



## MOSCOW-BEIJING STRATEGIC PARTNERSHIP & BEYOND **THE RUSSIAN PIVOT TO ASIA PACIFIC**



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Russian foreign policy faces the mismatch between a self-perceived image and notion of a Soviet-era great power and the actual reality of a truncated and a stagnant Russian petro-state seeking to insulate itself from the forces of change, with reduced capacity in both its military and economic power, as well as in diplomatic leverage. That dilemma and the existential crisis are also evident in her policies and approaches to the Asia-Pacific region, even though it is slowly changing under new circumstances and imperatives. Moscow in its traumatic years of the 1990s laboured under the delusion that the West would embrace Russia, salvage its economy, flung open its arms for its entry into the European Union and

even membership of the NATO. To its utter disappointment and frustration, it discovered that the West had neither any desire to fulfill its expectations, nor was prepared to give it the status that it felt it deserved. As a result, Russia failed to develop a sustainable cooperative relation with the United States. More importantly, some of Moscow's recent actions, particularly in Georgia's civil war have led to a straining of relations between Russia and the NATO and, in turn triggered a proposal of an eastward expansion of the latter to Georgia and Ukraine, a move considered by Russia as a threat to its own national security.

Moscow's response to such Western neglect was to look toward the East, particularly toward China, as a desperate attempt to find a friend who shares its hostility vis-à-vis the West equally, or even more, and who can help it to shore up its lost image, power and influence in the world, lending its foreign policy an anti-Western, particularly, anti-US

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stance. In its fight against the hegemony of the United States as the only super power, Beijing also found Moscow as an important ally and developed close political and economic relations between the two. While Russia's relations with China flourished and continue to deepen taking the form of strategic partnership, its relationship with other countries in Southeast and East Asia, even with its erstwhile ally, Vietnam failed to take off for a considerable period until very recently.

## I RUSSIA'S ASIA-PACIFIC STRATEGY

Russia's move toward the Asia-Pacific region, therefore, was essentially after-thought, and reactive to its failure to achieve its desired goal of integration with the West. However, geo-political realities, the rise of Asia together with a shift of global economic activities from the West to the East, and economic necessities of developing a backward Siberia and its Far East territories have led Moscow in recent years to focus on the Asia-Pacific region to secure its claim and position not only as an European power but also as great Pacific power. From its earlier reactive policy, Moscow has now embarked on a more proactive diplomatic offensive toward the Asia-Pacific region, relying mostly on a search for markets for its weapons, oil, gas and its scientific knowledge, to change the balance

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of forces in the region.

## LIMITATIONS IN MOSCOW'S ASIA-PACIFIC STRATEGY

At the same time, Russia has its own limitations, as realization slowly dawned, that mere possessions of resources are not enough guarantees for demand on its markets. It has to be made attractive through the creation of a friendly business environment and the development of infrastructure. While oil and gas remain the major Russian export basket to the Asia-Pacific countries, its share in the Russia's overall export of fuel and energy is still quite low - first of all to China, the Republic of Korea, Japan, and the United States, amounts to approximately 15% of total Russian exports on international markets and less than 10% of refined oil products. Exports of liquefied natural gas (LNG) to these countries also do not exceed 7% out of its total export of natural gas. APR's share of Russia's exports of coal totals 23%, aluminum – 35%, and copper – 16%. If Moscow has to take advantage of its available potential in its Far East region and Siberia by linking it to the Asia-Pacific markets, it has to develop the raw mineral extraction in the eastern regions that can “attract investments in infrastructure, production facilities to manufacture high value-added products, and enterprises with advanced technologies to produce engineering and construction equipment required for mining and processing enterprises.”

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secure steady and sure supply of gas for their needs. China and Japan, for example, have invested enormous amounts, in the billions of dollars, to acquire and explore gas deposits in Africa and Latin America. So has India. In contrast, the development of Russian deposits in Siberia and Sakhalin has not progressed much for the lack of comprehensive strategy, market incentives and development of infrastructure. Russians are also facing competition in prices of gas, as a number of foreign producers are already selling natural gas on the global market at prices below Russian rates. China has managed in late 2011 to get Turkmenistan to annually supply 65 billion cubic meters of natural gas to China—more than half of its 2010 consumption. This had given Beijing the upper hand in future price negotiations with the Russians and left its energy company Gazprom's strategy in Asia in crisis.

