanctions that compel Russia to turn to other economic partners. In both Moscow and Washington, the war has poisoned attitudes and shredded trust, leaving each side convinced that the other is not a credible partner. China, by contrast, has studiously avoided taking stances. It abstained, for example, on the crucial UN resolution on Crimea.[35] The Ukraine war has therefore had little direct effect on Russia-China relations. But by ruining Russia's relations with the West, the annexation of Crimea has sharply reduced the prospects for constructive relations between Moscow and Washington.

Russia's Response to U.S.-China Competition

Given Russia's desire to assert its great-power status and its belief that the United States is the key threat to this status, Moscow believes that U.S.-China competition is beneficial to its interests. It is therefore pleased to see the two powers clash. Russian analysts believe that the competition will last for a generation and further intensify in the coming years.[36] Elites hope that Sino-U.S. tension will force China to adopt a more cooperative position vis-à-vis Russia in places such as Central Asia, thereby helping the country manage China's rise. Yet Moscow's main interest in U.S.-China competition is that it will distract the United States, reducing the U.S. ability to contain Russia and perhaps even convincing Washington to offer concessions to the Kremlin.

Russian elites see only limited risk of being harmed by U.S.-China competition, given that Russia would avoid participation in any open confrontation. They describe their position as one of not taking sides but rather intensifying cooperation with China while leaving the door open to a future rapprochement with the United States (on Russia's terms, of course). In practice, this currently means working with China to degrade U.S. power. As political analysts Sergei Karaganov and Dmitry Suslov have argued, "the U.S. has intensified containment vis-à-vis both China and Russia…pushing other countries to pick sides: Either they are with the U.S. as part of the

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[35] "General Assembly Adopts Resolution Calling upon States Not to Recognize Changes in Status of Crimea Region," United Nations, Press Release, March 27, 2014, https://www.un.org/press/en/2014/ga11493.doc.htm.

[36] Vasily Kashin, "Edinstvo i bor'ba" [Unity and Struggle], *Russia in Global Affairs*, September 8, 2016, https://globalaffairs.ru/number/Edinstvo-i-borba-18346.

liberal order, or against it, together with Moscow and Beijing."[37] Unless the United States changes tack, most Russian analysts expect their country to stay closer to China.

This strategy faces two risks, both of which will materialize if Moscow fails to convince the West to offer concessions in exchange for improved relations. First, if the Russia-China axis fails to degrade U.S. power substantially and if Russia remains sundered from Western investment, the country will fall behind economically and find itself in an increasingly less advantageous place—economically backward and still locked in a geopolitical confrontation with the West. Second, if the Russia-China axis succeeds at reducing U.S. power but the United States nevertheless declines to offer concessions to Russia, the Kremlin could find itself next to an uncomfortably powerful Chinese neighbor. The West is trying to convince Russia via sanctions and diplomatic isolation that the first scenario is most likely. Moscow, for its part, hopes that the West will conclude that the Russia-China axis is sufficiently threatening to warrant a change in policy toward Russia before China's power continues to grow. Beijing prefers to keep Russia and the West far apart, with the Kremlin in its camp.

Russia's strategy for taking advantage of Sino-U.S. competition, therefore, is to side largely with China in the hopes that the two countries can together degrade U.S. power. Moscow has sided with Beijing in multiple ways. First, it has intensified diplomatic cooperation, with Putin and Xi Jinping meeting nearly 30 times in recent years.[38] Second, Russia has deepened military ties with China by selling it more advanced military equipment and conducting joint exercises in hot spots such as the Baltic Sea and the South China Sea.[39] Third, Russia is building international institutions with China, including the Shanghai Cooperation Organisation (SCO) and the BRICS grouping (Brazil, Russia, India, China, and South Africa), though the latter has been less substantive than Russia initially hoped.[40] Fourth, it is boosting bilateral trade, notably in energy, though whether higher trade volumes will have substantial political ramifications is still uncertain. Fifth, the Kremlin continues to work with China at the United Nations and in other venues

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[37] Sergei Karaganov and Dmitry Suslov, "A New World Order: A View from Russia," *Russia in Global Affairs*, October 4, 2018, https://eng.globalaffairs.ru/pubcol/A-new-world-order-A-view-from-Russia--19782.

[38] Lionel Barber and Henry Foy, "Vladimir Putin: Liberalism Has 'Outlived Its Purpose,'" *Financial Times*, June 27, 2019, https://www.ft.com/content/2880c762-98c2-11e9-8cfb-30c211dcd229.

[39] Andrew Higgins, "300,000 Troops and 900 Tanks: Russia's Biggest Military Drills since Cold War," *New York Times*, August 28, 2018; and "Russia Completes Delivery of Su-35 Fighter Jets to China for $2.5Bln," *Moscow Times*, April 17, 2019.

[40] Alexander Cooley, "What's Next for the Shanghai Cooperation Organization?" *Diplomat*, June 1, 2018, https://thediplomat.com/2018/06/whats-next-for-the-shanghai-cooperation-organization.

to establish international norms on issues such as internet censorship that contradict Western preferences.[41]

Russia has also used the Sino-U.S. rivalry to guarantee that China does not side with the West in key disputes. For example, Chinese officials have supported Russian military efforts in Syria, praising them as "part of international counterterrorism efforts."[42] China has also voted in favor of Russian resolutions on Syria at the United Nations.[43] Likewise, on the most important question to Russia, the status of Crimea, Chinese representatives have avoided stating any opinions beyond calling for a "balanced approach" and reiterating that "China had always opposed intervention in the internal affairs of states, and respected the sovereignty and territorial integrity of all countries."[44] It is difficult to know whether China would have voted in this way in the absence of its growing competition with the United States. But the two countries' deteriorating relationship has underscored the importance to China of keeping Russia satisfied with their partnership.