The Russian Far East is not only producer of gas but also can become an important supplier of agricultural products, both for technical needs and for the wider food industry, for which not only foreign equipment, technologies and work force are required but also foreign investment. Again, the Russian unpredictable business environment stands in the way of such investments to flow into the country.

## II RUSSIA-CHINA STRATEGIC PARTNERSHIP & THE RUSSIAN PIVOT

Some analysts feel that Russia's shift in economic focus towards its Far East might sound very much like the U.S. pivot to Asia, as Russia attempts to reassert its military presence in the Asia-Pacific like the United States and other regional powers. But the difference is that whereas Washington's pivot to Asia is viewed to be directed essentially

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against China, Moscow has gone at great length to emphasize that its primary goal is to cooperate, not compete, with Beijing.

Russia denies that there is even the slightest element of trying to contain China in its regional policy. On the other hand, Putin suggested that he would like to deepen even more his country's cooperation with China. He blamed the "foreign experts" of "always trying to frighten us with China." There are of course perfectly legitimate reasons for close Chinese-Russian relations. China is the world's biggest energy consumer whilst Russia is the biggest energy provider. Trade between the two countries is booming and is now worth some \$88bn per annum and is expected to exceed \$100 billion in 2013. For Russia, China is already the biggest trade partner, if the European Union is not considered a single economy. In 2012, China accounted for slightly over 10% of Russia's foreign trade; while the Russian share in China's foreign trade is much smaller and barely exceeds 2%. Nevertheless, Russia is already turning into an important supplier of certain raw materials to China and its role will grow as Beijing is seeking to diversify sources of their supply. Chinese President Xi Jinping also made a call to expand Sino-Russian trade from the sphere of raw materials into other realms: in investment, high technologies and finances, joint research and manufacturing.

China is also emerging as an important

investor in Russia. The chief of Gazprom Alexei Miller, was quoted as saying that China would fund a branch line of a Siberian pipeline, which would mean that Russia would deliver gas to China by 2018, helping the latter to clean up its development - switching from coal and oil to gas, and, that too at a discount. China drives a hard bargain for Russian gas and oil just as it does for Iranian oil. Russia already charges China less for the power it provides than even to Russians themselves! And China is extremely generous in making available funds to Russia, which it uses to sell oil to China.

China agreed to lend Russian state-owned energy company Rosneft US\$2 billion in exchange for a planned tripling of Russian oil exports to China. Russian oil sales China is expected to go up to 31 million tons in a couple of decades. Russia is building a new network of oil pipelines to the Far East. China is building a massive refinery in Tianjin, which will mainly refine Russian crude. China will build roads and power plants in Russia so that Russians can mine their own coal, generate electricity and transmit it to China.

Even while both Russia and China try to portray their relations more in economic terms, the primary driver of ties between Moscow and Beijing is strategic. Both powers feel immense pressure from the world's sole "hyper power". Russia has long viewed expansion of the NATO deep into Eastern Europe as an aggressive move. China now has

very similar concerns about Washington's militarized "pivot" to Asia and support for Japan, Vietnam, and the Philippines in their territorial disputes with Beijing. Both Moscow and Beijing have deep distrust of Washington's expanding military presence in what is perceived as their strategic backyards, and therefore, have common interests in countering the US move in the region. In July, Beijing and Moscow solidified their cooperation with joint naval exercises in the Sea of Japan, another symbol of their joint cooperation in defence and security. The land armies of the two countries also held a joint drill in late July in the Ural Mountains in Russia. They are engaged in the training of military personnel, and the exchange of intelligence. From the Chinese perspective, solid ties with Russia serve to counterbalance America's unilateralist ambitions. Moscow is also concerned by Washington's strategy to strengthen its military presence and expand anti-ballistic missile systems defenses in the Asia-Pacific. This was evident at the March joint press conference of Xi and Putin, who jointly expressed concerns about America's ballistic missile defense system viewed as an existential threat to their nuclear deterrents. In the field of defense and security, apart from large-scale military-technical cooperation, Russia and China have taken every measure to build mutual confidence by trying to build a positive image of each other at home. Russia has helped China modernize its military with large-scale supplies of weapons and technologies, and the two countries are forging close military-to-military ties.