Moreover, Russia has sought to take advantage of U.S.-China competition to reduce its vulnerability to Western pressure. In particular, it hopes that collaboration with China in spheres such as payment systems will improve its ability to withstand current and future U.S. sanctions. New business deals are not the only step that Russia has taken to insulate itself from Western sanctions. The country has shifted some of its foreign exchange reserves from dollars to Chinese yuan.[45] Moscow and Beijing have announced plans to create a yuan-denominated fund to invest in Russia, though whether these plans will actually materialize is not clear, as promises often exceed action in this sphere.[46] Russian officials have also discussed potentially issuing

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[41] Daniel Oberhaus, "The UN Would Really Appreciate It If Countries Stopped Turning Off the Internet," Vice, July 3, 2016, https://www.vice.com/en_us/article/pgk3nn/the-un-would-really-appreciate-it-if-countries-stopped-turning-off-the-internet.

[42] Ben Blanchard, "China's New Syria Envoy Praises Russian Military Mission," Reuters, April 8, 2017, https://www.reuters.com/article/us-mideast-crisis-syria-china-idUSKCN0X50OP; and "Foreign Ministry Spokesperson Geng Shuang's Regular Press Conference on March 21, 2019," Ministry of Foreign Affairs of the People's Republic of China, March 21, 2019, https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1647428.shtml.

[43] "Security Council Fails to Adopt Three Resolutions on Chemical Weapons Use in Syria," UN News, April 10, 2018, https://news.un.org/en/story/2018/04/1006991.

[44] "General Assembly Adopts Resolution Calling upon States Not to Recognize Changes in Status of Crimea Region."

[45] "Russian Central Bank Lowers U.S. Dollars Share in Reserves Due to Possible Risks," Reuters, May 20, 2019, https://www.reuters.com/article/us-russia-cenbank-reserves/russian-central-bank-lowers-u-s-dollars-share-in-reserves-due-to-possible-risks-idUSKCN1SQ1CR; and Natasha Doff and Anna Andrianova, "Russia Buys Quarter of World Yuan Reserves in Shift from Dollar," Bloomberg, January 9, 2019, https://www.bloomberg.com/news/articles/2019-01-09/russia-boosted-yuan-euro-holdings-as-it-dumped-dollars-in-2018.

[46] "Russia, China to Announce Joint Yuan Fund to Invest in Russia: RDIF," Reuters, June 3, 2019, https://www.reuters.com/article/us-russia-china-fund/russia-china-to-announce-joint-yuan-fund-to-invest-in-russia-rdif-idUSKCN1T41LI.

government bonds denominated in yuan,[47] and leaders from both countries have expressed their desire to encourage bilateral trade in rubles and yuan. Although there has been little progress so far in either area, intensified U.S. economic pressure on Russia and China could change this.[48]

More generally, Russia has trumpeted its growing economic ties with China since 2014, when the West first imposed sanctions. Whenever there is talk of future sanctions, Russia highlights its economic relations with China. For example, in 2014 the two countries signed a deal to trade gas via the Power of Siberia pipeline, which was a signal to the world that Western sanctions would not limit Russia's international business deals.[49] Although Russia and China might have signed this gas deal at some point regardless of foreign policy considerations, Russia probably compromised on price to finalize an agreement quickly and declare a great foreign policy success.[50]

Moscow has also used U.S.-China competition to encourage greater Chinese investment in Russia, though this is a secondary goal. Attracting investment has never been a primary aim of the Russian government, which has always preferred to let elites extort businesses, even though this depresses investment.[51] This business climate has been a persistent drag on investment, regardless of the country of origin or the business climate of the investors. The Russian government would nevertheless be happy to receive an influx of Chinese funds, especially in nonsensitive sectors but also in sensitive areas such as the energy and telecommunications industries.[52] Yet compared with China's outward investment in other countries, the total amount going to Russia remains small. China has invested only twice as much in Russia as it has in Kazakhstan, despite the fact that the Russian economy is many times as large. In the sectors in which China often invests abroad, such as infrastructure, Russia struggles to get projects approved and started.

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[47] Amanda Lee, "Russia Keen to Sell Yuan Bonds to Deepen Ties with China and Further Reduce U.S. Dollar Dependence," *South China Morning Post*, June 7, 2019, https://www.scmp.com/economy/china-economy/article/3013528/russia-keen-sell-yuan-bonds-deepen-ties-china-and-further.

[48] On Russian and Chinese leaders' plans, see "Dollar Dump? Russia and China Agree to Bilateral Trade in National Currencies during Putin-Xi Meeting," RT, June 5, 2019, https://www.rt.com/business/461147-russia-china-nuclear-reactors. On the reality, see "Dollar i yevro v pyat' raz prevzoshli natsvalyuty v torgovle Rossii i Kitaya" [The Dollar and Euro Five Times Exceed National Currencies in Russia-China Trade], RBC, May 31, 2019, https://www.rbc.ru/economics/31/05/2019/5cefb2a09a79472aaa9047e4.

[49] Elizabeth Wishnick, "The 'Power of Siberia': No Longer a Pipe Dream," PONARS Eurasia, Policy Memo, no. 322, August 2014, http://www.ponarseurasia.org/sites/default/files/policy-memos-pdf/Pepm332_Wishnick_August2014.pdf.

[50] Szymon Kardaś, "The Eastern 'Partnership' of Gas," Centre for Eastern Studies (OSW), OSW Commentary, June 16, 2014, https://www.osw.waw.pl/en/publikacje/osw-commentary/2014-06-16/eastern-partnership-gas-gazprom-and-cnpc-strike-a-deal-gas.

[51] For an overview, see Miller, *Putinomics*.