Politically, the two countries coordinate their activities in various formats and mechanisms of political interaction, such as joint participation in the Shanghai Cooperation Organization and BRICS and cooperation in discussing international issues in the United Nations, including regular consultations

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between the foreign ministries and coordination of positions ahead of important votes in the UN Security Council. Moscow-Beijing ties get solidified by their shared belief that the post-Cold War international order, designed by and for the United States, denies them their rightful place at the table, while allowing Washington to throw its weight around without regard for the interests of others. This sense of exclusion underpins their support for new institutional mechanisms like the Shanghai Cooperation Organization, the so-called BRICS countries and the Group of 20, as well as their portrayal of the U.N. Security Council as the sole legitimate arbiter of war and peace. On Syria and Iran, there is unanimity of views between the two countries' positions, and both oppose regime change through outside intervention.

While Putin's China pivot enjoys overwhelming approval in the Russian expert community, but there are also skeptics who believe that his strategy fraught with the risk that the Russian bear might one day be strangled in the Chinese dragon's embrace. Some in Russia have expressed a growing fear of Chinese expansionism and Russia's possible transformation into China's 'junior partner'. A strategic partnership between a rising China and a declining Russia would most likely result in China turning Russia into a tool of its own agenda. The asymmetry of Russian and Chinese power has not spoiled the relationship yet, but it could at some point in the future.

The Russian Far East, which constitutes 40 per cent of the country's territory, has a shrinking population of 6.5 million, whereas three Chinese regions across the border have 140 million people. Many Russians fear that demographic pressures and a growing shortage of resources can prompt China to train its sights on its northern neighbor. Russians are aware of the fact that China still

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considers vast territories in the Russian Far East as unfairly annexed from it in the 19th century. Beijing still considers these territories as part of China's "strategic borders" that stretch far beyond its geographic border to guarantee "living space" for the country. Even while most Russian experts think that China will pursue peaceful economic and demographic expansion, but some are skeptical of Beijing's long term intentions and do not rule out the possibility of military option to secure their "living space". Some Russians also believe that Beijing has short-changed Moscow when it has copied and manufactured most of the weapons it used to buy from Russia, including the Su-27 fighter aircraft, China has itself climbed to becoming the top five weapons exporters in the world. That Old Russian fighter, for instance, has been reversed engineered to become the JF-17, which China has been selling to Pakistan. Pakistan takes the bulk of Chinese weapons exports.

Perhaps Putin is also conscious of the danger of a future threat from China, but he is trying to avoid that eventuality by locking Beijing in a tight friendly embrace of economic, political and strategic interdependence that would make conflict inconceivable. As a further insurance to protect its vast land mass from any future intrusion, Russia launched its biggest unannounced snap yet military maneuvers in Siberia and the far eastern

region along China's borders. President Putin, who watched part of the war games, said they were the largest ever, involving 160,000 troops, 1,000 tanks, 130 aircraft and 70 ships. The land operations involved massive redeployment of troops, weapons and hardware across several time zones closer to the Russian-Chinese border, which aimed at defending the sparsely populated Russian Far East from an unnamed opponent with characteristics much like those of the People's Liberation Army. Such massive military maneuvers right near the border of China demonstrated that behind "the happy façade of overflowing friendship, Russia harbours ingrained fears of the rising giant next door, fuelled in large measure by its own weaknesses, but also by China's policies."

### III

#### RUSSIA'S RELATIONS WITH OTHER ASIA-PACIFIC COUNTRIES

Some scholars feel that Russia faces a major challenge in weaving in the dual objects of its policy in the Pacific - a political partnership with China underpinning Russia's relations in the region, and a search for alternatives to its heavy dependence on Beijing and the latter's

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disproportionate power and economic influence in the Far East. That objective can only be achieved if Russia is able to diversify its relations with other countries in the Asia-Pacific to an extent where it feels comfortable to secure an independent place for itself. Until now, Russia has not been able to achieve that position, as it has no discernible influence on security decision-making. That remains largely the purview of China, Japan, South Korea, and the United States.