[52] "Russian Telecom Giant and China's Huawei Launch 5G Zones in Russian Cities," RT, August 30, 2019, https://www.rt.com/business/467619-mts-huawei-5g-russia.

For example, after several years of discussion about Chinese participation in building a high-speed railway from Moscow to the Russian city of Kazan, the project was canceled.[53]

When it comes to investment in sensitive sectors of the economy, Russia is more ambivalent. While the country has attracted substantial Chinese investments in the energy sector, it has also received major investments from India, Japan, and the United Arab Emirates, suggesting a desire for diversification.[54] Western oil companies retain major stakes in Russian energy projects as well, though new investments are limited by sanctions. China, for its part, values Russia as a source of energy that does not require transit through the Strait of Malacca, which could be closed during a crisis. Yet China buys energy from many countries, allowing it to diversify supply and extract better prices.[55] On the question of 5G networks, Russia has trumpeted its contracts with Huawei.[56] But it has also more quietly signed deals with Nokia and Ericsson, which provide evidence of diversification in the telecommunications sector, too.[57]

Even as Russia seeks to take advantage of Sino-U.S. competition by working with China to degrade U.S. power, it is cognizant of the long-term implications of China's rise. Its growing collaboration with Beijing amid rising Chinese power requires Moscow to take a sanguine view of the effects that China has on its own stature. Despite the expectations of many Western analysts, most Russian leaders see China's rise more as a geopolitical opportunity than as a threat, at least for the next decade. When asked whether China's rise threatens Russia's position in Central Asia, many Russian experts demur, either insisting that their country's position remains strong or asserting that Russia's pattern of collaboration with China will help establish

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[53] Elena Gosteva, "Kazan' ne nuzhna: Putin razvernul VSM" [Kazan Is Unnecessary: Putin Turned Around the HSR], Gazeta.ru, April 16, 2019, https://www.gazeta.ru/business/2019/04/16/12303943.shtml; and Anastasia Vedeneeva and Natalya Skorlygina, "V skorosti i v radosti: Resheno vernut'sya k proyektu VSM Moskva–Sankt-Peterburg" [In Speed and in Joy: It Is Decided to Return to the Moscow–St. Petersburg High-Speed Rail Project], *Kommersant*, April 16, 2019, https://www.kommersant.ru/doc/3945517.

[54] Eric Ng, "China's Russian Buying Spree to Continue, Says Leading Moscow Investment Bank," *South China Morning Post*, November 19, 2017, https://www.scmp.com/business/companies/article/2120571/chinas-russian-buying-spree-continue-says-leading-moscow; Stephen Blank, "India's Arctic Energy Partnership with Russia," Lowy Institute, Interpreter, October 24, 2018, https://www.lowyinstitute.org/the-interpreter/indias-arctic-energy-partnership-russia; Jane Nakano, "Japan to Invest in the Latest Russian LNG Project," Center for Strategic and International Studies (CSIS), July 12, 2019, https://www.csis.org/analysis/japan-invest-latest-russian-lng-project; and "Gulf States Are Becoming More Adventurous Investors," *Economist*, June 15, 2019, https://www.economist.com/middle-east-and-africa/2019/06/13/gulf-states-are-becoming-more-adventurous-investors.

[55] "The Emerging Russia-Asia Energy Nexus," NBR, NBR Special Report, no. 74, December 2018, https://www.nbr.org/publication/introduction-the-emerging-russia-asia-energy-nexus.

[56] "Russian Telecom Giant and China's Huawei Launch 5G Zones in Russian Cities."

[57] Janis Kluge, "Sino-Russian Chimera," *Berlin Policy Journal*, June 27, 2019, https://berlinpolicyjournal.com/sino-russian-chimera.

rules that will constrain the country in the future, even if it grows substantially in power relative to Russia.[58]

It is difficult to imagine that a Russian effort to forge such rules in Central Asia will succeed. Perhaps over time cooperation between Russia and China will foster habits of behavior that begin to create the underpinnings of a durable partnership in their respective diplomatic cultures. Both governments certainly agree at a rhetorical level on the importance of state sovereignty. But in practice, each defines sovereignty in ways that bolster its own interests as a great power. Russia's hope that it can sufficiently institutionalize such practices to restrain China in case of a future disagreement will be tested by China's belief that, as a rising power, it deserves an ever-larger voice in international politics. Does it not then follow that, in the zero-sum world of international power politics, Russia will have to give way on certain issues?

Relations may be particularly zero-sum in Central Asia, which had been part of the Russian empire for a century and a half before the five regional countries gained independence in 1991. Since then, Russia has played a major role in politics in Kazakhstan, Kyrgyzstan, and Tajikistan, while Uzbekistan and Turkmenistan have sought to lock Russia out. All these countries now have substantial economic and political relationships with China, and Chinese forces are even deployed along the Tajikistan-Afghanistan border—a border that used to be the southern frontier of the Russian empire.[59]

In the long run, there are potential contradictions between China's aim of expanding influence along its Central Asian border and Russia's aim of keeping the region within its privileged sphere. For now, Russia's elite assesses that the United States is the main threat to Russian influence in Central Asia. If, however, Beijing and Moscow succeed in further limiting U.S. presence, and if China's power continues to grow, then Moscow's threat perceptions might shift. Although Russia's elite is resolutely focused on the United States, one can imagine a future in which, prodded by a growing Chinese presence in Central Asia, Moscow reassesses its view of China's rise as mostly benign.

Russian analysts close to the Kremlin rarely discuss such risks publicly, but Moscow is nevertheless sensitive to China's role in Central Asia. In June 2016, for example, the SCO invited India and Pakistan to become members on Russia's urging, which some analysts interpreted as a Russian effort to

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[58] Author's participation in an off-the-record roundtable with Russian experts on Eurasia, March 2019.

[59] Catherine Putz, "China in Tajikistan: New Report Claims Chinese Troops Patrol Large Swaths of the Afghan-Tajik Border," *Diplomat*, June 18, 2019, https://thediplomat.com/2019/06/china-in-tajikistan-new-report-claims-chinese-troops-patrol-large-swaths-of-the-afghan-tajik-border; and Gerry Shih, "In Central Asia's Forbidding Highlands, a Quiet Newcomer: Chinese Troops," *Washington Post*, February 18, 2019, https://www.washingtonpost.com/world/asia_pacific/in-central-asias-forbidding-highlands-a-quiet-newcomer-chinese-troops/2019/02/18/78d4a8d0-1e62-11e9-a759-2b8541bbbe20_story.html.

balance against China dominating the forum.[60] Russia also values its ties with India and Vietnam, even though both are rivals of China, and sells advanced military equipment, potentially including S-400 surface-to-air missiles, to both countries.[61]

More broadly, Russia's position in Eurasia points to a second challenge amid growing U.S.-China competition: to ensure for Russia a voice among the great powers. Many Russians speak of the world as having three great powers today: China, the United States, and Russia.[62] Most non-Russian observers, however, would not put Russia in a position equivalent to that of either the United States or China, and many analysts might even challenge the notion that Russia is the world's third most powerful country, ahead of France, Germany, Britain, and Japan. Yet if the Sino-U.S. rivalry intensifies, and if the West declines to respond as Russia hopes—i.e., by offering concessions—the world could splinter into two camps, one more aligned with the United States and the other with China. As discussed earlier, this is a risk for Russia, because such an outcome would leave it as China's junior partner and provide limited room for maneuver. Russia is betting that this will not happen and that the United States will compromise before such a bipolar split in international politics occurs. Whether this bet will pay off is far from clear.

The Impact of Sino-Russian Competition Beyond Russia

Central Asia

Russia is the most important player in the post-Soviet space, both as a partner to China and as a rival to the United States. Yet it is not the only country finding that U.S.-China competition is creating new opportunities and challenges. The five countries of Central Asia are all close to China and share substantial economic and cultural ties with it. Kazakhstan, Kyrgyzstan, and Tajikistan also share a border with China. Intensifying competition provides the Central Asian states a chance to play the great powers off of

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[60] Derek Grossman, "China Will Regret India's Entry into the Shanghai Cooperation Organization," *Diplomat*, June 24, 2017, https://thediplomat.com/2017/07/china-will-regret-indias-entry-into-the-shanghai-cooperation-organization.

[61] Andrew Desiderio, "Congress Lets Some U.S. Allies Buy Russian Weapons Despite Sanctions," Daily Beast, July 23, 2018, https://www.thedailybeast.com/congress-lets-some-us-allies-buy-russian-weapons-despite-sanctions; and Franz-Stefan Gady, "U.S. Defense Bill May 'Permit' India to Purchase S-400 Missile Air Defense Systems from Russia," *Diplomat*, July 24, 2018, https://thediplomat.com/2018/07/us-defense-bill-may-permit-india-to-purchase-s-400-missile-air-defense-systems-from-russia.

[62] See, for example, Tatiana Shakleina, "Russia in the Contemporary International Order," in *Russia and the United States in the Evolving World Order*, ed. Antoly Torkunov, Norma C. Noonan, and Tatiana Shakleina (Moscow: Moscow State Institute of International Relations, 2018).

each other, with the potential to receive a better deal not only from the United States and China but also from Russia.

Interests. It is not easy to generalize the main interests of the five countries given the differences between them. Kazakhstan and Turkmenistan are rich in energy, while the others are much less so. Kazakhstan is an urbanized and middle-income country, whereas Tajikistan is quite poor. Most people in Tajikistan speak a version of Persian, whereas Turkic languages such as that spoken in Kazakhstan predominate elsewhere in Central Asia. Some countries, notably Kazakhstan, retain large ethnic Russian populations, while others, such as Turkmenistan, have far fewer ethnic Russians.

Despite these differences, several interests unite most or all Central Asian states as they interact with the United States and China. First, all five states are keen to preserve their independence from Russia, which they received in 1991 amid the collapse of the Soviet Union. In Turkmenistan, this has led the country to adopt a policy of strict neutrality, while for Uzbekistan this has caused prickly relations with Russia. Even Kazakhstan, which maintains the best relations with Moscow of all the Central Asian states, was outraged in 2014 when Putin suggested that it had never had its own statehood before 1991.[63] The United States has vocally supported these states' independence from Russia since 1991, and China, too, has no interest in seeing Russia dominate the region.

Since the end of the Cold War, Central Asian states' relations with China have often been derivative of their relationships with Russia. When these countries want more autonomy from Russia, they tack closer to China—as Turkmenistan did, for example, by striking gas deals with China. They do so knowing that they can always tack back toward Russia, as Turkmenistan has recently begun to do.[64] Yet as Russia's power wanes and China's increases, Central Asian states are recalibrating their relations with both powers.

A second concern of Central Asian leaders is internal security. Tajikistan suffered a devastating civil war in the 1990s, and many of the region's countries have issues with terrorism or extremism. Since 2001, the United States and China have been broadly aligned on the need to oppose terrorism and religious extremism in the region, with the war in Afghanistan motivating U.S. counterterrorism efforts and with concerns about the Xinjiang region driving China's attention. Today, however, the overlap in how China and the United States view these local security conflicts is diverging. U.S. and

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[63] Farangis Najibullah, "Putin Downplays Kazakh Independence, Sparks Angry Reaction," Radio Free Europe/Radio Liberty, September 3, 2014, https://www.rferl.org/a/kazakhstan-putin-history-reaction-nation/26565141.html.