Notwithstanding the visit of Japanese Prime Minister Shinzo Abe to Russia in April 2013 -- the first by a Japanese prime minister in a decade -- relations with Japan remain quite strained. The July massive Russian military exercise in the Russian Far East, even though was interpreted by many analysts, was a show-off to China, obviously did not please Japan and the United States, as they were also commonly regarded as the invading enemy forces. Moscow and Tokyo have still not signed a formal peace treaty under World War II, and their territorial dispute over the Southern Kurile (known as the Northern Territories in Japan) seems as intractable as ever. Even though Tokyo and Moscow have demonstrated restraint and a readiness to search for negotiated solutions, the territorial differences between them over the Kurile Island stand in the way of a more constructive relation between the two countries. That has, however, not prevented the Japanese businesses to find a way to participate in cooperation projects in the Far East when they find them to be economically profitable.

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dynamic and promising state of the critically important East Asia region and a member of the G20. In short, to quote Fiona Hill again, “Russia’s pivot is not so much policy as talk. The country has been slow to diversify relations in Asia, and Asian elites — including those in China — regard Russia as neither Asian nor a credible player in the region. They believe Russia is still rooted in Europe, or at best, partly in Central Asia, and that it has little to contribute in the East beyond natural resources and weapons.”

The recent change in the strategic environment in the Asia-Pacific region after Beijing’s declaration of the South China Sea as a ‘core’ issue and its sudden assertiveness to exercise its authority through deployment of its naval resources and capabilities and its pursuance of a policy of denial to others who have claims on South China Sea for exploitation of resources, have led the countries in the region to look for friends outside the region to balance Chinese power. This has led to some kind of an arms race in the Asia-Pacific region where the countries have concentrated on building up their armed forces and increasing military spending. One-third of the world’s arms imports flow into the APR countries and naval forces are rapidly being developed.

China, Japan, Republic of Korea, and Vietnam are all building or buying the most advanced ships, such as aircraft carriers, destroyers and submarines. The United States has also announced its plans to significantly increase the number of its combat ships in the Pacific area, as part of ‘pivot’ to Asia. As a result of these developments, even Russia now finds itself sought after as an energy and military partner, particularly by Vietnam, but increasingly by a wider range of states in Southeast Asia. The resultant Russia’s growing relations with Southeast Asian states, especially in energy and defense, and

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the development of an alternative northern shipping route to the Malacca Straits are changing perceptions of Russia’s potential role in the region, as Southeast Asian states seek to balance a rising China.

The most important factor that will give Russia further leverage in the region, however, is the prospect of opening up of the northern shipping route, becoming more practical with climate change. Once the route is operational, Southeast Asian states believe that Russia will not only be a new source of oil for them, but will be able to lessen their reliance on shipping through the Malacca Straits and lessen their energy security fears at a time of heightened tension in the South China Sea area. Since the record low extent of summer sea ice in 2007, scientists foresee the possibility of ice-free shipping in the Arctic Ocean by the summer of 2015. Indeed, in its “Foundations of the Russian Federation’s State Policy to 2020 and Beyond,” Russia has made the development of a Northern shipping route a priority. New Arctic routes via Canada (Northwest Passage) or via Russia (Northeast Passage) would cut shipping times from Asia to Europe in half, compared to passage through the Suez or Panama Canals or the Malacca Straits. China and Japan are among countries to have received energy supplies from this route so far. Nonetheless, seasonal variability in ice melting and a lack of ports on the Arctic routes will limit their utility

in the short term, especially for container traffic.

All the above will undoubtedly will undoubtedly allow Moscow to increase its leverage and influence in the Asia-Pacific region. In ultimate analysis, however, the effectiveness of Russian policy to its east will mainly depend on how determined its efforts will be towards the economic, social, cultural and scientific development of Siberia and the Far East. Only the recovery of the Far Eastern regions of the Russian Federation combined with consistent and targeted diplomatic activity in the Asia-Pacific Region will allow Moscow a springboard for its integration with Asia-Pacific and create opportunities to solidify its position as a widely recognized great Pacific power.