[64] "Turkmen Gas Flows to Russia Again after Three-Year Standoff," Reuters, April 15, 2019, https://www.reuters.com/article/us-turkmenistan-russia-gas/turkmen-gas-flows-to-russia-again-after-three-year-standoff-idUSKCN1RR1Z0.

other Western experts are increasingly noting the extent to which Central Asian governments use the rubric of extremism to describe not only genuine extremists but also anyone who is dissatisfied with the government and inclined to protest.[65] China's crackdown in Xinjiang, meanwhile, is attracting increasing Western criticism. The United States, for its part, is likely to continue reducing its focus on Afghanistan, which will further limit the overlap between U.S. and Chinese priorities in Central Asia.

A third interest of Central Asian states is economic development, which poses increasingly complicated trade-offs in their relations with China. They realize that Russia's funds are limited and that the United States and other Western countries are uninterested in devoting substantial resources to economic development in the region. Private Western firms can be induced to invest, but only if they are given profitable opportunities with limited risk of expropriation. Outside of natural resource sectors, Western investment is likely to be limited. China's BRI, by contrast, appears to offer vast funds for the construction of infrastructure across the region—at least that is how Beijing has marketed the initiative thus far. Central Asian countries have few industries beyond commodities that attract substantial foreign investment, and the region's governments need funds to improve infrastructure. Yet these states also know that Chinese investment brings its own complications and are very sensitive about the political ramifications, despite their need for investment.[66] Even Turkmenistan, which shares no border with China, has had major disputes with China over the two countries' gas trade.[67] Concern over Chinese investment in Kazakhstan and Kyrgyzstan, meanwhile, has sparked protests in both countries over issues such as land ownership and the presence of foreign workers.[68] Central Asian governments are therefore trying to strike a balance between their desire for Chinese money and the potential risks that it poses.

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[65] Noah Tucker, "Terrorism without a God," Central Asia Program (CAP), CAP Papers, no. 225, September 2019, https://centralasiaprogram.org/wp-content/uploads/2019/09/CAP-paper-225-September-2019-1.pdf; and Mariya Y. Omelicheva, *Counterterrorism Policies in Central Asia* (New York: Routledge, 2011).

[66] Jakub Jakóbowski and Mariusz Marszewski, "Crisis in Turkmenistan. A Test for China's Policy in the Region," OSW, OSW Commentary, August 31, 2018, https://www.osw.waw.pl/en/publikacje/osw-commentary/2018-08-31/crisis-turkmenistan-a-test-chinas-policy-region-0.

[67] Paolo Sorbello, "Turkmenistan's Ongoing Gas Quandary," *Diplomat*, April 25, 2017, https://thediplomat.com/2017/04/turkmenistans-ongoing-gas-quandary.

[68] "Kazakhstan's Land Reform Protests Explained," BBC, April 28, 2016, https://www.bbc.com/news/world-asia-36163103; "Kyrgyzstan: Another Week, Another Anti-China Rally," Eurasianet, January 17, 2019, https://eurasianet.org/kyrgyzstan-another-week-another-anti-china-rally; and Reid Standish and Aigerim Toleukhanova, "Kazakhs Won't Be Silenced on China's Internment Camps," *Foreign Policy*, March 4, 2019, https://foreignpolicy.com/2019/03/04/961387-concentrationcamps-china-xinjiang-internment-kazakh-muslim.

A fourth interest of Central Asian governments, and one that has emerged only recently, is devising a response to China's intensifying repression of Muslims in its Xinjiang region. Xinjiang borders Kazakhstan, Kyrgyzstan, and Tajikistan and is inhabited by ethnic Kazakhs, Kyrgyz, Tajiks, and Uighurs, the latter being the most numerous non–Han Chinese ethnic group in Xinjiang. Beijing sees the repression of minorities as crucial to retaining control over this region, but its actions have also swept up family members of citizens of the Central Asian countries, sparking discontent across the border. These countries have evidently concluded that they are unable to affect China's strategy. They not only have avoided making controversial public comments on the issue but have harassed their own citizens who have organized against China.[69] Balancing the desire to avoid angering China with the need to placate their populaces could be increasingly challenging for Central Asian leaders, especially as news of China's internment camps spreads.[70]

A final interest is regime stability. The United States' demands that Central Asian governments hold free elections or respect rights conflict with this goal. Except for Kyrgyzstan, the region has been ruled by a handful of strongmen since 1991. U.S. calls for political change have been deeply unpopular among the region's elite. Turkmenistan has aggressively censored its media and has long restricted the presence of U.S. groups that support civil society. Uzbekistan also began a crackdown on civil-society groups after being criticized by the United States in 2005 for violently suppressing what the Uzbek government described as a radical Islamist movement, but which human rights groups say was only a political dispute.[71] Central Asian elites, especially the countries' security services, much prefer China's ask-no-questions approach to regime stability over the United States' intrusive demands.

In particular, the demand by the United States and other Western countries that business transactions occur in a transparent and non-corrupt manner is interpreted by many Central Asian leaders as a potential threat to regime stability. Where corruption from business deals is a crucial source of the funding needed to glue together patron-client networks, demands for

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[69] Reid Standish, "'Our Government Doesn't Want to Spoil Relations with China,'" *Atlantic*, September 3, 2019, https://www.theatlantic.com/international/archive/2019/09/china-xinjiang-uighur-kazakhstan/597106.

[70] On recent popular discontent in Kazakhstan over China, see Naubet Bisenov, "Kazakh President's Upcoming Beijing Trip Stokes Sino-Phobia," *Nikkei Asian Review*, September 10, 2019, https://asia.nikkei.com/Politics/International-relations/Kazakh-president-s-upcoming-Beijing-trip-stokes-Sino-phobia.

[71] "'Bullets Were Falling Like Rain,'" Human Rights Watch, June 6, 2005, https://www.hrw.org/report/2005/06/06/bullets-were-falling-rain/andijan-massacre-may-13-2005.

transparency can threaten elites' hold on power. Cooperation with the United States on economic projects, for example, usually requires commitments to transparency and anticorruption measures. U.S. firms are subject to legislation prohibiting corruption, which gives Central Asian elites an incentive to work with China, notwithstanding the risk of overdependence on Beijing.[72]

Response to U.S.-China competition. Central Asian countries see U.S.-China competition as an opportunity to attract more attention from the United States, which helps them balance against both Russia and China, while also insisting that U.S. engagement does not come with demands for democratization. In the past, these states at times viewed the United States as a problematic partner and feared U.S.-inspired political reform pressures more than they desired U.S. economic or diplomatic engagement. Now, however, U.S.-China competition is likely to allow Central Asian states to take advantage of U.S. engagement without worrying about demands for political reform. At a time when Russia and China are offering economic and political support without demanding domestic reform, Washington and its allies will likely conclude that to compete in Central Asia, they must downplay democracy—a change that regional governments will welcome. This shift was visible even during the Obama administration. When Secretary of State John Kerry visited Central Asia in 2015, he told the region's governments, "I'm not here to lecture you."[73] The Trump administration has further downplayed the role of democracy and human rights in U.S. foreign policy more generally.

In economic terms, Central Asian states plan to leverage U.S.-China competition to negotiate the best deals possible, while diversifying their economic relations to avoid becoming too reliant on either Russia or China. Uzbekistan's recent opening and partial liberalization were primarily driven by internal dynamics, but the new government is actively seeking U.S. and Chinese investment, recognizing that both great powers have goods to offer.[74] Uzbekistan is not alone. Across Central Asia, leaders are hoping that

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[72] Jonathan Hillman, "1MDB Probe Shines Uncomfortable Light on China's Belt and Road," *Nikkei Asian Review*, January 18, 2019, https://asia.nikkei.com/Opinion/1MDB-probe-shines-uncomfortable-light-on-China-s-Belt-and-Road.

[73] David E. Sanger, "John Kerry Confronts Human Rights as He Zips through Central Asia," *New York Times*, November 3, 2015, https://www.nytimes.com/2015/11/04/world/asia/john-kerry-confronts-human-rights-as-he-zips-through-central-asia.html; and David E. Sanger, "John Kerry Is Cautious on Human Rights during Uzbekistan Visit," *New York Times*, November 1, 2015, https://www.nytimes.com/2015/11/02/world/asia/john-kerry-is-cautious-on-human-rights-during-uzbekistan-visit.html.

[74] China is reported to have invested $7.8 billion in Uzbekistan. See "China Becomes Largest Trade Partner of Uzbekistan Again," Xinhua Silk Road Information Service, November 16, 2018, https://en.imsilkroad.com/p/120030.html; and Edward Lemon, "Mirziyoyev's Uzbekistan: Democratization or Authoritarian Upgrading?" Foreign Policy Research Institute, Central Asia Papers, June 12, 2019, https://www.fpri.org/article/2019/06/mirziyoyevs-uzbekistan-democratization-or-authoritarian-upgrading.

U.S.-China competition will induce both countries—and Russia—to offer more aid and better business deals.

The challenge for Central Asian states in exploiting this rivalry is that China cares far more about the region than does the United States. For reasons of geography, economic interests, and Beijing's perception of a Uighur threat, the Chinese government is willing to devote far more resources to Central Asia than is the United States. Xi Jinping, for example, announced BRI in Kazakhstan's capital in 2013.[75] By contrast, no U.S. president has visited the region, while the last secretary of state to visit was John Kerry in 2015.[76] In the 2017 U.S. National Security Strategy, Central Asia was given only two stand-alone sentences and was otherwise lumped together with South Asia. The main policy goal that the document articulated in Central Asia was "to guarantee access to the region to support our counterterrorism efforts."[77] The Obama administration's 2015 National Security Strategy included only one mention of Central Asia.[78] Given the gap between U.S. and Chinese levels of interest in the region, Central Asian states realize that China will likely have more to offer, even if the United States remains more powerful in absolute terms. They will therefore focus more on playing the United States, China, and Russia off of one another.

Other States in the Post-Soviet Region

Outside Russia and Central Asia, the other states in the post-Soviet region have diverse interactions with U.S.-China competition. There is one key factor that unites how Ukraine, Georgia, Belarus, Armenia, Azerbaijan, and Moldova view China: China is a faraway country and is therefore not seen as a significant security risk.[79] All these countries see it instead as a source of investment and as a means of diversifying away from reliance on Russia. Each, by contrast, sees Russia as a major risk, though for some it is an unavoidable one. Countries that have close relationships with the United States, notably Georgia and Ukraine, face pressure from Washington to ensure that China's footprint does not grow too rapidly, especially in

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[75] Jiao and Yunbi, "Xi Proposes a 'New Silk Road' with Central Asia."

[76] Luke Coffey, "Why Trump's Meeting with Kazakhstan's President Was So Important," Heritage Foundation, January 17, 2018, https://www.heritage.org/asia/commentary/why-trumps-meeting-kazakhstan-president-was-so-important; and Sanger, "John Kerry Confronts Human Rights."

[77] White House, *National Security Strategy of the United States of America* (2017).

[78] White House, *National Security Strategy of the United States of America* (Washington, D.C., February 2015), https://obamawhitehouse.archives.gov/sites/default/files/docs/2015_national_security_strategy_2.pdf.

[79] The Baltic states—Estonia, Latvia, and Lithuania—also have a complex view of China but are best analyzed in comparison with other European Union member states.

sensitive sectors. Belarus, by contrast, has strained relations with the West and sees China as crucial to its strategy of reducing dependence on Russia. Armenia and Azerbaijan are less affected by Sino-U.S. competition, though China's trade relations with both countries have expanded, while Moldova is too small to play anything beyond a bit role in either U.S. or Chinese thinking.

Belarus. Belarus is deeply intertwined with Russia in terms of security and economics, yet it is concerned that Russia might try to annex it by force in advance of 2024, when Putin's current presidential term ends. Some Russians have discussed integrating Russia and Belarus as part of a process to change Russia's constitution and extend Putin's time in power.[80] Belarus is therefore deepening ties with other partners. In recent years it has improved relations with the West slightly, though these efforts are limited by undemocratic rule at home.[81] Belarus also has welcomed investment from China, which raises no questions about President Alexander Lukashenko's strongman tactics. The biggest current project is the China-Belarus Great Stone Industrial Park, which was launched when Xi Jinping visited Minsk in 2010.[82] China describes the park as "the pearl of the Silk Road Economic Belt" and sees it as a gateway to Europe. It is on track to be China's largest industrial park in Europe, occupying 80 square kilometers and, according to Belarus's government, potentially employing 130,000 people by 2030.[83] China has provided $3 billion via the China Development Bank and the Export-Import Bank of China. Such development zones have a long track record of underperformance, and the projections for the industries that Belarus plans to target with tax benefits, including the biotechnology and electronics sectors, seem overly optimistic.[84] Yet even if this project

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[80] Yaroslav Trofimov, "Belarus Comes In from the Cold as It Seeks to Distance Itself from Russia," *Wall Street Journal*, June 14, 2019, https://www.wsj.com/articles/belarus-comes-in-from-the-cold-as-it-seeks-to-distance-itself-from-russia-11560504604.

[81] Benno Zogg, "Belarus between East and West: The Art of the Deal," Center for Security Studies (CSS), CSS Analyses in Security Policy, no. 231, September 2018, https://css.ethz.ch/content/dam/ethz/special-interest/gess/cis/center-for-securities-studies/pdfs/CSSAnalyse231-EN.pdf.

[82] "China-Belarus Great Stone Industrial Park," CSIS, Reconnecting Asia, https://reconnectingasia.csis.org/database/projects/china-belarus-great-stone-industrial-park-construction/6b6fbeb0-7f10-4d8a-9935-11b75dfeb9dd; and "Industrial Park Great Stone," Republic of Belarus, https://www.belarus.by/en/business/business-environment/industrial-park-great-stone.

[83] "China-Belarus Industrial Park Makes Breakthrough in Attracting Investors," Xinhua, October 12, 2017, available at http://www.chinadaily.com.cn/business/2017-10/12/content_33154129.htm; "Interview: China-Belarus Industrial Park Propels Belarusian Economy," Xinhua, August 11, 2018, http://www.xinhuanet.com/english/2018-08/11/c_137383743.htm; and Chen Meiling, "Belarus, a Gateway to Europe," *China Daily*, March 4, 2019, http://www.chinadaily.com.cn/a/201903/04/WS5c7c9c5ca3106c65c34ec959.html.

[84] Jacob Mardell, "Big, Empty, but Full of Promise? The Great Stone Industrial Park in Minsk," Mercator Institute for China Studies (MERICS), April 29, 2019, https://www.merics.org/en/blog/big-empty-full-promise-great-stone-industrial-park-minsk.

disappoints, it is not the only major Chinese investment in Belarus. China has also funded the renovation of the Minsk airport and several other road and rail projects.[85] As long as Belarus worries about Russian pressure, it has an incentive to welcome Chinese investment, even when political strings are attached. Given its limited relations with the United States, Belarus faces little pressure from Washington to curtail ties with China.

Ukraine and Georgia. The primary foreign policy issue for Ukraine and Georgia is the threat posed by Russia, and they both interpret U.S.-China competition through this lens. Russia's wars with Georgia and Ukraine in 2008 and 2014, respectively, had little direct relevance for China, but these conflicts were crucial for the United States, which saw them as a challenge to European security. Washington is therefore working closely with Ukraine and Georgia to reduce Russian influence. Both countries, meanwhile, depend on the United States to support their sovereignty. Yet they have also been hit hard economically by the disruption of trade and investment flows with their largest neighbor, Russia.

Georgia and Ukraine thus face a growing dilemma. They welcome Chinese investment because it lets them diversify away from Russia, which was one of their long-term key trade and investment partners.[86] Yet they also face U.S. pressure to not welcome too substantial a Chinese presence. For example, Russia used to be one of the main export markets for the Ukrainian defense contractor Motor Sich, but the war has disrupted those trade ties. A Chinese firm has proposed buying the company, which could provide it new opportunities to integrate with Chinese customers. The United States, however, fears the transfer of sensitive technology to China and is seeking to block the sale.[87] Yet it is not clear whether the United States can offer an equally compelling business proposition.

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[85] "Electrification of the Gomel-Zhlobin-Osipovichi Section," CSIS, Reconnecting Asia, https://reconnectingasia.csis.org/database/projects/electrification-of-railway-sections-gomel-zhlobin-osipovichi/013de91d-2794-4b2f-baaf-5e8ee4458934; "Electrification of Molodechno-Gudogay-State Border Line," CSIS, Reconnecting Asia, https://reconnectingasia.csis.org/database/projects/electrification-molodechno-gudogay-state-border-line/c01999f3-6ff1-42f8-87b1-17eb0c0ad09b; "Minsk-Grodno Highway," CSIS, Reconnecting Asia, https://reconnectingasia.csis.org/database/projects/minsk-grodno-highway/d4ad3247-8f54-4231-ad44-1f112a0308f6; and "Bobruisk-Zhlobin Highway," CSIS, Reconnecting Asia, https://reconnectingasia.csis.org/database/projects/bobruisk-zhlobin-highway/45093a69-c481-4fbfb985-a3b967e81bd5.

[86] Michael Cecire, "China's Growing Presence in Georgia," *Diplomat*, May 6, 2015, https://thediplomat.com/2015/05/chinas-growing-presence-in-georgia; and James Brooke, "With Russia on the Sidelines, China Moves Aggressively into Ukraine," Atlantic Council, January 5, 2018, https://www.atlanticcouncil.org/blogs/ukrainealert/with-russia-on-the-sidelines-china-moves-aggressively-into-ukraine.

[87] Brett Forrest, "U.S. Aims to Block Chinese Acquisition of Ukrainian Aerospace Company," *Wall Street Journal*, August 23, 2019, https://www.wsj.com/articles/u-s-aims-to-block-chinese-acquisition-of-ukrainian-aerospace-company-11566594485.

Other sensitive sectors have also received scrutiny; for example, China's role in building a port in Anaklia, Georgia, has drawn attention from U.S. policymakers, who have warned that it might create dependence on Beijing. For Georgia, this project offers not only a new port but also a chance to involve China in a major project, which Georgia hopes might deter Russia from future military incursions.[88] Similarly, Ukraine has faced U.S. pressure over a Chinese offer to finance a Huawei 5G network at a steep discount.[89] Ukrainian and Georgian government officials, seeing China more as an opportunity than as a threat, find U.S.-China competition frustrating when it forces them to decline trade and investment deals. Nevertheless, when forced to choose, they prioritize relations with Washington over Beijing.

Conclusions for U.S. Policymakers

U.S.-China competition will create opportunities for rulers in Russia and other countries in the post-Soviet space. Russia has welcomed growing Sino-U.S. competition. Moscow does not fear rising Chinese power in the short term and is focused instead on its goal of degrading U.S. influence. Beijing is a useful partner for Russia in this effort. In Central Asia, meanwhile, leaders hope that they can use Sino-U.S. competition to attract more attention from Washington, while continuing to receive investment from Beijing. Central Asian countries realize that engagement with China is unavoidable given their proximity, but they hope to take advantage of U.S., Chinese, and Russian engagement to ensure that no single power dominates the region. Indeed, U.S.-China competition is already allowing countries to attract more attention from the great powers and giving them opportunities to negotiate better deals as a result. At the same time, Central Asian governments will face less U.S. pressure to democratize. In Eastern Europe, countries such as Ukraine and Georgia have found U.S.-China competition more frustrating, especially when their key security partner, the United States, requests that they reject Chinese investment.

What does this mean for U.S. policymakers as they consider relations with countries in the post-Soviet space? With regard to Russia, Washington must recognize that U.S.-Russia antagonism substantially constrains U.S. policy in Central Asia in particular and in Eurasia more broadly. For example, it is very difficult for the United States to work with Russia in helping Central Asian countries diversify away from economic dependence on China.

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[88] "On the Fault Line: Georgian Relations with China and the West," Foreign Policy Research Institute, September 2019, https://www.fpri.org/wp-content/uploads/2019/09/on-the-fault-line.pdf.

[89] Conversation with a Ukrainian official in Kiev, March 2019.

More generally, it is unclear how U.S.-Russia relations might be improved without offering Russia undesirable concessions, even though less antagonistic bilateral relations would certainly make it much easier for Washington to limit Chinese influence in the post-Soviet space.

With regard to the post-Soviet countries in Eastern Europe, U.S. policymakers must understand that these countries have very different threat perceptions about China. For countries such as Ukraine and Georgia, the overriding concern is Russia. China, by contrast, is generally seen as a country that is far away and therefore not a security threat. These countries have only limited experience in receiving Chinese investment, and unlike in the United States, there is relatively little skepticism about the benefits of Chinese funds. U.S. efforts to pressure them to limit or reject Chinese investment will face difficulty, given that these countries struggle to attract foreign investment and do not see Chinese funds as a substantial threat. Many people from Eastern Europe, by contrast, see a growing Chinese economic footprint as providing the resources needed to chart a course independent of Russia.

In Central Asia, meanwhile, the U.S.-China competition is likely to induce Washington to limit its strategic aims and demand fewer domestic political changes in the region. Washington is also likely to devote relatively few resources to containing Russia while devoting more toward containing China. Central Asian countries are deeply concerned about China's growing power, even more than they worry about Russia. For Kazakhstan and Kyrgyzstan, for example, Russia is at times a problematic partner, but Chinese dominance could well be worse. Russia's presence, in other words, can in some instances help countries balance against China. Ultimately, however, the United States should focus far more on Eastern Europe and on Russia than on Central Asia, which plays a peripheral role in U.S. national interests. Eastern Europe matters because of its proximity to key U.S. allies in Europe. Russia matters because it is a great power. Central Asian countries, though they are most influenced by China, are far less important to the United States. To be sure, the United States has powerful tools, and governments in the region are keen for more U.S. engagement to balance China and Russia. But Washington ultimately will devote only limited resources to the region and must craft its aims accordingly. This may mean taking a more disinterested view of Chinese influence. If Central Asia is a low priority for the United States, it should continue to get limited resource allocations from Washington, even if Chinese influence increases.

During the Cold War, the United States tolerated Russian dominance of Central Asia, preferring to focus on pushing against Russian influence in regions that were more important for U.S. interests, such as Europe and East Asia. Now, as then, it is difficult to imagine that the post-Soviet space will play

anything more than a marginal role in shaping the outcome of the U.S.-China competition. Of all parts of the post-Soviet space, therefore, Washington would be well advised to focus its attention on Eastern Europe and Russia, even though this means playing a less substantial role in Central Asia, the region that faces the most substantial growth in Chinese influence.